



CITY OF BEVERLY HILLS
455 North Rexford Drive
Beverly Hills, CA 90210
4th Floor Conference Room A

The Beverly Hills City Council Liaison / Audit Committee

SPECIAL MEETING HIGHLIGHTS

Thursday, January 11, 2018
1:30 PM

MEETING CALLED TO ORDER

Date / Time: January 11, 2018 / 1:35 AM

IN ATTENDANCE: Vice Mayor Julian Gold MD, Councilmember Robert Wunderlich, City Treasurer Howard Fisher, Assistant City Manager George Chavez, Assistant Director of Administrative Services/Finance Tatiana Szerwinski, Accounting Manager Roza Jakabffy, Senior Budget & Financial Analyst Brandy Gros, Executive Assistant II Vanessa Catullo, Crowe Horwath Audit Partner Kathy V. Lai (telephonically), Crowe Horwath Audit Manager Tori Roberts, Crowe Horwath Audit Partner Matthew Nethaway (telephonically)

Public in attendance: None

1) PUBLIC COMMENT

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

None.

2) JUNE 30, 2017 ANNUAL FINANCIAL AUDIT AND COMPREHENSIVE ANNUAL FINANCIAL REPORT

The independent auditor issued an unmodified opinion. The auditor noted the existence of a deficiency in internal controls considered to be a material weakness related to information system controls:

- Super user access in program controls – for proper segregation of duties, the designated system administrator should be outside of the operations environment
- Terminated users – system access is not removed on a timely basis when employees separate from the City

Management has taken steps to implement corrective action:

- Administration of user rights and management of the City's ERP system roles is undergoing transfer to the IT Department and Management will be proposing a long-term solution as part of the budget process
- The City is developing new written policies for termination processes and system control, including Munis access changes, and the associated approval process

Members of the Audit Committee requested additional follow-up action be taken by Management:

- IT to check if any system access occurred by certain users identified by the auditors after their termination date but before their system was access removed

- A comprehensive lookback at potential user access by terminated employees from 2014 to present across all software systems utilized by the City
- Further review of segregation of duties
- Presentation of Citywide financial statements that eliminate all Internal Service Fund (ISF) transactions
- Assessment of whether the City realized any savings through the Alternative Retiree Medical Program (ARMP)

3) ADJOURNMENT

Date / Time: January 11, 2018 / 2:07 PM