

# **Financial and Performance Audit of the Finance Department**

**CITY OF RIVERSIDE, CALIFORNIA**

**matrix**   
consulting group  
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# **1. INTRODUCTION AND EXECUTIVE SUMMARY**

The Matrix Consulting Group was retained by the City of Riverside to assess the operational and management processes of the Finance Department. This study was designed to provide an understanding of the Department's organizational structure, functions, the efficiency and effectiveness of the overall processes and operations, as well as compliance with financial regulations. At this concluding point of the study, the project team has assembled this report, which summarizes our findings, conclusions, and recommendations.

## **1. OVERVIEW OF THE STUDY.**

The City of Riverside has initiated a process through which it will study three different City Departments each year to ensure that those departments are operating in a manner that is operationally and financially efficient and compliant with applicable regulations. Finance is one of the first departments that is being assessed in this manner. Operational practices and fiscal transactions associated with the Finance Department were studied and evaluated to ensure that they are efficient and compliant with city policy, procedures, and government regulations. Our onsite work and evaluation was conducted from January through early May of 2016 and the observations noted are based upon processes and practices in place at that time with the exception of the financial transaction review which covered the last three-year period.

This report provides specific recommendations to improve processes and ensure that services are provided efficiently and effectively. By conducting this study, the City of

Riverside and the Finance Department are committed to a process of continuous improvement for this department. Implementing the recommendations contained in this report will aid the City and the Department in their ongoing efforts to improve operations and service delivery.

## **2. STUDY SCOPE AND METHODOLOGIES.**

In this study, the Matrix Consulting Group's project team utilized a variety of data collection and analytical techniques. The project team conducted the following data collection and analytical activities:

- **Developed an in-depth understanding of the key issues impacting the Office.** To evaluate the Department's operational duties, the Matrix Consulting Group conducted interviews with employees within the Department. Interviews focused on the use of technology, the levels of service provided by the section, and the resources available to provide those services and conduct operations.
- **Developed a 'profile' of the Finance Department.** The Matrix Consulting Group conducted interviews with staff in the Department to document current organization of the department, the structure of the department, types of services offered, etc. This document was utilized as a "base" point of comparison for further analysis and the development of specific recommendations.
- **Identified key strengths and opportunities for improvement.** The best management practices included comparisons to industry standards developed by professional organizations and practices utilized by other public sector entities.
- **Conducted stakeholder interviews to determine whether service needs were being met.** The project team conducted interviews with selected department heads, employees, and executive management employees to understand how well their service needs were being met by the Finance Department, the impact of service levels on their ability to perform their department's duties, and key opportunities for improvement.
- **Conducted department head interviews to determine whether service needs were being met.** The project team conducted interviews with over half the department heads to understand how well their service needs were being met by the Finance Department, the impact of service levels on their ability to perform their department's duties, and key opportunities for improvement.

- **Checked transactions and records for compliance with City policies, procedures and applicable regulations.** The project team evaluated various financial transactions and records to ensure that appropriate laws, policies and rules are followed, and records are kept to ensure compliance with generally accepted accounting principles and City policy and practices.
- **Conducted further analysis of issues identified and summarized analysis in the project report.** Based on initial findings, the project team evaluated additional data, analyzed issues, including alternatives to service delivery options. The analysis resulted in recommendations that would streamline the services provided by the Department and help it and the City of Riverside meet its strategic goals.

The objective of the study was to examine the core services (purchasing, risk management, treasury, payroll, budget, and accounts payable and receivable) provided by the Finance Department, the level and quality of those services to other City departments, and to conduct a fiscal compliance audit of financial transactions. Additionally, staffing levels and workload analyses were conducted to ensure that work was being performed efficiently.

### **3. OVERALL SERVICE DELIVERY ASSESSMENT.**

Based on the project team's assessment and analysis, there are a variety of recommendations for the Department that are discussed in detail within this report.

There have been many positive improvements in the fiscal practices of the City of Riverside with the arrival of new administration including:

- Updating and tightening of the request for payment policy to increase accountability and implement appropriate fiscal controls.
- Implementation of a two-year budgeting process, enhanced transparency of the process and increased involvement by City departments in the process.
- Identification of the need to implement a performance management program with performance measures for city services.
- Implementation of a more robust budget function that incorporates revenue analyses based on quality internal and external data.

- Implementation of a long-range financial planning approach to forecast revenues and expenditures providing data and information useful for policy makers and executive management to make critical operational and policy decisions.
- Modifications to the contracting process to prevent payments that exceed original contract amounts and ensuring that all contracts are appropriately reviewed for compliance with procurement and insurance requirements.
- Reducing the number of interfund loans and transfers.

However, these positives cannot overcome the challenges that the Department is faced with including the following key themes that emerged during the evaluation:

- **A significant lack of leadership in implementing and overseeing financial services in the organization.** The Department, in many cases, has not been the driver of the changes noted above – many of them were directed and implemented through executive management.
- **The Department has inconsistent service levels to the other City Departments.** While a few departments indicated receiving the level of service needed, many indicated a strong distrust regarding the timeliness and accuracy of information provided to them from the Finance Department and noted this impacted their working relationship and their ability to appropriately manage their internal operations.
- **The Department has not developed a strong working relationship with all departments.** There are many strained working relationships between Finance Divisions and other Departments. This impacts the ability to work collaboratively in providing services and addressing issues that arise. Many senior executives expressed strong concerns about the services received from their Finance counterparts.
- **The Department has not developed or required many of its staff to perform at the appropriate level.** While staffing levels, in general, are not an issue for the Finance Department, in many cases existing staff – especially within the Budget area - were not required to work at the level that would be expected based upon their position. Many duties and tasks were either not performed or were handled by top Finance Managers. Mid-level managers, in particular, have been underutilized.
- **The Department failed to take leadership roles in implementing new financial program.** Most notably, the level of service provided to departments when transitioning to the new budget cycle was lacking. Departments were not

provided sufficient information, direction, and on-going support during the transition.

- **Information developed or provided by the Department is often not viewed as highly credible or accurate.** Several examples were identified where information provided by Finance staff was inaccurate, incomplete or not thoroughly vetted leading receiving departments with a poor perception regarding the ability to trust and act upon information received from the Finance Department.
- **The Department has operated in a reactionary rather than proactive approach to financial operations.** Rather than being a leader and driving change, the department has historically followed the lead of others and provided support as required. They have not critically evaluated practices and pushed improvements in compliance or practices unless directly.

The following sections identify the primary areas of issue and concern for the Finance Department, utilizing a heat map approach. The heat map identifies based upon color, the problem areas (areas where service is not at the optimum level) for the Finance Department. The scale ranges from green (good performance and little risk), yellow (minor issues or risk), orange (significant issues or risks) to red (extremely poor) when evaluating operational practices, risk management, service levels, and technology utilization (or access to technology). Following the heat map is a table that discusses and summarizes key findings for each functional area.

	Budget	Business Tax	Payroll	Accounts Payable	Accounts Receivable	Treasury	Purchasing	Risk Management
Service Level	Red	Green	Red	Yellow	Yellow	Green	Yellow	Red
Workload/Staffing	Red	Green	Red	Green	Orange	Green	Orange	Green
Technology	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Orange

While this table provides a quick overview of the issues associated with each major service area, it does not highlight a major concern noted by the project team

throughout the assessment. The Finance Department – especially the Administration area – has historically not been a strong leader in the development of robust financial practices throughout the organization. Additionally, they are not providing the level of support to operating departments necessary for effective operations - especially in some key areas including: budget development and management, contracts and grants management policies and practices, position control (only recently transferred to Finance), and compliance with existing financial policies. These have been historically left to individual departments to ensure compliance and this has resulted in many instances of risk and liability to the City organization.

While the report focused on many areas of improvement within specific functional areas of the department, the overarching greatest area of need is strong financial planning and management of the department to meet the needs of the City Council, City Administration, and operating departments. The department historically has not shown the financial leadership to fully address and implement key initiatives – such as the multi-year budgeting process, long-range financial planning and forecasting (revenues and expenditures), and general financial policy development, compliance and improvement that is needed to ensure confidence in the City's financial practices. The lack of confidence and trust in numbers provided by the Finance Department to the City Council and/or to City Departments is negatively impacting operations throughout the organization. Additionally, on-going training (and the funding to provide this training) for key financial staff in accounting practices is necessary to develop and maintain current the knowledge of the industry.

As shown in the chart, there are some areas of concern regarding current service delivery levels. The following table outlines the key points that resulted in the rating assigned.

Program Area	Description
Budget	<ul style="list-style-type: none"><li>• Departmental budgets should be evaluated more critically for validity and need. In many cases, Finance staff has historically accepted departmental figures and projections without significant review or evaluation.</li><li>• Revenue projections development has historically not been handled by this unit creating a disconnect in the budgeting process.</li><li>• There is a lack of confidence in the projections developed by Finance related to future expenditure levels.</li><li>• Leadership regarding budget issues and communication with departments regarding financial updates needs improvement.</li><li>• The budget function is understaffed. A total of 5 positions should ideally be allocated to this function.</li><li>• Budget software technology is not appropriate and integrated.</li></ul>
Debt Management	<ul style="list-style-type: none"><li>• Principal and interest payments are paid in a timely manner.</li><li>• Financial disclosure documents are properly executed and compliant with regulatory requirements.</li></ul>
Business Tax	<ul style="list-style-type: none"><li>• Collection and oversight of all related taxes are accurate and compliant with City policy.</li><li>• The Division is appropriately staffed given its workload.</li><li>• Technology used by Business Tax is adequately and relatively integrated.</li></ul>
Payroll	<ul style="list-style-type: none"><li>• The service level provided to other City Departments is good, but the process of timecard corrections and retroactive payments is burdensome for the Payroll Division.</li><li>• The Division is currently operating with a vacancy, which it should fill.</li><li>• Timecard and Payroll technology is not adequate for the city's needs and appropriately integrated. Too many timekeeping systems are being utilized impacting the ability to easily and accurately transfer data to payroll.</li></ul>
Accounts Payable	<ul style="list-style-type: none"><li>• Payments made on behalf of City Departments are accurate and compliant with policy. Policy dictating eligible categories for RFPs should be reevaluated.</li><li>• The Division is fully staffed and has an appropriate workload.</li><li>• Financial systems are adequate and relatively integrated.</li></ul>
Accounts Receivable	<ul style="list-style-type: none"><li>• Collection revenue has increased significantly in recent years and policies have been implemented to formalize collection efforts.</li><li>• Financial systems are adequately and relatively integrated.</li></ul>

Program Area	Description
Treasury	<ul style="list-style-type: none"> <li>• Treasury provides adequate services to customers and manages the city's finances responsibly.</li> <li>• Treasury is fully staffed and workload is appropriate.</li> <li>• Technology used by the Treasury is adequate and there is sufficient integration between systems.</li> </ul>
Purchasing	<ul style="list-style-type: none"> <li>• Purchasing should increase the use of purchase orders to limit the use of Request for Payments.</li> <li>• Purchasing should be involved in the review of all proposed City contracts to ensure compliance with procurement rules, insurance requirements, and to encumber funds on a purchase order.</li> <li>• One additional buyer is needed to assist in recommended increased purchasing initiatives.</li> <li>• Technology utilized by Purchasing is adequate and allows for integration between systems.</li> </ul>
Risk Management	<ul style="list-style-type: none"> <li>• Service levels provided to stakeholders is not at a level that supports their needs. Discontent has been expressed by most stakeholders including Council members, departments and others. Departments are not appropriately involved in handling claims / issues.</li> <li>• The Division is currently operating with two vacancies that were held vacant to pay for a third party contractor to provide the desired level of service. Consideration could be given to bringing this in-house, first however, all existing staff must fully perform assigned duties.</li> <li>• Technology needs to be updated to better track outstanding claims and provide the ability to generate reports such as for claims history.</li> </ul>

The table above shows that overall, the Finance Department is complying with city policy and generally appropriately processing and handling city resources. Both the Business Tax and Treasury functions are particularly strong. There are areas, however, where significant improvements can be made to enhance the quality and effectiveness of operations. The Budget Division's oversight of departmental budgets, review of expenditures and revenue forecasts, and general leadership regarding budgetary issues is below standard, and in order to increase the level of scrutiny, additional budget staff are needed to strengthen this function. First, however, existing staff must fully perform all duties currently assigned to them in their job descriptions. The purchasing division

can enhance the effective expenditure of the city's dollar and increase service levels to the organization with a number of improvements in procurement.

The project team has taken all of the detailed recommendations provided in this report and consolidated them into a table for ease of reference. The following table shows each recommendation by functional area, the timeframe for when the recommendation should be implemented, whether there is a fiscal impact, and the page number of the report on which the recommendation can be found.

Recommendations	Timeframe	Priority	Cost	Page #
<b>GENERAL ADMINISTRATION AND MANAGEMENT</b>				
1.1 The Finance Department must develop improved measures to forecast revenues and expenditures for current-year finances and for multi-year projections. Budget variances need to be quickly identified so that corrective action may be taken, if need be.	Immediate	High	No	64
1.2 The Finance Department must improve its strategic support of City departments through budget monitoring, ongoing reporting, and communication of the City's financial conditions in quarterly budget meetings.	Immediate	High	No	65
1.3 The Finance Department should evaluate increasing Budget staff to a total of five positions (from the current two positions) and Purchasing staff by one full-time position to achieve best in class service levels. Existing staff should be allocated to highest priority duties and perform the full range of duties within their job description. More detailed information regarding this recommendation follows in each relevant section.	Short-term	High	Yes	67
1.4 The Department should coordinate performance measure development with each departmental function in order to have tangible means for understanding how effective and efficient City operations are performing. These performance measures should be included in the annual city budget to facilitate the public's understanding of government operations.	Medium-term	Medium	No	68
1.5 The Risk Management function is housed within Finance, which is less common among city governments. In the future, the City should evaluate options for combining risk management and workers' compensation administration into a single unit.	Long-term	Medium	No	69

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Recommendations	Timeframe	Priority	Cost	Page #
1.6 Revenue budgeting duties should be allocated to the Budget Division to perform. More critical review and evaluation of revenue projections performed by outside services, and more defined in-house estimates should be developed.	Long-term	Medium	No	70
<b>FINANCIAL RESOURCES</b>				
2.1 The Division should analyze all budget requests in greater detail for reasonableness. Currently, if a department stays within their budget target dollar amount, they do not have to justify the reallocation of expenses, nor do they have to defend the continuation of prior year's budgeted expenditures. Personnel and operating expenses should be routinely vetted by the Budget Division to ensure need and appropriateness. Position control should be continuously updated.	Immediate	High	No	73
2.2 The identification of new departmental-specific revenues should not be tied to increasing budget target numbers. All expenditures should be reviewed for necessity and reasonableness. In addition, the Division must properly analyze all revenue projections provided by City Departments for accuracy and reasonableness. Currently, there is limited staff to do so.	Immediate	Medium	No	73
2.3 Financial Resources should assist in the development of performance measures to support budget decisions and control of processes within the City structure. Such metrics provide quantifiable results of activities and will permit benchmarking of performance against outside organizations.	Short-term	Low	No	74
2.4 The Division should provide and discuss quarterly reports with all department heads. Departmental variances, and the city's overall financial condition, should be discussed at quarterly budget meetings.	Immediate	High	No	74
2.5 The Budget Division should fully implement position control in order to project expenditures related to personnel. Budget should review all personnel changes to verify authorization and availability of budgeted funds. By doing so, the Division will also have the ability to determine whether to fill positions at all or on a lag in an effort to save on costs.	Immediate	High	No	75

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Recommendations	Timeframe	Priority	Cost	Page #
2.6 The Department should add three full-time budget staff positions for a complement of five positions dedicated to budget functions. The Budget division should develop and monitor performance measures, establish greater controls on personnel change requests, increase monitoring of revenues and expenditures, and have greater input in deciding budget authorization amounts.	Long-term	High	Yes	76
<b>PAYROLL</b>				
3.1 The Payroll Division should track requestors of timecard corrections and retroactive payments. Repeated requestors should be alerted to Administrative Manual Policy 06.004.00. Finance Division Management and the City Manager's Office should explore possibilities for mandatory online re-training for requestors who continue to violate Policy 06.004.000.	Short-term	Medium	No	79
3.2 The Payroll Division should offer all visitors the option of conducting their conversation in private, in a conference room or other isolated space.	Short-term	Low	No	80
3.3 In the long term, Finance Department should move the Payroll Division away from the training room to enhance confidentiality. Given its small number of staff, consider locations that will allow for some neutral space between Payroll and other Finance Divisions.	Medium-term	Low	No	80
<b>ACCOUNTS PAYABLE AND RECEIVABLE</b>				
4.1 The Finance Department should further revise its policy to allow fewer categories of expenses eligible for Request for Payments (RFP). The categories eligible for Request for Payments should be periodically reevaluated and reduced as appropriate.	Short-term	High	No	87
4.2 Accounts Payable should work to (1) increase the number of vendors utilizing electronic payment and (2) develop a process for combining multiple checks to vendors. Finance should consider a policy mandate requiring electronic payment for repeat vendors.	Short-term	Medium	No	88
<b>TREASURY</b>				
5.1 The beginning balance of register drawers should be reduced to \$500.	Short-term	Medium	No	89

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Recommendations	Timeframe	Priority	Cost	Page #
5.2 Restrict petty cash transactions to only the Revenue Specialist or Lead Revenue Representative, who have increased access to the cash necessary to complete this transaction.	Short-term	Low	No	89
5.3 Codify and enforce a formal policy that cash drawers are never shared between staff to enhance internal controls.	Short-term	Low	No	89
<b>PURCHASING</b>				
6.1 Purchasing should require the use of a Purchase Order with exceptions to emergencies, sole source and/or utilizing a cooperative purchase agreement limiting the use of Request for Payments (RFP) to those uses outlined in the policy criteria.	Immediate	High	No	92
6.2 Purchasing should update its procurement thresholds for the purchase of goods, services and public works projects. A review of other cities' policies indicates that thresholds of below \$5000, between \$5000 and \$75,000, and above \$75,000 are appropriate for informal, written informal, and formal bid processes, respectively. This change will provide more timely service to departments with minimal increase in risk if appropriate oversight is utilized.	Short-term	Medium	No	92
6.3 With the addition of a new position, Purchasing should place a greater emphasis on the review of bid specifications provided to them by departments where they can determine the appropriateness of the specs.	Immediate	Medium	No	92
6.4 Purchasing should review all contracts especially in relation to insurance requirements thus ensuring all contracts are uploaded to SPL for review and reference.	Immediate	Medium	No	93
6.5 Purchasing should routinely put services out to bid and not utilize evergreen contracts, which may limit downward changes in pricing opportunities.	Immediate	Medium	No	93
6.6 The City should establish a formal vendor performance evaluation process to mitigate risks posed by known problem vendors. Vendor debarment is a core contracting process to safeguard the City from known problem vendors. Consider the use of language in RFPs that prior work will be considered.	Long-term	High	No	93
6.7 Given the staffing ratio comparison and the recommended procurement changes, one full-time buyer position should be added to the Purchasing Division.	Long-term	High	Yes	94

Recommendations	Timeframe	Priority	Cost	Page #
<b>RISK MANAGEMENT</b>				
7.1 Risk Management should work with the outside vendor to develop more useful and timely reports regarding claims against the City. Additionally, the City should consider automation of the internal claims handling process to better track outstanding claims that the City has filed against others to enhance claims management and enable regular reporting of claim status.	Short-term	Medium	Yes	95

The following report provides further detail regarding each of the specific recommendations outlined including a narrative description of the issues faced by the Finance Department that were analyzed to arrive at the recommendations included above.

#### **4. SUMMARY OF RECOMMENDED STAFFING MODIFICATIONS.**

As part of our analysis of the operations of the Finance Department, we reviewed staffing levels for each unit in relation to workload (both current and proposed) as well as to comparable cities. As a result of this analysis, we found the following three areas that currently or may soon require additional staff allocations for Finance Department: Budget, Purchasing, and Collections. The Budget Division's oversight of departmental budgets is below standard, including routine budget functions such as the monitoring of revenues and expenditures. While the City utilizes a five-year forecast, departments need to be better involved in the analysis of actuals and projected financial data. For Purchasing, we are recommending an increase in the use of Purchase Orders (while decreasing the reliance on Request for Payments), review of all City contracts, and developing a vendor performance appraisal program. Coupled with the staffing ratio of comparable cities, we believe an additional Procurement Contract Specialist is appropriate. Regarding Collections, this area has seen an increase in collections cases

due to Inspection Fees and restitution cases (when the City receives a court judgment for damages). A more detailed review of these recommendations follow.

### **(1) Budget Division**

Part of the Budget Division's responsibility is to develop, prepare and monitor the City's operating and capital budgets. As part of the budget process, Budget should develop performance measures for each departmental function in order to have tangible means for understanding how effectively and efficiently City operations are performing. Once annual budgets are decided and allocated, Budget staff needs to better monitor performance in order to ensure that there are no significant deviations from the adopted document. Updated projections for both revenues and expenditures should be performed at least quarterly, with large known variances immediately included in the financial forecast. Of particular importance on the expenditure side is personnel. A thorough review of budget to actual salary and benefit expenses is critical, especially since over 70% of the City's General Fund costs come from this area. Appropriate forecasting measures are key to managing unexpected variances in the budget. Early detection will obviously assist the City in developing options to address negative impacts on the budget. As part of the routine monitoring of revenues and expenditures, Budget should continually update its' multi-year forecast. A period of at least three years (or longer) is recommended to evaluate how revenues and costs may change over time, to isolate non-recurring revenues and costs or savings, and to understand the implications once fully phased in.

In addition, in particular with budget, Finance provides minimal levels of support and service to City departments to ensure that all resources are managed and

accounted for in an effective and efficient manner. Finance should be a reliable source of accurate information providing sound fiscal and policy advice to departments that, for the most part, do not have the technical and financial background that Budget staff should have. Budget does not share financial reports directly with departments so that there is not necessarily a clear understanding of the department's (nor the City's) financial condition.

For the expected increase in budget related duties, the Budget Division appears to have an insufficient number of employees dedicated to Budget functions. A review of the following comparable cities shows that the Riverside has the least staff per 1,000 employees with Chula Vista having over five times the equivalent number of budget staff compared to Riverside.

Jurisdiction	# of Budget Staff	# of FTE	Budget Staff / 1,000 FTE
Riverside	2	2,503	0.80
Long Beach	12	5,236	2.29
Irvine	4	1,500	2.67
Stockton	5	1,539	3.25
Anaheim	7	1,915	3.65
Santa Ana	4.5	1,107	4.07
Chula Vista	5	965	5.18

Based on the expected increase in budget related duties which include establishing greater controls on personnel change requests, improved monitoring of revenues and expenditures, having greater input in deciding budget authorization amounts, performing citywide financial analysis, and developing performance measures, we recommend the creation of three additional budget staff positions for a complement of five positions.

## **(2) Purchasing**

Purchasing is a centralized division staffed with a Purchasing and Risk Manager

and three Procurement & Contract Specialists who are responsible for procuring required goods and services for City departments. Currently, the Director acts as a fourth buyer for the City to assist with the workload. Purchasing is responsible for complying with the City's Purchasing Policy established by the City Charter, which includes authorizing and processing purchase orders and Requests for Payments (RFP). In addition, Purchasing is responsible for overseeing the bid process and reviewing contracts for appropriate insurance coverage.

Areas of concern for Purchasing include the following: wide use of Request for Payments; bid specifications that are primarily created by departments; not having copies of all contracts for review; lack of vendor performance system; and lower staff levels than comparable cities.

Purchasing should require the use of a Purchase Order with exceptions to emergencies, sole source and/or utilizing a cooperative purchase agreement limiting the use of Request for Payments to those for Debt-related payments, insurance premiums, and legal settlement/ insurance claims. Purchasing should also have a greater emphasis on the review of bid specifications provided to them by departments where they can determine the appropriateness of the specifications so as to avoid the appearance of favoritism. Departments have the ability to execute contracts without going through Purchasing. As a result, all contracts are not reviewed for appropriate insurance coverage, nor are they uploaded to SPL and thus negating a central repository for reference of contract documents. Accordingly, the City must ensure that Purchasing reviews all contracts prior to execution.

Another area of concern is that Purchasing does not officially evaluate nor track vendor performance. While the City is aware of issues with certain vendors regarding services/performance, no action is taken to preclude them from doing future business with the City. As such, the City should establish a formal vendor performance evaluation process to mitigate risks posed by known problem vendors. Vendor debarment is a core contracting process to safeguard the City from known problem vendors who pose financial, legal and material risks to the City.

Purchasing has four buyers for the entire City which includes the Purchasing and Risk Manager. A review of the following comparable cities shows that the Riverside has the second lowest level of staff per 1,000 employees with most cities having double or more staffing ratio. Santa Ana processed approximately one third less purchase orders than Riverside yet has almost double the staff ratio.

Jurisdiction	# of Purchasing Staff	# of FTE	Purchasing Staff / 1,000 FTE
Long Beach	6	5,236.05	1.15
Riverside	4	2,503.04	1.60
Bakersfield	3	1,533.00	1.96
Irvine	4	1,500.00	2.67
Chula Vista	3	965.25	3.11
Anaheim	6	1,915.00	3.13
Stockton	7	1,539.00	4.54
Santa Ana	7	1,107.00	6.32

With a greater emphasis on processing Purchase Orders, reviewing all contracts, developing and monitoring a vendor evaluation system, and the staffing ratio of the City compared to peer cities, one full-time Procurement & Contract Specialist position should be added to the Purchasing Division.

### **(3) Collections**

Collections is responsible for securing unpaid monies due the City. Collections is primarily staffed by one FTE Collections Representative II however, additional support is provided by an Account Clerk II and a Principal Management Analyst. The Collections Division sends letters, makes phone calls, performs skip tracing (attempting to locate debtors), and refers accounts to the Legal Department or a third-party collector.

While the collections process is relatively automated, which reduces the administrative workload, the collections process requires a significant amount of staff time to actually work cases. Collection efforts, primarily by the Collections Representative, include letters, telephone calls and establishing payment plans for outstanding monies. Often coordination across multiple departments and/or courts is required in legal judgments. In addition, the Collections Division has taken on a number of additional responsibilities over the last few years. Collections for Inspection Fees was recently added to the Division's workload. Restitution cases, when the City receives a court judgment for damages, have only been collected since June of 2013.

Although automation has helped control workload, the additional responsibilities have been handled by a static number of collections staff. Some collections duties have been performed by positions outside of Collections. A Principal Management Analyst currently assists in the collections process by controlling the inflow of cases to the collections system. Performance of these duties at the Principal Management Analyst level comes at a significantly higher cost. If workload continues to increase, Collections may need a Collections Representative I position. With this position, the duties currently performed by the Principal Management Analyst could be performed by the Collections

Representative II at a position cost savings. Finance should monitor collections workload and consider additional staffing of a Collections Representative I if any additional duties are added to the collections portfolio.

The following report provides a detailed analysis and further information regarding the variety of factors and issues faced by the Finance Department that were analyzed to arrive at the recommendations included in this Executive Summary. At the conclusion of the report there is a section regarding Matrix Consulting Group's financial compliance audit, and a detailed transactions review in Appendices A through D.

## **2. PROFILE OF THE FINANCE DEPARTMENT**

This chapter provides a descriptive profile of the City of Riverside's Finance Department. The purpose of the descriptive profile is to document the project team's understanding of the department, staff allocation, and principal duties and role of each position. Data contained in the profile were developed based on the work conducted by the project team, including:

- Interviews with all staff;
- Collection of various data regarding workload; and
- Documentation of key practices.

The descriptive profile does not attempt to recapitulate all organizational and operational facets of the Department but to provide an overview and to serve as the "base line" or "status quo" against which any recommendations made at the conclusion of the study can be compared to demonstrate the change in organizational structure, staffing or operational practice.

The structure of this descriptive profile is as follows:

- Organizational charts showing all positions and their reporting relationships.
- Summary descriptions of key roles and responsibilities of staff. The responsibility descriptions provided in the descriptive profile also summarize the major programs and service activities of staff assigned to each functional unit. It should be clearly noted that responsibility descriptions are not intended to be at the "job description" level of detail. Rather, the descriptions are intended to provide the basic nature of each unit and assigned positions including deployment and work schedules, program targets and service descriptions.
- Workload and service level indicators, as available, are provided.

Information contained in the descriptive profile will ultimately be employed in the analysis of issues in the following chapters.

The Finance Department administers the financial affairs of the City of Riverside. The department manages the City's revenues, expenditures, investments, purchasing, accounting, budgeting, and debt. As such, the department provides the City's departments and residents with dependable and efficient quality services in billing and collection of City services, cash management, and other fiscal functions in accordance with legal and professional standards.

## **1. FINANCE DEPARTMENT STRUCTURE.**

The City of Riverside Finance Department consists of the following units, as shown in the following table:

<b>Unit</b>	<b># of Budgeted Staff</b>	<b>Areas of Responsibility</b>
Administration	4.0	The Finance Department Administration is responsible for the oversight of the financial affairs of the City of Riverside including managing the City's revenues, expenditures, investments, purchasing, accounting, budgeting, and debt. Administration has fiduciary control of the City's assets, fiscally related services, and financial information to support the delivery of municipal services to the City organization and the public. The following divisions report to Administration: Accounting, Financial Resources, and Purchasing & Risk Management Divisions, and Financial Systems.
Accounting	25.0	The Accounting Division of the Finance Department monitors, records, and reports all financial transactions, and coordinates and prepares the City's annual financial statements. The Accounting Division includes Payroll, Accounts Payable and Treasury. Payroll provides timely and accurate payments, while maintaining compliance with City policies & procedures, labor agreements, and State and Federal laws. Accounts Payable provides professional and courteous customer service with the goal of producing timely and accurate financial services while safeguarding City assets through effective internal controls. The Treasury Section serves as custodian of the City's cash resources and efficiently manages the City's resources to maximize earnings.

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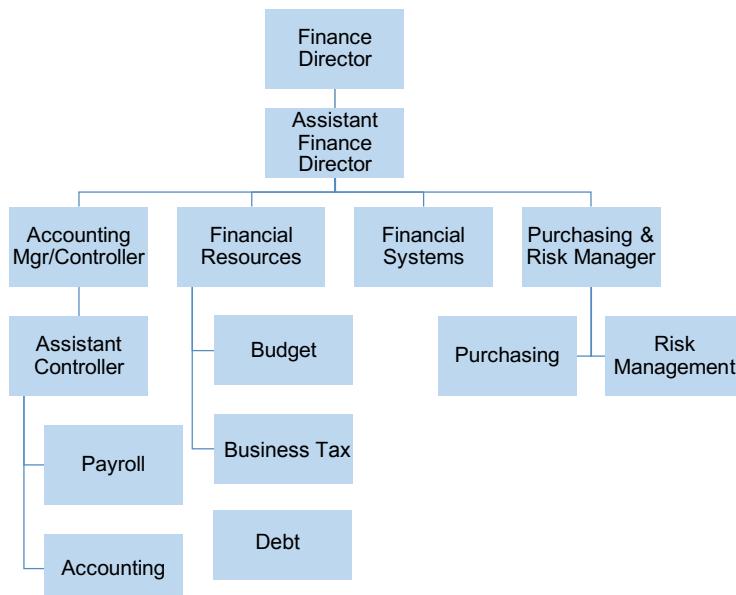
Unit	# of Budgeted Staff	Areas of Responsibility
Purchasing and Risk Management	10.0	<p>Purchasing is charged with procuring required goods and services for City departments in a timely manner and at fair and reasonable prices. The City makes its purchases under the authority granted in the City Charter. Competitive bidding is the primary method for obtaining solicitations with awards made to the lowest responsive and responsible bidders meeting City specifications.</p> <p>The Risk Management Division is responsible for the administrative oversight of all liability claims filed against the City. In addition, Risk management seeks to identify, assess, and manage the impacts of credit risk, operational risk, and market risk on the business of city government which includes the procurement and administration of commercially purchased insurance. The Division also works with a Third Party Administrator (TPA) to manage, review, and resolve all public liability claims filed against the City.</p>
Budget	2.0	<p>The Budget Section of the Financial Resources Division is responsible for overseeing the preparation of the City's annual budget and capital improvement program which includes performing financial and budget analysis, budget preparation, and financial reporting. This unit oversees the development, implementation, and monitoring of revenue and expense forecasts and related activities of the city.</p> <p>In addition, Budget staff participate in a variety of complex studies, research, and analyses relative to programs and their financial support and provide financial/budgetary management support to the City Administration.</p>
Debt	1.0	<p>This section is responsible for debt administration for the City which includes ensuring principal and interest payments on outstanding obligations are handled timely. Additionally, they are responsible for all financial disclosure are properly executed and compliance with regulatory requirements.</p>
Business Tax	8.0	<p>The Business Tax Division is responsible for the administration and collection of business license fees for businesses providing services in the City. Business Tax ensures compliance with municipal codes, including determining if a business needs a special license required for City electric or water services. In addition, this Division is responsible for the timeliness and accuracy of annual business license charges, collecting the Transient Occupancy Tax, investigating non-compliance issues, and working with a collection agency for delinquent and unregistered businesses.</p>

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Unit	# of Budgeted Staff	Areas of Responsibility
Financial Systems	2.0	The Financial Systems Division is responsible for the overall maintenance of the department's financial systems. Duties include periodic upgrades, access controls, interfacing various systems, and researching new financial technology. Financial Systems is the primary point of contact for IFAS, and works with the IT Department to interface various city systems with IFAS.

The following organizational chart summarizes the overall structure of the Department.



The following table summarizes the budgeted staffing levels of the Finance Department, by Division for 2012-13 through 2015-16.

PERSONNEL SUMMARY BY DIVISION (BUDGETED POSITIONS)				
Division	2012-13	2013-14	2014-15	2015-16
Administration	5	5	5	5
Accounting/Financial Systems	29	27	27	27
Financial Resources				
Budget	3	2	2	3
Debt	1	1	1	1
Business Tax	8	8	8	8
Purchasing/Risk Management	9	8	8	10
<b>Total</b>	<b>55</b>	<b>51</b>	<b>51</b>	<b>54</b>

The 2015-16 budget for the Finance Department totals \$13,191,969 with approximately \$6 million of that amount related to expenditures for Trust Funds. Personnel Services represent \$5,138,272 of the \$7,024,805 in budgeted costs for Administration, Accounting/Financial Systems, Financial Resources and Purchasing / Risk Management. For the 2015-16 budget, two positions were added to the Purchasing / Risk Management section of Finance to insource the function that is current performed by Carl Warren; however, that has not yet occurred. The funding is still being used to pay the outside third party administrator for required services.

## **2. FINANCE ADMINISTRATION**

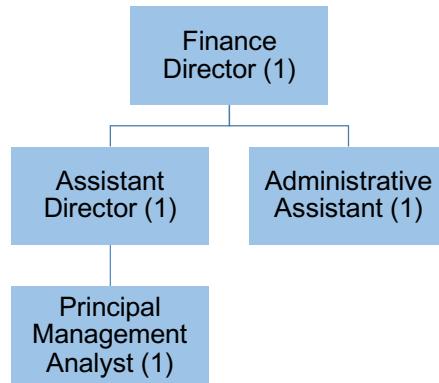
This section of the profile describes Administrative Division within the Finance Department.

### **(1) Overview.**

The Finance Department - Administration Division is responsible for managing the City's investment portfolio; providing overall long-range financial projections; managing debt issuance; overall oversight of the financial functions of the City; and managing purchasing and the City's parking operations.

### **(2) Organizational Structure.**

The plan of organization for Finance – Administration is presented in the organization chart below.



### **(3) Staffing Allocation.**

The table below provides a summary of the staff supporting Finance Administration, by function and classification, and also summarizes key roles and responsibilities of each position.

Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Finance Director	1.0	0.0	<ul style="list-style-type: none"><li>• Under executive direction, to plan, organize, manage and direct centralized accounting and financial administration programs.</li><li>• Provide administrative direction to other centralized services such as purchasing, risk management, budget and program analyses.</li><li>• Assist the City Manager in preparation of the annual operating capital improvement budget.</li><li>• Prepare financial reports reflecting the financial status of the various departments of the municipality including redevelopment, housing, parking, grants, public utilities, and others as appropriate.</li><li>• Plan, develop, implement and administer the cash management and investment program.</li></ul>

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Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Assistant Finance Director	1.0	0.0	<ul style="list-style-type: none"> <li>Under general direction of the Finance Director, to plan, organize, supervise, and participate in the collection, custody, investment and disbursement of City funds.</li> <li>Oversee the preparation of the City's annual budget and capital improvement program.</li> <li>Administer the City's debt portfolio.</li> <li>Enforce municipal business tax code provisions.</li> <li>Supervise and assist in financial planning activities as related to investment analysis, sources and uses of funds, risk management, accounting, purchasing, debt administration, and extensive budget planning and forecasting.</li> </ul>
Senior Administrative Assistant	1.0	0.0	<ul style="list-style-type: none"> <li>Support the Finance Director and Administration performing wide variety of responsible and confidential duties.</li> <li>Gather, organize, and prepare information for routine reports.</li> <li>Interpret and apply divisional policies and procedures in responses to inquiries and make appropriate referrals.</li> <li>Recommend organizational or procedural changes affecting administrative support activities.</li> <li>Maintain a variety of files and records of information.</li> </ul>
Principal Management Analyst	1.0	0.0	<ul style="list-style-type: none"> <li>Provides technical support and serves as point of contact regarding the IFAS system.</li> <li>Runs reports from IFAS as requested by various City departments.</li> <li>Analyzes business processes and recommends process improvements.</li> <li>Serves as entry and exit point for collection accounts in the RevQ system.</li> <li>Updates information on the City's shared Sharepoint system.</li> </ul>

#### **(4) Technology Utilization.**

The following table summarizes the key technologies utilized in each division in the performance of their duties.

Technology Utilized	Level of Automation	Processes
RevQ	Workflow automation for collections accounts.	Collections activity of all past-due accounts until sent to third-party.

<b>Technology Utilized</b>	<b>Level of Automation</b>	<b>Processes</b>
Sharepoint (Microsoft)	Manual uploads of documents are shared across City departments.	Commonly used information, legal forms, and procedures are kept on Sharepoint.

### **3. ACCOUNTING.**

This section of the profile describes Accounting Division within the Finance Department.

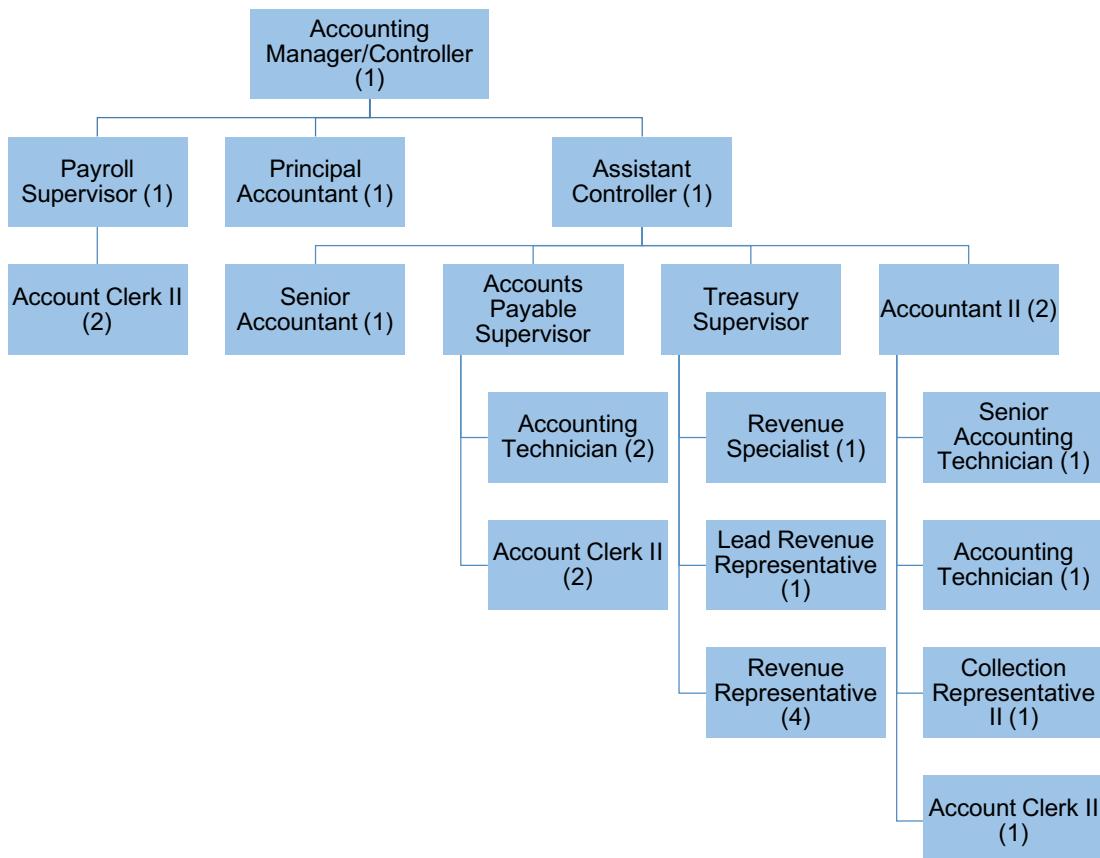
#### **(1) Overview.**

The Accounting Division of the Finance Department is responsible for monitoring, recording, executing, and balancing payments to and from the City's various departments. In addition, Accounting handles financial reporting and prepares the City's annual financial statements. The Accounting Division includes Payroll, Accounts Payable and Treasury.

Payroll provides timely and accurate payments to City employees, while maintaining compliance with City policies & procedures, labor agreements, and State and Federal laws. Accounts Payable executes payments from the City with the goal of producing timely and accurate financial services while safeguarding City assets through effective internal controls. The Treasury Section operates an office on the first floor of City Hall, where they collect payments from the public both in person and by mail. Treasury serves as custodian of the City's cash resources and efficiently manages the City's resources to maximize earnings.

#### **(2) Organizational Structure.**

The plan of organization for Finance – Accounting is presented in the organization chart below.



### (3) Staffing Allocation.

The table below provides a summary of the staff supporting Finance Administration, by function and classification, and also summarizes key roles and responsibilities of each position.

Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Accounting Manager/Controller	1.0	0.0	<ul style="list-style-type: none"> <li>• Supervise, direct, and implement strategic goals of the department and oversee general operation.</li> <li>• Report to the Assistant Finance Director and Finance Director on the status of initiatives, budget, and workload of various divisions.</li> </ul>

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Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Payroll Supervisor	1.0	0.0	<ul style="list-style-type: none"> <li>• Supervise Accounting Technician and Account Clerk II, and ensure that workload is appropriate.</li> <li>• Review work performed by staff in the Payroll Department and ensure that data entry is accurate.</li> <li>• Ensure receipt of timecard data from various IT systems to IFAS, including SPL and Telestaff.</li> <li>• Monitor payment of payroll taxes, production of quarterly reports, and employee W-2s.</li> <li>• Perform PERS reporting of new retirees, troubleshoot errors, and deliver retroactive employee entries.</li> <li>• Backfill duties of the Accounting Technician when vacant.</li> </ul>
Accounting Technician (Payroll)	1.0	1.0	<ul style="list-style-type: none"> <li>• Process payroll, merit changes, and promotions.</li> <li>• Backfill data entry to support the Account Clerk II.</li> <li>• Coordinate accounting/payroll activities with other City departments, divisions and sections.</li> <li>• Identify and resolve problems and inconsistencies, determining corrective entries involved in maintaining accounting controls.</li> <li>• Identify and resolve problems and inconsistencies, determining corrective entries involved in maintaining accounting controls.</li> </ul>
Account Clerk II (Payroll)	1.0	0.0	<ul style="list-style-type: none"> <li>• Update employee payroll records in IFAS based on status changes provided by HR.</li> <li>• Perform preliminary payroll, monitor and correct errors from the various timecard systems (SPL, Telestaff, and IFAS), and contact departments to fix timecard errors.</li> <li>• Run payroll and ensure delivery of outgoing pay information to Treasury.</li> <li>• Take phone calls and in-person inquiries to the Payroll Department, and resolve issues.</li> <li>• Scan documents to Laserfiche for archiving and order supplies for the department.</li> </ul>

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Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Principal Accountant	1.0	0.0	<ul style="list-style-type: none"> <li>• Perform journal entries and approve transactions of \$25,000 to \$750,000 and maintain general ledger controls.</li> <li>• Approve and prepare background documents for accounts payable, wire transfers, and requests for payment.</li> <li>• Create new general ledger and job ledger keys for City departments.</li> <li>• Oversight of the City's Cash Advance Program.</li> <li>• Approve budget entries that move budgeted funds between accounts.</li> <li>• Assist in the preparation of the revenue budget.</li> </ul>
Assistant Controller	1.0	0.0	<ul style="list-style-type: none"> <li>• Oversee the operation of Accounting, Accounts Payable, and Treasury, and ensure that all processes are handled in accordance with policy.</li> <li>• Approve journal entries above \$750,000, including wire payments and requests for payment.</li> <li>• Supervise production of the City's annual Comprehensive Annual Financial Report (CAFR) and periodic Audit Reports.</li> <li>• Direct and monitor special projects, as needed.</li> </ul>
Senior Accountant	1.0	0.0	<ul style="list-style-type: none"> <li>• Perform journal entries and approve transactions of amounts below \$25,000 and maintain general ledger controls.</li> <li>• Assist with fixed assets accounting.</li> <li>• Perform reconciliations, as needed.</li> <li>• Read City Council minutes and ensure approved funds are properly budgeted or transferred.</li> </ul>
Accounts Payable Supervisor	1.0	0.0	<ul style="list-style-type: none"> <li>• Supervise the operation of the Accounts Payable department and its staff.</li> <li>• Oversee the workflow process of payments in the SPL workflow system.</li> <li>• Monitor department workload and ensure appropriate assignment of processes and contracts to Accounting Technicians.</li> <li>• Verify workers compensation after receipt of payment file from HR.</li> </ul>
Accounting Technician (Accounts Payable)	2.0	0.0	<ul style="list-style-type: none"> <li>• Oversee the general issuance of accounts payable transactions.</li> <li>• Coordinate payments as requested by City departments and ensure appropriate controls.</li> <li>• Maintain limited access to entry duties to IFAS.</li> <li>• Oversee a portfolio of contract assignments, and execute or stop payments to vendors.</li> </ul>

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Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Account Clerk II (Accounts Payable)	2.0	0.0	<ul style="list-style-type: none"> <li>• Ensure the appropriate level of background documentation for transactions in IFAS</li> <li>• Scan and archive documents as required for the Accounts Payable process.</li> <li>• Perform clerical tasks within Accounts Payable.</li> </ul>
Treasury Supervisor	1.0	0.0	<ul style="list-style-type: none"> <li>• Manage the Treasury floor, supervise Treasury staff, and serve as main contact regarding city bank accounts.</li> <li>• Check work performed by Treasury staff and ensure that money is collected, disbursed, and entered correctly.</li> <li>• Oversee the printing of Payroll and Accounts Payable checks.</li> <li>• Calculate daily operating balance and move money between checking and investment accounts as necessary.</li> <li>• Spot check daily credits and debits to City accounts to monitor fraud.</li> </ul>
Revenue Specialist	1.0	0.0	<ul style="list-style-type: none"> <li>• Supervise the daily operation of the Treasury Department and ensure appropriate workload.</li> <li>• Balance payments imported from payment processor to bank receipts.</li> <li>• Count daily cash drawers and ensure appropriate amounts, as well as required starting balance.</li> <li>• Initiating wires and delivering confirmation of wire payment back to Accounting.</li> <li>• Backfill duties of Revenue Representatives, as necessary.</li> </ul>
Lead Revenue Representative	1.0	0.0	<ul style="list-style-type: none"> <li>• Serve as team leader and resource regarding processes and functions of the Treasury.</li> <li>• Perform advanced or detail-oriented cashiering duties.</li> <li>• Perform all duties of Revenue Representatives.</li> </ul>
Revenue Representative	4.0	0.0	<ul style="list-style-type: none"> <li>• Open and sort daily incoming mail.</li> <li>• Handle in-person window transactions.</li> <li>• Input payments to the cashiering system (iNovah), maintain control of cash drawer, and count daily receipts.</li> <li>• Operate the automated proof machine (NCR) and troubleshoot any errors.</li> <li>• Print checks issued by Accounts Payable and Payroll.</li> </ul>

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Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Accountant II	2.0	0.0	<ul style="list-style-type: none"> <li>• Balance the City's bank account to the General Ledger.</li> <li>• Perform investment, cash, and credit card reconciliations.</li> <li>• Produce quarterly and annual reports regarding City financials.</li> <li>• Reconcile employee benefits and ensure that changes to employee status are properly recorded.</li> <li>• Serve as primary Accountant/Bookkeeper for city subdivisions or projects, as necessary.</li> <li>• Assist with fixed assets accounting.</li> </ul>
Senior Accounting Technician	1.0	0.0	<ul style="list-style-type: none"> <li>• Complete daily accounting assignments, such as balancing transactions or reconciliations.</li> <li>• Maintain competency in all accounting functions to backfill daily processes as needed.</li> <li>• Monitor technical aspects of IFAS and maintain adequate entry controls.</li> <li>• Prepare and ensure adequate transaction support documentation.</li> </ul>
Accounting Technician (Accounting)	1.0	0.0	<ul style="list-style-type: none"> <li>• Complete daily accounting assignments, such as balancing transactions or reconciliations.</li> <li>• Examine, reconcile, balance, and adjust accounting records.</li> <li>• Examine transactions and documentation, and prepare financial reports and audits as necessary.</li> <li>• Maintain competency in all accounting functions to backfill daily processes as needed.</li> </ul>
Account Clerk II (Accounting)	1.0	0.0	<ul style="list-style-type: none"> <li>• Post entries to general ledger and balance against supportive documentation.</li> <li>• Maintain general records.</li> <li>• Prepare financial and statistical reports.</li> <li>• Perform clerical work and records retention as required by Accounting.</li> </ul>

Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Collections Representative II	1.0	0.0	<ul style="list-style-type: none"> <li>• Collect past-due accounts on the City's behalf and monitor over 2,000 active accounts.</li> <li>• Use RevQ collections software to manage collections processes.</li> <li>• Contact debtors by letter or phone call, or perform research to locate individuals.</li> <li>• Set up payment plans with individuals to maximize the city's collections.</li> <li>• Work with various City departments to interface their payment systems, or manually enter their accounts, into RevQ.</li> <li>• Refer account to legal or third-party collector, as necessary.</li> </ul>

#### (4) Technology Utilization.

The following table summarizes the key technologies utilized in each division in the performance of their duties.

Technology Utilized	Level of Automation	Processes
Integrated Financial Accounting System (IFAS)	City-hosted software application used in budget preparation and financial reporting.	The primary system utilized for financial activities.
SPL (Synergen) Enterprise Asset & Work Management (Workflow)	Process flow for payment approvals are routes through SPL to the appropriate staff.	Upon approval of transactions, information is transferred to IFAS for processing.
SPL (Synergen) Enterprise Asset & Work Management (Timecard)	Interfaces with IFAS for the delivery of timecards to Payroll.	Timecards for Riverside Public Utilities employees.
TeleStaff	Interfaces with IFAS for the delivery of timecards to Payroll.	Timecards for Public Safety employees.
iNovah	Automates cashiering workflow and interfaces with IFAS.	Cashiering for all city departments except utilities.
Inquesta	Automates cashiering workflow and interfaces with IFAS.	Cashiering system for Riverside Public Utilities.
Cubra	Recently implemented payment processor, interfaces with IFAS.	Payment processing system for Riverside Public Utilities
RevQ	Workflow automation for collections accounts.	Collections activity of all past-due accounts until sent to third-party.

<b>Technology Utilized</b>	<b>Level of Automation</b>	<b>Processes</b>
LaserFiche	Electronic document archive system for scanned records.	Archived documents are scanned and available for viewing via LaserFiche.

## **(5) Work Load.**

The following table summarizes the workload measures available for this Division.

<b>Workload</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Accounts Receivable Processed	9,720	17,239	17,752
RFP and PO Payments Processed	28,227	27,614	24,036
Wire Payments Processed	3,211	3,328	2,624

## **4. PURCHASING AND RISK MANAGEMENT**

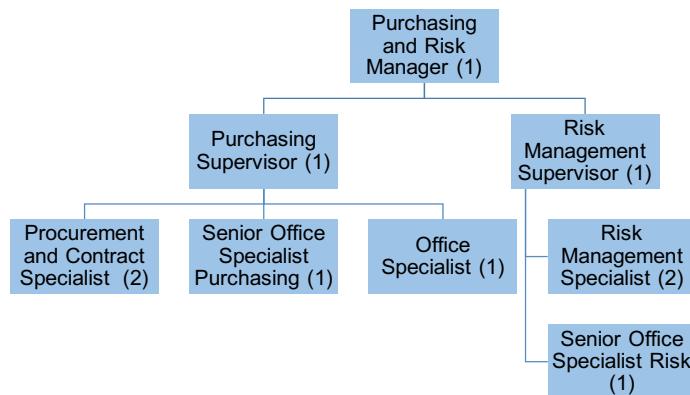
This section of the profile describes Purchasing and Risk Management Division within the Finance Department.

### **(1) Overview.**

Purchasing is responsible for procuring required goods and services for City departments in a timely manner and at fair and reasonable prices. The City operates under a centralized purchasing division and is staffed with professional Procurement & Contract Specialists who are assigned specific commodities to purchase. Risk Management is responsible for administrative oversight of all liability claims filed against the City as well as the procurement and administration of commercially purchased insurance.

## **(2) Organizational Structure.**

The plan of organization for Finance – Purchasing and Risk Management is presented in the organization chart below.



## **(3) Staffing Allocation.**

The table below provides a summary of the staff supporting Purchasing and Risk Management, by function and classification, and also summarizes key roles and responsibilities of each position.

Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Purchasing and Risk Manager	1.0	0.0	<ul style="list-style-type: none"><li>• Plan, organize, supervise and direct the City-wide functions and activities of the purchasing and risk management divisions.</li><li>• Review major purchase requisitions and approve requisitions based on procurement procedures.</li><li>• Assign requisitions to Procurement and Contract Specialists.</li><li>• Process all Public Works projects for formal bidding.</li><li>• Supervise and participate in development of bid specifications; receive, open, analyze and publicly read bids and make recommendations on major purchases.</li></ul>

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Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Purchasing Supervisor	1.0	0.0	<ul style="list-style-type: none"> <li>• Plan, organize, and supervise purchasing functions.</li> <li>• Review and incorporate new State laws related to procurement and provides training to staff members.</li> <li>• Purchase supplies, materials, equipment and services primarily related to public utilities.</li> <li>• Acts as Purchasing Card Administrator overseeing distribution, assignment and use of cards.</li> <li>• Solicits annual maintenance agreements and blanket order renewals with vendors.</li> </ul>
Procurement and Contract Specialist	2.0	0.0	<ul style="list-style-type: none"> <li>• Purchase supplies, materials, equipment and services primarily related to public utilities.</li> <li>• Prepare written bid specifications based on equipment, services or supplies as requested in accordance with Purchasing Section policies and procedures.</li> <li>• Analyze bids received, compare specifications and prices, review market trends.</li> <li>• Negotiate major contract items, conditions and language changes with vendors.</li> <li>• Maintain contact and negotiate prices, terms and delivery with vendors.</li> </ul>
Senior Office Specialist (Purchasing)	1.0	0.0	<ul style="list-style-type: none"> <li>• Responsible for putting bid specifications for construction projects on-line.</li> <li>• Participates in public bid openings, evaluating bid packages for completeness</li> <li>• Transfers paper copies of bid documents to computer system.</li> <li>• Handles inquiries from City staff and bidders relating to bid projects.</li> <li>• Performs administrative functions.</li> </ul>
Office Specialist (Purchasing)	1.0	1.0	<ul style="list-style-type: none"> <li>• Perform a wide variety of administrative support.</li> <li>• Answering the telephone, screening calls and visitors, referring inquiries as appropriate, and assisting the general public, giving information as required.</li> <li>• Sort and deliver mail.</li> <li>• Participate in the work of an office unit.</li> <li>• Respond to routine complaints and request for information.</li> </ul>

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Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Risk Management Supervisor	1.0	1.0	<ul style="list-style-type: none"> <li>• Supervise risk management activities including analyzing all liability claims against the City.</li> <li>• Coordinates the adjustment, defense or settlement of claims with the City Attorney where litigation is involved with review and approval by the Purchasing and Risk Manager.</li> <li>• Review, evaluate and report on the effectiveness of the comprehensive risk management program such as safety, loss control, claims management and related areas.</li> <li>• Obtain the most cost effective insurance plan for each risk or recommend other alternatives to insurance coverage.</li> <li>• Determine the various feasible alternatives which will protect City assets and minimize City exposure to general liability risks.</li> </ul>
Risk Management Specialist	2.0	0.0	<ul style="list-style-type: none"> <li>• Review contractor's certificate(s) of insurance on behalf of applicable City departments for compliance with City requirements.</li> <li>• Assist in ascertaining insurance requirements for procurements and generate requisitions and purchase orders.</li> <li>• Gather data for preparation of insurance applications relating to renewals of property and liability insurance including monitoring loss runs and analyzing information.</li> <li>• Assist in the handling of claims against the City by conducting field investigations and coordinating with third party administrator to expedite claim process.</li> </ul>
Senior Office Specialist (Risk Management)	1.0	0.0	<ul style="list-style-type: none"> <li>• Perform a wide variety of administrative support.</li> <li>• Answering the telephone, screening calls and visitors, referring inquiries as appropriate, and assisting the general public, giving information as required.</li> <li>• Sort and deliver mail.</li> <li>• Participate in the work of an office unit.</li> <li>• Respond to routine complaints and request for information.</li> </ul>

#### **(4) Technology Utilization.**

The following table summarizes the key technologies utilized in each division in the performance of their duties.

<b>Technology Utilized</b>	<b>Level of Automation</b>	<b>Processes</b>
Integrated Financial Accounting System (IFAS)	City-hosted software utilized in the issuance of purchase orders.	IFAS is the primary system used in Purchasing and Risk Management functions.
SPL (Synergen) Enterprise Asset & Work Management	Requisitions are sent to Purchasing via SPL.	SPL is utilized for requisitions. Upon completion, information is transferred to IFAS for the processing of Purchase Orders.
LaserFiche	Electronic document archive system for scanned records.	Certificates of insurance and other documents are scanned and available for viewing via LaserFiche.
Sharepoint (Microsoft)	Manual uploads of documents are shared across City departments.	Commonly used information, legal forms, and procedures are kept on Sharepoint.

## **(5) Work Load.**

The following table summarizes the workload measures available for this Division.

<b>Workload</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>
Purchase Orders Issued	4,822	3,824	4,219
Requisitions Processed	5,929	5,326	5,127

## **5. FINANCIAL RESOURCES**

This section of the profile describes Financial Resources within the Finance Department.

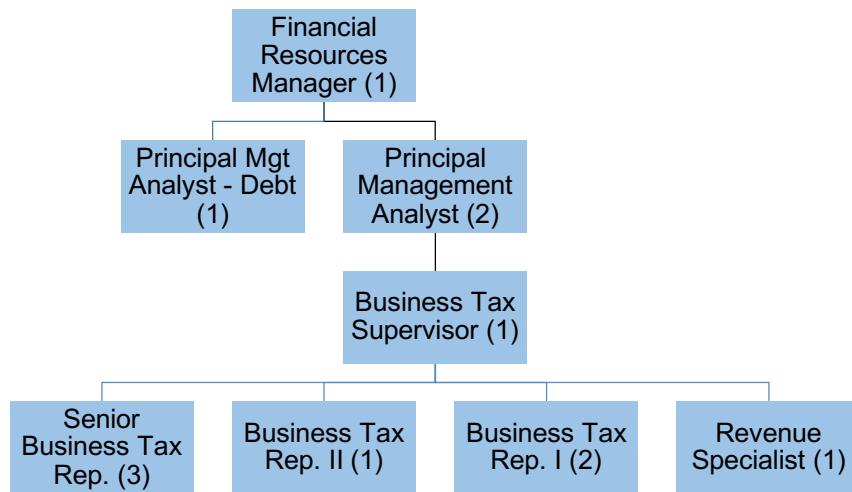
### **(1) Overview.**

The Budget Section of the Financial Resources Division is responsible for overseeing the preparation of the City's annual budget and capital improvement program which includes performing financial and budget analysis, budget preparation, debt administration and financial reporting whereas the Business Tax Division is

responsible for the administration and collection of business license fees for businesses providing services in the City.

**(2) Organizational Structure.**

The plan of organization for Finance – Financial Resources is presented in the organization chart below.



**(3) Staffing Allocation.**

The table below provides a summary of the staff supporting Financial Resources, by function and classification, and also summarizes key roles and responsibilities of each position.

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Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Financial Resources Manager	1.0	0.0	<ul style="list-style-type: none"> <li>• Manage the City's operating and capital budget preparation and monitoring process.</li> <li>• Coordinate the preparation of each department's budget submittal, including target setting and error checking.</li> <li>• Administer the City's debt portfolio; review bond drawdown requests and annual continuing disclosure reports required under Federal and State law.</li> <li>• Prepare financial reports to City Council and supervise preparation of the City's Cost Allocation Plan, Fees and Charges Study and revenue and expenditure forecasts.</li> <li>• Provide managerial oversight to Business Tax staff including strategic planning, process improvement and software implementation.</li> </ul>
Principal Management Analyst	2.0	0.0	<ul style="list-style-type: none"> <li>• Perform specialized professional work in financial and budget analysis, budget preparation, financial reporting and general administration.</li> <li>• Oversee the development, implementation, and monitoring of revenue and expense forecasts.</li> <li>• Perform complex research and analyses activities concerning organizational structure, staffing, operations, procedures, and policies; make recommendations for departmental and city policy.</li> <li>• Coordinate and prepare council reports, financial reports, statistical tables, charts and graphs.</li> <li>• Assist departments with budget preparation inquiries.</li> </ul>
Principal Management Analyst - Debt	1.0	0.0	<ul style="list-style-type: none"> <li>• Perform specialized professional work in debt administration and financial reporting.</li> <li>• Work with departments regarding debt service requests to be used for budget purposes.</li> <li>• Coordinate and prepare continuing disclosure and material event disclosure documents.</li> <li>• Assure that lease and bond payments are paid by due date.</li> <li>• Determine action plan regarding new bond issues.</li> </ul>

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Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Business Tax Supervisor	1.0	0.0	<ul style="list-style-type: none"> <li>• Supervise and assist in the development and implementation of policies and procedures to insure collection of all City business tax and City accounts receivables.</li> <li>• Supervise the collection of City business tax; finance, police, fire, miscellaneous business tax; transient occupancy tax; bingo applications; vendor permits and bicycle licenses.</li> <li>• Participate in the audits of business records to ensure proper tax payment.</li> <li>• Supervise, plan, audit, and participate in field inspections. Respond and determine final decisions regarding customer complaints and disputes.</li> <li>• Coordinate collection and business tax activities with other City departments, divisions, and sections, and with outside agencies.</li> </ul>
Sr. Business Tax Representative	3.0	0.0	<ul style="list-style-type: none"> <li>• Implements policies and procedures to ensure collection of all City business tax, Transient Occupancy Tax and vendor permits.</li> <li>• Prepares monthly renewal notices, processing and auditing payments and issuing final certificate.</li> <li>• Conducts field inspections to verify business activities and to look for new unregistered businesses.</li> <li>• Collect delinquent accounts by telephone and in person.</li> <li>• Evaluate the need to issue Administrative Citations for compliance purposes.</li> </ul>
Business Tax Representative II	1.0	0.0	<ul style="list-style-type: none"> <li>• Serve as counter and telephone representative.</li> <li>• Process new and existing business tax applications for accuracy and interpret existing code sections applicable to the application.</li> <li>• Participate in the administrative and enforcement of the Transient Occupancy Tax.</li> <li>• Process business tax payments and balance payments and cash on a daily basis.</li> <li>• Perform a wide variety of clerical duties including record verification, processing returned check letters and sorting and filing correspondence.</li> </ul>

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Classification Title	# of Authorized Positions	# of Vacant Positions	Key Roles and Responsibilities
Business Tax Representative I	2.0	0.0	<ul style="list-style-type: none"> <li>• Serve as counter and telephone representative.</li> <li>• Assist in processing new and existing business tax applications for accuracy and interpret existing code sections applicable to the application.</li> <li>• Assist in the administrative and enforcement of the Transient Occupancy Tax.</li> <li>• Assist in processing business tax payments and balance payments and cash on a daily basis.</li> <li>• Perform a wide variety of clerical duties including record verification, processing returned check letters and sorting and filing correspondence.</li> </ul>
Revenue Specialist	1.0	0.0	<ul style="list-style-type: none"> <li>• Reconciles daily balances for the Transient Occupancy Tax payments.</li> <li>• Processes overpayment refunds/</li> <li>• Responsible for the collection of Business Improvement Taxes.</li> <li>• Provides administrative assistance to management.</li> <li>• Prepares forms, schedules, reports, and general correspondence.</li> </ul>

#### **(4) Technology Utilization.**

The following table summarizes the key technologies utilized in each division in the performance of their duties.

Technology Utilized	Level of Automation	Processes
Integrated Financial Accounting System (IFAS)	City-hosted software application used in budget preparation and financial reporting.	The primary system utilized for financial activities.
Team Budget	Team Budget is utilized by staff and City departments in the preparation of the budget.	Team Budget is downloaded from IFAS to assist in the budget process. Staffing reports are run to determine the actual versus the authorized staffing level as part of departmental budget requests.
Electronic Municipal Market Access (EMMA)	Electronic reporting system for debt related information.	Utilized for continuing disclosures on outstanding bonds and audited financial statement information.
LaserFiche	Electronic document archive system for scanned records.	Archived documents are scanned and available for viewing via LaserFiche.

<b>Technology Utilized</b>	<b>Level of Automation</b>	<b>Processes</b>
HDL	Utilized in tracking business licenses.	HDL is specific to business license renewal data that tracks when licenses are up for renewal, coordinating renewal and delinquent notices. Records are retained in this system.

### **3. FINANCIAL SYSTEMS.**

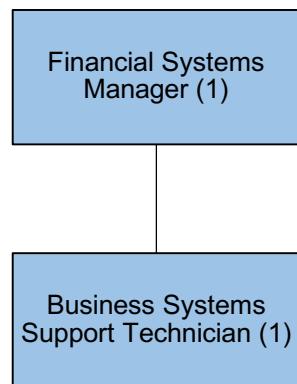
This section of the profile describes Financial Systems Division within the Finance Department.

#### **(1) Overview.**

The Finance Department – Financial Systems Division is responsible for managing the City's overall business management software. This includes user support, software upgrades, researching of new technologies, and interfacing systems. Financial Systems works closely with the City's IT department to implement technology projects and ensure they deliver the desired outcomes.

#### **(2) Organizational Structure.**

The plan of organization for Finance – Financial Systems is presented in the organization chart below.



### **(3) Staffing Allocation.**

The table below provides a summary of the staff supporting Financial Systems, by function and classification, and also summarizes key roles and responsibilities of each position.

<b>Classification Title</b>	<b># of Authorized Positions</b>	<b># of Vacant Positions</b>	<b>Key Roles and Responsibilities</b>
Financial Systems Manager	1.0	0.0	<ul style="list-style-type: none"><li>• Serve as primary liaison to IT Department regarding Finance Department systems.</li><li>• Provide direction to the Finance Department on technological changes or developments.</li><li>• Supervise financial systems processes and staff.</li><li>• Coordinate with software vendors and evaluate technology costs for various City departments.</li><li>• Monitor the interface between various City systems and IFAS.</li></ul>
Business Systems Support Technician	1.0	0.0	<ul style="list-style-type: none"><li>• Position is currently being reclassified to this role from Revenue Representative.</li><li>• Support existing systems, troubleshoot problems, and perform upgrades as necessary.</li><li>• Provide user support and setup.</li><li>• Research new technology and analyze the cost/benefit of new systems.</li><li>• Monitor the interface between various City systems and IFAS.</li></ul>

### **(4) Technology Utilization.**

The Financial Systems division oversees the maintenance, integration, or user support of all systems used in the Finance Department. For ease of reference, the following table lists those the key technologies.

<b>Technology Utilized</b>	<b>Level of Automation</b>	<b>Processes</b>
Integrated Financial Accounting System (IFAS)	City-hosted software application used in budget preparation and financial reporting.	The primary system utilized for financial activities.
SPL (Synergen) Enterprise Asset & Work Management (Workflow)	Process flow for payment approvals are routes through SPL to the appropriate staff.	Upon approval of transactions, information is transferred to IFAS for processing.

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<b>Technology Utilized</b>	<b>Level of Automation</b>	<b>Processes</b>
SPL (Synergen) Enterprise Asset & Work Management (Timecard)	Interfaces with IFAS for the delivery of timecards to Payroll.	Timecards for Riverside Public Utilities employees.
Telestaff	Interfaces with IFAS for the delivery of timecards to Payroll.	Timecards for Public Safety employees.
iNovah	Automates cashiering workflow and interfaces with IFAS.	Cashiering for all city departments except utilities.
Inquesta	Automates cashiering workflow and interfaces with IFAS.	Cashiering system for Riverside Public Utilities.
Cubra	Recently implemented payment processor, interfaces with IFAS.	Payment processing system for Riverside Public Utilities
RevQ	Workflow automation for collections accounts.	Collections activity of all past-due accounts until sent to third-party.
LaserFiche	Electronic document archive system for scanned records.	Archived documents are scanned and available for viewing via LaserFiche.
Team Budget	Team Budget is utilized by staff and City departments in the preparation of the budget.	Team Budget is downloaded from IFAS to assist in the budget process. Staffing reports are run to determine the actual versus the authorized staffing level as part of departmental budget requests.
HDL	Utilized in tracking business licenses.	HDL is specific to business license renewal data that tracks when licenses are up for renewal, coordinating renewal and delinquent notices. Records are retained in this system.
Sharepoint (Microsoft)	Manual uploads of documents are shared across City departments.	Commonly used information, legal forms, and procedures are kept on Sharepoint.

### **3. BEST MANAGEMENT PRACTICES ANALYSIS**

As part of the analysis of the Finance Department, the Matrix Consulting Group project team utilized a wide variety of data collection and analytical techniques to compare the Department's current services with measures of effective organizations based on industry standards. The measures utilized have been derived from the project team's collective experience and represent the following ways to identify improvement opportunities:

- Statements of "effective practices" based on the study team's experience in evaluating operations in other cities or "standards" of the services from other organizations.
- Other statements of "effective practices" or "performance targets" based upon consensus standards or performance goals derived from national or international professional service organizations.
- Identification of whether and how the Department meets these performance targets.

The purpose of this assessment is to develop an initial overall assessment of the department and to identify any opportunities for efficiency and cost savings. The assessment is presented in the matrix format with the performance target in the left hand column, whether the Finance Department meets the target in the second column (thus representing a 'strength'), and potential improvement opportunities in the far right column. Following the matrix are summary conclusions arising from this assessment.

Based on review of this document the project team will analyze the issues identified further in order to present a set of recommendations.

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Best Practice	Current	Opportunity for Improvement
<b>Budget</b>		
There are detailed procedures for preparing, adopting, monitoring and amending the budget.	The City has a comprehensive budget development process that outlines the initiation of the baseline budget preview which accompanies budget instructions and departmental targets, through adoption. Recent implementation of quarterly reports provide an analysis of monitoring and amending the adopted budget.	
Goals, objectives and performance measures are incorporated into the budget process.		The City does not utilize performance measures to tie to broader goals. This is an area for improvement.
The budget is annually awarded the GFOA Distinguished Presentation award.	The City is routinely recognized for the detailed budget document which is evidenced by the GFOA Presentation award.	
The City has a multi-year financial plan.	The City maintains a five-year financial plan which is periodically updated when there is a change in variables.	
The financial condition of the City has been evaluated based upon the ICMA publication: Evaluating Financial Condition: A Handbook for Local Government.		The City has not been evaluated based upon the ICMA publication. The use of this publication would be a good benchmark for Riverside.
Written policies and procedures have been developed for critical budgeting processes.	The City recently developed specific written guidelines it follows in the preparation of the budget including establishing responsibilities for all departments required as part of their budget submission, as well as specific roles for the Finance Department staff.	

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Best Practice	Current	Opportunity for Improvement
Budgets provide readable, comprehensive information of costs, staffing, revenue and program objectives as well as outcomes or measurements of success.	The City's budget document provides a detailed breakdown of financial information related to each departmental unit. The budget shows services provided, organizational charts, workload data and lists goals and objectives for each unit.	
Budget division provides on-going information to city departments on budget development.	Recently, Financial Resources began providing departments with specific instructions and on-going assistance in the budget development process. The Budget division creates a budget calendar with various deliverable dates that are communicated to all departments.	
Finance helps monitor budget versus actual expenditures.	For the larger departments, internal department staff compare on-going financial information with Finance staff to monitor their operating budgets.	For smaller departments, Finance reviews their budget but does not regularly discuss results with them. The Budget division should review year-to-date budget data and communicate results with all departments.
The City has an established fund reserve policy.	The City recently developed a fund reserve policy that has been presented to the Finance Committee.	
The City maintains a high level bond rating.	Riverside has multiple outstanding bond issues all with high ratings from municipal reviewers.	
The City has a formal investment policy.	The City's formal investment policy is in accordance with California Government Code Section 56301, which dictates the types of investments the City can utilize.	
Automated and integrated budget and financial packages are in place.	Financial Resources utilizes Team Budget financial system in its' preparation and development of the City budget.	

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Best Practice	Current	Opportunity for Improvement
Departments have on-going information regarding financial performance of their budgets.		The City provides public quarterly reports regarding projected changes to the adopted budget however, these reports are not sent directly to departments. These reports should be provided to departments allowing for a dialogue on the changing financial conditions of the City and in particular to individual departments.
Monthly financial statements include a comparison with the adopted budget.	The City's new administration provides a quarterly financial report that includes mid-year adjustments to the adopted budget and shows both revised and projected budget information. The report also includes a written description of projected changes.	
Indirect costs are measured; the indirect costs for internal services (e.g., MIS) are charged to operating departments in their budgets.	The Budget Division allocates all indirect costs to and from each department's operating budget. Costs are allocated throughout the General Fund and via Inter-Fund Transfers.	
Provide timely information to departments to help monitor budget versus actual expenditures. Financial performance reviewed periodically.	For the larger departments, Financial Resources staff compare on-going financial information with Finance staff to monitor their operating budgets.	For smaller departments, Finance reviews their budget but does not regularly discuss results with them. The Budget division should review year-to-date budget data and communicate results with all departments.
Budget signs off on all personnel actions (new hires, reclassifications, and position changes).		The Budget division recently started checking on new position requests to verify the opening. Budget should sign off on all personnel changes to verify authorization of the change and availability of budgeted funds.
Financial reports are generated and provided to the City Manager for distribution to Council on a routine basis.	Under the new City Administration, City Council is provided with quarterly financial reports which are also made available to the public.	

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Best Practice	Current	Opportunity for Improvement
All debt service is paid on the due date or not more than one business day before the due date.	The City complies with paying all debt service payments at the appropriate time. Principal and interests payment schedules are maintained to do so.	
Staff verifies the calculations on the Transient Occupancy Tax return and any errors are addressed with the remitter within 21 days.	Business Tax has written procedures in place that outline the administrative process for receiving and processing the TOT Returns and payments in a timely manner.	
Staff verifies the calculations on the Business License Tax return and any errors are addressed with the remitter within 60 days.	Business Tax verifies that charges for Business Licenses are accurate and paid timely. Errors are corrected as soon as possible.	
<b>Purchasing &amp; Risk Management</b>		
The City has a written policy for the purchase of commodities, goods, services and construction.	Riverside's Purchasing Resolution 22576 governs the procurement of goods, services and public works construction.	
The purchasing process is effective and efficient. Purchase limits and approval levels are reasonable.	The City has established appropriate and reasonable purchases limits. Several employees have use of P-Cards for smaller dollar values.	
Procurement services are generally centralized throughout the City with professional procurement staff responsible for providing support and assistance to operating units.	The City uses a centralized process with buyers having specific areas of responsibility with regards to procuring goods and services. These staff members provide direct support to departments.	
Professional buyers are Certified Procurement Officers.		Purchasing buyers are not Certified Procurement Officers. By requiring this designation, it demonstrates that the employee meets specific qualifications and has an established level of knowledge necessary to competently perform a specific job.

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Best Practice	Current	Opportunity for Improvement
Consumables have been standardized to obtain maximum discounts through volume purchases.	The City regularly uses cooperative agreements such as The Cooperative Purchasing Network (TCPN) to achieve maximum discounts for high volume items such as office supplies.	
The purchasing system has been automated. Purchase requisitions can be generated electronically, approved electronically, and purchase orders issued electronically.	Purchase requisitions are electronically entered into SPL (Oracle) and then are converted to purchase orders via IFAS.	
The Purchasing Division is appropriately located within the organizational structure and appropriately staffed.	As part of Finance, Purchasing seems properly situated within the City structure.	There are four buyers for the entire City, including the Purchasing & Risk Manager. Adding one staff member should be explored.
There are comprehensive and well documented purchasing procedures.	The City's on-line administration manual fully describes purchasing procedures.	
The internet is utilized for the procurement of office supplies/standard consumables.	Purchasing routinely uses the internet in the procurement of certain goods in searching for best pricing options.	
Blanket P.O.'s are used for high volume items (e.g., office supplies).	Regarding high volume, low cost items, Riverside uses blanket orders and also uses a P-Card program whereby certain staff can charge routine low dollar items.	
Statistics are reviewed to determine the status of open P.O.'s, to review the purchases.	Riverside utilizes SPL (Oracle) and IFAS to run reports on open purchase orders. For outstanding PO's, Purchasing reaches out to departments to see where they are in the purchase process and if done or no activity, Purchasing will close the PO.	

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Best Practice	Current	Opportunity for Improvement
Current purchasing thresholds are appropriate.		Purchasing thresholds should be increased to more closely match typical levels seen in other organizations.
Purchase orders for smaller purchases are made within two weeks.	Purchasing generally processes smaller requests within two days.	
Annual surveys conducted to assess “customer” satisfaction.	Purchasing conducts surveys for both internal users as well as for vendors every other year in order to gauge satisfaction levels with their process.	
Innovative trends/practices are utilized (e.g., stockless purchases).	Riverside was the first city in California to have all electronic bids for public works projects.	The City should explore additional practices to streamline the purchase process.
The City offers a simple and clear guide to procurement that helps new entrants contract with the City.	Purchasing's webpage provides an overview of the purchasing process including a descriptive section on potential new vendors.	
Purchasing performs spending analyses to identify cost saving efficiencies.	Purchasing reviews cost options for the purchase of good and commodities primarily by utilizing cooperative agreements.	
There are written policies regarding excessing equipment and vehicles.	The process for the disposition of equipment is outlined in the administration manual.	
There is a vendor evaluation system in place to track vendor performance.		<p>The City does not officially evaluate vendors nor track their performance. While aware of having issues with certain vendors, no action is taken to preclude them from working on future projects.</p> <p>The City should adopt a formal policy to consider past performance when evaluating RFPs and/or utilize a vendor tracking system.</p>

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Best Practice	Current	Opportunity for Improvement
The City utilizes procurement cards to provide a more efficient procurement process on small dollar items. Additionally, the District has an adopted procurement card policy that outlines appropriate use of the card. A master listing of authorized procurement cardholders are maintained by procurement staff.	The City maintains a P-Card policy outlining authorization and purchasing restrictions. Bank of America Works online maintains a master list of authorized users and the level of threshold for buying commodities.	
Staff are provided training on new rules and regulations regarding purchasing guidelines.	All staff are provided training on existing and new purchasing guidelines.	
City bidding opportunities are advertised when legally required.	The City follows its' procurement policy dictating when the bidding process is required.	
All contracts for services or consultants are processed by Purchasing staff prior to issuance to ensure compliance with City policies.	If there is a purchase order that goes through Purchasing, staff will check on all compliance measures prior to issuance.	Not all contracts go through Purchasing and thus a purchase order. Departments have the ability to execute contracts without going through Purchasing. Purchasing should know about and be able to vet all contracts prior to execution.  Contracts with the City are not always visible in SPL.
The City utilizes master contracts for more timely access to procurement of select good & services.	Riverside uses master agreements to expedite the purchasing process.	
The Risk Management Division is appropriately located within the organizational structure and appropriately staffed.	Risk Management is appropriately placed in the Finance Department.	

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Best Practice	Current	Opportunity for Improvement
There is appropriate segregation of duties between those responsible for monitoring/measuring risk and those responsible for making risk decisions.	The City segregates claims responsibilities. Risk will rely on departments to review claims affecting their area and investigate whether they believe there is a viable claim. Departments make recommendations to Risk and Risk reviews claim information to determine if claim is legitimate. The Finance Director makes decision on claims up to \$25,000. Over that amount, the City Council must authorize.	
Property damage/general liability claims against the City are processed timely and data is maintained and reliable.	Riverside's municipal code regulates the process timeline. Data is reliably, primarily maintained manually however, the City is currently working on flowchart mapping to improve procedures.	
The City Attorney's Office receives timely claim information in order to proceed with legal action.	Every claim that is filed with the City (through the City Clerk), then it is sent to the City Attorney's Office and then to Risk Management.	
The City uses a third party administrator for claims administration and management.	The City uses Carl Warren & Associates as its' third party administrator for the handling of claims processing and administration.	
The City has a policy establishing a self-insured retention limit for Auto and General Liability Claims.		While the City uses an insurance advisor (HUB International) to provide review analysis of its' insurance program, the City does not have a specific policy regarding self-insure retention limits. Those levels are established in concert with the insurance advisor.

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Best Practice	Current	Opportunity for Improvement
Public liability property and general liability claims have adequate supporting documentation.	The City maintains supporting documentation in an electronic file system. Current RFP is out regarding risk management software to improve the process.	
The City has an administrative policy in place to communicate and advise departments of their role and responsibility in providing timely damage recovery cost information.	Departments follow Section 1.05 of the City Code, which describes their responsibilities in addressing and reporting claims.	
The City has an application system in place to adequately manage the recovery claims data from time of incident report receipt through collection or write-off.		The City has a more manual process of tracking claims. This is an area in need of improvement.
The City has a policy regarding outstanding long term claim recovery invoices, addressing either write-off or initiate collection process.	The City has a detailed process in collection efforts of outstanding claims, which eventually utilizes a collection agency when all other methods have been unsuccessful.	
Technology is appropriately utilized in monitoring claims.		While email is used in monitoring claims within the organization, other aspects are a manual process. The existing technology and reporting capabilities available from the third party vendor are being underutilized and should be more fully utilized.
There are policies and procedures in place to settle claims.	Finance has authority to settle claims up to \$25,000. Over \$25,000 the City Council has to authorize and is handled by the City Attorney's Office.	

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Best Practice	Current	Opportunity for Improvement
There is accountability for risk management.	The Purchasing and Risk manager is responsible to the Finance Director for managing risk within the City.	
Certificates of insurance are required for use of City property and equipment.	For use of City property and/or equipment, Risk requires and reviews certificates of insurance from outside vendors/users that protect the City from legal exposure.	
<b>Accounting (including Accounts Payable and Accounts Receivable)</b>		
Financial staff are cross-trained for critical accounting and financial purposes.	Staff in Payroll, Accounts Payable, and Accounts receivable are cross-trained on critical processes.	Collections is staffed by one Collection Representative II, with no formal backup for critical collections processes.
Financial service staff receive appropriate training and professional development.	Financial services staff are trained on the job and periodically on major processes.	
Sufficient and enforced accounting policies, procedures and systems are in place.	The City of Riverside has established policies in its Administrative Manual and procedures for critical processes are posted on the City SharePoint.	
An instruction manual and FAQ sheet has been developed for the automated financial system.	IFAS how-to guides are shared on the City's SharePoint and Intranet.	
Account Payable functions are effective:		
• All accounts payable disbursements are supported by adequate documentation (invoice, receiving report, purchase order).	Invoices, receiving reports, and/or purchase orders are required for all accounts payable.	
• Invoices are reviewed and approved before payment is made; payments are accurate.	Receiving departments and Accounts Payable review invoices for accuracy before payment; payment amounts are double-checked for accuracy.	

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Best Practice	Current	Opportunity for Improvement
• Payments can be made electronically.	Payments can be made by EFT and ePayables (processed by Bank of America).	
Accounts Payable are processed within 30 days or other time periods sufficient to obtain available discounts.	Accounts Payable are typically processed within two weeks of request by the Department.	Due to the decentralized structure of invoice submittal, any delays caused by Department's late submittal of AP requests can lead to delay.
The number of manual checks is limited to emergency need only for efficient processing and internal control.		City vendors can choose to receive payments by check.
Existence of policy of separation of data input and payroll/payables and check printing and mailing?	Data input is decentralized in departments, with additional input by AP. Check printing and mailing is housed in Treasury. There is adequate separation.	
Are automated and integrated financial packages in place that eliminate duplicate data entry among departments for payroll, accounts payable, accounts receivable?	Automated financial packages are in place and interface between Departments to Accounts Payable, and Departments to Payroll.	Billing Advice forms (completed by Departments) are manually input to IFAS by Accounts Receivable.
The financial system and procedures utilized enable invoices received by Accounts Payable to be electronically routed to departments for approval and coding.	IFAS allows for electronic routing within Accounts Payable.	The decentralized model used in the City of Riverside has departments receive and approve invoices first, which are routed to AP for approval.
All critical financial reports (financial statements, reconciliations, etc.) are handled through modules / reporting capabilities built into and fully integrated into the financial system.	Reporting and reconciliations are handled within the IFAS system.	
The City has implemented a comprehensive fixed asset program.	Riverside's fixed asset accounting is housed within the Accounting Department.	

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Best Practice	Current	Opportunity for Improvement
The fixed asset program is integrated into the financial system enabling qualifying items purchased through Purchasing Division to be automatically added to the fixed asset listing, and enabling easy generation of fixed asset registers and reports.	Equipment purchases are automatically updated into the fixed asset inventory listing.	
The City has an up-to-date indirect cost allocation plan (updated within last two years) for establishing charges to individual departments.	Riverside's most recent Full Cost Allocation Plan was completed May 15, 2015.	
The City complies with GASB 34 and GASB 45.	Riverside is GASB 34 and GASB 45 compliant.	
Compliance is based upon data contained and maintained in the main financial system to eliminate duplication of effort, eliminate data integrity issues, and streamline processes.	Riverside's annual CAFR is created using data from IFAS to eliminate duplication of effort.	
Operating procedures and supervisory controls are adequate to ensure that all activity is recorded accurately.	Workflows in SharePoint and IFAS maintain approval controls and record approval activity.	
The City conducts timely monthly reconciliation of bank accounts, preparation of the financial reports, and audits financial transactions in a timely manner.	Reconciliation happens on at least monthly basis. Accounting reports no regular or periodic backlogs of reports, reconciliations, or audits.	
The City aggressively pursues unpaid accounts and uses an automated collections system.	The collections department pursues collections for the City and utilizes RevQ Software to automate collections tracking. The City contracts with Sequoia Financial to handle long-term debts.	
City payroll is distributed accurately and in a timely manner.	Payroll is distributed on a bi-weekly basis and corrections are low.	Late or incorrect submittal of timecards increases workload and is against city policy.
Payroll systems are automated to reduce manual entry.	Three different timekeeping systems are relatively well integrated in the Payroll Division.	Due to the various needs of utilities and public safety, three different systems are utilized for timekeeping.

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Best Practice	Current	Opportunity for Improvement
<b>Treasury</b>		
The City has an up-to-date debt management policy.	Riverside's debt management policy is in accordance with California law and was last updated in 2012.	
The City has an up-to-date investment policy outlining the City's investment strategy, appropriate investment vehicles, and liquidity targets.	The City's formal investment policy is in accordance with California Government Code Section 56301, which dictates the types of investments the City can utilize.	
Investments are monitored for performance and underperforming assets are transferred to higher-yielding investments in accordance with the established policy.	Investment reports are produced monthly and reported to the City Council. The July 2015 Investment Report cites a weighted average yield of 0.84%	
Cash balances are monitored to ensure immediate cash needs of the City can be met, but that "idle" cash is invested in at least short-term vehicles.	Balances are monitored daily to maintain the optimum distribution between checking and investment accounts, including money market accounts and pooled Local Agency Investment Funds.	
Decisions regarding debt and investment decisions are reviewed and approved by appropriate oversight committees. The committee monitor performance on a periodic basis.	Investment results and portfolio composition are summarized and reported to the City Council on a monthly basis.	
The City utilizes a variety of services to simplify revenue collection, and decrease deposit times such as lockbox services, electronic payments, etc.	The City utilizes a night-drop box and most City departments allow customers to pay online.  Invoices issued by the City can be paid online.	Riverside's decentralized structure means that online payment methods are dictated by individual departments.
The City's agreement with P-card / credit card issuer provides a rebate to the City based upon annual spend.	Riverside receives an annual rebate for P-card spending from Bank of America. The 2015 rebate was approximately 3% of total spend.	

**CITY OF RIVERSIDE, CA**  
**Final Report of Financial and Operational Audit of Finance Department**

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Best Practice	Current	Opportunity for Improvement
The City audits 5% of p-card transactions or audits by department annually.	<p>P-card transactions are reviewed globally each quarter, in addition to spot-check audits monthly.</p> <p>The Internal Audit Department performed a p-card audit in January 2014.</p>	There is no formal policy dictating a minimum level of annual transactions to be audited.
The City accepts credit card payments for a variety of City payments.	The Treasury Department accepts payment by credit card.	Riverside's decentralized structure means that credit card payments are dictated by individual departments.
NSF checks are aggressively pursued to recapture funds due the city.	Insufficient fund cases are pursued by the Collections Department and referred to collections after 60 days.	
The City has developed a plan for implementing electronic check conversion to eliminate NSF checks and decrease time between collection and deposit of funds into the City's bank accounts.	Many City departments accept EFT and ACH Debit transactions, including Utility, Fire, and Business Tax.	Riverside's decentralized structure means that EFT and ACH Debit payments are dictated by individual departments.
The City audits 5% of petty cash transactions annually.	The City operates 14 petty cash accounts and performs a global audit annually.	
The City has issued an RFP for banking services within the last five years to ensure most competitive banking rates are being achieved.	Riverside issued a Banking and Merchant Services RFP in May 2013 and contracted with Bank of America.	
Funds received are accounted for in the integrated financial system at the time of receipt.	Funds received are immediately recorded in iNovah Enterprise Revenue Management Software, which exports data to IFAS daily.	
Receipts are issued on all payments received.	All in-person transactions handled by Treasury are issued a receipt. Mail transactions generate an electronic receipt in iNovah.	

<b>Best Practice</b>	<b>Current</b>	<b>Opportunity for Improvement</b>
Funds received are reconciled daily and stored in secure facilities until deposit.	Funds received are reconciled at the end of each business day and deposited to a locked safe for armed guard pickup.	One cashier to one drawer is not strictly enforced. Beginning balances at each cash drawer are unnecessarily high.

The matrix above shows that the Finance Department has numerous strengths, particularly in codified policy, detailed procedures, and compliance with state law and industry standards. In general, the Department's practices are reflective of an organization with a commitment to protecting the City of Riverside's financial resources.

However, there are opportunities for improvement in several key areas, including:

- Increasing the use of budget performance measures, including real-time budget monitoring and increased communication with city departments.
- Considering areas where additional staff resources may be needed, including Purchasing and Collections.
- Centralization of transactions processing, reducing the variety of processes and/or policies that city customers face with each department.
- Eliminating all manual input processes throughout the Department, including Billing Advice forms.

The Finance Department has a solid foundation of processes that secure Riverside's most significant financial transactions and resources on a macro-level. The additional best practices identified in this report will further improve the City's financial security on the micro-level.

## **4. ANALYSIS OF THE FINANCE DEPARTMENT**

This chapter focuses on analyzing the current strengths and issues with the operations of the City of Riverside Finance Department. As part of the evaluation process, there will be a focus on identifying issues and providing recommendations, including alternatives to the current operational system and modifications to processes. This analysis will take into account the customer service needs and expectations of the Department.

### **1. ANALYSIS OF GENERAL ADMINISTRATION AND MANAGEMENT**

The Finance Department provides a variety of financial services to the City of Riverside, including budget, payroll, accounts payable, accounts receivable, purchasing, and risk management. The Administrative Division of the Finance Department includes the Finance Director, Assistant Finance Director, Senior Administrative Assistant, and Principal Management Analyst.

The following sub-section presents issues that exist in Administration or that cross over multiple functional areas within the Finance Department.

#### **(1) Monitoring of Budget**

The financial health of the City is critical in the ability to meet the needs of its' constituents and should be routinely evaluated to identify potential problems and any changes that may be needed to improve performance over both the short and long terms. This is a critical area improvement for the Finance Department. Finance is responsible for projecting an early warning of potential problems that gives decision makers time to consider actions that may be needed if major deviations in budget-to-

actual results become evident. It is also an essential input in demonstrating accountability.

Once annual budgets are decided and allocated, Finance needs to better monitor performance in order to provide managers with relevant information so that they are more accountable for performance. The City should have mechanisms in place to ensure compliance with the adopted budget. Appropriate management processes and systems will allow Finance to detect and correct significant deviation(s) if it occurs. Mechanisms include the assignment of budget personnel to conduct monthly reviews of trends in actual expenditures and revenues and actual-to-budget comparisons so that timely corrective action can be taken to bring the budget into balance, if necessary.

As part of this review, Finance should develop appropriate forecasting measures for both revenues and expenditures to manage gaps between budget estimates and actual results in order to identify and quickly respond to changes in the external environment or internal activities. It also requires Finance and managers to provide feedback in a timely manner about underlying causes and effects of budget variations, as well as planned actions to manage variations.

Budget-to-actual or budget-to-projected actual comparisons of revenues, expenditures, cash flow, and fund balance should be routinely reviewed during the budget period. In addition to monitoring budget-to-actual results, reasons for deviations should be evaluated. These factors are important in assessing the significance of variations, including whether they are expected to be temporary or longer-term in duration.

An analysis of major revenue sources should identify factors that have influenced historical collections, forecasting assumptions, and any problems or concerns. Any trends should also be identified, along with an analysis of whether or not the trend is likely to continue. Expenditure projections also provide critical information to decision-makers and other stakeholders about whether projected expenditure levels can be sustained, and whether a program's current and future costs are acceptable compared to program benefits and projected revenue availability. It is critical that staffing levels be monitored as employee related costs make up the largest part of General Fund expenditures. All expenditure projections should identify service level assumptions and key issues that may affect actual expenditures.

As part of the routine monitoring of revenues and expenditures, Finance should continually update its' multi-year forecast. A period of at least three years (or longer) is recommended to evaluate how revenues and costs may change over time, to isolate non-recurring revenues and costs or savings, and to understand the implications once fully phased in. Fund level and government-wide expenditure projections should be prepared and documented so that they may be linked with the accounting system and integrated into overall financial projections.

***Recommendation 1.1: The Finance Department must develop improved measures to forecast revenues and expenditures not only for current year finances but for multi-year projections as well. Budget variances need to be quickly identified so that corrective action may be taken, if need be.***

## **(2) Strategic Support**

The Finance Department's strategic support objectives should include engaging all departments and providing them the resources they need to get the job done. Currently, in particular with budget, Finance provides minimal levels of

support and service to City departments to ensure that all resources are managed and accounted for in an effective and efficient manner. Finance should be a reliable source of accurate information providing sound fiscal and policy advice to departments that, for the most part, do not have the technical and financial background that Budget staff should have. Finance relies heavily on larger departments that have internal financial staff whereas, smaller departments have little or no interaction regarding their financial condition. While Finance provides quarterly financial reports to the City Council and the Administration, they do not discuss finances with City departments.

It is incumbent upon Finance to take a greater role in working collaboratively with all departments to find practical and effective solutions to achieving desired goals. Departmental staff provide valuable insight regarding the efficient and effective operation of the activities and tasks under their direction and can assist in recommending cost savings and/or revenue enhancements in meeting budget needs. The Budget Division should consider the use of quarterly budget meetings with departmental liaisons in order to discuss variances and overall budget conditions.

***Recommendation 1.2: The Finance Department must improve its strategic support of City departments in particular regarding monitoring, reporting and communicating the City's financial condition. Consider the use of quarterly budget meetings with departmental liaisons.***

### **(3) Staffing Levels**

The Finance Department has 53 budgeted positions for the 2015-16 fiscal year with four full-time positions currently vacant. The table on the following page presents the budgeted staff by each functional area and the total number of vacancies:

Functional Area	# of Budgeted Positions	# of Vacancies	% of Positions Vacant
Finance Administration	6	0	0%
Accounting/Financial Systems	26	1	3.7%
Financial Resources	11	0	0%
Purchasing/Risk Management	10	2	20%
<b>TOTAL</b>	<b>53</b>	<b>4</b>	<b>7.5%</b>

In addition to looking at the staffing levels in the Finance Department, the project team also conducted a survey of other comparable jurisdictions to see if the current number of budgeted positions within Finance is comparable to other Southern California jurisdictions. The following table lists the jurisdictions, the total number of staff budgeted for similar Finance functions, the total number of employees for the city, and the number of Finance staff per 1,000 employees. The table below represents similar budgeted staffing levels for comparable Riverside Finance functions (i.e. Administration, Budget, Accounting and Purchasing/Risk) and is ranked in order from lowest number of budgeted Finance staff to highest number of staff.

Jurisdiction	# of Finance Staff	# of FTE	Finance Staff / 1,000 FTE
Long Beach	64.45	5,236.05	12.07
Anaheim	30.00	1,915.00	15.58
Bakersfield	32.00	1,533.00	20.87
Riverside	<b>53.00</b>	<b>2,503.04</b>	<b>21.17</b>
Irvine	35.60	1,500.00	23.73
Stockton	41.00	1,539.00	26.64
Chula Vista	27.00	965.25	27.97
Santa Ana	33.00	1,107.00	29.81

As the table above shows, Riverside is slightly below average in terms of Finance staff per 1,000 FTE. The overall average for Finance staff per 1,000 employees is 22.23. As such, while it appears that the overall current staffing level of the Finance Department is sufficient; certain Finance functions, such as Budget and Purchasing, may be understaffed in relation to comparable cities. These areas will be addressed in greater detail in the next sections.

***Recommendation 1.3: The Finance Department should increase Budget staff to a complement of five positions and Purchasing staff by one full-time position to achieve best in class service levels. Existing staff should be allocated to highest priority duties and perform the full range of duties within their job description.***

#### **(4) Performance Measures**

While the department, particularly Financial Resources (Budget), identifies goals and objectives for departments, it does not track performance measures to tie to broader goals. Performance measurement allows policymakers, managers, and citizens to evaluate the quality and effectiveness of government services generating information about program results and outcomes. Most performance measures can be based on the following criteria:

1. Effectiveness: A process characteristic indicating the degree to which the process output (work product) conforms to requirements.
2. Efficiency: A process characteristic indicating the degree to which the process produces the required output at minimum resource cost.
3. Quality: The degree to which a product or service meets customer requirements and expectations.
4. Timeliness: Measures whether a unit of work was done correctly and on time. Criteria must be established to define what constitutes timeliness for a given unit of work.
5. Productivity: The value added by the process divided by the value of the labor and capital consumed.
6. Safety: Measures the overall health of the organization and the working environment of its employees.

Finance should develop and track performance measurements for each department as well as for divisions within the Finance department. For example, the Budget should track the following areas as a good indication of the financial condition of the City:

- General Fund Balance as a percentage of expenditures
- Debt Service as a percentage of expenditures
- Assessed valuation growth
- Amount of contingency funds utilized
- Staffing levels for each department, by classification

Similarly, Purchasing should track the following areas in regards to determining their effectiveness:

- Delivery metrics such as on-time rates and proper quantities/product delivered
- Efficiency - such as utilizing electronic procurement process
- Vendor quality
- Price effectiveness, unit cost measurements
- Cost saving measures

As such, having specific measurable performance indicators is critical in identifying how effective the City is performing.

***Recommendation 1.4 – The Department should coordinate the development of performance measures for each departmental function in order to have tangible means for understanding how effective and efficient City operations are performing. These performance measures should be included in the annual city budget to facilitate the public's understanding of government operations.***

#### **(5) Organizational Structure.**

During the staffing analysis, the project team noted that the majority of all other cities have a Risk Management function or division. This functional area typically includes workers' compensation, safety, and risk management. Currently, the risk management function in the City of Riverside is housed in finance and is comprised of four staff positions. It is not as common among the comparable city organizations reviewed to house risk management functions within Finance. Given the issues facing both Finance and Human Resources, and the current fiscal constraints, no organizational change is recommended at this time. However, this may be an area the City should review in the future as a change would be consistent with other jurisdictions.

Many other jurisdictions also group Risk Management & Worker's Compensation together and typically share a manager over those functional areas.

***Recommendation 1.5 – The Risk Management function is housed within Finance, which is less common among city governments. In the future, the City should evaluate options for combining risk management and workers' compensation administration into a single unit.***

## **(6) Revenue Budgeting**

Currently, revenue budgeting is performed by staff in the Accounting Division. The largest projections of revenue are forecasted by outside consultants, who deliver the forecasts to Accounting staff. Those projections are analyzed and used to create revenue estimates. The City of Riverside Quarterly Financial report for December 2015 reported revenue variance, as shown in the following table.

Taxes	Budgeted	Projected	December Variance	% Variance
Sales and Use	\$62,949,000.00	\$62,949,000.00	\$-	0.00%
Property	\$53,742,073.00	\$54,284,782.00	\$542,709.00	1.00%
UUT	\$29,082,000.00	\$28,140,000.00	\$(942,000.00)	-3.35%
TOT	\$5,656,000.00	\$6,230,000.00	\$574,000.00	9.21%
Franchise	\$5,365,000.00	\$5,500,000.00	\$135,000.00	2.45%
Property Transfer	\$2,609,000.00	\$2,440,000.00	\$(169,000.00)	-6.93%
<b>TOTAL</b>	<b>\$159,403,073.00</b>	<b>\$159,543,782.00</b>	<b>\$140,709.00</b>	<b>0.09%</b>

As shown in the table, total variance in tax revenue was less than 1%, although there was significant shortfall in property transfer estimates.

Unlike tax and economic projects, departmental charges for service and license/permit projections are calculated through a decentralized process. The Departments themselves make initial estimates, which are submitted to Accounting for review and compilation. The December 2015 Quarterly Report reported revenue variance for departmental revenue, as shown in the following table.

Charges, Licenses Permits	Budgeted	Projected	December Variance	% Variance
Charges for Service	\$25,716,677.00	\$24,551,677.00	\$(1,165,000.00)	-4.75%
Licenses & Permits	\$9,093,500.00	\$9,153,200.00	\$59,700.00	0.65%
<b>TOTAL</b>	<b>\$34,810,177.00</b>	<b>\$33,704,877.00</b>	<b>\$(1,105,300.00)</b>	<b>-3.28%</b>

As shown in the table, total variance in departmental revenue was -3.28%, with projections for charges for service at -4.75% through December. While these are early projections, a nearly 5% variance in charges for service may indicate the need for additional scrutiny of department projections. Unfortunately, the current assignment of revenue budgeting to the Accounting Division means that this analysis must be performed in addition to normal accounting duties, such as journal entries and transaction approvals. Increasing workload associated with revenue budgeting would decrease scrutiny associated with ongoing city transactions.

Revenue budgeting is unnecessarily separated from the rest of the budget process. Revenue forecasting is handled by a completely different team than expenditure forecasting. This deceases the City's ability to dynamically spot major variances efficiently. With increased Budget Division staffing, as discussed in the following section, the Finance Department should transfer duties associated with revenue budgeting to the Budget Division.

***Recommendation 1.6 – Revenue budgeting duties should be allocated to the Budget Division to perform. More critical review and evaluation of revenue projections performed by outside services, and more defined in-house estimates should be developed.***

## **2. ANALYSIS OF FINANCIAL RESOURCES AND BUDGET**

The Financial Resources Division consists of 12 FTE staff. This Division is responsible for the preparation and monitoring of the City's annual budget and capital

improvement program, debt service, and compliance and collection of business and Transient Occupancy taxes.

### **(1) Budget Process**

The City of Riverside utilizes a decentralized budget development process whereby each department prepares their own operating and capital budget submittals. Budget information from the prior fiscal year is rolled over as the starting point for each department. The Office of the City Manager provides overall strategic direction and guidance for the development of departmental budget proposals with the Financial Resources Division of the Finance Department as the main point of contact for departments during the budget process. Departments are responsible for the following:

- Generating complete and accurate Budget and Capital Improvement Plan (CIP) submittals and related materials.
- Meeting all established deadlines and communicating any concerns to the Finance Department in a timely fashion.
- Providing timely responses to any questions to the City Administration and/or Finance Department throughout the budget process.

As the central budget coordination office for the City, the Finance Department is responsible for the following actions:

- Developing the annual budget directive.
- Reviewing departmental budget and CIP submittals and determining whether they complied with the budget and CIP directive.
- Coordinating modifications to departmental budget and CIP proposals after budgetary review.
- Preparing a summary of departmental submissions for review by the Budget Review Committee and the City Council.
- Preparation of the Two-Year Budget, Five-Year Financial Plan and CIP documents.

- Administration of the TeamBudget software and coordination of training.
- Preparation of the Cost Allocation Plan and updating when needed.

In order to limit budget submittals, the City utilizes budget targets for General Fund departments. Finance provides each department with a maximum dollar amount that can be included in their proposed budget submission. Departments have flexibility in changing their budget as long as they stay within the target budget goal. The amount is determined by designating the "roll-over" amount from the prior year's budget which are then adjusted for various expected changes, such as the following:

- Cost of living adjustment as dictated in bargaining agreements.
- Projected increases in employee benefits, such as health insurance and retirement contributions.
- Adjustments to allocated debt services costs.
- Adjustments to liability insurance allocations.
- Approved mid-year adjustments from prior fiscal year(s) that are ongoing.
- Changes resulting from departmental reorganizations.
- Items approved by the Budget Review Committee.
- Managed savings assigned to individual departments.

Departments submit their budget proposals via TeamBudget, which is the budget software used by the Finance Department. The personnel budget process is automated through this software as well. All prior year's positions are included in the budget by default. Some departments have the ability to make personnel change requests in the system but others need to contact the Finance Department for assistance in editing personnel staffing levels. Departments are also provided revenue projection

worksheets which are to be included in their budget submittal. If there are new revenues that have been identified, departments should review them with the Finance Department which will ultimately need approval from the Budget Review Committee. If new departmental-specific revenues are identified during the development of the budget, the Finance Department has allowed increases to the Departments' budget target, essentially increasing expenses.

Departments are also responsible for updating their narrative information which includes their mission statement, functions, goals, objectives and accomplishments. In addition, Department Heads are required to submit a letter to the City Manager summarizing the budget request, highlighting significant new costs, organizational changes, new or changed revenue assumptions and suggested opportunities for increased efficiency.

***Recommendation 2.1 – The Division should analyze all budget requests in greater detail for need. Currently, if a department stays within their budget target dollar amount, they do not have to justify the reallocation of expenses, nor do they have to defend the continuation of prior year's budgeted expenditures. Personnel and operating expenses should be routinely vetted by the Budget Division to ensure need and appropriateness. Position control should be continuously updated.***

***Recommendation 2.2 – The identification of new departmental-specific revenues should not be tied to increasing budget target numbers. All expenditures should be reviewed for necessity and reasonableness. In addition, the Division must properly analyze all revenue projections provided by City Departments for accuracy and reasonableness. Currently, there is limited staff to do so.***

## **(2) Performance Measures**

While the budget document identifies goals and objectives for departments, it does not track performance measures to tie to broader goals. Benefits of incorporating such metrics allow for accountability based on real data, not subjective judgments. Data will assist in identifying whether a department or activity is achieving its objectives

and if progress is being made toward attaining policy or organizational goals. Without such metrics, Finance is unable to ascertain tangible evidence of how the organization is performing.

***Recommendation 2.3 – Financial Resources should coordinate the implementation of performance measures to support budget decisions and control of processes within the City structure. Such metrics provide quantifiable results of activities and will permit benchmarking of performance against outside organizations.***

### **(3) Financial Updates**

Finance provides quarterly reports to the Council and Administration regarding budget versus actual expenditures; however, they do not directly provide such information to City departments. Financial Resources relies on larger departments who utilize internal financial staff to monitor their own departmental operating budgets and then compare review with Budget. For the smaller departments, the Budget Division reviews their budgets and incorporates any projected mid-year changes into the quarterly financial update report. The Division also does not typically share their reviews with smaller departments.

***Recommendation 2.4 – The Division should provide and discuss quarterly reports with all departments. Departmental variances, and the city's overall financial condition, should be discussed at quarterly budget meetings.***

### **(4) Position Control**

Position control is the foundation of sound budgeting and is essential for forecasting labor dollars at any point in time during the year. The reasoning behind the creation of this best practice was to establish a mechanism for budgeting which demonstrates consistency and provides a controlled environment. Position control is an essential function of an operation as the salary and benefit components constitute over

70% of the City's General Fund budget and is used to: ensure all permanent positions are fully funded; track salary and funding sources; understand the total cost of salary and benefit costs per employee; assist in forecasting; and in planning for compensation updates and changes.

Position budgeting is designed to track positions by either intended headcount or intended FTE thereby permanently preserving the budget for a position regardless of whether it is vacant or not. This holds true because the integrity of the intended headcount or intended FTE continues regardless of a vacancy. As the positions remain intact in the budget, salary and benefit dollars are visible for all positions. For reporting purposes, actual expenditures can be compared to the budget in a line by line, position by position format which allows salary forecasting with documented support to become a manageable task. Reports can also be generated so that Finance, department heads and other stakeholders can quickly see if there are any budget issues associated with the position budgets versus actual charges hitting the general ledger. These are factors that will further ensure the credibility and reliability of the budget figures based on the fact that position budgeting supports management by ensuring all permanent positions are fully funded.

Currently, the Budget Division does not sign off on all personnel changes and only recently began signing off on new positions. As such, with employee related costs making up the majority of the City's expenses, the Budget Division must fully implement position control and be able to determine whether to fill vacant/new positions as well as other changes in positions, especially when salary adjustments are to be made.

***Recommendation 2.5 – The Budget Division should fully implement position control in order to project expenditures related to personnel. Budget should***

***review all personnel changes to verify authorization and availability of budgeted funds. By doing so, the Division will also have the ability to determine whether to fill positions at all or on a lag in an effort to save on costs.***

## **(5) Staffing**

The Budget Division appears to have an inefficient number of employees dedicated to Budget functions, some of which are not currently being performed by staff as highlighted above. This division is responsible for the preparation and development of the City budget; performance measures; position control; performing citywide financial analyses and special projects; as well as monitoring revenues and expenditures while providing periodic financial updates to the adopted budget. A review of the following comparable cities shows that the Riverside has the least staff per 1,000 employees with Chula Vista having three times the equivalent number of staff compared to Riverside. With increased service levels such as reviewing and authorizing all personnel changes, greater focus on monitoring budget versus actual budgeted revenues and expenses and instituting and tracking performance measures, additional staff is recommended.

Jurisdiction	# of Budget Staff	# of FTE	Budget Staff / 1,000 FTE
Riverside	2	2,503	0.80
Long Beach	12	5,236	2.29
Irvine	4	1,500	2.67
Stockton	5	1,539	3.25
Anaheim	7	1,915	3.65
Santa Ana	4.5	1,107	4.07
Chula Vista	5	965	5.18

***Recommendation 2.6 – The Department should allocate three additional positions to budget for a complement of five positions. The Budget division should develop and monitor performance measures, establish greater controls on personnel change requests, increase monitoring of revenues and expenditures, and have greater input in deciding budget authorization amounts.***

### **3. ANALYSIS OF PAYROLL**

The Payroll Division of the Finance Department oversees payroll for the entire City of Riverside, including approximately 2,346 full-time employees and 157 part-time employees. Payroll is staffed with three FTE, and is currently operating with one vacancy in the Accounting Technician role, as shown in the table below.

<b>Position</b>	<b>Budgeted</b>	<b>Vacant</b>
Payroll Supervisor	1.0	0.0
Accounting Technician	1.0	1.0
Account Clerk II	1.0	0.0

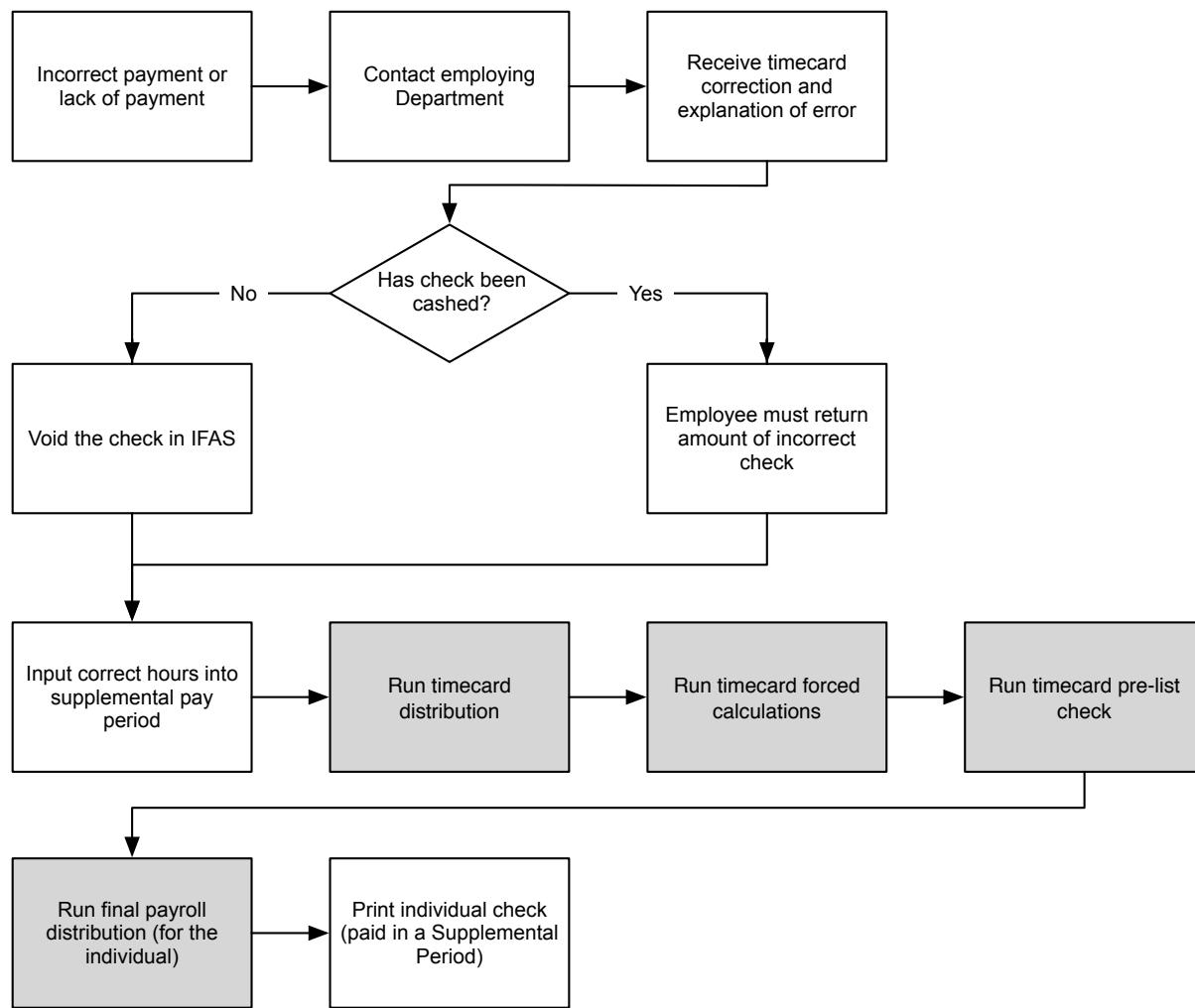
#### **(1) Timecard Corrections & Retroactive Payments**

In interviews with Payroll Staff conducted by Matrix Consulting Group and an analysis of the payroll process, timecard corrections and retroactive payments resulting from incorrect timecards was identified as a major problem in the Payroll Division. Timecard approval is decentralized in each city department, so Payroll is dependent on those supervisors to approve employee hours each pay period.

Timecards are submitted on Friday at the close of the pay period, and the payroll must be finalized on Tuesday morning. That means that when departmental supervisors submit incorrect timecards, Payroll has only one full day—Monday—to find and correct any errors for Riverside's 2,503 employees. There are multiple automated checks that payroll runs to discover timecard errors, but some slip through the cracks each pay period.

Timecard errors that are not caught before payroll finalizes necessitate a retroactive payment that is applied in a supplemental pay period. The following flow chart graphically shows the retroactive pay process.

### **City of Riverside Retroactive Pay Process**



As shown in the flowchart above, each retroactive payment requires a significant investment of time for payroll staff. The shaded boxes represent steps that are identical to the payroll process that is required to finalize the citywide payroll; except that instead of running these processes for the entire 2,500-person payroll, they are running for one individual who requires a payroll correction. This exponentially increases the time and

resources that are required to approve an individual paycheck. The Payroll Division estimates that they perform at least a dozen retroactive payments each week, and often many more.

It is essential that Departmental Supervisors take responsibility for submitting accurate timecards in a timely manner. It is not appropriate for Supervisors to rely on retroactive payments to correct errors, as it increases costs and causes financial exposure associated with voiding and writing multiple checks. Further, it is a violation of Administrative Manual Policy 06.004.00, which states “City departments are responsible for the accurate and timely submission of regular and overtime hours,” and establishes the deadline at 10:00 a.m. on the due date (typically Friday).

Currently, performance statistics regarding the number of timecard corrections and retroactive payments requested are not analyzed. Recording and analyzing these statistics will identify problem requestors and allow for targeted retraining.

***Recommendation 3.1 – The Payroll Division should track requestors of timecard corrections and retroactive payments. Repeated requestors should be alerted to Administrative Manual Policy 06.004.00.***

***Finance Division Management and the City Manager’s Office should explore possibilities for mandatory online re-training for requestors who continue to violate Policy 06.004.000.***

## **(2) Security and Confidentiality**

The Payroll Division is situated on the sixth floor of City Hall, with the Finance Department. The placement of the Payroll Division is directly adjacent to a computer training room, which is often utilized for trainings of city staff. Like the other divisions within the Finance Department, payroll’s physical space is defined by short cubicle walls.

Unlike many other Finance divisions, Payroll provide a face-to-face employee service that is confidential in nature. As the office is currently set up, Payroll is unable to have confidential conversations with its customers. Further, Payroll's placement next to the training room exposes confidential conversations to anyone entering or exiting the training room. In Matrix Consulting Group's observation of the space, conversations at the payroll desk can be heard within the training room.

In order to adequately provide the required level of confidentiality to employees, the Payroll Division should have space where they can offer private consultations, and in the long term, consider ways to enhance office privacy.

***Recommendation 3.2 – The Payroll Division should offer all visitors the option of conducting their conversation in private, in a conference room or other isolated space.***

***Recommendation 3.3 – In the long term, Finance Department should move the Payroll Division away from the training room to enhance confidentiality. Given its small number of staff, consider locations that will allow for some neutral space between Payroll and other Finance Divisions.***

#### **4. ANALYSIS OF ACCOUNTS PAYABLE AND RECEIVABLE**

The Accounting Division of the Finance Department, including Accounts Payable and Accounts Receivable, handles all journal entries for the city, issues payments and wires, and collects money owed. The Accounting Division consists of 12 FTE positions, not including the Assistant Controller, who also oversees the Treasury.

##### **(1) Collections**

Amounts owed to the City of Riverside are handled by Accounts Receivable, and when accounts go unpaid they are referred to the Collections Division within Accounts Receivable. Collections is primarily staffed by one FTE Collections Representative II.

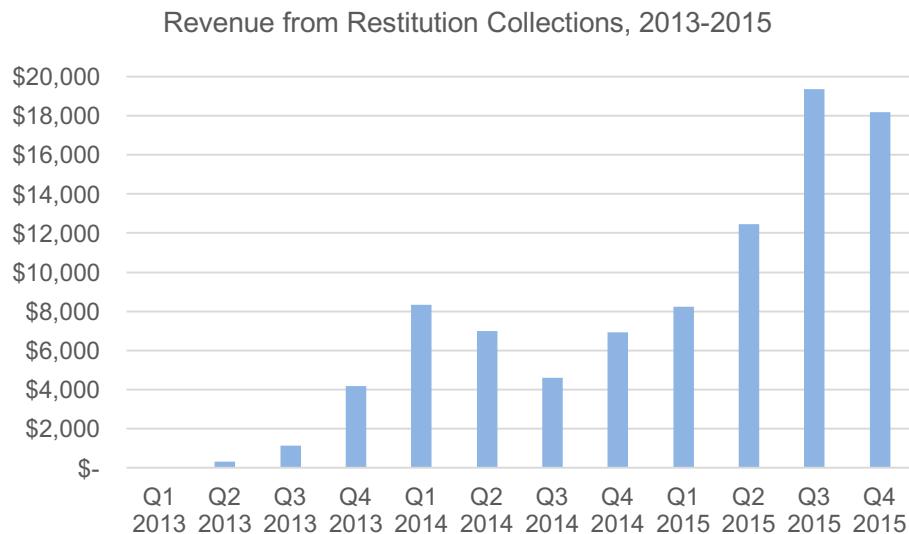
Additional support is provided by an Account Clerk II and a Principal Management Analyst.

The Collections Division sends letters, makes phone calls, performs skip tracing (attempting to locate debtors), and refers accounts to the Legal Department or a third-party collector. A brief overview of the various responsibilities associated with different account types are shown in the following table.

Account Type	1st Letter	2nd Letter	Phone Call	Restitution (court judgment)?	Refer to Legal Dept.	Refer to 3rd-Party Collector
Damage Claim	60 Days	90 Days	120 Days	Yes	If > \$6,500	Efforts Exhausted
DUI	60 Days	90 Days	120 Days	Yes	If > \$6,500	Efforts Exhausted
Benefits/HR	60 Days	90 Days	120 Days	No	If > \$6,500	Efforts Exhausted
Fire Citation	60 Days	90 Days	120 Days	No	If > \$6,500	Efforts Exhausted
Police False Alarm	30 Days	60 Days	Immediate	No	If > \$6,500	Efforts Exhausted
Non-Sufficient Funds	Immediate	30 Days	60 Days	No	If > \$6,500	Efforts Exhausted
Property Lease	60 Days	90 Days		No	If > \$6,500	As directed by Dept.
Sewer Charge	60 Days	90 Days	90 Days	No	If > \$6,500	As directed by Dept.
Worker's Compensation	60 Days	90 Days	At all stages	No	If > \$6,500	As directed by Dept.
Graffiti	Payment Plan Letters			Yes	N/A	Efforts Exhausted
Code Enforcement	60 Days	90 Days if <\$2,500	120 Days if <\$2,500	No		Dependent on Code
Miscellaneous	60 Days	90 Days	120 Days	No	If > \$6,500	Efforts Exhausted

The collections process is relatively automated. Cases are loaded into the RevQ collections software, which alerts the Collections Representative when a letter should be sent out or a phone call made. While this reduces administrative workload, the collections process requires a significant amount of staff time to actually work cases. Beyond letters and phone calls, many debtors enter a payment plan, which is negotiated by the Collections Representative. Often coordination across multiple departments and/or courts is required in legal judgments.

In addition, according to Finance Department staff, the Collections Division has taken on a number of additional responsibilities over the last few years. Collections for Inspection Fees was recently added to the Division's workload. Restitution cases, when the City receives a court judgment for damages, have only been collected since June of 2013. Revenue from restitution cases has increased dramatically since that time, as shown in the following chart.



As shown in the chart, quarterly revenue from restitution cases has gone from \$1,139 in Q3 of 2013 to \$18,182 in Q4 of 2015. Over this period, nearly this entire

increase in workload has been handled by the Collections Representative II. In total, the Collections Division has approximately 1,754 active accounts, totaling 1,352 debtors and over \$3,620,000 in money owed.

This increase in workload has not been correlated with an increase in staffing. Rather, essential collections duties have spread to positions throughout Finance. Some duties have been transferred to other Accounts Receivable staff. Other duties, such as importing accounts in to RevQ, are currently performed by a Principal Management Analyst. There is no supervisory-level position focused on collections.

With the continually increasing workload that the Collections Division has seen, there is a danger that potentially collectable cases will not receive the attention necessary to fully collect if workload continues to increase. Without adequate time to proactively guide the Collections Division, new avenues for collection will not be pursued. Further, the current distribution of workload to the Principal Management Analyst is not cost effective for the City. Due to high collections workload, a Principal Management Analyst position currently imports receivable accounts to RevQ and reconciles RevQ accounts to IFAS and the third-party collector. There is significantly more expense incurred by the city for each task completed by the Principal Management Analyst instead of a Collections Representative

If workload was reassigned, the duties currently performed by the Principal Management Analyst could be performed by the Collections Representative II. Duties currently assigned to the Collections Representative II could be performed by a Collections Representative I, if an additional position was added. For comparison, the

following table shows the savings or cost associated with each duty that could be transferred to a different job classification, by hour.

		Remove Duty From:		
		Collection Rep. I	Collection Rep. II	Principal Mgmt. Analyst
Delegate Duty To:	Collection Rep. I	-	\$2.36/hour	\$22.61/hour
	Collection Rep. II	\$2.36/hour	-	\$20.25/hour
	Principal Mgmt. Analyst	\$22.61/hour	\$20.25/hour	-

As shown in the table, each hour of work transferred from the Principal Management Analyst to the Collections Representative II saves the city \$20.25 per hour in position cost. While the Principal Management Analyst has been used to backfill critical collections duties, in the long term this approach will become increasingly inefficient and difficult if workload increases beyond current levels. If additional responsibilities are added to collections, increased staffing may be necessary to ensure that collections accounts are appropriately handled. In addition, a supervisory position will allow the Collections Division to more aggressively pursue new avenues for collection. As an example of the benefit of new revenue streams, the increased revenue from restitutions alone—a previously uncollected source—was \$58,209 in 2015. At present workloads, the staffing allocation is appropriate. If additional duties are added to this unit, additional resources may be necessary.

## **(2) Request for Payments (Accounts Payable)**

Accounts Payable pays for goods and services using both purchase orders and requests for payment (RFPs). The purchase order policy dictates what goods and services require a completed requisition in order to be purchased, and the various requirements associated with each payment threshold. Requests for payment are

alternately used in situations when a requisition or purchase order are not appropriate—such as the acquisition of museum artifacts that, by definition, are unique and should not be subject to a competitive bidding process. The City of Riverside Administrative Manual Policy 07.006.00 details what items are eligible to be purchased via request for payment, listed below.

- Collection agency commissions
- Debt-related payments
- Insurance Premiums
- Library Books
- Membership/Subscriptions
- Software maintenance/license renewals (not new purchases)
- Postage
- Conference & Travel-related
- Museum artifacts
- Legal Settlement/Insurance Claim
- Payroll-related
- Payment to government agency
- Utility Provider
- Assessments
- Recreation service provider
- Temporary agency staffing
- Advertising
- Customer refunds/utility rebates
- Tax sharing agreement

These uses are typically allowable because they are often not subject to competitive bidding, are unexpected, time-sensitive, or confidential in nature. It is important to recognize, however, that the use of RFPs should be minimized because they undergo less approval oversight and are not limited by a cumulative dollar amount. While many of the items on this list are appropriate for special and only occasional payments, others are regular and expected expenses that should be tracked and subject to limitations. The following table

shows expenses currently allowable by RFP, the justification for that exemption, and the issue that makes that exemption problematic or unnecessary.

Expense Category	Exemption	Issue
Insurance Premiums	Fixed Service: Only one source, for which a fixed charge has been determined.	A contract should exist for all insurance services. Premiums are a set, predictable expense occurring at regular intervals. RFPs should only be allowable in emergency situations.
Software maintenance/license renewals	Does not apply to new software.	License renewals are known and predictable expenses. Software that requires license updates and maintenance should be subject to a not-to-exceed amount.
Recreation service providers	Fixed service: items for which a single source has been deemed appropriate for a broad category of purchases	Contracts and/or not-to-exceed amounts should be established for the provision of this service.
Temporary staffing agency	Fixed service: items for which a single source has been deemed appropriate for a broad category of purchases	Contracts and/or not-to-exceed amounts should be established for the provision of this service.

As shown in the table above, there are categories of expenses currently allowable by RFP that are problematic. Insurance premiums and software licenses are predictable expenses that are typically fixed, and are therefore well suited to the purchase order process. Recreation providers and temporary staffing agencies, while not necessarily appropriate for competitive bidding, should at least be subject to a contract with a not-to-exceed amount established in a requisition. The City of Riverside should undertake an overall effort to reduce the number of RFPs issued. As fewer categories of RFP are allowed, scrutiny

over what is allowable will increase, thereby increasing financial oversight of this payment form.

***Recommendation 4.1 – The Finance Department should further revise its policy to allow fewer categories of expenses eligible for Request for Payments (RFP). The categories eligible for Request for Payments should be periodically reevaluated and reduced as appropriate.***

### **(3) Workers' Compensation Checks**

The Accounts Payable Division is responsible for issuing all checks payable by the City, including Workers' Compensation checks. These include checks made to individuals and medical vendors, such as doctors, clinics, and pharmacies. Many of these vendors are repeated payees, receiving a batch of checks every check run.

While Accounts Payable is able to issue electronic transfers to some of these vendors, the majority of them receive paper checks. Vendors who receive electronic payments receive a combined lump sum for all of the patients that they treat, for example, a doctor will receive one payment for treating three different eligible patients. With checks, however, an individual check is cut for each patient. So for that same doctor receiving paper checks, three checks would have to be printed. This process is problematic due to the combined expense of using paper process, combined with issuing multiple checks to the same payee.

If it is appropriate to combine payments when issuing an electronic payment, it should be similarly allowable to combine those payments on paper check. In cases where a Workers' Compensation is invalid, that amount could be submitted to Accounts Receivable as an amount due to the city. As these medical providers are known and repeat vendors, there is little relatively little risk of non-payment. This recommendation

has also been made in the separate Human Resources Audit conducted by Matrix Consulting Group.

***Recommendation 4.2 – Accounts Payable should work to (1) increase the number of vendors utilizing electronic payment and (2) develop a process for combining multiple checks to vendors. Finance should consider a policy mandate requiring electronic payment for repeat vendors.***

## **5. ANALYSIS OF TREASURY**

The Treasury Division acts as the safeguard of the City's assets. The Division accepts payments made to the city, cuts checks to send out, and invests its assets according to City Policy. The Treasury has seven FTE staff, not including the Assistant Controller, who also oversees the Accounting Divisions.

### **(1) Register Operation**

Employees in the Treasury Department conduct face-to-face transactions with the public from three cash drawers. Each cash drawer is stocked with \$1,000 at the start of each day. Employees accept cash payments and make change from the drawers. At the end of the day, the drawers are counted and any amount above \$1,000 is taken out and deposited.

Treasury Staff reports that as the drawers are used mainly for making change; as such, it is uncommon that the amount will drop below \$1,000 in the drawer, and rare that the drawer needs a restocking of cash. When this does occur, it is usually due to a City Employee withdrawing a petty cash advance for upcoming expenses. The Treasury typically does not see multiple petty cash advances in one day.

Given these circumstances, it is unnecessary to stock each register with \$1,000 at the start of each day. The primary use of cash in the drawer is making change for transactions, and \$500 of various denominations would be adequate for this purpose.

Petty cash withdrawals are relatively uncommon, and could be handled by the Revenue Specialist or Lead Revenue Representative who has increased access to additional cash. While Matrix Consulting Group noted no irregularities in this regard, reducing the exposure of cash assets is a best practice.

In addition, while not observed by project team staff, there is no strict enforcement against the sharing of drawers between Treasury employees. It is an industry best-practice that drawers are never shared between employees. A policy to this effect should be codified and enforced.

***Recommendation 5.1 – Reduce the starting cash amount in each register drawer to \$500 dollars.***

***Recommendation 5.2 – Restrict petty cash transactions to only the Revenue Specialist or Lead Revenue Representative, who have increased access to the cash necessary to complete this transaction.***

***Recommendation 5.3 – Codify and enforce a formal policy that cash drawers are never shared between staff.***

## **6. PURCHASING AND RISK MANAGEMENT**

Purchasing is responsible for procuring required goods and services for City departments in a timely manner and at fair and reasonable prices. The City operates under a centralized purchasing division established and is staffed with professional Procurement & Contract Specialists who are assigned specific commodities to purchase. Risk Management is responsible for administrative oversight of all liability claims filed against the City as well as the procurement and administration of commercially purchased insurance. The budget relationship between departments and Purchasing follows.

## **(1) Procurement - Request for Payments**

The City operates under a centralized purchasing division established by Riverside's City Charter, and is staffed with professional Procurement & Contract Specialists who are assigned specific commodities to purchase. The City's purchasing policy states the following:

- Purchases for items of small value (under \$2,500) are made utilizing techniques such as telephone quotations.
- Written informal quotations are used for purchases of goods and services of \$2,500 or more, up to and including \$50,000.
- Formal bids procedures are required when the procurement is estimated to exceed \$50,000 for goods and services and public works projects.

For formal competitive bids, the requesting department prepares bid specifications and submits them with a purchase requisition to Purchasing along with a list of potential bidders. Purchasing does the following:

- Reviews and approves bid specifications with originating department, City Attorney and Public Works as required.
- Pre-encumbers necessary funds, prepares bid packages, publishes the "Notice Inviting Sealed Bids" on the City's website and in Trade Publications in the City and indicates bid bond requirements.
- Forwards bid specifications to businesses on the bidders list maintained by the department.
- Opens and discloses bids in a public forum at the specified bid opening time, evaluates bids with originating department and prepares Bid Award Recommendation Form recommending bid award or rejection and forwards with original bids to Finance Director.

The originating department then prepares the City Council report for award of bid with bid award recommendation form attached. The City Manager approves staff report for consideration by City Council. Once City Council authorizes, City Attorney prepares

and approves contract, has City Manager sign off and forwards contract to City Clerk who attests the contract. Purchasing then processes the purchase order. In addition, the City utilizes Request for Payment (RFP) separate from the Purchase Order process. The RFP form is utilized to obtain authorization for payments for services exempt from the PO requirement. City policy highlights a number of situations where one can use an RFP, a listing is shown in the Accounts Payable section.

The use of RFPs is not limited by a dollar amount. Typically, most purchases should be generated through the use of a Purchase Order with exceptions to emergencies, sole source and/or utilizing a cooperative purchase agreement. For those other than, Debt-related payments, insurance premiums, and legal settlement/insurance claim, the City should require the use of a Purchase Order and thus limiting the number and dollar value of purchases that do not go through the full procurement process.

Along with a greater use of Purchase Orders, the City should review its existing procurement thresholds. A review of other similar cities suggests that the following levels be utilized:

- Purchases for items of under \$5,000 are made utilizing informal techniques such as telephone quotations, internet, or fax.
- Written informal quotations are used for purchases of goods and services of \$5,000 or more, up to and including \$75,000.
- Formal bids procedures are required when the procurement is estimated to exceed \$75,000 for goods and services and public works projects.

In addition, the Division of Purchasing has final responsibility for specifications issued as part of formal Invitation to Bids or Request for Proposals. Typically, the

specification originates with the requesting department, however, the Division of Purchasing reviews the specifications for suitability and competitiveness. Some departments may have the view that they are authorized to spend to the limits of their budgets and should be able to buy whatever product or service they prefer. Purchasing should have a greater emphasis on the review of bid specifications along with the City Attorney's Office on the appropriateness of specs prepared by departments.

***Recommendation 6.1 – Purchasing should require the use of a Purchase Order with exceptions to emergencies, sole source and/or utilizing a cooperative purchase agreement limiting the use of Request for Payments to those for outlined in the policy criteria.***

***Recommendation 6.2 – Purchasing should update and increase its procurement thresholds for the purchase of good, services and public works projects.***

***Recommendation 6.3 – With the addition of a new position, Purchasing should have a greater emphasis on the review of bid specifications provided to them by departments where they can determine the appropriateness of the specs.***

## **(2) Contracts**

Departments have the ability to execute contracts without going through Purchasing. For example, if the City Attorney's Office wants to hire a person/firm via a contractual arrangement, Purchasing is not involved. As a result, all contracts are not reviewed for appropriate insurance coverage, nor are they uploaded to SPL. The City thus does not have central repository for reference of contract documents.

In addition, the City should not engage in evergreen contracts which is a contract provision that automatically renews the length of the agreement after a predetermined period, unless notice for termination is given. Evergreens are often used for long term agreements such as memberships or maintenance contracts. When services are put out to bid they should be for a specified time period only. By not entering into this type

of arrangement, the City can take advantage of downward pricing pressures and have the ability to change terms of the relationship via the bid process.

***Recommendation 6.4 – Purchasing should review all contracts especially in relation to insurance requirements thus ensuring all contracts are uploaded to SPL for review and reference.***

***Recommendation 6.5 – Purchasing should routinely put services out to bid and not utilize evergreen contracts which may limit downward changes in pricing opportunities.***

### **(3) Vendor Performance**

Purchasing does not officially evaluate nor track vendor performance. While the City is aware of issues with certain vendors regarding services/performance, no action is taken to preclude them from doing future business with the City. There are many ways to rate vendors/contractors performance including utilizing evaluation forms, surveys, system metrics, and software applications. Purchasing should generate survey forms for employees to rate vendors/contractors in order to better understand their service and competency. Survey questions should include how many corrective actions needed to be taken, how many products had to be returned because the supplier or vendor failed to meet specifications, how many complaints you received due to a bad part or service from a vendor/contractor and other areas related to performance. Underperforming vendors/contractors should be precluded from doing business with the City. The City should consider the use of language in RFPs that prior work will be considered, and solicit input from internal staff before awarding contracts.

***Recommendation 6.6 - The City should establish a formal vendor performance evaluation process to mitigate risks posed by known problem vendors. Vendor debarment is a core contracting process to safeguard the City from known problem vendors who pose financial, legal and material risks to the City. Consider the use of language in RFOs that prior work will be considered.***

#### **(4) Staffing**

Purchasing has four buyers for the entire City which includes the Purchasing and Risk Manager. A review of the following comparable cities shows that the Riverside has the second lowest level of staff per 1,000 employees with most cities having double or more staffing ratio. Santa Ana processed approximately one third less purchase orders than Riverside yet has almost double the staff ratio.

Jurisdiction	# of Purchasing Staff	# of FTE	Purchasing Staff / 1,000 FTE
Long Beach	6	5,236.05	1.15
Riverside	4	2,503.04	1.60
Bakersfield	3	1,533.00	1.96
Irvine	4	1,500.00	2.67
Chula Vista	3	965.25	3.11
Anaheim	6	1,915.00	3.13
Stockton	7	1,539.00	4.54
Santa Ana	7	1,107.00	6.32

With a greater emphasis on processing Purchase Orders, reviewing all contracts, developing and monitoring a vendor evaluation system, an additional staff member appears to be warranted.

***Recommendation 6.7 – Given the staffing ratio comparison and the recommended procurement changes, one full-time buyer position should be added to the Purchasing Division.***

#### **7. RISK MANAGEMENT.**

Risk handles all claims filed against the City however, the City Controller is responsible for pursuing claims when City property/equipment is damaged, thus bifurcating claims processing. All claims against the City are handled in conjunction with a contracted vendor who utilizes a claims management system. However, Risk Management does not have software to track claims handled internally (principally claims the City files against others) and relies on PDF files, manual logs, and verbal

inquiries. As such, Risk Management has limited internal functionality to easily access information on how long claims have been outstanding, the cost and status of claims, etc. The City should work with the outside vendor to develop appropriate reports that are provided to Risk Management staff, and shared with executive management, on a monthly basis for all claims held by the vendor. Additionally, the City should implement some level of automation to increase the handling of claims processed and handled internally. This could be accomplished through the acquisition of a claims tracking software that manages claims and enables periodic reporting on claims handled by the City.

***Recommendation 7.1 – Risk Management should work with the outside vendor to develop more useful and timely reports regarding claims against the City. Additionally, the City should consider automation of the internal claims handling process to better track outstanding claims that the City has filed against others to enhance claims management and enable regular reporting of claim status.***

## **8. FINANCIAL COMPLIANCE**

The Matrix Consulting Group performed an audit of financial transactions handled by the Finance Department, including requests for payment, purchase orders, wire transactions, accounts receivable, collections, and purchase orders in Fiscal Years 2012-13 through 2014-15. Matrix also reviewed legal payments performed by the city and legal agreements utilized by the city in Fiscal Years 2012-13 through 2014-15. The detailed transaction review of this compliance audit is attached in Appendices A-E.

The compliance review found no major irregularities in financial transactions, and what errors were noted were minor deviations from established policy. Where irregularities were noted, they are described in the sections below. With regard to legal payments, minor irregularities were also noted. With legal agreements, however, the

city was unable to provide agreements with a significant number of legal service providers, which is discussed below.

**(1) Requests for Payment and Purchase Order Payments**

The compliance audit reviewed 16 requests for payments and purchase order payments for each fiscal year, totaling 48 accounts payable over three years. The review found 91.7% compliance over the three-year period and 100% compliance in the most recent year. Where the review found problems, they were either a missing cover sheet or an approval signature. The review of these transactions found these errors to be immaterial.

**(2) Wire Payments**

The review of wire payments reviewed a total of 18 wire payments over fiscal years 2012-13, 2013-14, and 2014-15. The review found two irregularities. In the most recent fiscal year, the error was a missing date accompanying a valid signature. In FY 2012-13 there was no documentation of a required signature.

**(3) Accounts Receivable**

The compliance review audited 10 accounts receivable for each fiscal year, totaling 30 accounts receivable. The review found no failure to collect or refer to collections. The review further reviewed a sample of five accounts referred to collections, and found that they were all properly referred.

The only minor issue identified was the failure to charge a late fee on some accounts that were paid after the due date. However, accounts that were not charged a late fee due to an agreement would not have been documented.

**(4) Purchase Orders**

The compliance review audited 20 purchase orders in each fiscal year from 2012 to 2015. The audit found no irregularities and a 100% compliance rate.

**(5) Legal Payments and Legal Documentation**

The project team audited a sample of legal payments made by the City of Riverside and reviewed the sample for two components: proper approval documentation for payment and a standing agreement or contract with the city for legal services.

The compliance review of legal payments audited 34 legal payments from fiscal year 2012-13 and 35 payments for each fiscal year 2013-14 and 2014-15, totaling 104 legal payments. The audit found a total pass rate for payments over this period at 96.2%. The audit noted four examples over the three Fiscal Years audited of a missing signature on Request for Payment documentation. For example, a payment above \$25,000 approved without the signature of the City Manager. In the instances requiring City Manager approval, the payments did have the signature of staff in Finance with appropriate spending authority. There was no evidence of City Manager approval, however, as required by City Policy 07.006.00. The audit found these errors to be problematic but not systemic. Given the recommendations of this report to discourage the use of RFPs overall, this problem should become less common moving forward.

The compliance review also audited the legal agreements that the sample of payments were made under, such as a contract for services. The audit found that a significant number of payments were made with inadequate or unable-to-locate documentation. Out of the 104 payments made, the City was unable to provide legal documentation for 27 of the payments, for a pass rate of 74.0%. The fiscal year with the

worst compliance rate was 2014-15, where only 62.9% of payments had documentation of an agreement with the City of Riverside.

The City has explained that there are a number of situations in which an agreement would not be required. For example, firms added to Tort Panels are added under City Council authority (payments associated with these firms have been marked “Pass” despite having no agreement, for purposes of this audit). In addition, payments made to court reporters or translators for legal-related services have not, in the past, required ongoing agreements with those entities (these payments have been marked as “N/A”). As recommended in this report, it is a best practice to make all payments, where possible, under a requisition with purchase orders.

The entire group of 27 payments made with inadequate legal agreements came from four firms, as noted in the following detailed payments matrix. The reasons for inadequate documentation were either lack of contract or council approval, an old or outdated contract, or a contract that was dated later than the payments made. The project team noted that the payments with inadequate agreement documentation did not appear to be in violation of policy, but were rather the result of lax policy and/or inadequate record keeping. There should be always be contracts with these firms to ensure that services are fairly priced and the city is operating transparently.

Many modifications in processes have been implemented to prevent the previous approach from recurring in the future, including requiring statements of work and enhanced review of contracts. With the implementation of other recommended changes in procurement and accounts payables, the ability to overpay, or pay without proper documentation, will be eliminated.

### **Appendix A: Accounts Payable (RFP and PO) Compliance Audit**

Request for Payment (FY 2014-15)											
ID	Number	Status	Date	Amount	PE ID	Type	Cover Sheet with Dept Approval	Correct Authority Level	Invoice & Cover Sheet match	Comments	Pass
GC	00874969	CX	1/30/15	\$3,770.00	WC140241	Request for Payment	N/A	N/A	N/A	Worker's Comp - Cleared with HR	Yes
EP	20046739	CX	4/24/15	\$621.00	WC090293	Request for Payment	N/A	N/A	N/A	Worker's Comp - Cleared with HR	Yes
GC	00864465	CX	7/11/14	\$1,391.76	WC120187	Request for Payment	N/A	N/A	N/A	Worker's Comp - Cleared with HR	Yes
GC	00865276	CX	7/25/14	\$1,391.76	WC120187	Request for Payment	N/A	N/A	N/A	Worker's Comp - Cleared with HR	Yes
GC	00879093	CX	4/17/15	\$16,637.00	T095314	Request for Payment	Yes	Yes	Yes		Yes
GC	00875631	CX	2/13/15	\$346,600.00	V004121	Request for Payment	Yes	Yes	Yes		Yes

Purchase Order (FY 2014-15)											
ID	Number	Status	Date	Amount	PE ID	Type	Invoice Included with Dept Approval	PO Exists in IFAS	Goods Received	Account Matches PO	Pass
EP	20044391	CX	12/12/14	\$8,974.00	0019025	PO - 152209	Yes	Yes		Yes	Yes
EP	20042652	CX	8/22/14	\$9,680.00	0010831	PO - 150941	Yes	Yes		Yes	Yes
EP	20044404	CX	12/12/14	\$169,293.89	0020660	PO's - Multiple	Yes	Yes		Yes	Yes
EP	20045499	CX	2/13/15	\$302,313.75	0020047	PO - 152651	Yes	Yes		Yes	Yes
GC	00877796	CX	3/27/15	\$2,068.00	0017103	PO - 150875	Yes	Yes		Yes	Yes
EP	20041869	CX	7/3/14	\$38,087.28	0010410	PO's - Multiple	Yes	Yes		Yes	Yes
GC	00874656	CX	1/23/15	\$26,819.61	0004077	PO - 150093	Yes	Yes		Yes	Yes
EP	20045827	CX	2/27/15	\$34,650.34	0013507	PO - 151224	Yes	Yes		Yes	Yes
EP	20045331	CX	1/30/15	\$519,656.36	0018932	PO's - Multiple - 144432	Yes	Yes		Yes	Yes
GC	00865273	CX	7/25/14	\$128,714.40	0012616	PO - 144884	Yes	Yes		Yes	Yes

Request for Payment (FY 2013-14)											
ID	Number	Status	Date	Amount	PE ID	Type	Cover Sheet with Dept Approval	Correct Authority Level	Invoice & Cover sheet match	Comments	Pass
EP	20041557	CX	6/13/14	\$9,979.50	0001345	Request for Payment	N/A			Electronic Payroll receipt	Yes
GC	00846501	CX	8/16/13	\$500.00	V003727	Request for Payment	Yes	Yes	Yes		Yes
GC	00846570	CX	8/16/13	\$4,500.00	W002858	Request for Payment	N/A	N/A	N/A	Worker's Comp - Cleared with HR	Yes
GC	00846682	CX	8/23/13	\$32,098.00	V001210	Request for Payment	Yes	Yes	Yes		Yes
GC	00853505	CX	12/20/13	\$14,000.00	T085476	Request for Payment	Yes	Yes	Yes		Yes
GC	00862704	CX	6/13/14	\$70,000.00	V002950	Request for Payment	Yes	Yes	Yes		Yes
GC	00863026	CX	6/20/14	\$2,494.80	V003995	Request for Payment	Yes	Yes	Yes		Yes
GC	00863241	CX	6/20/14	\$495,519.60	V003413	Request for Payment	Yes	Yes	Yes		Yes
GC	00862694	CX	6/13/14	\$900.00	0007159	Request for Payment	Yes	Yes	Yes		Yes
EP	20038005	CX	11/27/13	\$146.88	WC00000100-L	Request for Payment	No			Electronic payment cover sheet only	No
EP	20039715	CX	2/28/14	\$1,474.54	WB010002121	Request for Payment	No			Electronic payment cover sheet only	No

Purchase Order (FY 2013-14)											
ID	Number	Status	Date	Amount	PE ID	Type	Invoice Included with Dept Approval	PO Exists in IFAS	Goods Received	Account Matches PO	Pass
EP	20037486	CX	11/1/13	\$26,900.64	0002404	PO - 141201	Yes	Yes		Yes	Yes
EP	20040745	CX	4/25/14	\$11,025.00	V000571	PO -141842	Yes	Yes		Yes	Yes
EP	20041243	CX	5/30/14	\$67,226.80	0019371	PO's - Multiple	Yes	Yes		Yes	Yes
EP	20041447	CX	6/6/14	\$759.06	0001905	PO -143849	Yes	Yes		Yes	Yes
GC	00853736	CX	12/27/13	\$43,702.54	0020157	PO -141108	Yes	Yes		Yes	Yes

Request for Payment (FY 2012-13)											
ID	Number	Status	Date	Amount	PE ID	Type	Cover Sheet with Dept Approval	Correct Authority Level	Invoice & Cover sheet match	Comments	Pass
GC	00822863	RV	7/3/12	2,640.00	V003299	Request for Payment	Yes	Yes	Yes	Check voided	Yes
GC	00831108	CX	11/16/12	24,367.04	V000268	Request for Payment	N/A	Yes	Yes	Signed batch report	Yes
GC	00831110	CX	11/16/12	700.00	T079411	Request for Payment	Yes	Yes	Yes		Yes
GC	00831866	CX	12/7/12	22,984.50	0000782	Request for Payment	Yes	Yes	Yes		Yes
GC	00837084	CX	3/8/13	6,000.00	T049099	Request for Payment	Yes	Yes	Yes	Electronic workflow	Yes
GC	00843336	CX	6/28/13	2,313.73	W002263	Request for Payment	N/A	N/A	N/A	Worker's Comp - Cleared with HR	Yes
EP	20033148	CX	2/22/13	405.00	V002217	Request for Payment	Yes	Yes	Yes		Yes
GC	00836322	CX	2/22/13	529.00	WC100040	Request for Payment	N/A	N/A	N/A	Worker's Comp - Cleared with HR	Yes
GC	10000201	CX	12/31/12	287,245.45	V002549	Request for Payment	Yes	Yes		Wire Transfer	Yes
GC	10000202	CX	12/31/12	287,159.76	V002549	Request for Payment	Yes	Yes		Wire Transfer	Yes
GC	00839211	CX	4/12/13	120,626.19	0003307	Request for Payment	Yes	Yes	Yes		Yes

Purchase Order (FY 2012-13)										
ID	Number	Status	Date	Amount	PE ID	Type	Invoice Included with Dept Approval	PO Exists in IFAS	Account Matches PO	Pass
GC	00831914	CX	12/7/12	486.98	0007028	PO -130586	Yes	Yes	Yes	Yes
GC	00831984	CX	12/7/12	13,433.04	0020204	PO - 125088	Yes	Yes	Yes	Yes
EP	20033337	CX	3/8/13	11,180.70	0018194	PO's - Multiple	Yes	Yes	Yes	Yes
GC	00837009	CX	3/8/13	361,360.46	0013326	PO -133209	Yes	Yes	Yes	Yes
GC	00825378	CX	8/10/12	4,989.46	0000677	PO's - Multiple	Yes	Yes	Yes	Yes

Year	Pass Rate
2014-15	100.0%
2013-14	87.5%
2012-13	100.0%
<b>Total</b>	<b>95.8%</b>

### **Appendix B: Accounts Payable (Wire Transfer) Compliance Audit**

<b>FY 2014-15</b>								
PE ID	Date	Ref Amt	Dist Amt	Ref	Wire transfer request w/ Departmental Approval	Backup/Supporting Documents Included	Approval by Controller or Director	Pass
0001624	7/31/14	\$945,909.17	\$614,640.00	PUA 7875	Yes	Yes	Yes	Yes
0011827	8/29/14	\$37,688.81	\$37,688.81	100000014351590	Yes	Yes	Yes	Yes
0000175	9/2/14	\$308,664.39	\$308,664.39	B3161	Yes	Yes	Yes	Yes
0009679	3/24/15	\$4,500.00	\$4,500.00	KS435	Yes	Certificate of Delivery signed not dated	Yes	No
V000781	4/17/15	\$87,771.62	\$87,771.62	PPE 04/09/15	Yes	Yes	Yes	Yes
0008929	6/30/15	\$5,350.00	\$5,350.00	FA1088	Yes	Yes	Yes	Yes
<b>FY 2013-14</b>								
V002992	8/9/13	\$10,258.40	\$5,129.20	PPE 08/01/13	Yes	Yes	Yes	Yes
750	10/18/13	\$159,586.99	\$709.23	PPE 10/10/13	Yes	Yes	Yes	Yes
175	11/27/13	\$5,761,258.15	\$5,665,839.85	PAYROLL 11/27/13	Yes	Yes	Yes	Yes
V003820	3/6/14	\$208,768.37	\$208,768.37	B3079	Yes	Yes	Yes	Yes
852	3/7/14	\$161,373.19	\$142,161.97	PPE 02/27/2014	Yes	Yes	Yes	Yes
V003562	6/26/14	\$169,573.30	\$169,680.41	PUA 7821	Yes	Yes	Yes	Yes

FY 2012-13									
					Yes	No	No Finance Signature or Date	No	
V002310	7/3/12	\$1,917.46	\$1,917.46	BT-033A	Yes	No	No Finance Signature or Date	No	
2448	12/26/12	\$192,380.99	\$228,810.11	PUA 6950	Yes	Yes	Yes	Yes	
1386	2/8/13	\$518,287.02	\$518,287.02	AN-318	Yes	Yes	Yes	Yes	
1346	3/28/13	\$1,114,177.52	\$1,439.64	PPE: 03/14/13	Yes	Yes	Yes	Yes	
V003562	3/29/13	\$57,822.50	\$57,822.50	PUA 7110	Yes	Yes	Yes	Yes	
1324	5/30/13	\$20,000.00	\$20,000.00	PUA 7221	Yes	Yes	Yes	Yes	

Year	Pass Rate
2014-15	83.3%
2013-14	100.0%
2012-13	83.3%
<b>Total</b>	<b>88.9%</b>

### Appendix C: Accounts Receivable Compliance Audit

FY 2014-15								
GL/JL Keys Match Doc.	Orig. Amount	AR Reference	AR Batch	AR Job	Bill Date	Due Date	Invoice Attached	Outcome
Yes	\$847.93	223202	A5JP128A	3137188	1/28/15	2/28/15	Yes	Paid in full 2/26/15
Yes	\$628.70	220231	AIRPORT814	3001116	8/15/14	9/1/14	Yes	Paid in full 8/19/14
Yes	\$156.15	221258	A5JPA14A	3053414	10/14/14	11/13/14	Yes	paid in full 10/29/14
Yes	\$491.78	224847	AIRPORT415	3202289	4/15/15	5/1/15	Yes	Paid in full 5/28/15; Late fee charged
Yes	\$(9.71)	215987	A5KS918B	3034042	11/14/13	11/27/13	Yes	Special Case; Reviewed and pass
Yes	\$1,296.71	221385	FIRSTB14	3069576	11/1/14	12/1/14	Yes	Paid in full 11/18/14
Yes	\$10,618.38	224688	A5MM401A	3193368	4/1/15	5/1/15	Yes	Paid in full 4/17/15
Yes	\$(350.00)	201056	A5KSC16A	3104091			Yes	Referred to collections 12/15/14
Yes	\$479.00	221789	A5JPB21A	3087383	11/21/14	12/20/14	Yes	Paid late 3/16/15; No late fee charged
Yes	\$10,618.38	225100	A5MM501A	3218791	5/1/15	6/1/15	Yes	Paid in full 5/19/15
FY 2013-14								
GL/JL Keys Match Doc.	Orig. Amount	AR Reference	AR Batch	AR Job	Bill Date	Due Date	Invoice Attached	Outcome
Yes	1522.67	220018	A5JP722B	2977876	6/30/14	8/21/14	Yes	Paid in full 12/30/14; Settlement
Yes	738.90	216225	A4JPC10B	2775648	12/10/13	1/13/14	Yes	Paid in full 12/17/13
Yes	79.40	214255	A4JP806A	2662482	8/6/13	9/5/13	Yes	Paid in full 8/7/13
Yes	150.00	217479	AIRPORT214	2829814	2/15/14	3/1/14	Yes	Paid in full 2/25/2014
Yes	400.00	217891	A4JP311A	2853831	3/11/14	4/10/14	Yes	Paid in full 4/8/14
Yes	1184.22	218856	A4JP507B	2909507	5/7/14	6/6/14	Yes	Paid in full 8/7/14; No late fee charged
Yes	14.72	215306	A4MMA08A	2725971	10/8/13	10/22/13	Yes	Paid in full 10/22/2013
Yes	11045.29	219668	A5JP701A	2955404	6/30/14	7/31/14	Yes	Paid in full 7/23/14
Yes	1983.46	219335	A4JP611A	2936959	6/11/14	7/10/14	Yes	Paid in full 7/16/14; No late fee charged
Yes	-42.77	216535	A4KS206C	2825772			Yes	Cancelled charge

FY 2012-13								
GL/JL Keys Match Doc.	Orig. Amount	AR Reference	AR Batch	AR Job	Bill Date	Due Date	Invoice Attached	Outcome
Yes	-887.00	207346	A3KS731C	2300467	7/31/12	8/30/12	Yes	Special case - Reviewed and Pass
Yes	1000.00	208916	AIRPORTA12	2382253	10/15/12	11/1/12	Yes	Paid in full 11/1/2012
Yes	2500.00	211156	AIRPORT213	2492648	2/15/13	3/1/13	Yes	Paid in full 3/6/2013
Yes	1267.50	212153	A3MM410A	2542923	4/10/13	5/9/13	Yes	Paid in full 5/17/13
Yes	171.03	212054	A3MM402A	2534980	4/1/13	5/1/13	Yes	Paid in full 4/25/2013
Yes	7322.59	207371	A3MM801A	2300834	8/1/12	8/30/12	Yes	Paid in full 8/14/2012
Yes	422.23	213409	AIRPORT613	2599973	6/15/13	7/1/13	Yes	Paid in full 6/19/2013
Yes	62.00	209044	A3JPA18B	2386038	10/18/12	11/17/12	Yes	Paid in full 11/29/12
Yes	92.00	211775	A3JP313A	2517003	3/13/13	4/12/13	Yes	Paid in full 4/26/2013
Yes	1638.00	213348	AIRPORT613	2599973	6/15/13	7/1/13	Yes	Paid in full 7/1/2013

### Appendix D: Purchase Order Compliance Audit

Dollar Value	Requirements
Under \$2,500	Telephone quotations
\$2,500+ to \$50,000	Written informal quotes
\$50,000 +	Formal Bid Process. Must be lowest responsible bid.
Emergency Purchase	Telephone quotations, or sole source may be utilized

2014-15								
Purchase Order Number	Creation Date	Vendor ID	Description of Purchase	Amount	Under \$2,500	\$2,500+ to \$50,000	\$50,000 and above	Proper Documentation
150048	7/1/14	4210	Automotive brakes, miscellaneous parts	\$49,999.00		X		Yes
150158	6/8/15	16519	Electrical services and goods for various city buildings	\$25,000.00		X		Yes
150296	4/10/15	17313	Pest control services	\$10,150.00		X		Yes
150455	6/22/15	21149	Uniforms and accessories for Police Department	\$152,210.30			X	Yes
150676	7/1/14	4215	Recap tires for fleet management	\$152,102.26			X	Yes
150713	7/8/14	1612	Monthly pest control services	\$2,100.00	X			Yes
150875	3/20/15	17103	Prescription safety glasses	\$27,000.00		X		Yes
151264	7/29/14	18162	Cement lining for fire hydrants	\$19,937.89		X		Yes
151348	7/1/14	16973	Annual maintenance contract for computer printer	\$1,726.00	X			Yes
151413	7/1/14	19852	General contracting services for Housing Division	\$24,999.00		X		Yes
151506	7/1/14	13938	Antenna cable for Rre-Whip	\$663.12	X			Yes
151587	7/14/14	20135	Wood poles	\$47,906.64		X		Yes
151688	7/23/14	20250	Fire resistive duct material including escape rope	\$6,232.00		X		Yes
151736	9/30/14	20497	Install permanent trench replacement for	\$81,987.69			X	Yes

2014-15								
Purchase Order Number	Creation Date	Vendor ID	Description of Purchase	Amount	Under \$2,500	\$2,500+ to \$50,000	\$50,000 and above	Proper Documentation
			water main					
151861	8/7/14	21294	Conduit installation	\$47,004.00		X		Yes
151923	12/23/14	20733	PowerBase Version 7 System License	\$80,634.50			X	Yes
151980	8/22/14	19417	Agreement for the use of Emergency Solutions Grant Funds	\$68,705.35			X	Yes
152077	11/6/14	18120	Asbestos abatement	\$2,500.00	X			Yes
152185	9/18/14	20599	In-ground lift	\$103,498.00			X	Yes
152406	10/10/14	8853	Digital portable radios	\$26,962.20	X			Yes

2013-14									
Purchase Order Number	Creation Date	Vendor ID	Description of Purchase	Amount	Under \$2,500	\$2,500+ to \$50,000	\$50,000 and above	Proper Documentation	
142806	11/7/13	679	Fire Department vehicles	\$179,454.02			X	Yes	
142295	9/25/14	17921	Landscape and general maintenance services	\$123,939.74			X	Yes	
144439	8/13/14	17662	Conduit repairs	\$72,795.00			X	Yes	
143091	12/13/13	18600	Table stands and kitchen supplies	\$59,326.56			X	Yes	
142796	11/7/13	15277	Computer equipment	\$54,163.49			X	Yes	
140274	4/8/14	2195	Traffic paint products	\$51,096.33			X	Yes	
143182	12/19/13	17340	Storm damage grading repairs	\$47,590.00		X		Yes	
144412	5/1/14	15255	Mobile radios and related equipment	\$38,698.08		X		Yes	
144161	9/15/15	18172	Architectural services for Transportation Admin bldg	\$31,945.00		X		Yes	
141779	7/24/13	20101	Server support warranty	\$26,677.38		X		Yes	
141797	7/26/13	20949	Ethernet equipment	\$24,842.16		X		Yes	
140940	7/1/13	4655	Special events t-shirts and jerseys	\$23,255.10		X		Yes	
140875	6/30/14	17103	Prescription safety glasses	\$20,141.00		X		Yes	
141072	7/1/13	16622	Preventative on-call maintenance services for mail inserter	\$16,080.00		X		Yes	
140209	7/1/13	19418	Security system maintenance contract	\$13,400.00		X		Yes	
140672	7/1/13	18381	Installation of window film/tinting	\$8,000.00		X		Yes	
142631	10/21/13	18460	Repair and alterations to USAR Office area	\$5,100.00		X		Yes	
142940	11/25/13	20062	Brochure bill inserts	\$2,370.60	X			Yes	
143934	3/19/14	14468	Fence repair	\$2,144.00	X			Yes	
142718	10/29/13	1935	Floor soap	\$1,211.56	X			Yes	

2012-13								
Purchase Order Number	Creation Date	Vendor ID	Description of Purchase	Amount	Under \$2,500	\$2,500+ to \$50,000	\$50,000 and above	Proper Documentation
130040	6/30/13	18799	Rentals of chairs and lights for festival	\$29,888.86		X		Yes
130093	4/29/13	4077	Maintenance, repairs, parts for PD helicopter	\$41,869.04		X		Yes
130167	6/24/13	10897	Parts & repairs for Scott Breathing Apparatus	\$18,893.17		X		Yes
130388	4/22/13	16519	Blanket PO for use during Festival of Lights	\$17,199.00		X		Yes
130522	1/30/14	14438	Goods and services for electrical facilities	\$117,052.50			X	Yes
130527	6/30/13	591	Misc. electronic parts for computer auto control system	\$4,316.57		X		Yes
130563	6/24/13	18973	Repair/maint of Fire Mobile Data Compu	\$279.50	X			Yes
130615	9/26/12	20897	Contract for monitoring fire alarm lines	\$1,541.00	X			Yes
130699	4/10/13	19568	Copier lease agreement	\$37,457.56		X		Yes
130734	6/30/13	14577	Waste transfer services agreement	\$133,753.33			X	Yes
130881	7/2/12	17887	Licensing software	\$25,216.70		X		Yes
130922	6/30/13	19055	Landfill gas collection monitoring/maintenance	\$101,651.22			X	Yes
131101	7/2/12	420	Police Dept. maintenance for radio equipment	\$47,760.00		X		Yes
131191	6/30/13	18463	Misc. auto parts	\$12,973.33		X		Yes
131389	7/25/13	16298	Electrical materials	\$3,514.66		X		Yes
131873	7/31/12	12325	Back and shoulder harnesses	\$1,171.78	X			Yes
131930	8/3/12	20842	Solar powered aeration devices	\$99,980.23			X	Yes
132098	8/28/12	20502	Ethernet access device	\$5,989.59		X		Yes
132606	11/27/12	20923	Furniture and accessories for Public Safety Comm. Center	\$282,471.61			X	Yes
132678	11/6/14	20414	Rehabilitation of Housing Authority residential units	\$83,116.00			X	Yes

### **Appendix E: Legal Payments and Agreements Audit**

<b>Invoice Number</b>	<b>Post Date</b>	<b>Description</b>	<b>Amount</b>	<b>Legal Contract (Date Signed)</b>	<b>Appropriate Approval Level</b>	<b>Invoice Match Amount</b>	<b>Comment</b>	<b>Approval/Invoice Audit Result</b>	<b>Legal Agreement Audit Result</b>
1388465	8/7/12	ARENT FOX LLP Legal Fees	61,811.70	11/22/11	Yes	Yes		PASS	PASS
57506	8/7/12	GREINES MARTIN Legal Fees	203.51	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
57502	8/14/12	GREINES MARTIN Legal Fees	1,373.49	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
1038034	8/14/12	LEWIS BRISBOIS Legal Fees	1,459.90	No documentation (outside counsel, tort panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
1036583 32	8/23/12	PATTON BOGGS LL Professional S	10,000.00	2/22/12	Yes	Yes		PASS	PASS
153612	9/5/12	LIEBERT CASSIDY Legal Fees	4,580.85	1/19/11	Yes	Yes		PASS	PASS
18- 105M15	9/5/12	ORROCK POPKA FO Legal Fees	1,720.50	No documentation (outside counsel, tort panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
684180	9/11/12	BEST BEST & KRI Professional S	607.50	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
147681	9/20/12	LIEBERT CASSIDY Outside Legal	270.00	1/19/11	Yes	Yes		PASS	PASS
684227	9/24/12	BEST BEST & KRI Outside Legal	1,710.00	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS

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<b>Invoice Number</b>	<b>Post Date</b>	<b>Description</b>	<b>Amount</b>	<b>Legal Contract (Date Signed)</b>	<b>Appropriate Approval Level</b>	<b>Invoice Match Amount</b>	<b>Comment</b>	<b>Approval/Invoice Audit Result</b>	<b>Legal Agreement Audit Result</b>
92822	9/25/12	DORIS PEREZ INT Legal Fees	400.00	Interpreter for witness	Yes	Yes		PASS	N/A
684777	10/17/12	BEST BEST & KRI Legal Fees	868.18	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
155384	10/17/12	LIEBERT CASSIDY Legal Fees	9,376.68	1/19/11	Yes	Yes		PASS	PASS
1037	10/17/12	ROTH CARNEY APC Legal Fees	5,966.90	No documentation (outside counsel, tort panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
1071	11/7/12	ROTH CARNEY APC Legal Fees	375.44	No documentation (outside counsel, tort panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
57808	11/13/12	GREINES MARTIN Legal Fees	6,715.91	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
1036986 6	11/28/12	PATTON BOOGS LL Professional S	10,000.00	2/22/12	Yes	Yes		PASS	PASS
689655	12/20/12	BEST BEST & KRI Legal Fees	29,965.00	8/8/2012; 1/30/2006	No (No City Manager Signature)	Yes	Greater than \$25,000	FAIL	PASS
690534	12/20/12	BEST BEST & KRI Legal Fees	2,033.97	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
8262	1/4/13	KERRY A BERG & Legal Fees	2,018.75	Expert witness	Yes	Yes		PASS	N/A
217938-002	2/15/13	GIBBS GIDEN LOC Professional S	344.75	3/8/09; 10/31/2005	Yes	Yes		PASS	PASS

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Invoice Number	Post Date	Description	Amount	Legal Contract (Date Signed)	Appropriate Approval Level	Invoice Match Amount	Comment	Approval/Invoice Audit Result	Legal Agreement Audit Result
1123104	2/20/13	LEWIS BRISBOIS Legal Fees	744.90	No documentation (outside counsel, tort panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
322664	2/20/13	MANNING & MARDE Legal Fees	164.70	No contract; City Council approval to add firm to panel dated 10/12/1999	Yes	Yes		PASS	FAIL
325084	2/20/13	MANNING & MARDE Legal Fees	1,878.50	No contract; City Council approval to add firm to panel dated 10/12/1999	Yes	Yes		PASS	FAIL
1001-117 113012	2/26/13	SMITH LAW OFFIC Legal Fees	390.50	No contract; only documentation is firm name on fee schedule.	Yes	Yes		PASS	FAIL
58085	2/27/13	GREINES MARTIN Legal Fees	26,504.91	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
327801	4/1/13	MANNING & MARDE Legal Fees	165.00	No contract; City Council approval to add firm to panel dated 10/12/1999	Yes	Yes		PASS	FAIL
161275	4/2/13	LIEBERT CASSIDY Legal Fees	9,996.00	1/19/11	Yes	Yes		PASS	PASS
218795-001	4/10/13	GIBBS GIDEN LOC Legal Fees	6,726.22	3/8/09; 10/31/2005	Yes	Yes		PASS	PASS
2530233	6/17/13	THOMPSON COBURN THOMPSON COBUR	5,829.86	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL

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Invoice Number	Post Date	Description	Amount	Legal Contract (Date Signed)	Appropriate Approval Level	Invoice Match Amount	Comment	Approval/Invoice Audit Result	Legal Agreement Audit Result
2530235	6/17/13	THOMPSON COBURN THOMPSON COBUR	358.53	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL
18-102M41	6/27/13	ORROCK POPKA FO Legal Fees	7,993.75	No documentation (outside counsel, tort panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
704323	6/30/13	BEST BEST & KRI Legal Fees	2,275.04	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
25384	6/30/13	COLANTUONO & LE Legal Fees	323.00	2/6/06	Yes	Yes		PASS	PASS
10393768	8/20/13	PATTON BOGGS LL Professional S	10,000.00	2/2/12	Yes	Yes	Possibly retainer fee.	PASS	PASS
A7050AA AB	8/27/13	ATKINSON BAKER Legal Fees	367.45	Deposition of parties	Yes	Yes		PASS	N/A
58508	8/27/13	GREINES MARTIN Legal Fees	67.84	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
1001-120 063013	8/27/13	SMITH LAW OFFIC Legal Fees	2,653.50	No contract; only documentation is firm name on fee schedule.	Yes	Yes		PASS	FAIL
166342	9/3/13	LIEBERT CASSIDY Legal Fees	3,408.30	1/19/11	Yes	Yes		PASS	PASS
168760	9/5/13	BURKE WILLIAMS Outside Legal S	25,112.52	2/3/2015; 5/17/2012	Yes	Yes		PASS	PASS
704324	10/2/13	BEST BEST & KRI Legal Fees	1,502.47	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
171969	11/18/13	LIEBERT CASSIDY Legal Fees	5,922.90	1/19/11	Yes	Yes		PASS	PASS

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Invoice Number	Post Date	Description	Amount	Legal Contract (Date Signed)	Appropriate Approval Level	Invoice Match Amount	Comment	Approval/Invoice Audit Result	Legal Agreement Audit Result
K4930	12/3/13	LEIBOLD MCCLEND Professional S	1,184.00	Contract dated 2/17/2016; after transaction.	Yes	Yes		PASS	FAIL
58773	12/17/13	GREINES MARTIN Legal Fees	3,550.16	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
713756	12/17/13	BEST BEST & KRI Legal Fees	279.25	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
712004	12/24/13	BEST BEST & KRI Legal Fees	70,693.51	8/8/2012; 1/30/2006	No (No City Manager Signature)	Yes	Greater than \$25,000	FAIL	PASS
716350	1/14/14	BEST BEST & KRI Legal Fees	188.85	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
58950	1/22/14	GREINES MARTIN Legal Fees	47,943.60	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
173357	1/22/14	BURKE WILLIAMS Professional Se	2,227.50	2/3/2015; 5/17/2012	Yes	Yes		PASS	PASS
3021982	2/19/14	THOMPSON COBURN THOMPSON COBUR	67.00	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL
59083	2/26/14	GREINES MARTIN Legal Fees	11,577.60	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
719017	2/26/14	BEST BEST & KRI Legal Fees	41.65	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS

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Invoice Number	Post Date	Description	Amount	Legal Contract (Date Signed)	Appropriate Approval Level	Invoice Match Amount	Comment	Approval/Invoice Audit Result	Legal Agreement Audit Result
59160	4/2/14	GREINES MARTIN Legal Fees	2,736.57	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
3032537	4/14/14	THOMPSON COBURN THOMPSON COBUR	162.09	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL
1044	4/22/14	ELUCIDATION INC Legal Fees	240.00	Expert witness	Yes	Yes		PASS	N/A
111605	4/23/14	GOLDFARB & LIPM Outside Legal	1,842.18	10/30/13	Yes	Yes		PASS	PASS
59321	5/5/14	GREINES MARTIN Legal Fees	1,967.29	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
3037747	5/21/14	THOMPSON COBURN THOMPSON COBUR	2,761.12	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL
1320823	5/28/14	LEWIS BRISBOIS Legal Fees	3,272.72	No documentation (outside counsel, tort panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
376910	5/28/14	MANNING & KASS Legal Fees	5,491.05	Panel document; no contract.	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
724213	5/29/14	BEST BEST & KRI Outside Legal	21,424.14	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
725942	5/29/14	BEST BEST & KRI Professional S	250.00	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS

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176624	5/29/14	LIEBERT CASSIDY Outside Legal	1,476.00	1/19/11	Yes	Yes		PASS	PASS
173123	6/2/14	LIEBERT CASSIDY Professional S	660.00	1/19/11	Yes	Yes		PASS	PASS
3040693	6/16/14	THOMPSON COBURN THOMPSON COBUR	10,580.25	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL
3040682	6/18/14	THOMPSON COBURN THOMPSON COBUR	565.48	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL
727753	6/30/14	BEST BEST & KRI Outside Legal	800.00	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
727747	6/30/14	BEST BEST & KRI Professional S	125.00	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
3048391	6/30/14	THOMPSON COBURN THOMPSON COBUR	2,312.30	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL
59596	8/9/14	GREINES MARTIN Legal Fees	248.74	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
3052938	8/20/14	THOMPSON COBURN THOMPSON COBUR	448.50	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL
179343	8/28/14	BURKE WILLIAMS Outside Legal S	30,406.71	2/3/2015; 5/17/2012	Yes	Yes		PASS	PASS
3058278	9/30/14	THOMPSON COBURN THOMPSON COBUR	653.97	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL
733858	10/16/14	BEST BEST & KRI Outside Legal	14,909.90	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS

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59771	10/28/14	GREINES MARTIN Legal Fees	4,775.91	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
1001-123 093014	11/24/14	SMITH LAW OFFIC Legal Fees	2,803.72	No contract; only documentation is firm name on fee schedule.	Yes	Yes		PASS	FAIL
1001-128 093014	11/24/14	SMITH LAW OFFIC Legal Fees	11,813.85	No contract; only documentation is firm name on fee schedule.	Yes	Yes		PASS	FAIL
1001-124 043014	12/18/14	SMITH LAW OFFIC Legal Fees	2,363.00	No contract; only documentation is firm name on fee schedule.	Yes	Yes		PASS	FAIL
735580	12/24/14	BEST BEST & KRI Outside Legal	10,842.89	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
737244	12/24/14	BEST BEST & KRI Outside Legal	12,793.85	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
183919	1/8/15	BURKE WILLIAMS Outside Legal S	12,175.89	2/3/2015; 5/17/2012	Yes	Yes		PASS	PASS
1001-116 113014	1/29/15	SMITH LAW OFFIC Legal Fees	11,783.18	No contract; only documentation is firm name on fee schedule.	Yes	Yes		PASS	FAIL
741620	2/5/15	BEST BEST & KRI Professional S	19,500.00	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
60045	2/12/15	GREINES MARTIN Legal Fees	349.12	No documentation (outside counsel, tort/labor panel)	No (No Finance Signature)	Yes	Greater than \$1,000 (multiple invoices on RFP totaling \$7,056.78)	FAIL	PASS

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3081701	2/13/15	THOMPSON COBURN THOMPSON COBUR	463.86	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL
471215	2/19/15	HAHN & BOWERSOC Legal Fees	231.25	Deposition of parties	Yes	Yes		PASS	N/A
738162	2/19/15	BEST BEST & KRI Legal Fees	50.80	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
405999	2/23/15	MANNING & KASS Legal Fees	446.00	Panel document; no contract.	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
1397195	2/23/15	LIEBERT CASSIDY Legal Fees	3,740.65	1/19/11	Yes	Yes		PASS	PASS
3086310	3/20/15	THOMPSON COBURN THOMPSON COBUR	80.34	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL
60241	4/9/15	GREINES MARTIN Legal Fees	1,140.68	No documentation (outside counsel, tort/labor panel)	No (No Finance Signature)	Yes	Added to panel under Council authority, no agreement required.	FAIL	PASS
43769	4/9/15	JILIO-RYAN COUR Legal Fees	770.35	Deposition of parties	Yes	Yes		PASS	N/A
1001-123 013115	4/9/15	SMITH LAW OFFIC Legal Fees	3,630.00	No contract; only documentation is firm name on fee schedule.	Yes	Yes		PASS	FAIL
744836	4/16/15	BEST BEST & KRI Outside Legal	7,945.98	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
3092462	4/20/15	THOMPSON COBURN THOMPSON COBUR	7,532.29	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL

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3098936	5/19/15	THOMPSON COBURN THOMPSON COBUR	5,979.06	Contract provided dated 1/26/1998	Yes	Yes		PASS	FAIL
1478569	6/10/15	LEWIS BRISBOIS Legal Fees	14,053.27	No documentation (outside counsel, tort panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
113030	6/18/15	CENTEXT LEGAL S Legal Fees	425.75	Deposition of parties	Yes	Yes		PASS	N/A
8601	6/23/15	KERRY A BERG & Legal Fees	3,285.25	Expert witness	Yes	Yes		PASS	N/A
8612	6/23/15	KERRY A BERG & Legal Fees	3,862.50	Expert witness	Yes	Yes		PASS	N/A
746885	6/23/15	BEST BEST & KRI Legal Fees	1,069.50	8/8/2012; 1/30/2006	Yes	Yes		PASS	PASS
4022-008	6/25/15	LEIBOLD MCCLEND Outside Legal	4,625.00	Contract dated 2/17/2016; after transaction.	Yes	Yes		PASS	FAIL
60569	6/30/15	GREINES MARTIN Legal Fees	1,537.65	No documentation (outside counsel, tort/labor panel)	Yes	Yes	Added to panel under Council authority, no agreement required.	PASS	PASS
4022-006 STMT 2	6/30/15	LEIBOLD MCCLEND Outside Legal	2,257.00	Contract dated 2/17/2016; after transaction.	Yes	Yes		PASS	FAIL

Number Pass	100	77
Number Fail	4	27
Total	104	104
<b>TOTAL PASS RATE</b>	<b>96.2%</b>	<b>74.0%</b>

Year	Approval/Invoice Pass Rate
2014-15	94.3%
2013-14	97.1%
2012-13	97.1%
<b>TOTAL</b>	<b>96.2%</b>

Year	Documentation Pass Rate
2014-15	62.9%
2013-14	77.1%
2012-13	82.4%
<b>TOTAL</b>	<b>74.0%</b>