Special Meeting Minutes
FINANCE/AUDIT COMMITTEE
Thursday, March 4, 2021 ▪ 2:00 p.m.
Videoconference/Teleconference Council Chambers Room S249, Pasadena City Hall

A. CALL TO ORDER: The special meeting of the Finance Committee was called to order at 2:23 p.m. with Mayor Gordo, and Councilmembers, Kennedy and Williams, comprising the quorum.

Attendees (Absent as indicated):

Councilmembers	Staff	Guests
Mayor Gordo, Chair	Steve Mermell	Denise Callahan, TAP International
Andy Wilson (Absent)	Julie Gutierrez	Bob Callanan, CliftonLarsonAllen LLP
John Kennedy	Theresa Fuentes	Joe Ludin, CliftonLarsonAllen LLP
Felicia Williams	Matthew Hawkesworth	
	Vic Erganian	
	Timothy Park	
	Gurcharan Bawa	
	Shari Thomas	
	Ara Maloyan	
	Ruthe Holden	
	Rebecca Takahashi	
	Robert Ridley	
	Jane Guo	
	Phillip Leclair	

Recording Secretary: Gloria Acevedo

B. PUBLIC COMMENT- None

C. APPROVAL OF MINUTES

- February 17, 2021 Special Meeting
- February 18, 2021 Cancellation Notice
- February 22, 2021 Cancellation Notice

The minutes were approved as submitted

D. NEW BUSINESS

1. **FINAL AUDIT REPORT FOR CONSTRUCTION AND DEMOLITION WASTE DIVERSION PROGRAM**

Ruthe Holden, Internal Auditor Manager, introduced the item and presented a PowerPoint indicating how the audit came about and how it was conducted. Denise Callahan, Principal, TAP International, provided a second PowerPoint presentation detailing the scope of the audit and its findings and answered questions.

Councilmember Williams recommended staff set proper program incentives to support behavior that is consistent with City policies. Steve Mermell, City Manager indicated there is thought about holding the certificate of occupancy as an incentive to ensure compliance.

Mayor Gordo requested staff identify the challenges faced by residents completing smaller scale projects in complying with the program requirements, including a review of the approved facilities. Mr. Mermell agreed compliance is unachievable on a program that is difficult to comply with, he shared that Ara Maloyan, Director of Public Works, is in the process of evaluating the entire program based on the findings of the audit. Mr. Maloyan's review will include State versus City requirements and the City's ordinance.

Councilmember Kennedy asked if there were indicators found of possible fraud. Ms. Callahan indicated there were some situations that required further analysis to rule out fraud. Mr. Mermell stated fraud can't be ruled out unless every document was examined, which was not part of the scope of work in this audit. Moving forward by putting in place an operational process with robust internal controls and procedures will prevent fraud from occurring. Councilmember Kennedy thanked the City Manager's office for their role in setting proper protocols to strengthen the program weaknesses identified in the audit.

The Finance Committee acknowledged receiving the report.

2. QUARTERLY INVESTMENT REPORT – QUARTER ENDING DECEMBER 31, 2020

Matthew Hawkesworth, Director of Finance, introduced the agenda item and Vic Erganian, Deputy Director of Finance/Treasurer, presented the item that provided a detail account of the City's investment portfolio.

Mayor Gordo asked for confirmation of the Section 115 Trust balance as he believed the fund balance was closer to $13 million. Mr. Hawkesworth indicated the $13 million was the pension part and the roughly $2 million was the other part related to the post-employment benefits portion. Mr. Erganian added, the fund was invested in a moderate conservative asset allocation fund, which yielded a 9.4% return that equates to roughly $1 million in a twelve-month period.

The Finance Committee approved forwarding this report to the full City Council.

3. FISCAL YEAR JUNE 30, 2020 ANNUAL FINANCIAL REPORTS

Robert Ridley, Controller, provided a high overview of the findings of the City's eight annual financial statements and five compliance related reports, focusing primarily on the five audit findings in which staff have already began to take action or will begin to take action.

The Finance Committee approved forwarding this report to the full City Council.

E. ADJOURN

With no further business to come before the committee, the meeting adjourned at 3:41 p.m.

Victor M. Gordo 4/19/21

Victor M. Gordo — Date
Chair, Finance Committee

4/19/21

ATTEST: Gloria Acevedo, — Date
Recording Secretary