



**INTERNAL AUDIT STATUS**

4. Internal Audit Status Report, by Mark Steranka, Moss Adams, LLP, was presented.

Timelines presented for the Status Report included the following: Accounts Receivable Review is moving towards completion, working on a draft report; Compensation Review in progress; Policies and Procedures Validation is an ongoing activity as the city closes findings; Supervisor Training is finished and will be given to the Finance Director for review; P-Card Internal Control Testing will start in mid-December; Fleet Efficiency Study is in the process to begin possibly in December; and the Big Blue Bus Overtime study will begin in January 2018.

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

**JOINT MEETING**

A Special Joint Meeting with the Compensation Advisory Board was called to order at 7:32 p.m., with all members present, except Advisory Board members Bradley and Mojtabai.

**COMPENSATION AND STAFFING**

5. Review and Discussion of Results of Position Wage Benchmarking and Department Average Wage and Performance Data, Discussion and Questions from Ad Hoc Committee Members, and Discussion of Next Steps in Developing Draft Report (presented by Moss Adams, LLP), was presented.

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

The status reported that all fact findings has been completed, including interviews, document review, multiple rounds of outreach to peers, and the private sector benchmarking. Next steps will be to finalize analysis, develop recommendations, and prepare draft and final reports. The planned schedule is to cancel the January 16<sup>th</sup> Ad hoc citizen committee, and just make that a regular Audit Subcommittee meeting to bring in internal and external audit to that meeting. Then schedule two meetings, of dates to be determined, after the January 16, 2018 meeting, to present the Draft report, and one for the Final report.

The overview presented the following areas: Pay, Cost, Efficiency and Service level. The Departments comparable was medium to high, spending more, efficiency is medium to comparable, and the service level output is medium to high, when compared to peers. For individual position pay versus peers was medium to high, and to the private sector was low to medium.

Questions asked and answered included, but not limited to: is this based on cash only, not including benefits and retirement; what matrix was used to come up with these conclusions; what does the response time for Police mean when it says 33; could a chart be created that includes all of the benefits and compare peers and private sector; whether the contracts budgeted is accurate in the tables; do other cities have an Office of Communications, and if so, it should be pointed out regardless of where it is housed; staffing of City meetings is not included in this report, which means they are not accurately reflecting the work that is being done; with regards to tree trimming, where does the expense for the contract show up; where possible, can you add, and explain the functions of each classification; how do you explain the city's costs being high and the service is medium, and how does that come together to make sense; is the service level count comparable; is there a breakdown of all of the FTE's management versus non-management, to see if we are a top-heavy organization; are the numbers being used from which fiscal year; historical data on salaries; how much resources is used on boards and commissions time and effort in community outreach, including meetings and communications; what are the specific positions that pay more than Santa Monica in peer cities; shouldn't the positions be compared by the quantity of the positions as opposed to just comparing by titles; what are the limitations to obtaining private sector salary information; was there any thought to pick certain private sector companies, and do job comparisons; and, will the last five cities be responding to the survey questions.

Extensive discussion ensued on the following, but not limited to: suggestion that Performance Metrics should be used to determine and increase efficiency; need to reach out to Palo Alto and Berkeley to compare their community outreach, innovation, and boards and commission time and effort to help determine a more quantitate product; outcomes should be tied to Strategic goals will help create new procedures with regard to staffing; unfunded liability, and our cost for the city, and how much the employees are contributing towards their retirement; what could be done to reduce or restructure the city's debt with regard to retirement; it's difficult for residents to understand the large number of employees who work for the city; to think about whether the city needs to continue with such high service levels, and what are the expectations around that; start looking at customer satisfaction; and, if the Ad Hoc committee should be expanded to address pension liability issues.

The City Attorney advised that the Advisory Committee was starting to go off track of the agenda item, and in accordance with the Brown Act, the discussion of revenue versus expense and debt is not the topic to be discussed at this meeting.

Motion by Committee Member Morena, seconded by Committee Member Van Denburgh, to receive the report, and provide direction of the next Steps in developing the draft report. The motion was approved by voice vote, with Committee Member Vazquez absent.

**ADJOURNMENT**

On order of the Chair, the Santa Monica Audit Subcommittee meeting was adjourned at 9:31 p.m. to January 16, 2018.

ATTEST:



Denise Anderson-Warren  
City Clerk

APPROVED:



Sue Himmelrich  
Chair