



County of Los Angeles CIVIL GRAND JURY

CLARA SHORTRIDGE FOLTZ CRIMINAL JUSTICE CENTER
210 WEST TEMPLE STREET • ELEVENTH FLOOR • ROOM 11-506 • LOS ANGELES, CALIFORNIA 90012
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<http://www.grandjury.co.la.ca.us/>

April 4, 2016

Pursuant to California Penal Code sections 933 and 933.05 all agencies and elected officials were required to respond to the recommendations documented in the 2012-2013 Los Angeles County Civil Grand Jury Final Report published on June 30, 2013. The 2015-2016 Los Angeles County Civil Grand Jury captured these responses and they are provided herein.

Los Angeles County Civil Grand Jury

A handwritten signature in black ink, appearing to read "Rene Childress". The signature is fluid and cursive.

Rene Childress, Chairperson, Continuity Committee
2015-2016 Los Angeles County Civil Grand Jury

A handwritten signature in blue ink, appearing to read "Bart Benjamins". The signature is very stylized and cursive.

Bart Benjamins, Foreperson
2015-2016 Los Angeles County Civil Grand Jury



CITY OF SIGNAL HILL

2175 Cherry Avenue ♦ Signal Hill, CA 90755-3799

October 26, 2015

Rene Childress, Chairperson
Continuity Committee
2015-16 County of Los Angeles Civil Grand Jury
210 W. Temple St., 11th Floor
Room 11-506
Los Angeles, CA 90012

Subject: Response to Los Angeles Civil Grand Jury Continuity Committee Follow-Up

Dear Chairperson Childress,

Thank you for 2015-2016 Los Angeles Civil Grand Jury Continuity Committee follow up regarding the City of Signal Hill responses to the 2012-2013 Civil Grand Jury recommendations on the financial practices of charter cities in Los Angeles County. This letter provides the City's response to the cited recommendation of "Cities should formally establish an audit committee to direct the work of the independent auditor."

As noted in the 2012-2013 Civil Grand Jury report, Signal Hill had adopted 19 of the 22 best management practices recommended by the Civil Grand Jury and was recognized as one of the top 10 cities in excellent financial health. The three Civil Grand Jury recommendations that required follow up were as follows:

1. Prepare two-year budgets in lieu of one-year budgets
2. Routinely change auditors at the end of auditor contracts
3. Establish an Audit Committee to direct the work of the independent auditor

The City of Signal Hill implemented two of the three the recommendations. At their regular meeting of June 17, 2014, the City Council adopted a two-year budget covering Fiscal Years 2014-15 and 2015-16. The City will begin developing its next two-year budget for Fiscal Years 2016-17 and 2017-18 in early 2016.

The City Council also hired a new independent audit firm on June 17, 2014. The former audit firm of White, Nelson, Diehl, and Evans LLP was replaced by the firm of Moss, Levy, and Hartzheim LLP. Moss, Levy, Hartzheim LLP completed the City's 2014 Comprehensive Annual Financial Report, which received a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada.

In a letter dated September 26, 2013, the City of Signal Hill indicated that the recommendation to establish an Audit Committee requires further analysis and will be studied in depth during the planning of the new City Strategic Plan. The new Strategic Plan will be formulated with the City and community input during the 2013-14 fiscal year. The letter further stated:

“City staff prepared a staff report concerning forming an audit committee and presented it to the city Council on April 16, 2013 seeking direction on the matter. The motion that was moved and carried by the City Council was to “look at forming an independent audit committee during the strategic planning process.”

On June 2, 2015, the City Council adopted the 2015-2019 City of Signal Hill Strategic Plan. The Strategic Plan process, which began in 2013, was a culmination of three public community workshops and meetings with the City Council, City Attorney, Department Directors, Chamber of Commerce, individual community members, and members of an organized neighborhood group. At the conclusion of the meeting the decision was made not to form an Audit Committee at this time. However, the City has taken steps to increase its financial transparency to the public. For example, the recommendations made in the Auditor’s Management Report and Communication Letter was reviewed with the City Council during a public meeting on August 18, 2015 and the City Council approved funding for a financial transparency program that will enable public access to easy-to-understand budget information. This program is scheduled to be implemented during Fiscal Year 2015-16.

The City of Signal Hill values the efforts that the Los Angeles County Civil Grand Jury spent in studying the financial health and practices of charter cities in Los Angeles County. We appreciate the opportunity to have participated in this effort. Please feel free to contact me if the Civil Grand Jury at choneycutt@cityofsignalhill.org or at (562) 989-7302.

Sincerely,



Charlie Honeycutt
City Manager

cc: City Council
Dan Bartelson
Terri Marsh



City of
LYNWOOD

Incorporated 1921
11330 Bullis Road, Lynwood, CA 90262
(310) 603-0220 x 200

November 11, 2015

Presiding Judge
Los Angeles Superior Court
Clara Shortridge Foltz Criminal Justice Center
210 West Temple Street
Eleventh Floor, Room 11-506
Los Angeles, California 90012

Re: City of Lynwood Response to Recommendations of 2012-2013 Los Angeles County Civil Grand Jury Report on Cities of Los Angeles County Fiscal Health, Governance, Management and Compensation

Dear Sir:

The 2012-2013 Los Angeles County Civil Grand Jury made Recommendation 50.6 (see below).

- 6. Cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hot line, to permit the confidential, anonymous reporting of concerns.**

Initial City Response: The City agrees with the finding. This recommendation requires further analysis. The Director of Finance will perform research and analysis to determine the feasibility of implementing this recommendation. The City will provide a final response to this recommendation on or before December 15, 2013.

The City of Lynwood's response indicated that further analysis was needed to determine the feasibility of implementing this recommendation. In accordance with California Penal Code Section 933.05(B)(3), the following is the City of Lynwood's updated response to the subject Civil Grand Jury report.

Updated City Response: City staff researched 'hotline' services for the reporting of fraud, waste, and abuse. The City is in the process of implementing an online service for the anonymous reporting of fraud, waste, and abuse. The 'hotline' service will be available on or before January 1, 2016. City staff will monitor and follow-up on all reports of fraud, waste, and abuse.

City of Lynwood

**Re: Response to 2012-2013 Civil Grand Jury Report on Cities of Los Angeles
County**

November 11, 2015

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Should you have any questions, please direct them to J. Arnoldo Beltrán, City Manager,
at the above address or 310-603-0220, extension 508 or abeltran@lynwood.ca.us.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Arnoldo Beltrán", with a long horizontal flourish extending to the right.

J. Arnoldo Beltrán
City Manager

Cc: City Council
City Attorney



City of La Puente

15900 E. Main Street La Puente, CA 91744-4719 Telephone (626) 855-1500 Fax (626) 961-4626 www.lapuente.org

October 27, 2015

Rene Childress, Chairperson
Continuity Committee
Clara Shortridge Foltz Criminal Justice Center
210 West Temple Street, Eleventh Floor, Room 11-506
Los Angeles, California 90012

Dear Ms.Childress:

In January 2013, the Los Angeles County (“County”) Civil Grand Jury (“Grand Jury”) requested information from all 88 incorporated cities in the County to determine the fiscal health of the cities. The Grand Jury also sought to determine whether cities were following the “best practices” for governance and financial management, as established by the Government Finance Officers Association.

This letter is in response to your letter dated October 13, 2015 requesting updated information regarding the two findings that were a result of the above mentioned inquiry.

The first Civil Grand Jury finding stated the following:

Cities should formally establish an audit committee making it directly responsible for the work of the independent auditor.

This finding was discussed at the December 10, 2013 City Council meeting and it was decided that there is no need for an audit committee for several reasons which are listed below:

An audit committee serves to focus the governing body’s attention on its responsibility for internal control and financial reporting, ensures and facilitates regular, direct communication between the independent auditors and the governing body, and helps to preserve the objectivity and independence of the financial statement audit by providing a forum in which the independent auditors can candidly discuss audit related matters with the governing board apart from management.

In the City of La Puente, these advantages already exist because the City Council is much more involved in the financial aspects of the City. The City has five council members who also act as an audit committee. They serve as a committee of the whole. The City

Council receives information about the scope of the annual financial audit and the audit findings directly from the independent auditor. In addition, the City Council has the opportunity to bring issues or concerns to the attention of the independent auditor at any time throughout the year.

Since the La Puente City Council is already acting in this capacity, it was decided that there is no need to form an audit committee.

The second finding stated:

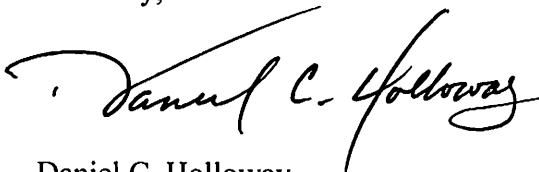
Cities should establish a policy requiring financial policies and procedures to be reviewed annually and updated at least once every three years.

The City agrees with this recommendation and on March 31, 2014, a written policy was implemented. A copy of the policy is attached to this letter for your review.

City staff continually strives to ensure that the transparency of the financial records of the City of La Puente comply with best practices of the Governmental Accounting Standards Board.

If I can provide any additional information or be of assistance, please do not hesitate to contact me directly.


Sincerely,

A handwritten signature in black ink that reads "Daniel C. Holloway". The signature is written in a cursive style with a large, sweeping initial 'D'.

Daniel C. Holloway
Mayor

Attachment: Financial Policies & Procedures

cc: David N. Carmany, City Manager
Robbeyn Bird, Director of Administrative Services

 <p>CITY OF LA PUENTE FINANCE DEPARTMENT</p>	<p>SUBJECT: MONTH END, YEAR END ADJUSTMENTS AND UPDATE OF FINANCIAL POLICIES AND PROCEDURES</p>	<p>NUMBER: FIN-14-001</p>	<p>PAGE: 2 of 3</p>
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5.0 GENERAL POLICIES AND PROCEDURES

5.1 Every month end and year end, the Finance Manager will review all financial reports from INCODE financial system and check for the following:

- a. Variances of actual amounts versus budgeted amounts
- b. Identify potential mispostings in accounts
- c. Identify abnormal balances, credit balances for asset or expense accounts and debit balances for liabilities or revenue accounts
- d. Review reconciliations for all bank accounts
- e. The Finance Manager will prepare a journal entry, if any for any variance, mispostings and errors that needs adjustment.

5.2 Two weeks after month end, the Finance Manager will distribute to all Department Heads the revenue and expense reports, including detailed listings for their review and comments. If there is any adjustment, a journal entry will be prepared by the Finance Manager.

5.3 The Finance Manager will prepare the following monthly adjustments:

- a. Credit card and transaction fees for Recreation collection receipts
- b. Information technology allocation to departments
- c. Vehicle charges allocation to departments
- d. Interest on City's investments
- e. Fund transfers to payroll accounts
- f. Fund transfers to investment accounts
- g. Fund transfers to fund borrowings
- h. Interest allocation to all funds
- i. Wire transfers from Community Development Block Grant program
- j. Wire transfers from other general fund revenue sources
- k. Returned checks
- l. Bank reconciliation differences, if any
- m. Grant reconciliation differences, if any

5.4 The Finance Manager will perform a mid-year review of revenues and expenditures compared to the adopted budget. The variances will be investigated and discussed with the Department Heads. A budget adjustment will be proposed if necessary to the Director of Administrative Services. The Director of Administrative Services will prepare a staff report to the City Manager for Council review and approval. After Council approval, the Finance Manager will prepare a journal entry for the budget adjustments and this will be given to the Director of Administrative Services for review and approval.



CITY OF LA PUENTE
FINANCE DEPARTMENT

SUBJECT:

MONTH END, YEAR END
ADJUSTMENTS AND UPDATE OF
FINANCIAL POLICIES AND
PROCEDURES

NUMBER:

FIN-14-001

PAGE:

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5.5 The Finance Manager will prepare the following year-end adjustments:

- a. Accounts receivable
- b. Due to/from other government
- c. Fixed asset additions and disposals
- d. Fixed asset depreciation and amortization
- e. Compensated absences
- f. Deferred revenues
- g. Accrued expenses
- h. Retention receivable and/or payables
- i. Transfers in and out of funds
- j. Audit adjustments from external auditors, if any

5.6 The Finance Manager will forward all month end and year end journal entries to the Director of Administrative Services for review and approval.

5.7 If there are any updates needed, the Finance Manager will prepare the update on the existing policy and procedure, and forward this to the Director of Administrative Services for review and approval.

5.8 The Director of Administrative Services will forward the updated policy and procedure to the City Manager for approval.

5.9 Updates on the existing policies and procedures shall be completed no less than once every three years.

6.0 IMPLEMENTATION DATE AND TIMETABLE

6.1 This month end procedures will be implemented effective March 31, 2014 and year end procedures will take effect on fiscal year ending June 30, 2014.

6.2 The Finance Manager will be responsible to implement these policies and procedures including the update.

REFERENCES

- 6.1 Pronouncements of the Governmental Accounting Standards Board (GASB)
- 6.2 Governmental Accounting, Auditing, and Financial Reporting (Bluebook) - Government Finance Officers Association (GFOA)
- 6.3 White Paper Pronouncements of the Professional Technical and Standards Committee - California Society of Certified Public Accountants
- 6.4 Sample Documents and Member Surveys from California Society of Municipal Finance Officers (CSMFO)

(END)