



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: APRIL 23, 2019**

FROM: INTERNAL AUDIT DIVISION **WARDS: ALL**

SUBJECT: FISCAL YEAR 2018/19 INDEPENDENT PERFORMANCE ASSESSMENT AND FINANCIAL EXPENDITURES REVIEW – SCOPES OF WORK FOR COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT; RIVERSIDE FIRE DEPARTMENT; AND INNOVATION AND TECHNOLOGY DEPARTMENT

ISSUES:

Approve the Scopes of Work for the Independent Performance Assessment and Financial Expenditures Review of the Community and Economic Development Department, Riverside Fire Department, and Innovation and Technology Department.

RECOMMENDATIONS:

That the City Council:

1. Approve the Scopes of Work for the Independent Performance Assessment and Financial Expenditures Review of the Community and Economic Development Department; Riverside Fire Department; and Innovation and Technology Department; and
2. Authorize staff to immediately proceed with solicitation of consultants through a Request for Proposals process.

BACKGROUND:

One of the Strategic Goals for the City Manager's Office is to continue facilitating a culture of continuous improvement and innovation in the workplace through regular process improvement activities, rewarding innovative practices, and regular review of department operations on a triennial basis.

On July 25, 2015, the City Council endorsed the Annual Performance Assessment and Financial Expenditures Review Program, providing for comprehensive and independent reviews of all departments by qualified experts on a five-year rotating basis. To date, the following Performance Assessment and Financial Expenditures reviews have been provided to City Council:

City Council Date	Department	External Auditor	Cost
July 26, 2016	Finance	Matrix Consulting Group, LTD	\$135,000
July 26, 2016	Human Resources	Matrix Consulting Group, LTD	\$105,000
July 26, 2016	Public Utilities	Baker Tilly Virchow Krause, LLP	\$135,000
July 11, 2017	City Manager's Office	Matrix Consulting Group, LTD	\$85,000
July 11, 2017	Mayor's Office		
July 25, 2017	Police Department	Hillard Heintze, LLC	\$342,000
January 8, 2019	General Services	Management Partners	\$185,000
January 8, 2019	Parks, Recreation & Community Services		
January 8, 2019	Public Works		

The departments approved for review by the City Council for FY2018/19 are the Community and Economic Development Department, Riverside Fire Department, and the Innovation and Technology Department.

DISCUSSION:

The Internal Audit Division is responsible for managing the City Manager's Annual Performance Assessment and Financial Expenditures Review Program. Upon receiving input from various stakeholders (such as the City Council, the City Manager's Office, and leadership in the respective departments), a comprehensive Scope of Work was developed for each department undergoing the review.

Discussions with management from the respective departments revealed that divisions within each department have undergone prior audits and/or peer-assessment reviews. In order to avoid duplicative audit efforts, those items are identified in the Scopes of Work to provide assurance that those items are not being overlooked.

Once approved by the City Council, the Scopes of Work for the departments will be included in the Request for Proposals (RFPs) for the selection of independent consulting firms.

Community and Economic Development Department Scope of Work

Performance Assessment:

1. Strategic planning – future direction; effective partnerships;
2. Organizational structure and potential for consolidation of administrative functions; opportunities to outsource certain functions/activities/services; effectiveness of staffing levels; succession planning; project management;
3. Economic impact – special/cultural events, permitting practices, practices related to attracting businesses to the City, revenue generation opportunities;
4. Fee calculation, assessment, and collection practices;
5. Asset management – real property inventory/management;
6. Programs and services – offerings; measures of success; targeting the customer base;
7. Management systems – effectiveness of current resources; enhancements;
8. Interdepartmental communication and collaboration;
9. Benchmarks, best practices, and other performance indicators of program and service effectiveness; and

10. Compliance with applicable local, State and/or Federal regulations; comparison of applicable City ordinances to local, State and/or Federal laws.

Excludes CDBG, Code Enforcement, Housing Authority, Office of Homeless Solutions and Successor Agency

Financial Expenditures Audit:

1. Review of overtime expenditures over the three year period of Fiscal Years ending June 30, 2018, 2017, and 2016. Assess compliance with relevant City overtime policies and internal controls.
2. Review specific non-personnel expenditure transactions over the three year period of Fiscal Years ending June 30, 2018, 2017, and 2016. Assess compliance with relevant City procurement policies for:
 - a. Professional Services Contracts
 - b. Maintenance and Service Contracts

Fire Department Scope of Work

Performance Assessment:

1. Organizational structure and potential for consolidation of administrative functions; effectiveness of scheduling and staffing levels*; fire programs management*; succession planning*; grants management;
2. Compliance with applicable local, State and/or Federal Fire regulations**
3. Management systems – effectiveness of current resources; enhancements;
4. Asset management** – fire vehicle preventive maintenance, preservation, and replacement strategies; safety gear replacement strategy
5. Emergency response times** – establishment and attainment of response time standards;
6. Interdepartmental communication and collaboration; and
7. Benchmarks, best practices, and other performance indicators of program and service effectiveness.

*The Scope of Work will exclude these items as the Fire Department completed an accreditation peer review/audit conducted by the Commission of Fire Accreditation International (CFAI) in October 2018.

Financial Expenditures Audit:

1. Review of overtime expenditures over the three year period of Fiscal Years ending June 30, 2018, 2017, and 2016. Assess compliance with relevant City overtime policies and internal controls.
2. Review specific non-personnel expenditure transactions over the three year period of Fiscal Years ending June 30, 2018, 2017, and 2016. Assess compliance with relevant City procurement policies for:
 - a. Professional Services Contracts
 - b. Maintenance and Service Contracts

Innovation and Technology Department Scope of Work

Performance Assessment:

1. Organizational structure and potential for consolidation of administrative functions; effectiveness of staffing levels; succession planning; project management; business continuity/disaster recovery controls; and a specific assessment of:
 - a. Network – security internal controls
 - b. Client Services – help desk/customer service support; efficiency
 - c. Innovation – resource allocation/usage
2. Compliance with applicable City, State and/or Federal IT regulations;
3. Management systems – effectiveness and management of City IT resources;
4. Interdepartmental communication and collaboration; and
5. Benchmarks, best practices, and other performance indicators of program and service effectiveness.

Financial Expenditures Audit

1. Review of overtime expenditures over the three year period of Fiscal Years ending June 30, 2018, 2017, and 2016. Assess compliance with relevant City overtime policies and internal controls.
2. Review specific non-personnel expenditure transactions over the three year period of Fiscal Years ending June 30, 2018, 2017, and 2016. Assess compliance with relevant City procurement policies for:
 - a. Professional Services Contracts
 - b. IT Service Level Agreements

FISCAL IMPACT:

There is no fiscal impact associated with the approval of the proposed Scopes of Work. Professional Service Agreements with the selected independent consulting firm(s) will be presented for City Council approval following a competitive review and selection process. Costs are unknown at this time; funding has been set aside in the FY2018/19 budget.

Prepared by: Vincent Price, Senior Internal Auditor
Approved by: Carlie Myers, Deputy City Manager
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Community and Economic Development Department Scope of Work
2. Riverside Fire Department Scope of Work
3. Innovation and Technology Department Scope of Work
4. Presentation