FINAL REPORT FOR

CITY OF SANTA MONICA

ENTERPRISE RISK ASSESSMENT

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Prepared by:

Moss Adams LLP

999 Third Avenue
Suite 2800
Seattle, WA 98104
(206) 302-6500

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

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I. EXECUTIVE SUMMARY

This risk assessment provides the City of Santa Monica (the City) with a way to measure uncertainty related to manageable City functions and processes. For the purpose of this assessment, risk is defined as the uncertainty that could impair the City's ability to achieve defined goals and plans. Risk is measured by the probability of negative events occurring, the significance of those events, and the impact such negative events could have on the City should they occur.

The enclosed enterprise risk assessment defines the City's risk profile and ways to mitigate risks. In aggregate, the City's overall risk level is gauged as **moderate**. For the 17 risk factors evaluated, ratings were low-to-moderate for one factor, moderate for nine factors, and moderate-to-high for seven factors. The overall risk trajectory was rated as **flat**. For the 17 factors evaluated, ratings were decreasing for four factors, flat for ten factors, and increasing for three factors. Mitigation actions are defined within this assessment to provide the City with strategies for strengthening performance delivery and reducing risk. The following table identifies the 17 risk factor categories evaluated in this assessment, along with their associated risk level and trajectory as of December 2016.

Risk Factor	Risk Level	Trajectory
A. Accounting and Financial Reporting	Moderate	Decreasing
B. Asset Management and Capital Program	Moderate-to-High	Flat
C. Compliance	Moderate	Flat
D. Fraud, Waste, and Abuse	Moderate	Flat
E. Funding and Economics	Low-to-Moderate	Flat
F. Governance	Moderate	Flat
G. Human Capital and Resources	Moderate-to-High	Increasing
H. Internal Controls	Moderate-to-High	Decreasing
I. Management	Moderate-to-High	Increasing
J. Operations and Service Delivery	Moderate	Flat
K. Organization and Staffing	Moderate	Increasing
L. Planning	Moderate-to-High	Flat
M. Policies, Procedures, and Processes	Moderate-to-High	Decreasing
N. Procurement	Moderate	Flat
O. Public Safety	Moderate	Flat
P. Risk Management	Moderate	Flat
Q. Technology	Moderate-to-High	Flat
Overall Risk Level	**Moderate**	**Flat**

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As part of the risk assessment, 184 City employees responded to a web-based survey asking them to rate areas of risk. Overall, City employees reported lower risk than the results of the risk assessment, as indicated by an overall employee rating of **low-to-moderate** versus an internal auditor rating of **moderate**. Employees ranked Human Capital and Resources, Operations and Service Delivery, Organization and Staffing, Public Safety, and Technology as the highest risk categories at a risk rating of moderate.

A comparison of internal auditor risk ratings (risk assessment) and employee risk ratings (survey results) is provided below.

Risk Factor	Risk Assessment	Survey Results
A. Accounting and Financial Reporting	Moderate	Low-to-Moderate
B. Asset Management and Capital Program	Moderate-to-High	Low-to-Moderate
C. Compliance	Moderate	Low-to-Moderate
D. Fraud, Waste, and Abuse	Moderate	Low-to-Moderate
E. Funding and Economics	Low-to-Moderate	Low-to-Moderate
F. Governance	Moderate	Low-to-Moderate
G. Human Capital and Resources	Moderate-to-High	Moderate
H. Internal Controls	Moderate-to-High	Low-to-Moderate
I. Management	Moderate-to-High	Low-to-Moderate
J. Operations and Service Delivery	Moderate	Moderate
K. Organization and Staffing	Moderate	Moderate
L. Planning	Moderate-to-High	Low-to-Moderate
M. Policies, Procedures, and Processes	Moderate-to-High	Low-to-Moderate
N. Procurement	Moderate	Low-to-Moderate
O. Public Safety	Moderate-to-High	Moderate
P. Risk Management	Moderate	Low-to-Moderate
Q. Technology	Moderate	Moderate
Overall Risk Level	**Moderate**	**Low-to-Moderate**

II. PROJECT APPROACH AND SCOPE

This project was initiated to assess the City's overarching risk, and it was conducted under the oversight of the City's Audit Subcommittee. The process followed conventional Enterprise Risk Management (ERM) methodology as defined by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and embraced by the Institute of Internal Auditors (IIA). The risk assessment analyzed risk by evaluating 17 factors that define the City's business. Numerous business processes were evaluated within each of the factors. The risk ratings for each of the 17 factors were aggregated to define an overarching risk level.

All City departments were included in the risk assessment process. This assessment includes information provided by City Council members, senior leadership, managers, and supervisors. This project was conducted from October through December 2016.

The process followed in the risk assessment consisted of four primary phases of work, including 1) planning, 2) fact finding, 3) risk assessment, and 4) risk reporting. Planning included requesting documents, identifying who to interview, and identifying who to include in the survey process. Fieldwork encompassed documentation review, interviews, and a web-based survey. Analysis included evaluation of the level of uncertainty associated with each factor, including the potential for impact on the City's business. Reporting entailed the development of draft and final deliverables, along with follow-up discussions with City management and presentation to the Audit Subcommittee and City Council. The risk assessment is reported at a specific point in time, which is December 2016. Both the risk rating and trajectory are tied to this timing.

The risk assessment process relies on evidence obtained from City employees. By design, the assessment process required access to all department directors and many managers. Full disclosure of information has been assumed in this process. Input was obtained from employees from all City departments, through a combination of interviews and a web-based survey.

The risk analysis framework includes four risk elements:

- Risk Level – level of uncertainty
- Likelihood – probability of a negative event occurring
- Impact – level of significance should a negative event occur
- Risk Trajectory – direction that risk is headed in the future

The aforementioned risk elements are industry standards and defined by COSO's ERM methodology, which is embraced by the IIA. This framework provides the City with a means to reduce risk. For each of the factors accessed, the risk assessment also presents the condition, risk mitigation, and residual risk. Condition describes the risk environment, risk mitigation presents strategies for reducing risk, and residual risk is the potential exposure that remains after known risks have been mitigated through specific actions.

III. RISK ASSESSMENT

A. ACCOUNTING AND FINANCIAL REPORTING

Risk Level	Moderate
Likelihood	Moderate
Impact	Moderate-to-High
Risk Trajectory	Decreasing
Risk Mitigation	• Continue to update, train, and enforce policies and procedures • Strengthen capabilities in other departments • Continue to strengthen analytical capability in the Finance Department
Potential Residual Risk (if risks are mitigated)	Low

Condition: The role of City accounting and financial functions in risk mitigation is to focus on scorekeeping and compliance by recording, classifying, summarizing, and reporting financial transactions. Financial reporting includes deliverables such as the Comprehensive Annual Financial Report (CAFR), monthly financials for budgetary comparison, and other compliance reports such as the City's Single Audit.

An enterprise resource planning (ERP) software replacement is in progress, which will change many of the City's financial processes and the responsibilities of individuals in financial processes. Shifting to a modern enterprise-wide financial system will eliminate many manual duties of the Finance Department, which will ideally shift focus to a more robust, analytical role both within Finance and City-wide.

The 2015 Internal Controls Review identified a number of opportunities for developing or updating accounting and finance policies and procedures. In 2016, the Finance Department made significant progress updating policies and procedures.

Most survey respondents (84%) rated accounting and financial reporting risk as low, low-to-moderate, or moderate. Respondents noted that while technology is dated, there's a skilled and focused team overseeing financial transactions. Respondents noted that the current financial system is not intuitive and extracting reports is difficult. Training on policies, procedures, and the system, and City-wide cash handling policies and procedures were identified as needs by numerous respondents.

Several finance-related functions are decentralized, with varying capabilities among departmental staff. The most significant impact of decentralization is that policies and procedures are not consistent across departments. A need for training and setting standards was identified by many interviewees. In particular, the "financial analyst" job description has not been consistently applied across departments. Updated policies and procedures will help achieve more consistent decentralized financial functions if accompanied by ongoing guidance, training, and monitoring, which may require additional resources within the Finance Department.

B.   ASSET MANAGEMENT AND CAPITAL PROGRAM

Risk Level	Moderate-to-High
Likelihood	Moderate
Impact	High
Risk Trajectory	Flat
Risk Mitigation	• Utilize Facilities Condition Assessment results to prioritize and address facility repair needs • Continue to proactively address asset maintenance
Potential Residual Risk (if risks are mitigated)	Moderate

Condition: Asset management includes the procurement, supply, deployment, and maintenance of City resources. Asset management focuses on the capital program and maintenance and repair of assets. The City's asset management activities are led by the Public Works Department, which is also responsible for the delivery of the City's capital program.

With the exception of a small number of large assets, including the Civic Auditorium and Fire Station 1, the City's assets are in relatively good condition. The City has consistently invested in infrastructure and is in the process of constructing a number of major projects. The FY 2015-16 capital budget was $113.7 million. Like many cities, capital needs outpace funding, especially for General Fund projects. The City regularly pursues alternate funding strategies to address capital needs. Public Works has a number of plans and studies programmed for the next few years, including a facilities condition assessment, sewer master plan, climate action and adaptation plan, and pavement management study.

The future of the Santa Monica Airport is a current risk area. The City wishes to close the airport and repurpose it for recreation. However, in August 2016, the Federal Aviation Administration (FAA) determined that the City was obligated to maintain the airport as-is until 2023. Following that decision, the City Council voted to close the airport on or before July 2018, and City staff are working toward eliminating aviation uses. As part of the closing process, the City is transitioning flight based operations to an internal function, which presents risks to the City associated with the additional costs and expertise required to run those operations. The City faces two FAA investigations related to the airport. Leases at the airport are being revised to ensure that the airport does not require a General Fund subsidy.

Other major asset risks include:

- *Facilities*: Current major capital projects include rebuilding the City Yards and constructing a City Services Building next to City Hall. A Facilities Condition Assessment was last conducted in 2001, and a new assessment is planned within the next two years. The assessment will determine maintenance and replacement needs for all 180 City-owned facilities. Increased storms due to climate change will likely impact City facilities, especially beach structures, parking lots, and trees.

- *Forestry*: The urban forest is aging and has suffered from a multi-year drought. The City will likely spend more in coming years for tree replacement.

- *Water*: Water and wastewater infrastructure maintenance and capital projects require more work than Public Works can currently staff. In prior budget years, the Department has had to return money to the Water Fund balance because the staff capacity was insufficient to implement all planned projects.

Most survey respondents (79%) rated asset management and capital program risk as low, low-to-moderate, or moderate. Many responses noted that a lack of a City-wide asset management policy and monitoring was a risk. The need for an updated Facilities Condition Assessment was also noted by respondents. The fleet replacement program was identified as an area that could be more efficient. Staff noted that capital improvement projects are carefully accounted for to ensure that excess funds are returned to appropriate funds, which allows for more capital investment.

C. COMPLIANCE

Risk Level	Moderate
Likelihood	Moderate
Impact	Moderate-to-High
Risk Trajectory	Flat
Risk Mitigation	- Develop a comprehensive risk management plan that addresses compliance requirements citywide - Address technology needs for state and federal compliance
Potential Residual Risk (if risks are mitigated)	Low

Condition: This risk factor focuses on the City's compliance with laws and regulations. Legal and regulatory requirements pertain to many departments and functions City-wide, such as:

- Federal and state laws and regulations
- Americans with Disabilities Act (ADA) requirements
- Grant requirements

Overseeing proactive compliance throughout the City depends primarily on individual departments and the City's Risk Manager and City Clerk, while the external auditor and internal auditor reactively evaluate compliance. Proactive compliance is characterized by employees being aware of requirements and actively operating to comply with them. Performed effectively, proactive compliance prevents issues from occurring before they become problematic. Reactive compliance involves ongoing monitoring, testing, and reporting. The City may need additional ADA expertise to support its efforts.

The City Clerk oversees conflict of interest, public records, and lobbyist registration for the City, monitoring and reporting compliance. These processes are highly manual, and technology investments could improve collection, tracking, monitoring, and compliance with state and federal regulations.

Most survey respondents (79%) rated regulatory compliance risk as low, low-to-moderate, or moderate. Grants management was consistently noted as an area with a potential risk of non-compliance, with the need for grants management software identified by many respondents. Respondents noted that the City rarely receives findings in federal and state audits. An updated grants policy has been drafted.

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D. FRAUD, WASTE, AND ABUSE

Risk Level	Moderate
Likelihood	Low-to-Moderate
Impact	Moderate-to-High
Risk Trajectory	Flat
Risk Mitigation	• Develop a comprehensive Fraud, Waste, and Abuse (FWA) program and associated policies • Conduct FWA training for all staff • Continue to strengthen management controls • Ensure all programs are adequately monitored
Potential Residual Risk (if risks are mitigated)	Low

Condition: City employees are entrusted with public funds and have a duty to use those funds economically, efficiently, effectively, and ethically. When City employees do not honor this obligation, it could result in instances of fraud, waste, or abuse. Fraud, waste, and abuse are defined as:

- *Fraud*: A dishonest and deliberate course of action that results in obtaining money, property, or an advantage to which City employees or an official committing the action would not be normally entitled.

- *Waste*: The needless, careless, or extravagant expenditure of City funds, incurring of unnecessary expenses, or mismanagement of City resources or property.

- *Abuse*: The intentional, wrongful, or improper use or destruction of City resources, or seriously improper practice that does not involve prosecutable fraud.

Fraud, waste, and abuse (FWA) was the lowest ranked risk area in the employee survey. Most survey respondents (81%) rated FWA risk as low or low-to-moderate. Most staff felt that there were adequate checks and balances in place to prevent FWA, although there is risk related to errors due to inadequate experience, knowledge, or training. Some respondents noted that because the City has not suffered the same budget impacts as many other local governments, extra spending or waste is a potential issue that should be monitored more closely.

A few departments operate highly independently, including the Office of Sustainability and CityTV. Some special projects are also typically undertaken outside of the City's oversight central framework. These areas are at a high risk for FWA.

It is a best practice to have an ethics hotline to provide a mechanism for employees and citizens to anonymously report potential instances of fraud, waste, or abuse. In May 2016, the City established an ethics hotline and code of ethics, and the City recently provided fraud training as part of its Supervisor Academy. However, the City has not developed a comprehensive FWA program or provided City-wide FWA training.

The City has undertaken a multi-year process to strengthen its internal controls and reduce FWA risks. Opportunities for continued improvement include, but are not limited to, controls related to cash handling, procurement of goods and services, and grants management.

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E. FUNDING AND ECONOMICS

Risk Level	Low-to-Moderate
Likelihood	Low-to-Moderate
Impact	Moderate
Risk Trajectory	Flat
Risk Mitigation	• Continue to seek efficiency improvements in service delivery • Continue to utilize long-term financial forecasting to model scenarios
Potential Residual Risk (if risks are mitigated)	Low-to-Moderate

Condition: The City of Santa Monica is a full-service municipality with a FY 2015-16 operating budget of $564.4 million, including a FY 2015-16 General Fund budget of $347.6 million and an enterprise budget of $216.8 million. Major revenue sources include sales taxes, utility user taxes, and property taxes. Sales tax and utility tax growth has slowed in recent years. Business growth in Santa Monica has generated increased development permitting fees. Employment in the City continues to increase, along with housing values. Tourism has a strong, positive impact on the local economy and City revenue.

The City is currently well-resourced and maintains strong reserves, a 15% contingency fund, and an economic uncertainty fund. The City regularly conducts fee studies, but departments do not necessarily manage to specific cost recovery goals. Tax revenues are currently above pre-recession levels. However, the number of employees is growing and department directors reported concern about maintaining the current rate of service growth.

The City maintains a five-year financial forecast, which is reviewed and updated semi-annually. The forecast anticipates 2 to 3% annual growth over the next five years. The forecast identifies four major areas of financial risk:

- Loss of redevelopment funds: The 2012 dissolution of redevelopment agencies state-wide left many cities, including Santa Monica, with unfunded major capital projects. Increasing property tax increment revenues addressed some of the gap, but several major capital projects will require funding, including the Civic Auditorium, Fire Station 1, and new park and field spaces.

- Retirement costs: Like other cities, the City of Santa Monica has an increasing pension burden. The City estimates that contribution rates may increase up to 50% by FY 2021-22.

- Health care costs: Health insurance costs are expected to increase a total of 8 to 9% over the next five years.

- Workers' compensation costs: Across California, workers' compensation costs are rising significantly as the government workforce ages. The City of Santa Monica is also experiencing more claims, especially from the Police, Fire, and Big Blue Bus Departments.

Funding and economics was the second-lowest rated risk area in the survey, with 72% of respondents rating it as low or low-to-moderate risk. Respondents reported concern over long-term pension obligations and workers' compensation claims. They also noted that the City is facing more indebtedness as a result of bond funding for capital investments, including parks and the new city services building.

F. GOVERNANCE

Risk Level	Moderate
Likelihood	Moderate
Impact	Moderate-to-High
Risk Trajectory	Flat
Risk Mitigation	• Continue to foster open communications between City Council and staff • Clarify roles, responsibilities, and goals of new initiatives • Develop a comprehensive strategic plan and outcome-based key performance indicators (KPI) • Consider whether some boards, commissions, or task forces could be consolidated
Potential Residual Risk (if risks are mitigated)	Low

Condition: Governance encompasses oversight, policy, strategy, fiscal control, performance monitoring, risk management, and decision making. City governance is provided by the stakeholders involved in the public process and the practices followed. The City Council is the main body providing governance over City affairs. The City Manager is also involved in governance, as the City's form of government is a City Council/City Manager structure. An Assistant City Manager directs day-to-day operations, and a Deputy City Manager oversees cross-departmental policy and special projects.

In addition to the City Council, the City has 22 volunteer and elected advisory and decision-making commissions, task forces, and boards. Santa Monica's City Council, committee, and other advisory meetings are typically very long, and department heads reported that it can be a challenge to support meetings that may not end until after midnight. In addition, the agenda preparation process is currently six weeks long, which limits the City's ability to respond quickly as issues arise.

Department directors consistently reported that the City Council is both highly responsive to citizens and supportive of departments. The Council-staff working relationship appears to be strong. The Santa Monica community is vocal and involved in government, and Council members frequently act as facilitators, working with citizens to help them navigate City processes.

Most survey respondents (79%) rated governance risk as low, low-to-moderate, or moderate. Respondents consistently noted that the City has strong leadership and regular performance monitoring in place. However, they also identified a lack of City-wide strategic goals and performance measures as opportunities for improvement. Respondents noted a number of wide-ranging and ambitious initiatives and new positions in the City Manager's Office in the past year, including Chief Data Officer, Chief Performance Officer, Chief Resilience Officer, and Chief Civic Wellbeing Officer, as an area of concern. Transparent communication and clarification of reporting structure, roles, and responsibilities will be critical as the organization evolves.

G. HUMAN CAPITAL AND RESOURCES

Risk Level	Moderate-to-High
Likelihood	Moderate-to-High
Impact	High
Risk Trajectory	Increasing
Risk Mitigation	• Develop succession plans for key positions and link succession planning to training and development • Prioritize recruitment of vacant positions and assess ability to add recruitment resources • Consider contracting for labor negotiation services
Potential Residual Risk (if risks are mitigated)	Moderate

Condition: Human resources functions encompass hiring and firing, compensation and benefits, talent management, training, and organizational development. The City's highest human resources risk area, and overall challenge, is recruiting qualified candidates.

Human capital and resources was rated as the City's highest risk area by survey respondents. A majority of survey respondents (62%) rated human capital and resources risk as moderate, moderate-to-high, or high. Survey respondents reported concerns about impending retirements, succession planning, and the City's ability to recruit and retain qualified replacements for retirees. Information Services Department (ISD) respondents were particularly concerned about succession planning. In addition, Fire Department respondents reported high overtime utilization due to vacancies.

City employees have high workloads and typically get strong experience. Training, both on-the-job and provided by Human Resources through the Santa Monica Institute, is varied and valued by employees. Many department heads reported continuing education as a high priority for their departments. As a result, City personnel are frequently recruited by other municipalities. In FY 2015-16, the City's turnover rate, excluding retirements, was 5.21%, and it has been steady in recent years. Managers reported challenges with retaining employees in middle management and developing a strong leadership pipeline.

Recruiting mid-career professionals who could be future department heads was reported by managers and Human Resources as one of the City's biggest challenges. Challenges in recruiting include the high cost of living in the Santa Monica area, long commutes from outside Santa Monica, and the general view that government is slow to adopt technology and has limited flexibility. For instance, it is difficult for the City to compete with the pay, technology, and flexibility offered by the technology companies in Santa Monica's "Silicon Beach."

Expanding operations in recent years has increased the volume of recruitments managed by Human Resources. Since the City has a good reputation as an employer, it receives a high number of applications per position, as shown in the table below, despite the recruiting challenges described above. As a result, Human Resources is challenged to address recruitments in a timely manner, and long recruitment processes can cause candidates to take other positions and departments to fall behind or incur significant overtime.

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	FY 13-14	FY 14-15	FY 15-16
New Positions Hired	27	32	59
Existing Positions Hired	137	190	182
Total Hires	**164**	**222**	**241**
Applications Received	18,457	19,313	21,914
Applications per Open Position	113	87	91

In part due to long recruitments, departments rely heavily on as-needed, temporary staff to deliver programs and services. The hours of as-needed staff are limited by pension and health care related regulations to 20 to 28 hours per week, respectively. The City could face significant consequences if as-needed staff are over-utilized, because the Affordable Care Act mandates the City provide health insurance to all individuals employed over 30 hours per week.

All department heads reported that the Human Resource Department's workload is high and increasing, which impacts service delivery. In addition to the high volume of recruitments and highly represented workforce, an increasingly complex regulatory environment has also impacted the Human Resources Department's workload. The Affordable Care Act, overtime regulations, and other state and federal laws require a high level of Human Resources involvement to ensure compliance.

The City's workforce participates in 18 different labor unions, and nearly every employee is represented, with only the City Manager, City Clerk, and City Attorney not represented. Labor management and relations affect daily operations, particularly in years when multiple contracts are being negotiated. In 2017, ten contracts will be negotiated. The high number of different pay and benefit agreements significantly complicates the City's budget development and benefits administration.

The City of Santa Monica also faces the same challenges as many other public and private sector organizations stemming from the impact of retiring baby boomers and the need for succession planning. Many managers reported that succession planning was a major challenge for their department. For example, in the last year every senior member of the Library's administration team retired.

It is estimated that 30 percent of the City's workforce is at least 50 years of age with five years in City retirement systems. This includes many members of the City's management team, with several department directors either retiring in the past three years or planning to retire in the near future. As shown in the tables provided below, of the 2,113 current City employees, 14 percent have more than 20 years of service and 35 percent are over the age of 50.

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Years of Service	Employee Count	Percentage
Less than 1 year of service	199	9%
1 to 5 years of service	574	27%
6 to 10 years of service	467	22%
11 to 15 years of service	346	16%
16 to 20 years of service	238	11%
21 to 25 years of service	122	6%
26 to 30 years of service	111	5%
31 to 35 years of service	41	2%
More than 35 years of service	15	1%
Total	2,113	100%

Employee Age	Employee Count	Percentage
20 to 29 years	160	8%
30 to 39 years	586	28%
40 to 49 years	625	30%
50 to 59 years	552	26%
60 and older	190	9%
Total	2,113	100%

Governmental entities tend to be impacted more than businesses by this generational retirement, because governments are not typically as active in recruiting employees directly out of college, which helps to diversify the age spectrum. In addition, governments typically offer generous retirement plans, which provide an incentive for long-term employment with the City. Succession plans for key positions will be critical to addressing retirements.

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H. INTERNAL CONTROLS

Risk Level	Moderate-to-High
Likelihood	Moderate-to-High
Impact	Moderate-to-High
Risk Trajectory	Decreasing
Risk Mitigation	• Provide training to departments to increase internal controls consistency and effectiveness • Conduct regular, random internal controls testing • Review and test control effectiveness on an annual basis, especially for high risk areas • Improve interdepartmental collaboration and coordination to ensure compliance
Potential Residual Risk (if risks are mitigated)	Moderate

Condition: Internal controls is a process affected by those charged with governance, management, and other personnel, which is designed to provide reasonable assurance about the achievement of the City's objectives with regard to the reliability of financial reporting, efficiency and effectiveness of operations, and compliance with applicable laws and regulations. Internal controls also safeguard the City's assets from unauthorized acquisition, use, or disposition.

The internal audit program has focused on assessing, testing, training, and process improvement of internal controls since early 2015. Over that time, the City has made progress in a number of areas, including processes such as reconciliation, purchasing and accounts payable, and revenue and cash. The City regularly reports progress toward addressing internal controls recommendations to the Audit Subcommittee. The internal controls review identified the following causes of internal controls gaps:

- Lack of training of employees
- Insufficient policies and procedures
- Inadequate systems
- Manual controls that could be improved with automation
- Deficient processes

Interviews and surveys identified a need for increased collaboration and training for departments, to ensure that monitoring and oversight are appropriate and effective. Many functions are decentralized, and more proactive monitoring by the Finance Department would effectively improve controls and compliance. In the near future, a new ERP system implementation will help with documenting controls and improving processes.

Internal controls was ranked the third-lowest risk area by survey respondents, with 89% rating it as low, low-to-moderate, or moderate risk. Most respondents reported that staff are notified of policies, but do not receive related training, and policies are not monitored or followed consistently. A need for consistent communication was identified by many respondents.

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I. MANAGEMENT

Risk Level	Moderate-to-High
Likelihood	Moderate-to-High
Impact	High
Risk Trajectory	Increasing
Risk Mitigation	• Develop succession plans • Prepare a strategic plan and outcome-based key performance indicators • Assess lifecycle costs and resource requirements of proposed initiatives prior to implementation • Focus on developing interdepartmental collaboration and transparent communication • Improve change management and communication
Potential Residual Risk (if risks are mitigated)	Moderate

Condition: Management functions include strategic planning, organization, control, monitoring, follow-up, and delegation. Leading the management team is a new City Manager, an Assistant City Manager, and a Deputy City Manager. Multiple new positions have been created in the City Manager's Office to focus on strategic initiatives. The City is planning to undertake a number of major strategic initiatives, including those to be led by the new Chief Data, Performance, and Wellness Officers. The amount of change within the City Manager's Office is leading to stress at the senior management team level.

The City's management team is not only experiencing additions due to newly created positions, but also losses due to recent or planned retirements by a number of leaders, including the Assistant City Manager, City Attorney, Public Works Director, Library Director, ISD Director, and Fire Chief. All department directors were interviewed for this study, and they reported that the management team works well together. However, they indicated that they could work more collaboratively due to the size and somewhat siloed culture of the City. Cross-functional teams at the mid-management level have been created to focus on the City Manager's strategic goals, which are mobility, inclusive and diverse community, the airport, homelessness, and learn and thrive.

Most survey respondents (88%) rated management risk as low, low-to-moderate, or moderate. Responses consistently raised changes in leadership and management retirements as a risk area. Respondents also noted that department directors are overcommitted and could delegate more to ensure that they effectively monitor operations. Communication between managers was cited as a challenge.

Internal communications and change management were identified as opportunities for improvement in interviews and survey results. The City has a culture of saying yes to proposals before fully assessing the total cost of an initiative, especially impacts to staff time. Many interviewees and survey respondents stressed the importance of consistency and stability, delivering core services, and transparent communication.

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J. OPERATIONS AND SERVICE DELIVERY

Risk Level	Moderate
Likelihood	Moderate
Impact	Moderate-to-High
Risk Trajectory	Flat
Risk Mitigation	• Develop succession plans for key positions • Leverage technology to improve service delivery • Develop strategies for addressing evolving community needs • Update policies and procedures
Potential Residual Risk (if risks are mitigated)	Low-to-Moderate

Condition: Like many risk areas, operations and service delivery are most impacted by the capacity of Human Resources to provide service to internal and external customers. The community has high expectations for service, and, as a result, the City is highly responsive. Projects are regularly added to the City's workload outside of the budget process. In addition, there are approximately 8 million visitors to the City annually, which puts particular strain on public-facing services. As noted previously, two of the City's highest risk areas are recruitment and succession planning due to many retirements and vacancies. For example, the Public Works Department had 50 vacancies at the time of this report, which significantly impacts the Department's ability to deliver service.

Survey respondents ranked operations and service delivery as the third-highest risk category, with 49% rating it moderate, moderate-to-high, or high risk. The Santa Monica community has high expectations for service delivery efficiency and quality, and staying on top of evolving expectations was cited as a challenge for City management and staff. Addressing homelessness was the most-cited service delivery challenge facing the City.

Areas of potential operational and service delivery risk identified through the risk assessment process include, but are not limited to:

- Fire: High number of vacancies and response time challenges at the beach and pier.
- Housing and Economic Development: Ensuring affordable housing availability.
- Human Resources and Information Services: Limited staffing to address the needs of internal customers, and the need to update policies and procedures and ensure department compliance.
- Planning and Community Development: Onerous permitting process without a one-stop shop can be slow and confusing for customers. Ensuring effective community engagement is another risk area.
- Public Works: The City's fleet needs are evolving, and the current fleet may not match those needs.
- Transit: Ridership is declining as the community changes, and it is difficult to recruit and retain operators.
- Community and Cultural Services: High community demand for additional recreation facilities, especially swimming pools and sports fields.

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K. ORGANIZATION AND STAFFING

Risk Level	Moderate
Likelihood	Moderate
Impact	Moderate
Risk Trajectory	Increasing
Risk Mitigation	• Continue to fill vacancies • Clearly define roles and responsibilities • Assess whether an additional Assistant City Manager is required to oversee day-to-day operations • Seek creative solutions for difficult-to-fill positions
Potential Residual Risk (if risks are mitigated)	Moderate

Condition: Organization and staffing encompasses hierarchy, chain of command, span of control, and staffing levels. Staffing includes specific positions, counts, and capacity. The City's organizational structure consists of 16 departments. The City performs almost all services in-house, with limited outsourcing. Leveraging external resources can provide the City with the flexibility needed to adjust cost-effectively to spikes in workloads, specific expertise requirements, and time-sensitive initiatives.

The City Manager's span of control is broad. The Assistant City Manager, who plans to retire, focuses on day-to-day operations, while the Deputy City Manager is responsible for policy and special projects. Given the size of the City, it may be appropriate for two Assistant City Managers to oversee operations. Other cities frequently assign responsibilities between internal and external services (e.g., CAO and COO roles).

Across departments, interviewees and survey respondents reported a need for clearly defined roles and responsibilities of internal service departments. Many services are a hybrid of decentralized and centralized models, with limited communication as to who is responsible for each duty. For example, the City would benefit from greater clarity on which internal service (e.g., Human Resources, IT, and Finance) resources, roles, and responsibilities are being addressed centrally and which are being addressed decentrally and how the City will reduce risks, strengthen controls, and enhance operational consistency, efficiency, and effectiveness both centrally and decentrally.

Forty-five percent (45%) of survey respondents rated organization and staffing risk as moderate, moderate-to-high, or high, representing the fourth-highest risk area. Vacancies created by retirements and turnover combined with high community expectations were the most frequently cited challenges. Organizational changes and change management were also noted as risks to the City.

L. PLANNING

Risk Level	Moderate-to-High
Likelihood	Moderate-to-High
Impact	Moderate-to-High
Risk Trajectory	Flat
Risk Mitigation	• Develop a comprehensive strategic plan, departmental business plans, and related performance measures • Engage in frequent, transparent communications to develop a culture of accountability and collaboration
Potential Residual Risk (if risks are mitigated)	Moderate

Condition: The City lacks a comprehensive strategic planning framework; however, components are in place. Examples include departmental work plans that were developed in concert with the biennial budget, progress toward outcomes that has been assessed quarterly and reported to the Council annually, and departmental KPIs that have been reported in annual reports. In addition, the City Council established five priorities, and the City Manager formed cross-functional mid-management teams to address these priorities. There are other City-wide documents that establish goals and objectives. Many department directors reported a lack of clarity as to which priorities were highest. In a culture of innovation and frequent new initiatives, there is no framework against which to assess whether the City has the resources to take on new challenges.

The City is in the process of changing its planning structure, which will involve the adoption of an overall framework that will be supported by metrics and projects contributing to the goals defined within the framework. The framework will focus on achievement of a Wellbeing Index.

The City is working on updating or developing many long-range community plans. Recreation, cultural services, and affordable housing are priorities for the City. As demographics shift and the cost of living continues to increase, the community is struggling with determining how to maintain the character of the City and what the government's role is in preserving that character.

Most survey respondents (87%) rated planning risk as low, low-to-moderate, or moderate. Respondents reported that there are multiple frameworks for goals and decision-making, including strategic goals, wellbeing outcomes, and sustainability outcomes. As a result, messaging is inconsistent and survey comments reported a perception of disconnected planning. Allocation of adequate resources to achieve the City's various goals was also identified as a risk area by many respondents. As noted elsewhere in this report, change management and communication were reported as opportunities for improvement throughout interviews and surveys.

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M. POLICIES, PROCEDURES, AND PROCESSES

Risk Level	Moderate-to-High
Likelihood	Moderate-to-High
Impact	Moderate-to-High
Risk Trajectory	Decreasing
Risk Mitigation	• Update policies and procedures • Institutionalize the ongoing policy review and update process • Improve workflows and processes
Potential Residual Risk (if risks are mitigated)	Moderate

Condition: Policies and procedures play a critical role in providing the guidance required to ensure all functions operate efficiently, effectively, safely, and consistently across the City. Policies and procedures also play an important role in protecting against the loss of institutional knowledge. Santa Monica has a significant body of existing policies and procedures across departments and functions. Multiple departments identified the need to update policies and procedures from both operational and compliance perspectives. In addition, departments indicated that policies should be reviewed to ensure they reside at the appropriate level and encompass users outside of the policy owner department.

A lack of up-to-date, streamlined, and well-documented processes impacts the City's efficiency and effectiveness, operational consistency, and risk of losing institutional knowledge. The majority of departments reported at least some policy, procedure, and/or process deficiencies, including lack of definition and corresponding documentation. Areas identified for policy and procedure update include:

- Personnel and employment
- Technology operations and security
- Permitting and development

Workflow and operational processes are linked strongly to technology utilization. Most survey respondents (88%) rated policy, procedure, and process risks as low, low-to-moderate, or moderate. Many respondents stated that the processes involving multiple departments tend to be inefficient. Policies are established by the City Manager's Office, but communication and monitoring is not always assigned. There is reported to be a lack of standardization of policies and procedures across departments, as well as limited monitoring to ensure adherence to existing policy.

N. PROCUREMENT

Risk Level	Moderate
Likelihood	Moderate
Impact	Moderate
Risk Trajectory	Flat
Risk Mitigation	• Improve processes in tandem with ERP implementation • Ensure employees are trained in proper procurement practices • Improve communication and collaboration with departments
Potential Residual Risk (if risks are mitigated)	Low

Condition: The City's Procurement Division resides within the Finance Department. Purchasing is centralized, with most purchasing activities flowing through Procurement. The City's investment in a new ERP system will strengthen procurement management, processes, and controls.

Most survey respondents (85%) rated procurement risk as low, low-to-moderate, or moderate. Respondents reported that there is not enough capacity in Procurement to meet needs in a timely manner, but the current team is the best the City has had. Many responses also noted that policies are clearer than they used to be and staff are more willing to help. However, the procurement process itself is sometimes frustrating due to overly specific contract specifications that have overcomplicated and slowed down procurements. Like survey respondents, department heads reported in interviews that the procurement process can be slow and inconsistent, especially with respect to contract close-out (e.g., confirmation of services provided, receipt of any assurances/certifications, proper invoice submittal, reconciliation of payments to contract, and final payment). The balance between mitigating risk and operational efficiency can be challenging for many governments. Transparent, proactive communication is critical to reducing department frustration.

O. PUBLIC SAFETY

Risk Level	Moderate
Likelihood	Moderate
Impact	Moderate
Risk Trajectory	Flat
Risk Mitigation	• Ensure the City continues to be able to competitively recruit to fill vacancies • Continue to focus on improving community-police relations • Address technology needs to ensure response is effective • Develop comprehensive emergency operations plans with resource identification and associated training for City employees and stakeholders
Potential Residual Risk (if risks are mitigated)	Moderate

Condition: The Police and Fire Departments and the Emergency Management Office comprise the City's public safety functions. Police and Fire are responsible for 40 % of the City's FY 2015-16 General Fund operating expenditures. The Emergency Management Office, which resides in the City Manager's Office, was established in 2011.

Public safety operations in Santa Monica are somewhat unique. The City has eight million visitors a year, significant traffic congestion, and high housing costs, which collectively contribute to long shifts and long commutes. Santa Monica is geographically surrounded by the City of Los Angeles, and, as such, it has limited opportunities for public safety partnerships with other like-sized nearby agencies. The community has high expectations for service, particularly response times.

Survey respondents rated public safety risks evenly (ranging from 21% to 29%) across levels of low, low-to-moderate, moderate, and moderate-to-high risk. It was the fifth-highest rated risk area. Respondents noted the impact of retirements on both Police and Fire Departments as a major risk to the City. Use of force and de-escalation training was identified as a need for the Police Department. For all three functions, survey respondents noted that emergency communications capability was a significant need.

Police

The Police Department has 500 total employees, split between 45% sworn and 55% civilian personnel. The Department has a strong commitment to diversity, with cultural diversity within the Department exceeding community diversity. Education is a focus of the Police Chief. The cadet program requires cadets to be enrolled in college, tuition is supported, and nearly 60% of Department staff have at least two years of college education. Turnover is low, but current staffing may not be adequate to meet community needs, especially related to tourism, special events, and homelessness. The Department faces the challenges of a large number of vacancies and retirements at the sergeant and lieutenant levels. Improving trust between police and the community is an area of focus for risk reduction. The City is piloting body cameras on officers.

Like many other West Coast cities, homelessness is a significant public safety challenge for Santa Monica. Mental health training is particularly important when dealing with the City's homeless population. The City has six officers and a sergeant dedicated to homelessness. Most solutions for homelessness and drug addiction are provided by Los Angeles County, non-profits, and regional agencies, and City police officers play a coordinating role.

Fire

The Fire Department has a new chief as of May 2016. The Department oversees fire response and prevention, hazmat response, search and rescue, airport response, and a private ambulance contract. A new fire station is being planned to replace Fire Station 1, which is in need of seismic retrofit and building improvements to ensure safety.

Adequate staffing is a risk for the Fire Department. At the time of this assessment, the Department had more than 20 vacant positions. As a result, there is significant overtime incurred. There is not a policy that limits cumulative hours, which leads to burnout and health issues among Department staff. Fire academies are in progress.

Technology is a significant need for the Fire Department. The Department's technology needs should be evaluated at an enterprise level along with the other technology needs of the City.

Emergency Preparedness

The City's Office of Emergency Management (OEM) reports to the City Manager. It was formed in 2011 and many plans and programs are still in development. The City's Emergency Operations Plan is not yet complete. Emergency operations require significant interdepartmental collaboration. The City plans to hire a Chief Resilience Officer and form a joint dispatch under the OEM.

Santa Monica is geographically surrounded by the City of Los Angeles and relies on connecting freeways to transport supplies and people. In the event of a major earthquake, the risk of these freeways failing is high, so a significant amount of self-help would be required of City residents, businesses, visitors, and employees. The City has established agreements with local vendors for supplies in the event of an emergency. Education, training, and exercises are required to adequately prepare the community.

As most City staff live outside of Santa Monica, the ability to respond effectively in the event of an emergency or earthquake is an area of concern for many department heads. In particular, most first responders and Public Works equipment operators live well outside the City.

P. RISK MANAGEMENT

Risk Level	Moderate
Likelihood	Moderate
Impact	Moderate-to-High
Risk Trajectory	Flat
Risk Mitigation	• Continue to take measures to address employee health and wellness • Ensure the City's workers' compensation liability is appropriately funded
Potential Residual Risk (if risks are mitigated)	Low to Moderate

Condition: While risk management is a City-wide responsibility of all management and staff, the Risk Management Division resides within the Finance Department. The Risk Management Division oversees insurance, general liability, workers' compensation, and safety.

Workers' compensation liabilities are currently estimated at $28 million. Across California, workers' compensation costs are increasing significantly, and the City's contribution is estimated to increase by approximately $7 million next year. The largest users of workers' compensation are Police, Fire, and Big Blue Bus.

The City's general liability insurance is funded at 90% confidence. The most expensive types of insurance claims are employment and transit liability. Transit risk is increasing, with a total of seven pedestrian/bus accidents over the past 18 months. The City's employee group is highly represented, and the City has a robust accommodations process to safeguard against lawsuits. A number of areas were identified as presenting a liability risk for the City, including:

- Tree population is vulnerable as the multi-year drought and age have impacted the health of the City's urban forest
- Information technology security

- Safety of aging facilities

- Consistently, centrally administering and monitoring family leave

- Bus liability claims inherent to operating transit service in a high-traffic, high-litigation community

- Airport management, including assuming responsibility for fuel operations

Most survey respondents (77%) rated risk management as low, low-to-moderate, or moderate risk. Responses noted concern over increasing workers' compensation costs, particularly with respect to public safety and transit.

The City's safety program is decentralized and could be more robust. A single Safety Officer is responsible for providing training and tools, while departments are responsible for safety program implementation. Safety training is delivered by contract providers.

Q. TECHNOLOGY

Risk Level	Moderate-to-High
Likelihood	Moderate
Impact	High
Risk Trajectory	Flat
Risk Mitigation	- Conduct an IT security assessment, including penetration testing, and implement security measures - Invest in training and development for Information Services staff - Implement an IT governance policy, structure, and process - Assess current systems to identify gaps, redundancies, and potential for greater collaboration between departments - Ensure users of new systems are adequately trained - Address mobile and remote access limitations - Develop a disaster recovery plan
Potential Residual Risk (if risks are mitigated)	Moderate

Condition: Survey respondents rated technology the City's second-highest risk, with 58% assessing technology risk as moderate, moderate-to-high, or high. Change management and communication related to technology implementation were frequently cited as opportunities for improvement, particularly with respect to system integration and ensuring that users are involved in requirements definition. Some staff reported a concern with the City's e-mail retention policy when working on long-term projects. Many respondents noted a need for more, consistent project management and customer service technology resources. Mobile and remote access was reported to be difficult at best, limiting the productivity of the City's workforce.

A lack of systematic IT governance presents a risk to the City. The Information Services Department (ISD) purchases hardware and software on behalf of departments, but there are few controlling mechanisms in place. This has a number of implications that can impede service delivery, including limited system integration, redundancies between departments, and untapped potential for collaboration. Many department directors noted that applications and systems have the potential to

improve efficiency, but are not being fully utilized, with limited data and reporting capabilities. Some processes are still manual that could be automated, including those in Community Development and Human Resources.

Like many other organizations, public and private, information security is an evolving risk. ISD leadership reports a need for additional investment in training and exercises for ISD staff, as well as training for all City staff on IT security.

Staffing in ISD, like other internal services, was acknowledged to be lean by department directors and survey respondents. A new ISD Director was hired in September 2016. ISD embeds staff in some departments, which was reported to be a successful customer service model. Like other departments, ISD struggles to recruit qualified experienced staff, largely due to salary competition from local technology companies. City Manager initiatives, including data and performance reporting, will increase the role of ISD as a City-wide stakeholder. Adequate ISD staffing and training will be critical to the success of these initiatives.

IV. SURVEY RESULTS

Respondent Profile

- There were 137 respondents out of 184 surveys sent (74.5 percent)
- On average, respondents were in current position for 4 years
- On average, respondents were working for the City for 11 years

Have you been formally trained in risk management or risk mitigation?

■ Yes ■ No

26.0%

74.0%

Who is Directly Responsible for Risk Management?		
	Response Percent	**Response Count**
City Manager	64.2%	61
Department Manager	75.8%	72
Process Owners	50.5%	48
Department Leads	61.1%	58
None	0.0%	0
Other	43.2%	41

Answers to "Other"

- All Employees/Everyone
- Analysts
- City Attorneys
- Direct Supervisors
- Finance
- "Front Line" Employees
- Risk Division
- Supervisors

Who is Directly Responsible for Risk Management?
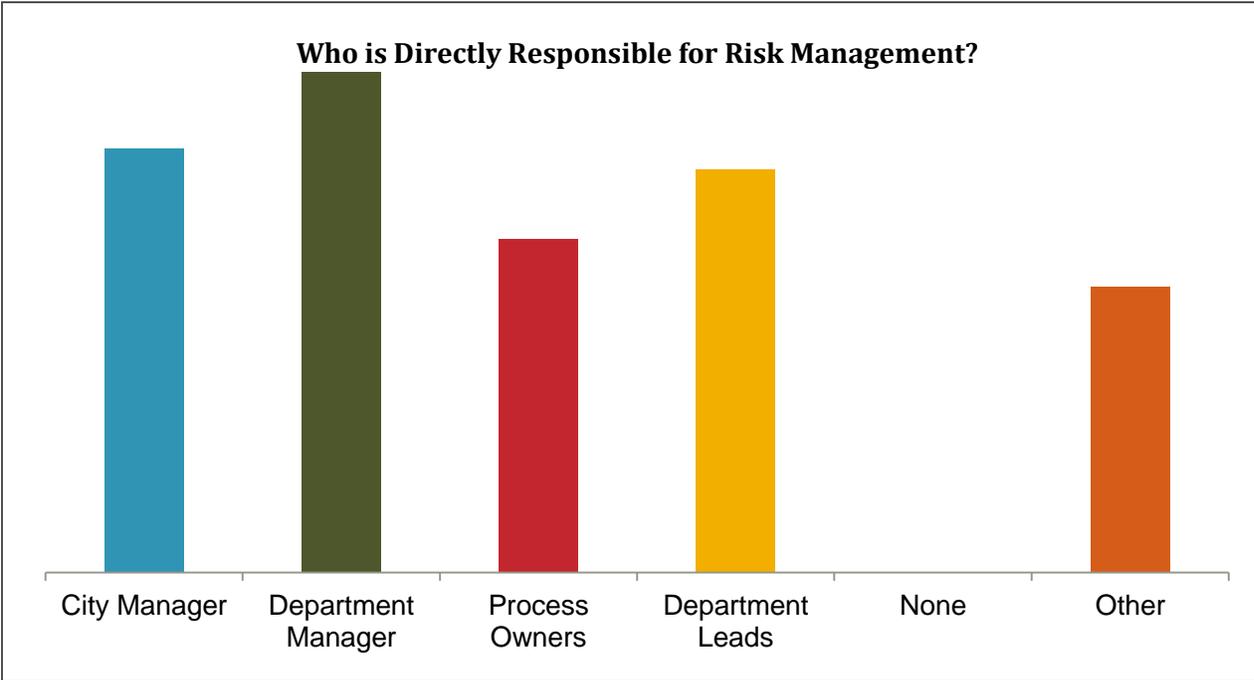
What formal processes, methodologies, and/or systems are in place to support risk management?		
	Response Percent	**Response Count**
Policy Framework/Directives	80.0%	76
Risk Assessment	49.5%	47
Standards	73.7%	70
Ongoing Monitoring	65.3%	62
Processes	72.6%	69
Reporting	69.5%	66
Inspections/Testing	53.7%	51
Other (please specify)	9.5%	9

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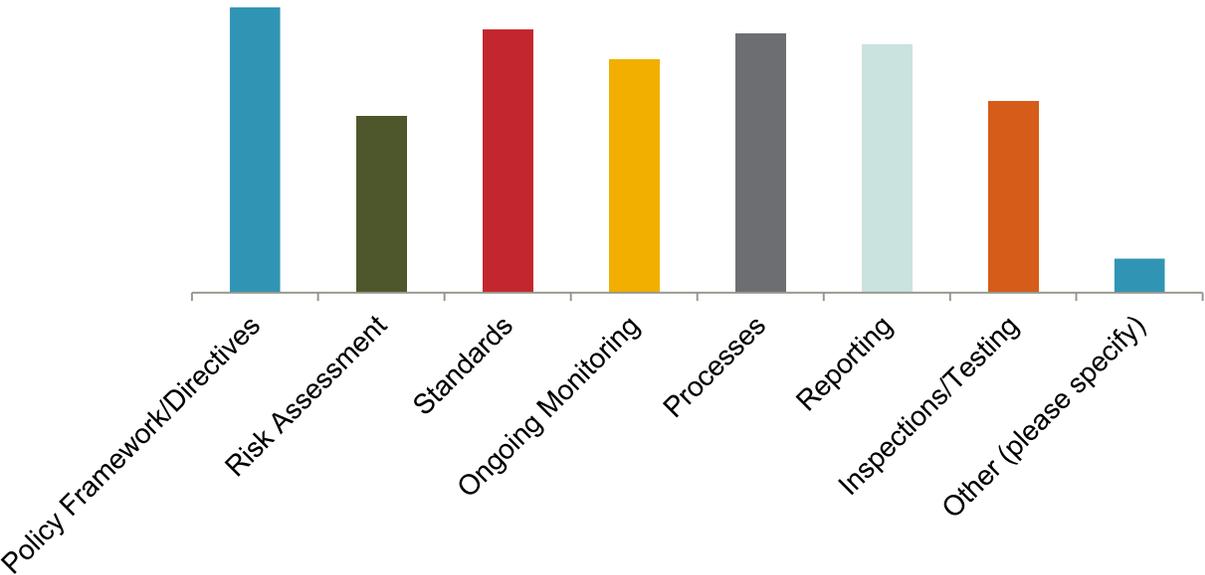
Overall Perceived Risk

Average Risk Ratings	
Accounting and Financial Reporting	2.24
Asset Management and Capital Program	2.47
Compliance	2.14
Fraud, Waste, and Abuse	1.73
Funding and Economics	1.94
Governance	2.35
Human Capital and Resources	2.95
Internal Controls	2.09
Management	2.15
Operations and Service Delivery	2.66
Organization and Staffing	2.54
Planning	2.36
Policies, Procedures, and Processes	2.25
Procurement	2.13
Public Safety	2.50
Risk Management	2.36
Technology	2.69

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Accounting and Financial Reporting

Risks associated with fiscal control, budgeting, ongoing information tracking and management, revenue capture, and transaction processing. Also, risks associated with financial reporting (content, distribution, assembly, utilization, frequency, formatting, accuracy, and reliability).

| Risk Level | 35% | 27% | 22% | 11% | 5% |

■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High
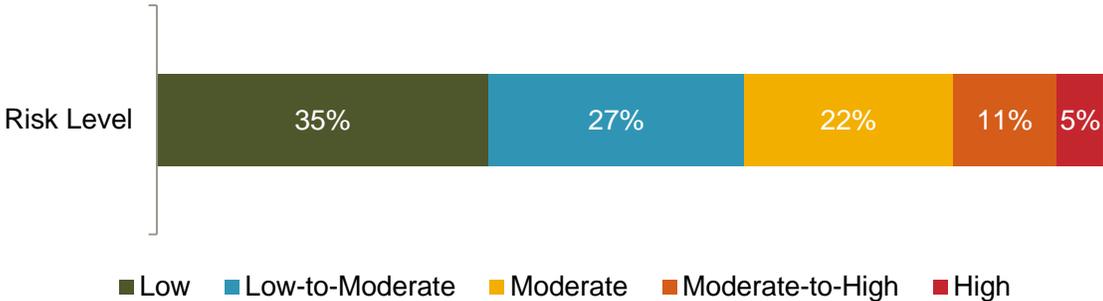
Asset Management and Capital Program

Risks associated with capital preservation, ongoing maintenance, management, tracking, reporting, accountability, accounting, physical safeguarding of assets, inventory, and capital projects.

| Risk Level | 27% | 26% | 26% | 16% | 6% |

■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High
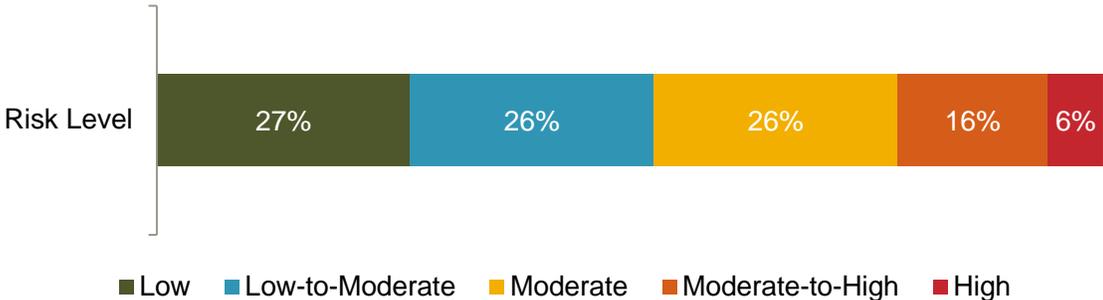
Compliance

Risks associated with compliance with laws, regulations, and requirements, including grants.

| Risk Level | 41% | 25% | 19% | 8% | 6% |

■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High

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Fraud, Waste, and Abuse

Risks associated with misappropriation of funds, extravagant spending, using one's position to accomplish a specific outcome, and/or the intent to deceive.

Risk Level: Low 55% | Low-to-Moderate 26% | Moderate 12% | Moderate-to-High 5% | High 2%

Legend: ■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High

Funding and Economics

Risks associated with revenue sources (rates, fees, grants, and taxes), funding levels, cash management, liquidity, expenditure rates and commitments, debt management, and intergovernmental business.

Risk Level: Low 51% | Low-to-Moderate 21% | Moderate 14% | Moderate-to-High 10% | High 3%

Legend: ■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High

Governance

Risks associated with ongoing oversight, strategy, direction, accountability, performance monitoring, and defined roles, responsibilities, and authorities.

Risk Level: Low 34% | Low-to-Moderate 25% | Moderate 20% | Moderate-to-High 12% | High 9%

Legend: ■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High

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<table>
<tr><td colspan="5">**Human Capital and Resources**</td></tr>
<tr><td colspan="5">Risks associated with succession planning, labor management/contracts, capacity, performance, training, benefits, compliance, turnover, grievances, skill availability, compensation, overtime, resource availability, and communication.</td></tr>
</table>

Risk Level

| 19% | 19% | 20% | 31% | 11% |

■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High

<table>
<tr><td colspan="5">**Internal Controls**</td></tr>
<tr><td colspan="5">Risks associated with preventive controls (e.g., tone at the top, policies and procedures, passwords), detective controls (e.g., segregation of duties, reconciliations, variance reports), and corrective controls (e.g., changes to policies and procedures, training, and loss of privileges).</td></tr>
</table>

Risk Level

| 38% | 27% | 24% | 7% | 3% |

■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High

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Management

Risks associated with planning, organization, empowerment, control, monitoring, follow-up, and delegation.

Risk Level				
34%	31%	23%	8%	3%

■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High

Operations and Service Delivery

Risks associated with community expectations, safety, level of service commitments, schedule, service delivery, sustainability, quality, training, and resource allocation.

Risk Level				
19%	32%	19%	22%	8%

■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High

Organization and Staffing

Risks associated with how the City's personnel are organized, as well as staffing levels and skills.

Risk Level				
20%	35%	21%	17%	6%

■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High

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Planning
Risks associated with how the City plans for operations, strategy, and the future, including long-range and community planning.

Risk Level

Low	Low-to-Moderate	Moderate	Moderate-to-High	High
25%	31%	31%	8%	4%

■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High

Policies, Procedures and Processes
Risks associated with policies, processes, and procedures, including efficiency, effectiveness, and level of documentation.

Risk Level

Low	Low-to-Moderate	Moderate	Moderate-to-High	High
28%	35%	25%	6%	5%

■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High

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Procurement

Risks associated with purchasing processes (e.g., specifications development, bidding, selection) and contract administration (e.g., compliance with terms and conditions, payments, change orders) for goods, services, and capital programs.

Risk Level	Low 38%	Low-to-Moderate 28%	Moderate 19%	Moderate-to-High 14%	High 1%

- Low
- Low-to-Moderate
- Moderate
- Moderate-to-High
- High

Public Safety

Risks associated with the Fire, Police, and emergency preparedness, including staffing levels, recruiting, retention, training, equipment, and response times.

Risk Level	Low 29%	Low-to-Moderate 24%	Moderate 21%	Moderate-to-High 21%	High 5%

- Low
- Low-to-Moderate
- Moderate
- Moderate-to-High
- High

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Risk Management
Risks associated with administration of the general liability, workers' compensation, safety, disability management, and property programs.

Risk Level

Low	Low-to-Moderate	Moderate	Moderate-to-High	High
33%	28%	16%	18%	5%

■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High

Technology
Risks associated with the design, development, implementation, administration, operations, and maintenance of systems including change management and system development life cycle. Also, performance, data architecture and management, integration, back-up, security, and controls.

Risk Level

Low	Low-to-Moderate	Moderate	Moderate-to-High	High
21%	21%	30%	21%	6%

■ Low ■ Low-to-Moderate ■ Moderate ■ Moderate-to-High ■ High