

City Auditor



The mission of the Long Beach City Auditor's Office (Office) is to make the City of Long Beach (City) better through independent audits and fraud investigations. We work to:

- Provide assurance City funds are spent as intended
- Promote transparency and accountability of City operations
- Prevent fraud, waste, and abuse of City resources

Department Goals

Goal 1 Promote transparency, accountability, and efficiency in City operations.

- A. Apply professional audit services including:
 - 1. Financial Audits
 - 2. Revenue Audits
 - 3. Performance Audits
 - 4. Contract Reviews
 - 5. Lease Reviews
 - 6. Internal Control Reviews
 - 7. Fraud Investigations
 - 8. Benchmarking Studies
 - 9. Economic Analysis of significant transactions and business deals
- B. Perform Annual Financial Audits and Federal Single Audit
- C. Verify City's cash and investments as required by City Charter
 - 1. Verify the City's cash and investments once each quarter in a timely manner.
 - 2. Test invested assets to determine compliance with the City's current Investment Policy and other applicable Government Code restrictions.
- D. Open communication with the public
 - 1. Communicate findings of audits and work in a clear, concise, and understandable format for distribution to residents and stakeholders of the City.
 - 2. Ensure there are mechanisms within the Office whereby resident and stakeholder issues can be handled appropriately and in a timely manner.
 - 3. Actively promote the City Auditor's Fraud Hotline; allowing City employees, residents, and others to anonymously provide tips and other information to assist in detecting and preventing City fraud, waste, and abuse.

Goal 2 Provide independent assurance that public funds are spent as intended.

- A. Audit all pending payment vouchers and wire transfers for compliance with applicable statutes, City policies and regulations, lease agreements, and any and all applicable contractual provisions.
- B. Strive to provide next business day approval on all payment vouchers submitted.

Goal 3 Prevent and detect fraud, waste, and abuse of City resources.

- A. Provide an easy confidential process for City employees, vendors, and residents to report misuse of City resources.
 - 1. Provide live, independent interviewers 24 hours a day, seven days a week.
 - 2. Facilitate direct reporting to the Office of fraud, waste, and abuse of City resources via mobile app, telephone, mail, and email.
 - 3. Review and take appropriate action on each reported incident.

Accomplishments

For over 115 years, the residents of Long Beach have entrusted the City Auditor to provide independent assurance that City-controlled public funds are well-managed and spent as intended, providing the expected services, and recorded and reported accurately.

The City Auditor is directly elected and accountable to the residents of Long Beach. All audits are conducted based on the professional judgment of the City Auditor and her staff in accordance with Generally Accepted Government Auditing Standards (GAGAS) and other applicable statutes and industry regulations.

The Long Beach City Charter defines the responsibilities of the City Auditor, and during FY 23 the Office complied with all Charter and Municipal Code mandates.

Audits or Reports Issued:

The City Auditor conducted audits and attestation engagements in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, the official auditor of the U.S. Congress. GAGAS is the industry benchmark for government audit organizations. The City Auditor also provides professional services that are non-GAGAS audits, such as investigations of alleged City fraud and analyzing emerging issues.

To see information on audits and projects, please see our website: **www.CityAuditorLauraDoud.com**.

The Office reviewed a wide variety of topics. Some of the more significant projects included:

City Auditor's Public Safety Oil Production Act Impact Summary

This report summarized how the Public Safety Oil Production Act has resulted in \$52 million for public safety. The City Auditor found that the City's oil production tax on oil companies had remained unchanged and was not in line with other cities. The City Auditor recommended that the City's oil production tax be increased to bring in more revenue to support public safety operations. This led to the ballot initiative known as the Public Safety Oil Production Act (Proposition H) which passed with 70% of voters in favor. Since its inception in 2007, the Public Safety Oil Production Act has raised an average of \$3.25 million dollars of revenue every year, at no cost to City taxpayers, for the City's public safety operations. These critical funds have supported the staffing of first responders including the Quality of Life Team in homelessness outreach and the Mental Evaluation Team in response assistance, and a variety of related costs, including purchasing emergency equipment, construction of facilities, and training for public safety staff.

City Auditor's Harbor Initiative Impact Summary

This report summarized how the Harbor Initiative brought in an additional \$228 million from Fiscal Year 2011 to 2022 for service and project improvements for the community. After finding inconsistencies with the calculation of the Harbor Department's annual transfer of 10% of the increase in net assets to the City's Tidelands Fund, the City Auditor recommended an important change to the basis of the transfer leading to the Harbor Initiative which was passed overwhelmingly by the voters in 2010. The Harbor Initiative reformed the annual transfer to 5% of gross operating revenue and transferred control of the oil properties to the City. This funding has had a significant impact as it supported safety, water quality, and infrastructure projects to enhance activities for the community at no cost to the City taxpayers. These vital funds have supported services and projects such as safety patrol at special events in downtown, beach lifeguards to keep beachgoers safe, beach maintenance, the Colorado Lagoon restoration project, a 3.1 mile pedestrian path along the beach, and ADA beach mobility mats and projects to make the coast more accessible and equitable for all.

Accomplishments

Parking Meter Coin Operations Performance Audit

This audit assessed whether the process of collecting parking meter coin revenue results in deposits to the City's bank account which are timely, secure, reliable, and complete. The Public Works Department operates over 1,700 street parking meters and is responsible for the secure collection and deposit of nearly \$1 million in parking meter coin revenue annually. This audit was initiated as a result of a Fraud Hotline anonymous complaint regarding potential control weaknesses in parking meter coin revenue cash handling and collection processes. While the audit did not find internal theft of parking meter coin revenue by City employees, the audit did find that Public Works needs to improve its processes by implementing additional safeguards to make sure that parking meter coin revenue is properly accounted for and deposited to the City's bank account so that the funds go to City services. We recommended the following best practices be implemented to further secure the collection and deposit of parking meter coin revenue: 1) separation of duties for cash collection and deposits, 2) reconciliation of cash deposits, 3) proper cash-handling training, and 4) limiting parking meter software system access for users.

Other Accomplishments

City Auditor's Fraud Hotline

The City Auditor's Fraud Hotline operates 24 hours per day, 7 days a week and is available to anyone to report allegations of fraud, waste, or abuse against the City. There are three ways to report fraud tips anonymously:

1. Phone 1-888-FRAUD-07
2. Online form at www.CityAuditorLauraDoud.com
3. MyAuditor app available at the App Store or Google play

The Office reviews all Hotline tips and takes appropriate action.

The Hotline is promoted with educational materials. The City Auditor's Fraud Hotline Report, which provides information on fraud, tips, and resolution of tips received is distributed to City employees and the public.

Community Outreach

A top priority for the City Auditor's Office is communication with the public. To accomplish this, the Office uses a multi-faceted communications approach. The Office shares information through online channels such as social media @LBCityAuditor on Facebook, Instagram, and X and through the Office's website www.CityAuditorLauraDoud.com, In the Loop email updates, and the MyAuditor app. The Office also uses performance audit report fact sheets, fraud hotline reports, traditional media, events, and speaking engagements to inform the public of the Office's work. These outreach channels allow the public to stay informed on how the Office is working for them, ask questions, and provide direct feedback to the Office.

Disbursements

As required by City Charter, the City Auditor reviews all disbursements of City funds. The City Auditor's Office is also responsible for final approval of the City's wire transfers.

The following FY 22 information illustrates the scope of this work:

- Number of checks reviewed: 37,124
- Value of checks reviewed: \$492,086,703
- Number of EFT Payments: 6,673
- Value of EFT Payments: \$565,917,967
- Number of checks withheld: 310
- Value of checks withheld: \$34,235,668
- Number of wire transfers authorized: 903
- Value of wire transfers authorized: \$2,222,855,404

Accomplishments

In accordance with the City Charter, the City Auditor signs each check that the City issues, including vendor payments, workers' compensation claims, and employee payroll checks. Each disbursement is reviewed to ensure payments are appropriate, timely, authorized, and documented. If there is an issue with a requested disbursement, payment is withheld until the issue is resolved. No checks, EFT payments, or wire transfers may leave the City without the authorization of the City Auditor's Office.

Wage Garnishments

The City Auditor's Office administers all City employee wage garnishments. The Office managed 156 active garnishment files for City employees. Garnishment payments total approximately \$45,000 each payroll period. Additionally, the Office maintains files for around 517 inactive cases. The process is complex due to unique regulations for each garnishment regarding collection and payment of monies processed. Currently, the Office manages accounts for over 15 agencies including the U.S. Department of Education, California Franchise Tax Board, United States Internal Revenue Service and Los Angeles County Sheriff's Department. The Office keeps current with changing laws, rules and regulations to ensure that the City is in full compliance.

Financial Summary by Category

	Actual FY 22	Adopted* FY 23	Adjusted** FY 23	Adopted* FY 24
Revenues:				
Property Taxes	-	-	-	-
Sales and Use Taxes	-	-	-	-
Other Taxes	-	-	-	-
Utility Users Tax	-	-	-	-
Franchise Fees	-	-	-	-
Licenses, Permits and Fees	-	-	-	-
Fines and Forfeitures	-	-	-	-
Use of Money & Property	-	-	-	-
Revenue from Other Agencies	-	-	-	-
Charges for Services	-	-	-	-
Other Revenues	-	-	-	-
Intrafund Services	-	-	-	-
Intrafund Transfers	-	-	-	-
Interfund Services	-	-	-	-
Interfund Transfers	-	-	-	-
Other Financing Sources	-	-	-	-
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Total Revenues	-	-	-	-
Expenditures:				
Salaries and Wages	1,039,308	1,881,920	1,881,920	1,916,655
Employee Benefits	582,795	1,130,424	1,130,424	1,146,324
Overtime	-	-	-	-
Materials, Supplies and Services	457,914	137,322	137,322	137,322
Interfund Support	178,965	300,916	300,916	307,300
Intrafund Support	-	-	-	-
Capital Purchases	-	-	-	-
Insurance Premiums and Losses	-	-	-	-
Other Non-Operational Expenditures	-	-	-	-
Operating Transfers	-	-	-	-
Intrafund Transfers Out	-	-	-	-
Purchase of Gas & Water	-	-	-	-
Depreciation and Non Cash Expenditures	-	-	-	-
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Total Expenditures	2,258,982	3,450,581	3,450,581	3,507,601
Budgeted FTEs	18.00	18.00	18.00	18.00

* Amounts exclude all-years carryover. See budget ordinance in back of this document.

**Adjusted Budget as of April 30, 2023.

Note: The City is currently maintaining two different financial systems and until a new budget development software is established, the financial information displayed in the future may have further adjustments.

Personnel Summary

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Key Contacts

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