



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: OCTOBER 25, 2016

FROM: INTERNAL AUDIT DIVISION WARDS: ALL

**SUBJECT: ACTION PLAN IN RESPONSE TO RECOMMENDATIONS FROM THE
RECENTLY PRESENTED PUBLIC UTILITIES PERFORMANCE AND
FINANCIAL AUDITS**

ISSUES:

Receive, review, and provide input on the Action Plans prepared by staff to implement recommendations from the recently presented Performance Audit and Financial Expenditure Review of the Public Utilities Department; and direct staff to return in six months with a status update of the Action Plans.

RECOMMENDATIONS:

That the City Council:

1. Receive, review, and provide input on the Action Plan to implement recommendations from the recently presented Performance Audit of the Public Utilities Department;
2. Receive, review, and provide input on the Action Plan to implement recommendations from the recently presented Financial Expenditure Review of the Public Utilities Department; and
3. Direct staff to return in six months with a status update on the Action Plans.

BOARD RECOMMENDATION:

On September 26, 2016, the Riverside Public Utilities Board with six of eight members present, unanimously approved to forward the recommendation to the City Council to receive, review, and provide input on the Action Plan to implement recommendations from the recently presented Performance Audit of the Public Utilities Department; and receive, review, and provide input on the Action Plan to implement recommendations from the recently presented Financial Expenditure Review of the Public Utilities Department; and direct staff to return in six months with a status update on the Action Plans.

BACKGROUND:

On July 26, 2016, a Performance Audit and Financial Review of 2013-2015 Expenditures for the Public Utilities Department was presented to the City Council. The agenda item included an initial response from staff to each of the audit recommendations. City Council accepted the report and directed the Public Utilities Department staff to return in September 2016 with a detailed action plan and timeline, including the financial impact.

DISCUSSION:

The Performance Audit included 43 recommendations primarily in the areas of technology enhancements, management reporting and duplicative data handling which is largely attributable to inadequate or incompatible technology systems.

The Financial Audit yielded ten recommendations. City Finance Department staff will lead efforts to address each of the recommendations.

FISCAL IMPACT:

There is no fiscal impact associated with review of the Action Plan at this time. Authorization for expenditure of funds, subject to Public Utilities Board oversight, will be brought back at a later date on a case by case basis.

Prepared by:	Cheryl Johannes, Internal Audit Manager
Concurs With:	Girish Balachandran, Public Utilities General Manager
Certified as to	
Availability of funds:	Scott G. Miller, Chief Financial Officer/City Treasurer
Approved by:	John A. Russo, City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Attachments:

1. Performance Audit of Riverside Public Utilities – Action Plan
2. Expenditures of Riverside Public Utilities – Action Plan
3. Public Utilities Board Minutes – September 26, 2016
4. Presentation