



**CITY OF BEVERLY HILLS**  
455 North Rexford Drive  
Beverly Hills, CA 90210  
4<sup>th</sup> Floor Conference Room A

**The Beverly Hills City Council Liaison / Audit Committee**

**SPECIAL MEETING HIGHLIGHTS**

Tuesday, April 23, 2019  
4:33 PM

**MEETING CALLED TO ORDER**

Date / Time: April 23, 2019 / 4:33 PM

**IN ATTENDANCE:** Assistant City Manager George Chavez, Councilmember Robert Wunderlich, Councilmember Lester Friedman, City Auditor Eduardo Luna, Director of Finance Jeff Muir, Director of Community Services Nancy Hunt-Coffey, Chief of Police Sandra Spagnoli, Assistant Director of Finance Tatiana Szerwinski, Assistant Director of Community Services Pamela Shinault, Accounting Manager Roza Jakabffy, Recreation Services Manager Kristin Buhagiar, Executive Assistant II Vanessa Catullo, Crowe Horwath Audit Partner Kathy Lai, Crowe Horwath Manager Tori Roberts, and Crowe Horwath Manager Joe Widjaja

Public in attendance: Gregory Hallo, David Gingold, Steve Meyer, and Mark Elliott

**1) PUBLIC COMMENT**

Members of the public were given the opportunity to directly address the Committee on any item listed on the agenda.

David Gingold expressed his concerns to the Audit Committee in regards to constructing roundabout circles in the City. David is strongly against installing roundabout circles and believes that they will not allow for easy access to the City and will not keep the streets free and open to the public.

**2) FY 17-18 SINGLE AUDIT**

The auditor noted the single audit findings:

Equipment and Real Property Management (Finding 2018-004)

- The City acquired \$430,000 in equipment under the federal program, but the City did not:
  - Maintain property records,
  - conduct a physical inventory once every two years,
  - develop maintenance procedures to ensure good working condition, and
  - establish sales procedures to ensure highest possible return.



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Procurement and Suspension and Debarment (2018-005)

- The City is subject to the new procurement requirements under Uniform Guidance.
- Crowe selected two procedures and noted the City did not:
  - Maintain records of procurement history, rationale for method of procurement, contractor selection/rejection, and basis for contract price.
  - Provide documentation verifying that contractor is not federally suspended or debarred.
- For one procurement, a competitive proposal was required. The City did not:
  - Publicize request for proposal.
  - Maintain records of respondents or technical evaluations of proposals received.
  - Perform an independent cost or price analysis.

**3) CAR SHOW REVIEW**

The auditor noted the Greystone Concours d'Elegance findings:

Lack of Agreement:

- No written agreement between City and Friends of Greystone (FOG) existed to define roles and responsibilities in executing the event.

Procurement Policies and Procedures:

- 42 vendors with a total of \$227,492 expenditures.
- 1 vendor paid \$30,023 in aggregate from FOG (\$9,523) and City (\$20,500).
- Lack of clearly defined procurement procedures for co-sponsored event.
- Unclear whether City and FOG should consider the aggregate amount paid to vendor when considering procurement approvals.

Sponsorship Documentation:

- No sponsorship agreements for 3 of 13 Silver level and 7 of 12 Bronze level sponsors.
- Reviewed 10 Silver level sponsors and noted:
  - Lack of support for FMV of in-kind contributions to achieve minimum amount for Silver level sponsor status.



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- Cash contributions did not meet the minimum amount for Silver level sponsor status.
- Reviewed 5 Bronze level sponsors and noted:
  - Lack of support for FMV of in-kind contributions to achieve minimum amount for Bronze level sponsor status.
  - Lack of support when discounts were provided to achieve minimum amount for Bronze level sponsor status.
- Number of complimentary tickets to VIP reception/cocktail party inconsistently provided to sponsors.
- Lack of internal controls to track and monitor the number of complimentary tickets to the car show and VIP reception/cocktail party.

**4) FY 18-19 PRELIMINARY AUDIT PLAN**

Engagement Objectives:

- Perform an audit of the financial statements as of and for the year ended June 30, 2019.
- The objective of an audit of financial statements is to express an opinion that the financial statements are in accordance with accounting principles generally accepted in the United States.
- Management is responsible for preparing the financial statements referenced above.
- The audit of financial statements will be performed in accordance with auditing standards generally accepted in the United States (GAAS) and generally accepted Government Auditing Standards (GAGAS).
- Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement whether cause by error or fraud.



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Required Deliverables:

- Comprehensive Annual Financial Report
- Single Audit – Schedule of Expenditures of Federal Awards exceeds \$750K
- GANN agreed upon procedures
- Management Letter
- Required communications under professional auditing standards under SAS 114 and AU-C 260

Planned Scope:

- Significant Risks of Material Misstatement
- Internal Controls
- Materiality
- Internal Audit
- Other Matters

**5) ADJOURNMENT**

Date / Time: April 23, 2019 / 5:36PM