CITY OF RIVERSIDE

City of Arts & Innovation

City Council Memorandum

TO: **HONORABLE MAYOR AND CITY COUNCIL** **DATE: OCTOBER 18, 2016**

FROM: **CITY COUNCILMAN SOUBIROUS**

SUBJECT: **INDEPENDENT AUDIT REPORT OF CITY ATTORNEY ENGAGEMENT OF OUTSIDE LEGAL COUNSEL**

ISSUE:

Receive the independent audit report of the City Attorney Engagement of Outside Legal Counsel by Hanson Bridgett, LLP.

RECOMMENDATION:

That the City Council receives, reviews and if appropriate orders filed the independent audit report of the City Attorney's Engagement of Outside Legal Counsel by Hanson Bridgett, LLP.

BACKGROUND:

On October 20, 2015 the City Council received, reviewed and provided input on the Internal Audit Division's *Procurement of Outside Legal Services and Legal Counsel* audit report; a motion to hire an independent attorney to conduct additional investigation of the City Attorney's engagement of outside legal counsel was approved.

On February 17, 2016 the firm of Hanson Bridgett, LLP was selected; on March 1, 2016 the engagement attorney from Hanson Bridgett LLP appeared before the City Council. Following discussion, the City Council reaffirmed authorization to hire Hanson Bridgett, LLP for services not to exceed $75,000, provided a scope of work for the engagement and requested a progress report in 60 days.

On April 26, 2016 the engagement attorney from Hanson Bridgett, LLP appeared before the City Council with an update on the scope of work. Following discussion, the City Council received and ordered filed the update and directed Hanson Bridgett, LLP to meet with the City's Internal Audit Manager to review issues and concerns, and report conclusions to then Mayor Pro Tem Soubirous.

After a series of telephone conversations, sharing of documents and emails with Hanson Bridgett, LLP, then Mayor Pro Tem Soubirous instructed Hanson Bridgett, LLP to clarify results of their initial investigation to the following five questions:

1. Was the Riverside City Charter violated as it relates to the former City Attorney's use of outside counsel;

2. Did the former City Attorney follow standard practices for municipalities for letting of contracts;

3. Were there any controls that were supposed to be followed (by the former City Attorney) in the engagement of outside legal counsel;

4. Were contracts with outside legal counsel created orally; and if so

5. Did this violate California law related to municipal contracts?

On August 24, 2016 Hanson Bridgett, LLP submitted their comprehensive report to Councilman Soubirous.

Summary of Findings

1. No evidence that the former City Attorney violated the City Charter;

2. The former City Attorney followed many but not all best practices with regard to engaging outside legal counsel;

3. The former City Attorney was not constrained in the engagement of outside counsel by City Procurement policies and procedures;

4. Unable to conclude whether contracts with outside legal counsel were created orally; and

5. Even if oral contracts were created, cannot conclude that California law was violated.

FISCAL IMPACT:

There is no fiscal impact associated with the report of the City Attorney's Engagement of Outside Legal Counsel by Hanson Bridgett, LLP.

Prepared by:

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Attachment:

1. Independent Audit of City Attorney Engagement of Outside Legal Counsel report