

Table 42. Formal Documentation of Compliance with Requirements							
Alhambra	Arcadia	Bell	Burbank	Cerritos	Compton	Culver City	Downey
Yes	Yes	No	Yes	No	Yes	Yes	Yes
Glendale	Industry	Inglewood	Irwindale	Lancaster	Palmdale	Pasadena	Pomona
Yes	Yes	No	No	No	Yes	Yes	Yes
Redondo Beach	Santa Monica	Signal Hill	Temple City	Torrance	Vernon	Whittier	
Yes	Yes	Yes	Yes	Yes	Yes	No	

As shown in Table 42, most cities (17 yes, 6 no) responded that they had formally adopted policies and procedures for documenting compliance with procurement requirements.

The CGJ requested that cities provide copies of their formally adopted policies and procedures for documenting compliance with procurement requirements. The CGJ found that most had established a purchasing officer with the responsibility for overseeing the procurement process and ensuring compliance with purchasing requirements. Most had established specific duties and responsibilities for this position.

Table 43. Formal Policies Contract Compliance and Oversight							
Alhambra	Arcadia	Bell	Burbank	Cerritos	Compton	Culver City	Downey
No	No	No	No	No	Yes	Yes	Yes
Glendale	Industry	Inglewood	Irwindale	Lancaster	Palmdale	Pasadena	Pomona
Yes	No	Yes	Yes	No	Yes	No	No
Redondo Beach	Santa Monica	Signal Hill	Temple City	Torrance	Vernon	Whittier	
Yes	Yes	Yes	No	No	No	No	

As shown in Table 43, fewer than half of the cities (10 yes, 13 no) responded that they had formally adopted policies and procedures for providing contract compliance and oversight. The CGJ requested cities provide copies of their formally adopted policies and procedures for providing contract compliance and oversight. The CGJ found that those cities had policies focused on compliance with contract requirements regarding insurance, bonding, licensure and other similar requirements. Few charter cities focused on contract compliance and oversight, but instead focused on the quality of the goods or services being provided.

FINDINGS – PROCUREMENT AND CONTRACTING PRACTICES

1. All charter cities formally adopted policies and procedures defining competitive bidding requirements and practices. Controls over sole source contracting could be improved in some cities.
2. Charter cities policies and procedures for selecting and negotiating prices for architectural and engineering services could be improved as they are seldom based on merit, credentials, and experience apart from the bidding process.
3. Policies and procedures for ensuring prices negotiated for substantial contract change orders are a potential for self-dealings and all of the charter cities need to establish formal policies to ensure fair pricing on substantial change orders,
4. Policies and procedures for documenting compliance with procurement requirements, and providing contract compliance and oversight could be improved to eliminate dealing with the same parties.

BEST PRACTICES

1. All charter cities should develop written and procedural controls over sole sourced contracting to prevent preferential granting of contracts.
2. All charter cities should develop policies and procedures for selecting and negotiating fair prices for architectural and engineering services consistent with state codes.
3. All charter cities should provide policies and procedures for ensuring prices negotiated for substantial contract change orders are fair and reasonable, and establish internal controls over substantial contract change orders so that same contractors not repeatedly awarded contracts.
4. All charter cities should develop policies and procedures for documenting compliance with procurement requirements, and provide contract compliance and oversight and have annual audit oversight with an outside accounting firm.

EMPLOYEE COMPENSATION

Charter cities differ from general law cities in setting employee salaries and compensation. Charter cities are granted control over municipal affairs, and case law has determined that “salaries of local employees of a charter city constitute municipal affairs and are not subject to general laws.”¹¹ Therefore, the city councils of charter cities have the authority and responsibility to determine the appropriate salaries and compensation for their employees.

Examples of compensation differences between charter and general law cities include:

- While general law cities must pay prevailing wages for public works projects valued at greater than \$1,000, charter cities historically are not required to meet this standard unless they chose to. (Exception: projects funded by state or federal grants.) Prevailing per diem wages are set by the California Department of Industrial Relations.
- The salaries of city council members of general law cities are set by state law and are based on a scale reflecting the populations of the cities. The salaries of city council members of charter cities may be set by the councils themselves.¹²

In July 2010 news media reports revealed that some City of Bell administrators and council members were receiving disproportionately high salaries. In addition, the report of the independent reform monitor for the City of Vernon found:

There is evidence that in the past, the salaries of City officials were bloated, that some who held more than one position were receiving compensation for each position, and that some contracts were drawn so that after 1,500 hours of City work and a set salary, City officials would charge hourly rates that would elevate those salaries way beyond any norm.¹³

In the past, each city council was required to establish the range of salary for each position and adopt that range in a formal “salary resolution.” In late 2010 the State Controller required counties, cities and special districts to report government compensation, which were posted to the Controller’s website in an effort to promote transparency following the salary scandal in the City of Bell. The information provided includes the approved salary range, as well as the actual compensation received and reported to the Internal Revenue Service.

Requiring publishing the salary resolutions has not proven to be an effective means of providing transparency and accountability for government compensation. Many citizens, including those of charter cities, do not recognize the State Controller’s Office website

¹¹ *Voters For Responsible Retirement v. Board of Supervisors*, 8 Cal.4th 765, 781 (1994)

¹² California Constitution Article XI, §5(b)

¹³ *City of Vernon Report*, John Van De Kamp, Independent Ethics Advisor, July 29, 2011; p. 5

as a means of staying informed regarding the salaries and compensation of their cities' council members and management-level personnel.

As part of this investigation, the CGJ requested information on city employee compensation for those employees receiving over \$200,000 in taxable compensation in calendar year 2011. The taxable compensation for employees receiving over \$200,000 in 2011 is listed, by position title and city, in Appendix C of this report.

FINDINGS – EMPLOYEE COMPENSATION

1. The CGJ found multiple instances of charter cities which have not developed and approved employee compensation schedules in a manner transparent and accountable to the cities' constituencies.
2. The CGJ found instances of individual salaries of job classifications which differed significantly from the salaries of comparable classifications in other cities.

BEST PRACTICES

1. All charter city councils and citizens of the cities should annually review the actual compensation received by employees of their cities.
2. All charter city councils should have access to prevailing municipal wage rates and/or salary ranges for comparable cities in order to identify any individual city position(s) whose salaries exceed the normal salary range for those positions. Approval of any exceptional salaries should be based on justifications of exceptional and unique job responsibilities.

RECOMMENDATIONS

Responses are required from the following charter cities:

Alhambra	Arcadia	Bell	Burbank	Cerritos
Compton	Culver City	Downey	Glendale	Industry
Inglewood	Inwindale	Lancaster	Palmdale	Pasadena
Pomona	Redondo Beach	Santa Monica	Signal Hill	Temple City
Torrance	Vernon	Whittier		

1. All charter cities reviewed in this report should adopt financial planning, revenue and expenditure policies to guide cities' officials to develop sustainable, balanced budgets.
2. All charter cities reviewed in this report should develop a balanced budget and commit to operate within budget constraints.
3. All charter cities reviewed in this report should commit to not using one-time revenues to fund recurring or on-going expenditures.
4. All charter cities reviewed in this report should adopt multi-year budgets for better planning to ensure the delivery of basic services before funding projects of lower priority.
5. All charter cities reviewed in this report should adopt a method and practice of saving into a reserve or "rainy day" fund to be supplement operating revenue in years of short fall.
6. Charter cities should develop and adopt a strategic plan that articulates the mission, vision, core values and priorities (goals and objectives) for the City. The following cities should develop and adopt such a strategic plan: Arcadia, Compton, Industry, Inglewood.
7. Charter cities should develop and report on performance measures or indicators to evaluate outcomes or progress on priorities. These performance measures should be quantified, focused on outcomes or results, and information should be provided for several years to allow evaluation of progress over time. The following cities should develop such performance measures for indicators: Arcadia, Bell, Compton, Industry, Inglewood, Lancaster, Temple City.
8. Charter city councils should continue to maintain a governance policy that specifically defines the relationship between the council and executive. Charter city councils should continue providing specific annual goals for the city's executive (City Manager or City Administrator) and conduct meaningful evaluations annually. The following cities should do so: Alhambra, Bell, Industry, Inglewood, Lancaster.

9. Charter cities should formally establish an audit committee making it directly responsible for the work of the independent auditor. The following cities should formally establish an audit committee: Alhambra, Arcadia, Bell, Cerritos, Compton, Industry, Inglewood, Irwindale, Palmdale, Pomona, Santa Monica, Signal Hill, Temple City, Torrance, Whittier.
10. All charter cities reviewed in this report should continue requiring compliance with standards of independence for the external auditor. Cities that do not currently select the auditor through a competitive process should do so. Cities that allow the auditor to provide non-audit services should ensure appropriate review and approval of those services.
11. Charter cities should review and update accounting policies and procedures to ensure they are appropriately detailed and define the specific authority and responsibility of employees. Cities should also establish a policy requiring policies and procedures to be reviewed annually and updated at least once every three years. The following cities should review and update accounting policies and procedures at least once every three years: Alhambra, Arcadia, Bell, Burbank, Industry, Inglewood, Lancaster, Pasadena, Pomona, Santa Monica, Temple City.
12. Charter cities should review and update policies and procedures for reporting fraud, abuse and questionable practices including a practical mechanism, such as a fraud hotline, to permit the confidential, anonymous reporting of concerns. The following cities should adopt such policies and procedures: Alhambra, Arcadia, Burbank, Industry, Inglewood, Irwindale, Santa Monica, Temple City.
13. Charter cities should periodically review and update internal control procedures over financial management. The following cities should review and update internal control procedures over financial matters: Bell, Industry, Inglewood.
14. Charter cities that have not adopted a policy requiring an unrestricted fund balance of no less than two months of regular general fund operating revenues or regular general fund operating expenditures should develop such policies. The following cities should adopt such a policy: Alhambra, Arcadia, Bell, Cerritos, Compton, Downey, Glendale, Industry, Lancaster, Pomona, Redondo Beach, Temple City, Torrance, Vernon, Whittier.
15. Charter cities must develop and publish a timely Comprehensive Annual Financial Report (CAFR). The city of Bell should do so.
16. Charter cities that have not published financial reports on the city's website should do so. The city of Industry should do so.
17. Charter cities should develop controls over sole sourced contracting to prevent preferential granting of contracts. The following cities should develop such controls: Bell, Industry, Irwindale, Temple City.

18. Charter cities should develop policies and procedures for selecting and negotiating fair prices for architectural and engineering services consistent with state codes. The following cities should develop such policies and procedures: Arcadia, Bell, Cerritos, Industry, Inglewood, Irwindale, Pasadena, Whittier.
19. All charter cities reviewed in this report should provide policies and procedures for ensuring prices negotiated for substantial contract change orders are fair and reasonable, and establish internal controls over substantial contract change orders so that same contractors not repeatedly awarded contracts. The following cities should do so: Alhambra, Bell, Cerritos, Inglewood, Irwindale, Lancaster, Temple City, Torrance, Whittier.
20. All charter cities should develop policies and procedures for documenting compliance with procurement requirements, and provide contract compliance and oversight and have annual audit oversight with an outside accounting firm. The following cities should do so: Bell, Cerritos, Inglewood, Irwindale, Lancaster, Whittier.
21. All charter city councils, and citizens of the cities, reviewed in this report should annually review the actual compensation received by employees of their cities.
22. All charter city councils of the cities reviewed in this report should have access to prevailing municipal wage rates and/or salary ranges for comparable cities in order to identify any individual city position(s) whose salaries exceed the normal salary range for those positions. Approval of any exceptional salaries should be based on justifications of exceptional and unique job responsibilities.

ACRONYMS

AICPA	American Institute of Certified Public Accountants
CAFR	Comprehensive Annual Financial Reports
CalPERS	California Public Employees Retirement System
CFO	Chief Financial Officer
CGJ	Los Angeles County Civil Grand Jury
CPCC	California Public Contract Code
FPPC	California Fair Political Practices Commission
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAAS	Generally Accepted Auditing Standards
GAS	Government Auditing Standards
GASB	Governmental Accounting Standards Board
GFOA	Government Finance Officers Association
IIA	Institute of Internal Auditors
RFP	Request for Proposal
SWOT	Strengths, Weaknesses, Opportunities, and Threats

APPENDICES

- A** Glossary of Terms
- B** Sample Questionnaire
- C** Positions with Compensation in excess of \$200,000 in 2011
- D** Charter Cities Comments and Additional Documentation

EXHIBIT

- 1** General Law City v. Charter City

APPENDIX A – GLOSSARY OF TERMS

Adopted Budget – The City Council approved annual budget establishing the legal authority for the expenditure of funds as set forth in the adopting Council budget resolution.

Asset – Property owned by a government, which has monetary value.

Audit – An examination and evaluation of the City's records and procedures to ensure compliance with specified rules, regulations, and best practices. City Charters generally require a yearly independent financial audit, by an independent certified public accountant that forms an audit opinion regarding the legitimacy of transactions and internal controls.

Balanced Budget – When the total of revenues and other financing sources is equal to or greater than the total of expenditures and other financing uses.

Budget – A fiscal plan of financial operation comprised of estimated expenditures and the proposed means of financing them for a given period (usually a single fiscal year). The budget is proposed until it has been approved by the City Council through a series of budget study sessions and a formal budget hearing in June.

Budget Message – The City Manager's general discussion of the budget which contains an explanation of principal budget items and summary of the City's financial status at the time of the message.

California Public Employees' Retirement System (CalPERS) – The retirement system administered by the State of California, to which all permanent City employees belong.

Capital Asset – A tangible, fixed asset that is long-term in nature, of significant value, and obtained or controlled as a result of past transactions, events or circumstances. Fixed assets include land, buildings, equipment, improvements to buildings, and infrastructure (i.e., streets, highways, bridges, and other immovable assets). A capital asset is defined as an asset with a useful life extending beyond a single accounting period.

Change in General Fund Balance – The difference from the beginning of the fiscal year to the end of the fiscal year in the balance in the primary fund of the City used to account for all revenues and expenditures of the City not legally restricted as to use. Departments financed by the General Fund include Police, Fire, Parks, Library, and administrative support departments (Finance, Human Resources, City Attorney, etc.)

Change in Net Assets – The difference from the beginning of the fiscal year to the end of the fiscal year in the total City assets minus total City liabilities.

City Charter – The legal authority granted by the State of California establishing the City and its form of government. The Charter also gives the City the ability to provide services and collect revenue to support those services.

Comprehensive Annual Financial Report (CAFR) – A government financial statement that provides a thorough and detailed presentation of the government’s financial condition. It provides the Council, residents and other interested parties with information on the financial position of the City and its various agencies and funds. Report contents include various financial statements and schedules and all available reports by the City’s independent auditors.

Deficit – An excess of expenditures or expenses over revenues (resources) during an accounting period.

Department – An organization unit comprised of divisions, sections, and/or programs. A department has overall management responsibility for an operation or a group of related operations.

Expenditure – The actual spending of Governmental funds set aside by an appropriation.

Fiscal Year – A twelve-month period of time to which the annual budget applies. Fiscal years are designated by the calendar year that they begin and end. Abbreviation: FY.

Fund – In Governmental Accounting, a fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual equities or balances, and changes therein. Funds are segregated for the purpose of conducting specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance – The amount of financial resources immediately available for use. Generally, this represents the accumulated annual operating surpluses and deficits since the fund’s inception.

General Fund – The primary fund of the City used to account for all revenues and expenditures of the City not legally restricted as to use. Departments financed by the General Fund include Police, Fire, Parks, Library, and administrative support departments (Finance, Human Resources, City Attorney, etc.)

Generally Accepted Accounting Principles (GAAP) – Uniform minimum standards of/and guidelines for financial accounting and reporting. They govern the form and content of the basic financial statements of an entity. GAAP encompasses the conventions, rules, and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. GAAP provides a standard by which to measure financial presentations.

Goal – A long-term organizational target or direction. It states what the organization wants to accomplish or become over the next several years. Goals provide the direction for an organization and define the nature, scope, and relative priorities of all projects and activities. Everything the organization does should help it move toward attainment of one or more goals.

Governmental Accounting Standards Board (GASB) – The organization that establishes generally accepted accounting principles (GAAP) for states and local governments.

Government Finance Officers Association (GFOA) – A professional association that enhances and promotes the professional management of state and local governments for the public benefits by identifying and developing financial policies and best practices through education, training, facilitation of member networking, and leadership. The organization sponsors award programs designed to encourage good financial reporting for financial documents including the Comprehensive Annual Financial Report (CAFR) and the annual budget.

Liability – City debts or obligations that arise during the course of operations.

Net Assets – Total City assets minus total City liabilities.

Net Revenues – Total City revenues minus total City expenditures.

Ordinance – A formal legislative enactment by the City Council. It has the full force and effect of law within City boundaries unless pre-empted by a higher form of law. An Ordinance has a higher legal standing than a Resolution.

Ratio of Total Assets to Total Liabilities – The total assets of a city divided by the total liabilities of a city.

Reserve – An account used to record a portion of the fund balance as legally segregated for a specific use.

Resolution – A special order of the City Council which has a lower legal standing than an ordinance. The City's budget is adopted via a Resolution of Appropriation.

Revenues – Amount received for taxes, fees, permits, licenses, interest, intergovernmental sources, and other sources during the fiscal year.

Salaries and Benefits – A budget category which generally accounts for full-time and temporary employees, overtime expenses, and all employee benefits such as medical, dental, and retirement.

Undesignated Fund Balance – Accounts used to record a portion of the fund balance not legally segregated for a specific use and, therefore, available for appropriation.

APPENDIX B – SAMPLE QUESTIONNAIRE

JANUARY 24, 2012

Julio Fuentes, City Manager
City of Alhambra
111 South First Street
Alhambra, CA 91801

Dear City Manager Fuentes,

The Los Angeles County Civil Grand Jury is currently conducting an investigation of governance, management, and fiscal health of charter cities in Los Angeles County. The enclosed questionnaire is being sent to charter cities to collect information on each City's practices in these areas. Under Penal Code sections 925 and 925A, the Grand Jury may investigate and examine the books and records of County and City operations. Penal Code section 921 gives the Grand Jury free access at all reasonable times to the examination of all public records within a County. The Civil Grand Jury has an aggressive schedule in completing this investigation and is requesting your timely cooperation in compliance with the above.

Please send the completed questionnaire and documentation by Friday, February 10th to Alf Schonbach, Foreperson, at the address above.

The questionnaire is available at <http://www.stellarsurvey.com/s.aspx?u=4C48DD07-A297-4313-ABC2-628535B7BE0F&> if you prefer to complete and submit it online. This will also allow you to upload requested support documentation. You were sent an email with this link on Monday, January 23rd.

The Grand Jury has retained the firm of Thompson, Cobb, Bazilio & Associates (TCBA) to assist in this investigation. TCBA is administering the survey, will be reviewing information submitted, and conducting follow-up site visits with selected charter cities. If you have any questions please contact Scott Bryant with TCBA at sbryant@tcbacal.com.

Sincerely,

Alf Schonbach
Foreperson

Enclosure: Charter City Questionnaire

Governance

1. Has the City Council developed and adopted a strategic plan that articulates the mission, vision, core values and priorities (goals and objectives) for the City?
 - Yes
 - No
2. Has the City Council adopted performance measures or indicators to evaluate outcomes or progress on priorities?
 - Yes
 - No
3. Does your City have a formal policy, agreement, or other document that clearly defines the roles of the City Council and executive (City Manager or Administrator) and their relationship?
 - Yes
 - No
4. Does the City Council establish specific goals for the Executive at least annually?
 - Yes
 - No
5. Does the City Council conduct a meaningful evaluation of the Executive’s performance at least annually?
 - Yes
 - No
6. Has the City Council adopted and does it enforce a formal “Conflict of Interest” policy?
 - Yes
 - No
7. Has the City Council adopted “Investment” policy?
 - Yes
 - No
8. Please provide copies of the
 - strategic plan and performance measures or indicators,
 - formal agreement or other document that clearly defines the roles of the Board and executive and their relationship,
 - the specific goals most recently established for the Executive,
 - adopted “Conflict of Interest” policy, and
 - adopted “Investment” policy.
9. Please provide any comments or explanations regarding your responses on governance:

Audit Committee

- 10. Does your City have an audit committee that is formally established by charter, enabling resolution, or other appropriate legal means?
 - Yes
 - No
- 11. Is the audit committee directly responsible for the appointment, compensation, retention, and oversight of the work of independent accountants engaged to perform independent audit, review, or attestation services?
 - Yes
 - No
- 12. Do such independent accountants report directly to the audit committee?
 - Yes
 - No
- 13. Please provide a copy of the action formally establishing the audit committee.
- 14. Please provide any comments or explanations regarding your responses on audit committees:

Audit Procurement

- 15. Do your City’s audit contracts require auditors of financial statements conform with the independence standard defined in the General Accounting Office’s *Government Auditing Standards*?
 - Yes
 - No
- 16. In selecting independent auditors does your City undertake a full-scale competitive process at the end of the term of each audit contract?
 - Yes
 - No
- 17. Does your City have a formal policy requiring that the independent auditor be replaced at the end of the audit contract?
 - Yes
 - No
- 18. Does your City allow the independent auditor to provide non-audit services to the City?
 - Yes
 - No

19. If yes, does the Audit Committee review and approve these services?

- Yes
- No

20. Please provide a copy of the formal policies related to audit procurement.

21. Please provide any comments or explanations regarding your responses on audit procurement:

Accounting Policies and Procedures

22. Are accounting policies and procedures formally documented in an accounting policies and procedures manual?

- Yes
- No

23. Are accounting policies and procedures reviewed annually and updated at least once every three years on a predetermined schedule?

- Yes
- No

24. Do the accounting policies and procedures specifically define the authority and responsibility of all employees, including the authority to authorize transactions and the responsibility for safekeeping of assets and records?

- Yes
- No

25. Please provide a copy of the accounting policies and procedures manual.

26. Please provide any comments or explanations regarding accounting policies and procedures:

Reporting of Fraud, Abuse, and Questionable Practices

- 27. Does your City have policies and procedures to encourage and facilitate the reporting of fraud or abuse and questionable accounting or auditing practices?
 - Yes
 - No
- 28. Does your City have a formally adopted and widely distributed and publicized ethics policy?
 - Yes
 - No
- 29. Does your City have a practical mechanism, such as a fraud hotline, to permit the confidential, anonymous reporting of concerns about fraud, abuse, or questionable practices?
 - Yes
 - No
- 30. Are concerns received regarding fraud, abuse, or questionable practices reviewed by internal auditors, with documentation reviewed by the Audit Committee.
 - Yes
 - No
- 31. Please provide a copy of the ethics policy and information on mechanisms for reporting concerns of fraud, abuse, or questionable practices.
- 32. Please provide any comments or explanations regarding reporting of fraud, abuse, and questionable practices:

Internal Controls

- 33. Are internal control procedures over financial management formally documented?
 - Yes
 - No
- 34. Do internal control procedures include practical means for lower level employees to report instances of management override of controls?
 - Yes
 - No
- 35. Are internal control procedures evaluated to determine if those controls are adequately designed to achieve their intended purpose, have actually been implemented, and continue to function as designed?
 - Yes
 - No
- 36. Are potential internal control weaknesses documented in exception reports?
 - Yes

- No
- 37. Is there a process in place to identify changes in what is being controlled or controls themselves, and corrective action plans are developed with an appropriate timeline?
 - Yes
 - No
- 38. Please provide a copy of the internal control procedures over financial management.
- 39. Please provide any comments or explanations regarding your responses on internal controls:

Internal Audit

- 40. Does your City have an internal audit function formally established by charter, enabling resolution, or other legal means?
 - Yes
 - No
- 41. Is the work of the internal audit function conducted in accordance with the U.S. General Accounting Office's *Government Auditing Standards*?
 - Yes
 - No
- 42. Are all reports of the Internal Audit function provided to or available to the Audit Committee?
 - Yes
 - No
- 43. Please provide a copy of the formal action establishing the internal audit function.
- 44. Please provide any comments or explanations regarding your responses on internal audit:

General Fund Unrestricted Fund Balance

- 45. Does your City have a formal policy on the level of unrestricted fund balance to be maintained in the General Fund?
 - Yes
 - No
- 46. Does this policy require an unrestricted fund balance of no less than two months of regular general fund operating revenues or regular general fund operating expenditures?
 - Yes
 - No
- 47. Please provide a copy of the formal policy on the level of unrestricted fund balance to be maintained in the General Fund.
- 48. Please provide any comments or explanations regarding your responses on general fund unrestricted fund balance:

Financial and Public Reporting Practices

- 49. Does your City maintain an accounting system adequate to provide all the data needed for the timely preparation of financial statement for the entire entity in conformity with Generally Accepted Accounting Principles (GAAP)?
 - Yes
 - No
- 50. Does your City issue timely financial statements for the entire financial reporting entity in conformity with GAAP as part of a Comprehensive Annual Financial Report (CAFR)?
 - Yes
 - No
- 51. Has your City's financial statements been independently audited in accordance with either generally accepted auditing standards (GAAP) or Government Auditing Standards (GAS)?
 - Yes
 - No
- 52. Are the annual budget documents or CAFR for your City published and readily accessible to the general public on your City's website?
 - Yes
 - No

53. Please provide any comments or explanations regarding your responses on financial and public reporting practices:

Employee Compensation

54. Please provide a list of all employees with total compensation for CY 2011 in excess of \$175,000 as reported to the Internal Revenue Service (IRS). Please provide detail about the compensation for each employee (salary, overtime, car allowance, vacation payout, sick leave payout, etc.).

55. Please provide any comments or explanations regarding employee compensation:

Procurement and Contracting

56. Does your City have formally adopted policies and procedures defining competitive bidding requirements and practices for the procurement of goods and services?

- Yes
- No

57. Does your City Charter or City ordinance provide exemption from competitive procurement requirements of California’s Public Contracting Code?

- Yes
- No

58. Does your City have formally adopted policies and procedures for documenting compliance with procurement requirements?

- Yes
- No

59. Does your City have formally adopted policies and procedures for selecting firms that provide architectural and engineering services?

- Yes
- No

60. Does your City have formally adopted policies and procedures for ensuring that prices for negotiated contracts are fair and reasonable?

- Yes
- No

61. Does your City have formally adopted policies and procedures for ensuring that prices negotiated for contract change orders are fair and reasonable?
- Yes
 - No
62. Does your City have formally adopted policies and procedures establishing internal controls over sole-source contracting?
- Yes
 - No
63. Does your City have formally adopted policies and procedures establishing internal controls over contract change orders?
- Yes
 - No
64. Does your City have formally adopted policies and procedures for providing contract compliance and oversight?
- Yes
 - No
65. Please provide copies of the:
- formal policy defining competitive bidding requirements and practices for the procurement of goods and services,
 - City Charter or City ordinance providing exemption from competitive procurement requirements of California’s Public Contracting Code,
 - formally adopted policies and procedures for documenting compliance with procurement requirements,
 - formally adopted policies and procedures for selecting firms that provide architectural and engineering services,
 - formally adopted policies and procedures for ensuring that prices for negotiated contracts are fair and reasonable,
 - formal policy establishing internal controls over sole-source contracting,
 - formal policy establishing internal controls over contract change orders,
 - formal policy and procedures for providing contract compliance and oversight.
66. Please provide any comments or explanations regarding your responses on procurement and contracting:

Please provide the contact information for the individual with primary responsibility for completing this survey:

Name: _____

Title: _____

Phone: _____

Email: _____

APPENDIX C – POSITIONS WITH COMPENSATION OVER \$200,000 IN 2011

City	Title	Taxable Compensation¹
Alhambra	City Manager	\$ 209,942.00
Arcadia	City Manager	\$ 281,558.96
Bell	Director of Administrative Services	\$ 215,938.50
Burbank	City Manager	\$ 241,288.11
Burbank	City Attorney	\$ 214,025.88
Burbank	General Manager - Water & Power	\$ 209,822.95
Burbank	Police Lieutenant	\$ 208,317.02
Burbank	Fire Battalion Chief	\$ 205,053.54
Cerritos	City Manager	\$ 246,021.60
Compton	City Manager	\$ 243,298.44
Culver City	City Manager	\$ 272,005.66
Culver City	City Attorney	\$ 244,560.41
Culver City	Assistant Police Chief	\$ 234,532.42
Culver City	Police Chief	\$ 232,422.86
Culver City	Fire Chief	\$ 226,679.96
Culver City	Police Lieutenant	\$ 225,130.38
Culver City	Chief Information Officer	\$ 218,233.23
Culver City	Fire Battalion Chief	\$ 215,481.40
Culver City	Assistant Fire Chief	\$ 213,028.12
Culver City	Chief Financial Officer	\$ 210,714.21
Culver City	Assistant City Manager	\$ 210,260.46
Culver City	Fire Captain	\$ 209,288.04
Culver City	Public Works Director /City Engineer	\$ 206,377.11
Culver City	Fire Battalion Chief	\$ 201,591.21
Downey	Fire Chief	\$ 405,943.03
Downey	City Manager	\$ 265,608.99
Downey	Deputy City Manager	\$ 231,955.45
Downey	Police Officer	\$ 213,097.40
Downey	Police Chief	\$ 212,928.47
Downey	Battalion Chief	\$ 207,898.70
Downey	Assistant Fire Chief	\$ 207,248.17
Downey	City Manager	\$ 204,495.80
Downey	Fire Battalion Chief	\$ 203,920.95
Glendale	General Manager - GWP	\$ 243,402.57
Glendale	City Manager	\$ 222,891.12

CHARTER CITIES – APPENDIX C

City	Title	Taxable Compensation ¹
Glendale	Police Chief	\$ 218,729.74
Inglewood	Police Sergeant	\$ 212,802.00
Inglewood	Chief of Police	\$ 206,189.00
Lancaster	City Manager	\$ 253,988.33
Palmdale	City Attorney	\$ 293,249.82
Palmdale	City Manager	\$ 289,579.55
Palmdale	Public Works Director	\$ 214,725.58
Pasadena	City Manager	\$ 266,399.83
Pasadena	City Attorney/City Prosecutor	\$ 232,713.98
Pasadena	Police Chief	\$ 221,654.83
Pasadena	Assistant City Manager	\$ 221,026.29
Pasadena	Assistant City Manager	\$ 216,907.65
Pasadena	General Manager - Water & Power	\$ 215,942.17
Pasadena	Fire Battalion Chief	\$ 212,405.11
Pasadena	Director Of Finance	\$ 207,890.77
Pasadena	Deputy Fire Chief	\$ 207,611.30
Pasadena	Fire Battalion Chief	\$ 200,397.56
Redondo	City Attorney	\$ 283,416.64
Redondo	City Manager	\$ 251,011.96
Redondo	Fire Division Chief	\$ 209,197.82
Redondo	Fire Captain	\$ 205,575.84
Redondo	Firefighter/Paramedic	\$ 201,541.31
Santa Monica	City Manager	\$ 301,072.56
Santa Monica	Police Sergeant	\$ 273,166.58
Santa Monica	Police Sergeant	\$ 256,502.37
Santa Monica	City Attorney	\$ 251,648.36
Santa Monica	Assistant City Attorney	\$ 246,731.46
Santa Monica	Police Officer	\$ 243,765.85
Santa Monica	Police Chief	\$ 237,104.80
Santa Monica	Fire Captain	\$ 233,209.13
Santa Monica	Deputy Police Chief	\$ 229,093.34
Santa Monica	Fire Captain	\$ 229,050.15
Santa Monica	Cultural Services Director	\$ 228,569.36
Santa Monica	Police Sergeant	\$ 226,947.75
Santa Monica	Fire Captain	\$ 224,907.60
Santa Monica	Fire Captain	\$ 222,225.06
Santa Monica	Deputy City Attorney	\$ 221,989.11

City	Title	Taxable Compensation ¹
Santa Monica	Fire Chief	\$ 221,113.52
Santa Monica	Assistant City Manager	\$ 219,885.25
Santa Monica	Police Officer	\$ 219,595.81
Santa Monica	Fire Chief	\$ 218,182.82
Santa Monica	Firefighter	\$ 217,518.11
Santa Monica	Police Sergeant	\$ 217,352.26
Santa Monica	Paramedic	\$ 216,518.83
Santa Monica	Fire Captain	\$ 216,472.66
Santa Monica	Chief Deputy City Attorney	\$ 216,429.70
Santa Monica	Senior Land Use Attorney	\$ 215,427.39
Santa Monica	Deputy City Attorney	\$ 214,940.57
Santa Monica	Fire Battalion Chief	\$ 214,051.84
Santa Monica	Firefighter	\$ 212,907.55
Santa Monica	Deputy City Attorney	\$ 212,782.90
Santa Monica	Police Captain	\$ 211,360.32
Santa Monica	Deputy City Attorney	\$ 210,639.45
Santa Monica	Firefighter	\$ 208,278.95
Santa Monica	Firefighter	\$ 207,549.77
Santa Monica	Fire Captain	\$ 207,211.34
Santa Monica	Firefighter	\$ 206,055.11
Santa Monica	Fire Captain	\$ 205,961.85
Santa Monica	Fire Captain	\$ 205,163.90
Santa Monica	Deputy City Attorney	\$ 204,552.72
Santa Monica	Chief Deputy City Attorney	\$ 203,341.32
Santa Monica	Fire Captain	\$ 201,803.49
Santa Monica	Deputy City Attorney	\$ 200,045.93
Signal Hill	City Manager	\$ 230,107.83
Temple City	City Manager	\$ 218,414.73
Torrance	City Manager	\$ 340,897.37
Torrance	Attorney, City	\$ 297,578.06
Torrance	Police Chief	\$ 295,559.73
Torrance	Fire Chief	\$ 281,628.30
Torrance	Police Captain	\$ 267,043.76
Torrance	Police Lieutenant	\$ 253,449.15
Torrance	Deputy Fire Chief	\$ 251,492.77
Torrance	Assistant City Manager	\$ 248,030.95
Torrance	Police Lieutenant	\$ 246,396.14

CHARTER CITIES – APPENDIX C

City	Title	Taxable Compensation ¹
Torrance	Police Captain	\$ 244,804.79
Torrance	Fire Battalion Chief	\$ 240,358.47
Torrance	Police Lieutenant	\$ 240,339.46
Torrance	Police Captain	\$ 236,248.24
Torrance	Police Captain	\$ 233,873.90
Torrance	Police Sergeant	\$ 230,199.99
Torrance	Public Works Director	\$ 229,937.26
Torrance	Fire Battalion Chief	\$ 229,613.64
Torrance	Community Development Director	\$ 229,498.43
Torrance	Police Sergeant	\$ 229,270.95
Torrance	Finance Director	\$ 226,100.97
Torrance	Police Officer	\$ 223,133.55
Torrance	Fire Battalion Chief	\$ 221,462.68
Torrance	Police Sergeant	\$ 219,323.04
Torrance	Police Captain	\$ 219,059.54
Torrance	Fire Engineer	\$ 209,961.09
Torrance	Fire Captain	\$ 209,129.50
Torrance	Info Technology Director	\$ 206,835.59
Torrance	Police Lieutenant	\$ 206,731.05
Torrance	Police Sergeant	\$ 206,358.35
Torrance	Police Officer	\$ 204,688.65
Torrance	Fire Captain	\$ 203,987.86
Torrance	Fire Captain	\$ 203,820.89
Torrance	Police Sergeant	\$ 203,739.43
Torrance	Police Lieutenant	\$ 203,715.95
Torrance	Fire Captain	\$ 202,604.14
Torrance	Police Sergeant	\$ 201,050.96
Vernon	Finance Director	\$ 280,418.00
Vernon	Chief Deputy City Attorney	\$ 239,794.00
Vernon	Director of Community Services	\$ 228,432.00
Vernon	Fire Chief	\$ 225,932.00
Vernon	Engineering Manager	\$ 212,542.00
Whittier	City Manager	\$ 219,052.37

¹ Note: May include payouts for accumulated vacation or sick leave, and for overtime.

APPENDIX D – CITIES’ COMMENTS AND ADDITIONAL DOCUMENTATION FROM QUESTIONNAIRE

Alhambra

1. Governance

City Council developed mission, vision, core values and 3 year goals during strategic planning session. Included SWOT analysis and assignment of responsibility. Serve as goals for the City Manager / Executive Team. Roles are defined in the City Charter. Conflict of Interest Policy adopted by Council Resolution 1/30/2012. Investment policy presented and approved by City Council at least annually.

2. Audit Committee / Audit Procurement

The City Council would act as the audit committee, final audit is presented to the City Council by the Independent Auditor. No specific policy for audit procurement, follows policies for procuring professional services.

3. Accounting Policies and Procedures / Internal Controls

Accounting Manual provided (340 pages). Appears to have been last updated March 1997. No specific internal controls policies and procedures provided. Employee reporting of Internal Control override according to Federal Whistleblower Act.

4. Reporting of Fraud, Abuse, and Questionable Practices / Internal Audit

Code of Ethics adopted by resolution 12/16/2002.

5. Financial and Public Reporting Practices / General Fund Unrestricted Balance

Council adopted policy by resolution on unrestricted fund balance consistent with GASB Rule 54.

6. Procurement and Contracting

Summary of competitive bidding policy and procedures provided. Sole source allowed if item only available from one source. Also rely on State Contracting Code and Green Book for Public Works contracting.

Arcadia

1. Governance

Roles defined in the City Charter. Goals for the City Manager outlined in the budget. Investment policy provided.

2. Audit Committee / Audit Procurement

(No notes)

3. Accounting Policies and Procedures / Internal Controls

Basic policies and procedures with no discussion of internal controls.