Special Meeting Minutes
FINANCE/AUDIT COMMITTEE
Monday, October 25, 2021 ▪ 3:00 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 3:05 p.m. with Mayor Gordo, Vice Mayor Wilson, and Councilmembers Kennedy and Williams

Attendees (Absent as indicated):

Councilmembers	Staff	Guests
Mayor Gordo, Chair	Julie Gutierrez	Bob Callanan,
Andy Wilson	Steve Mermell	CliftonLarsonAllen LLP
John Kennedy	Matthew Hawkesworth	Joe Luden,
Felicia Williams	Theresa Fuentes	CliftonLarsonAllen LLP
	Robert Ridley	
	Ruthe Holden	
	Rebecca Takahashi	

Recording Secretary: Gloria Acevedo

B. PUBLIC COMMENT- None

C. APPROVAL OF MINUTES

- September 27, 2021 Special Meeting
- October 11, 2021 Cancellation Notice

The minutes were approved as submitted.

D. NEW BUSINESS

1. APPROVAL OF INTERNAL AUDIT PLAN FOR FY 2022/2023

Matthew Hawkesworth, Director of Finance, introduced the item and Ruthe Holden; Internal Audit Manager, provided a PowerPoint presentation on the proposed annual internal audit plan.

Councilmember Kennedy inquired about the operating companies missing from the plan. Ms. Holden responded they are not included, since they are not under the City Managers' office. The City Council would go through the City Manager to request internal audit services. Councilmember Kennedy asked how the City handles bond debt responsibly. Mr. Hawkesworth responded that the City

finance auditor performs annual financial audits of the operating companies, and the audits are presented to the City Council. Lastly, Councilmember Kennedy requested an audit of the Rose Bowl Operating Company in order to determine the best strategies to improve the future of the organization and stated larger expenditures of City funds must take priority. Mayor Gordo agreed and requested to add to the request a list of all other groups who benefit from City funding or using the City name as leverage such as nonprofits. He added it is important to be transparent and assure the spending of City funds is consistent with the mission of the organizations.

Vice Mayor Wilson expressed concern over 10 out of 14 departments showing up in quadrant four of the Citywide Risk Heat Map. Ms. Holden stated that it was a positive thing for departments to be in quadrant four rather than quadrant one; as it showed the internal controls are working, the goal is to make sure the controls are working. Vice Mayor Wilson inquired about the audit review of filling key vacancies and succession planning and why it was not taking place until 2024. Ms. Holden answered that the item may be outsourced in order to expedite the process.

Mayor Gordo asked for clarification as to what City Council appointees were excluded from the audit. Ms. Holden stated although the City Clerk and City Attorney office are excluded, they are audited peripherally through purchasing card rules and regulations and through accounts payable checks being processed by those departments. Mayor Gordo also asked if the City Council had the authority to direct the City Manager to conduct an internal audit. Ms. Holden indicated that it can be done. Mayor Gordo requested an audit of axillary bodies, who they are and how they handle fund raising. The audit should also include the operating companies and City Council appointees. Lastly, Mayor Gordo requested for the prioritization of the audit regarding building and safety inspections.

The Finance/Audit Committee approved this report.

E. INFORMATION ONLY

2. INTERNAL AUDIT STATUS REPORT

Ruthe Holden, Internal Auditor presented a PowerPoint presentation outlining the work of the Internal Auditors for the last year, which included completed projects and those that are in the queue.

Vice Mayor Wilson inquired about the hotline's 58 issues, whether the resolution times are tracked, if they are mostly from citizens, and how many are active. Ms. Holden stated the length of time to respond to a complaint depends on the nature of the call as some investigations take longer. Ms. Holden will put together an aging report in the next quarterly status update to the Finance/Audit

Committee; she added that the complaints are a mixture from citizens and employees and reminded the Committee that some are filed anonymously.

Councilmember Williams asked when the Committee can expect an audit update of the Construction and Demolition Waste Diversion Program and whether another budget update is expected. Ms. Holden stated all recommendations have been agreed to and the Public Works staff is in the process of creating action plans. Mr. Hawkesworth responded that significant cleanup was completed during the close of the Fiscal Year 21, processes and policy changes were implemented, and that another fund transfer can be expected as a result of the continuing work by the Public Works staff.

Mayor Gordo requested an ethics review of all City Departments and elected official offices, asked the City Attorney's office and the City Manager's office to review the process to allow codification that would grant authority for the Internal Auditor to co-report to the City Manager's office as well as to the Finance/Audit Committee. A full report with recommendations is expected to be brought to the Finance/Audit Committee. Mayor Gordo stated transparency is highly important; the public is entitled to know the City's processes and procedures. Councilmember Williams expressed her support.

PUBLIC COMMENT- Stella Murga spoke on the discussion and review if AB 571 Mullin; contributions limits: city and county candidates. Mayor Gordo and City Attorney directed Ms. Murga to attend and make comments at the Legislative Policy Committee meeting on October 26, 2021

The Finance/Audit Committee acknowledged receiving the report.

3. THE AUDITOR'S COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE PURSUANT TO STATEMENTS ON AUDITING STANDARDS NO. 114

Matthew Hawkesworth, Director of Finance, introduced the item and Bob Callanan, Principal, CliftonLarsonAllen, LLP presented a PowerPoint outlining the audit responsibilities and process.

The Finance/Audit Committee members will meet individually with Mr. Callanan and his staff to discuss any concerns over fraud or internal controls. The meeting will facilitate incorporating concerns into remaining audit process.

The Finance/Audit Committee acknowledged receiving the report.

4. FINANCIAL UPDATE OCTOBER 2021

The item was moved to the November 8, 2021 Finance Committee Meeting.

F. ADJOURN

With no further business to come before the Finance/Audit Committee, the meeting adjourned at 4:29 p.m.

Victor M. Gordo 12/20/21

Victor M. Gordo Date
Chair, Finance Committee

Gloria Acevedo 1/31/22

ATTEST: Gloria Acevedo, Date
Recording Secretary