Charter Review Subcommittee Summary of Findings

Topic Assigned:
Whether to publish an annual report on written complaints or whistle-blower complaints alleging fraud, waste, abuse, or criminal conduct.

Subcommittee Members:
Warren Avery (Chair), Kori Norsell, Brian Saipramouk and Alia Rodriguez

Subcommittee scope of work:
The Charter Review Subcommittee has agreed to present the facts to the Charter Review Committee whether to publish an annual report on written complaints or whistle-blower complaints alleging fraud, waste, abuse, or criminal conduct and/or possibly identify the need of an Inspector General/Internal Auditor/Accountability for Issues of Fraud, Waste, Abuse, Whistleblowing, etc. It was imperative to ensure the committee remain objective and not combine any emotional context to the fact-finding process.

Since the initial Charter Review Committee where this group was assigned, the subcommittee has met on multiple occasions, had email and telephone correspondence, interviewed key community members, interviewed City staff, and embarked on independent research to seek answers to questions surrounding the need for additional accountability within the City of Riverside.

Initial Findings:
Through several meetings, research, interviews, and data collection, the Subcommittee has found that the City is near completion for 2 RFQ's: 1.) for an external audit firm to perform a risk assessment of all City operations, develop a workplan based on the assessment, and execute all necessary audits in the workplan; and 2.) a panel of external auditing firms to perform "as-needed" audits independent of the workplan audits. The finalization of these agreements are expected to go to the Government Affairs Committee for approval and then City Council for final approval. The City is still considering options for how the process will go internally as far as getting a complaint and having a panel investigate.

The Subcommittee has identified that the City focus on streamlining processes to increase efficiency and checks/balances rather than onboard more staff, contractors, consultants, committee members, appoint and/or elect new officials. Bottom line, this is a process/procedural issue that we think can be fixed.

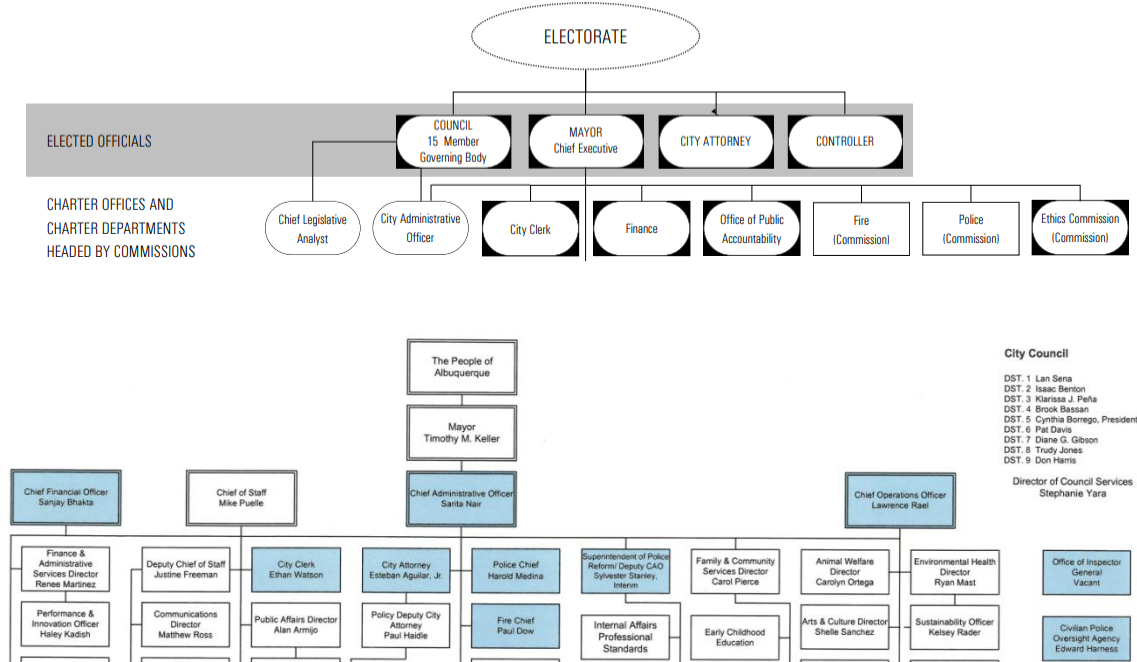**Alternative suggestions reviewed by subcommittee:**
- An Inspector General or similar role was considered and researched.
- Research was conducted by looking at different cities with similar needs and demographics to see how the issue of "fraud, waste abuse, or criminal conduct" was dealt with. A case study approach was taken when comparing the cities.
- After primary research was conducted, the following alternatives were suggested:
  - Two potential roles: either an Inspector General or a City Controller. While the two roles are very similar by design, findings suggest that a City Controller role would serve Riverside best if additional oversight was needed. See below for detail comparison:

	Inspector General	**City Controller**
Implementation;	By city ordinance	By city charter
Hiring mechanism	Appointed by city council	Elected by city citizens to 4 year term
Qualification	Juris Doctor (JD)	Certified Public Accountant (CPA) Chartered Financial Analyst (CFA). Master's Degree in Business Administration (MBA)
Main goal; both shares the main goal. See the link for a sample of each role in different cities.	https://www.cabq.gov/inspectorgeneral/documents/Article%2017%20Inspector%20General.txt.pdf	https://codelibrary.amlegal.com/codes/los_angeles/latest/laac/0-0-0-67859
Reporting	Annual Report Summary, Investigation, Audit and Contract/Procurement Oversight	Annual Report Summary as well as Audits and Reviews, Financial Report, and Budgets
Average Department Budget	.4% of total city budget	.2% of total city budget
Average Return on investment	Varies from $8 to $14 ROI for $1 spent	Positive value but no numerical value can be founded on average.

Cities organization charts that display where each role fit in and reports to.

ORGANIZATION OF THE CITY OF LOS ANGELES
Proposed as of July 1, 2020

Questions asked of City Staff:

Question	Answer
What is the current process of how complaints are received and resolved?	While there are many ways in which the City receives complaints (i.e. 3-1-1-, emails, phone calls, Public Comment at City Council meetings), the City utilizes 3-1-1 as the primary tracking device for complaints, both internally and externally. The City Manager's office has directed City Council to adhere to the Comm Protocol which encourages them to take customer complaints and enter them into 3-1-1 rather than emailing, texting, or verbalizing them to the appropriate person or department. The 3-1-1 system provides a date/time stamp and overall tracking of complaints.
Who gets the 3-1-1 complaints?	There are call takers who monitor the online submission and phone lines. Since there are a variety of options to choose from on the website, the call takers route the complaints to the most appropriate department to resolve. The City Manager's Office receives only the "whistleblower" complaints. Currently, City Manager's office and City HR department receive these and the volume has been very low in the past 6 months when City Manager's office became involved with the Internal Audit process.

What is the City doing to provide more oversight for complaints of fraud, waste, abuse and whistleblowing?	The City issued a RFQ and RFP between October of 2019 and 2020 for audit services. The RFQ/RFP was divided into 2 requests: 1.) for an external audit firm to perform a risk assessment of all City operations, develop a workplan based on the assessment, and execute all necessary audits in the workplan; and 2.) a panel of external auditing firms to perform "as-needed" audits independent of the work plan audits. The finalization of the agreements are expected to go to the Government Affairs Committee for approval and then City Council for approval. The City is still considering options for how the process will go internally as far as getting a complaint and having a panel investigate.
Will these audits be different than the regularly scheduled audits the City already does?	Yes, these will be more specific to 1.) what the risk assessment determines are the issues to look at, and 2.) what complaints the City decides to issue to the audit panel.
What changes did you see when the Internal Audit Division was defunded in 2019?	Hard to tell since the City Manager's Office only sees the "whistleblower" complaints, and because the CMO's has had a turnover in staff, but the complaints that are submitted for "whistleblowing" are minimal.
How are complaints addressed when stated during Public Comment at City Council meetings?	While there is no "formal" process, typically when a citizen has a complaint during the public comment section of a City Council meeting, the City Manager or Assistant City Manager will connect with the citizen or have the appropriate department head connect with the citizen to follow-up.
Can you explain the huge increase of budget to the City Attorney's Office from 2019 to 2020?	According to City staff, the information on the Engage Riverside Budget Transparency Portal for the City Attorney's Office is incorrect. It indicates for the 2019 CAO budget was $257.1k, in 2020 it was $288k (which was mostly Measure Z and very little General Fund) and in 2021, it's $6.8 million with most of it some kind of Liability Trust. City staff indicated that the budgets for 2019 and 2020 were incorrect and would look at getting it corrected.
Where can we find the City Attorney's Office Annual Report for 18/19, 19/20?	Since this is optional for departments, they can choose whether to create and publish one or not. However, the CAO's Annual Report for 2015, 2016 and 2017 were very helpful in understanding the number of cases, status of those cases and amount of settlement payouts.
There are a lot of large court cases against the City of Riverside for fraud, waste, abuse (i.e. the GFT, RPU employee, etc) and many more accusations...what do you think the right solution is for preventing fraud, waste and abuse?	The hope is that the panel of auditors will be the solution.