Special Meeting Minutes
FINANCE/AUDIT COMMITTEE
Thursday, June 25, 2020 ▪ 2:00 p.m.
Videoconference/Teleconference Council Chambers Room S249, Pasadena City Hall

A. CALL TO ORDER: The special meeting of the Finance/Audit Committee was called to order at 2:16 p.m. with Mayor Tornek and Councilmembers Gordo, McAustin, and Kennedy comprising the quorum.

Attendees (Absent as indicated):

Councilmembers	**Staff**	
Mayor Tornek, Chair	Steve Mermell	Stephanie Chang
Victor Gordo	Julie Gutierrez	Michele Bagneris
John Kennedy (Arrived at 2:24 p.m.)	Matthew Hawkesworth	Bryan Frieders
Margaret McAustin	Theresa Fuentes	Jennifer Curtis
	Ruthe Holden	John Perez
	Rebecca Takahashi	Tim McDonald
	Ara Maloyan	

Recording Secretary: Gloria Acevedo

B. INFORMATION ONLY

1. **FINAL REPORT FOR AUDIT OF CITY CASH HANDLING, PETTY CASH, AND PURCHASING CARD PROGRAMS**

Ruthe Holden, Internal Audit Manager, presented a PowerPoint titled "Audit of Cash Handling, Petty Cash, and Purchasing Card Programs," in which she gave an overview of the results from the 2019 Internal Audit. The audit identified five issues of which three are considered high priority and two medium priority. Subsequently, thirteen recommendations associated with the five findings were made aimed at strengthening the City's internal controls. Several of the issues were corrected prior to the completion of the audit.

Councilmember McAustin questioned why the Fire Department's cash practices are not compatible with Tyler Munis and if there were additional programs that were not in line with Tyler Munis. She also commented that audits on purchasing cards and petty cash over the past years continue to yield the same results. Bryan Frieders, Interim Fire Chief, responded the department is currently looking for a replacement program that would communicate with the Tyler Munis Cashiering Module. Stephanie Chang, Management Analyst, added Tidemark is another program in use that will be replaced with a new operating management system that will communicate with Tyler Munis. Steve Mermell, City Manager, stated he has asked the Finance Department to review

with a harder line the existing practices and if staff is unable to follow the rules, their card should be canceled. He added, that practices will be reviewed regularly.

Councilmember Gordo suggested guidelines for Purchasing Card users should be provided upfront and the consequences for failure to comply should be made clear. He suggested violations should go directly to the Human Resources Department. Lastly, he requested a review of the Purchasing Card and Purchase Order Policies.

Councilmember Kennedy stated he was leaving the meeting and left at 3:02 p.m.

The Finance/Audit Committee acknowledged the report.

2. APPROVAL OF INTERNAL AUDIT PLAN FOR FY 2020/2021

Ruthe Holden, Internal Audit Manager, started the discussion indicating the plan is projected to take two-years to complete. In addition, she reviewed the guidelines for the plan. First, the City of Pasadena must adopt the Institute of Internal Auditors International Professional Practices framework to comply with California Government Code Section 1236. In addition, follow Standard 2010 that states the Internal Auditor must establish a high risk-based audit plan to determine the priorities of the internal audit activity, consistent with the City's goals. Lastly, the internal auditor must communicate plans and resource requirements to the Audit Committee for approval.

Mayor Tornek inquired about the exclusion of large departments such as Public Works, Water & Power, and the Police Department from quadrant four (Citywide Risk Heat Map) from this year's list. Ms. Holden responded that they will be included: however, only areas of high risk where they are managing high risk inventory and assets. Ms. Holden added, it is more efficient to take a systemic business process and audit as many departments in quadrant four in areas that are high risk versus auditing an entire department at a time.

Councilmember Gordo inquired whether the City had previously conducted an audit on the management of minors & vulnerable populations at City Facilities and requested the definition of vulnerable populations. Ms. Holden responded that this is the first time the City is conducting this type of audit and described the population as easily taken in by a scam, the group includes the disabled, minors, and senior citizens. The intent of the audit is to assure policies and practices are in place to protect this population from scammers.

Councilmember McAustin requested the definition of Telestaff. Ms. Holden described the Telestaff as the system in place at the Fire Department to track their payroll hours. City Manager, Steve Mermell added the system was used to track their various shift schedules.

The Finance/Audit Committee acknowledged the report.

3. UPDATE ON THE FINANCIAL IMPACT OF COVID-19

Matthew Hawkesworth, Director of Finance, presented a PowerPoint titled "Financial Update – June 2020." Mr. Hawkesworth provided an update on the General Fund revenue projections and key benchmarks. Overall projections are consistent with benchmarks. Mr. Hawkesworth also provided an update on the financial impacts of COVID-19, the City's total cost incurred and committed for COVID-19 related expenses is at $12.66 Million as of June 16, 2020. The update included funding received through a variety of grants, such as a total of $5 million for Housing Services, $192,000 for Public Safety, and $2 Million for the Workforce Board for job training and placement assistance for those displaced by the COVID-19 pandemic. He also mentioned that in the State Budget Proposal the State intends to reimburse the City for COVID-19 related expenses through pass-through anywhere from $1.4 to $1.7 million. Lastly, he presented a short brief on the CalPERS closed session vote to increase their debt in order to increase their investment.

Councilmember Gordo inquired on how Pasadena's restaurants are trending and requested the City track their performance precisely through Economic Development and push for a campaign to support our local businesses. Mr. Hawkesworth responded that according to economic data from our Economic Development Consultant, overall restaurant activity is down 25%. City Manager, Steve Mermell, will check with the Economic Development Department to obtain specific data.

Mayor Tornek questioned CalPERS' authority to implement the action and whether the League of California Cities had made a statement on the matter. Councilmember Gordo called the arbitrage move a slippery-slope and requested the City Attorney to review our agreement with CalPERS. Councilmember McAustin suggested the City go on record to state it disagrees with the risky decision. Mr. Mermell will follow-up with the League of California Cities, consult with the City Attorney's office, and provide his findings at the following Finance Committee Meeting.

The Finance/Audit Committee acknowledged the report.

4. FISCAL YEAR (FY) 2021 RECOMMENDED GENERAL FEE SCHEDULE FOLLOW-UP

Matthew Hawkesworth, Director of Finance referenced the memo provided as self-explanatory and stated members of the Public Works and Fire Department were present for questions.

PUBLIC COMMENT- Recording Secretary Gloria Acevedo read aloud a comment related to the Fiscal Year 2021 General Fee Schedule Follow-Up, regarding the 5.3 hours of staff time equating to a $300.00 fee for hauling services.

Sven, Pasadena Resident

Mayor Tornek inquired on how a $50.00 ticket could turn into a $300.00 fee for supervision and requested a breakdown of the 5.3 hours. Ara Maloyan, Director of Public Works reviewed for the Committee the justification for the fee schedule concluding the fee is reasonable as it covers the entire project from inspection to completion. Mr. Mermell added this is a fee based program where fees are leveled across by participants.

The Finance/Audit Committee acknowledged the report.

Mayor Tornek, alerted the Committee, he has requested staff provide an analysis on how dollars are expended by category in response to the demands the City slash the Police Budget in order to increase the Human Services activities. He requested more time to discuss at the next meeting.

The Finance/Audit Committee acknowledged the announcement.

C. APPROVAL OF MINUTES

- June 8, 2020 Cancellation Notice
- June 11, 2020 Special Meeting
- June 22, 2020 Cancellation Notice

The minutes were approved as submitted.

D. ADJOURN

With no further business to come before the committee, the meeting adjourned at 4:16 p.m.

/s/ Terry Tornek 7.9.20

Mayor Tornek Date
Chair, Finance Committee

7/9/20

ATTEST: Gloria Acevedo, Date
Recording Secretary