

RESOLUTION NO. 23-089

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, ADOPTING POLICIES AND PROCEDURES TO IMPROVE INTERNAL CONTROLS, PROCESSES AND PROCEDURES RELATING TO THE CITY'S SPECIAL EVENTS FUND BASED ON RECOMMENDATIONS OF AUDIT ADVISORY FIRM

WHEREAS, per City Council direction, Baker Tilly US, LLP (“Baker Tilly”), an audit advisory firm, was retained to review and evaluate the budget process, policies and procedures, and internal controls relating to the City of Carson (“City”) Special Events Special Revenue Fund, and based on such direction, Baker Tilly prepared an Independent Internal Auditors’ Report (the “Report”) in connection therewith; and

WHEREAS, having reviewed the Report, the City Council now desires, by this Resolution, to approve and adopt the Report such that the City shall adhere to and implement the policies and recommendations made by Baker Tilly therein and as set forth below with respect to the Special Events Fund Budget Process and Procedures.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, DOES HEREBY RESOLVE, DECLARE, DETERMINE AND ORDER AS FOLLOWS:

SECTION 1. The foregoing recitals are true and correct and are incorporated herein by reference.

SECTION 2. The City Council hereby approves and adopts the Report attached hereto as Exhibit “A,” including the Appendices A and B thereto. The City shall adhere to and implement the policies, procedures, and practices recommended in the Report related to the City’s administration of Special Events and the Special Events Special Revenue Fund, which recommendations include (without limitation) the following City actions (wherever the word “should” is used, it shall be deemed replaced with the word “shall” by this Resolution):

- (a) Implement a checklist, as part of the post-special event review process, that documents all accumulated revenues and expenses for a special event including consideration of other common special event revenues and expenses, to ensure that all event activity is captured via General Ledger entry. The review checklist should be retained for reference and future external review engagements to strengthen monitoring of reported expenditures after a Special Event has taken place.
- (b) Expand the General Ledger chart of accounts to include two revenue donation accounts, allowing for the proper accounting of donations received from third-party organization/individual and nonprofit/not-for-profits (NFP).
- (c) Require that a Special Event Partnership Agreement be approved and signed prior to engaging in a co-host/co-sponsor arrangement with a NFP or any other related external organization. The agreement should specifically note any event details, arrangements or relevant ordinances. The agreement should include a “right to audit” clause to ensure the City can obtain pertinent financial information from its partners to confirm they

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- have performed in conformance with the partnership agreement. Further, the agreement should also refer to all procedures and practices cited in Section 2 of Resolution No. 21-012. Given the heightened visibility of Council-Member-led Special Events, the City should also strengthen the evaluation criteria, selection process and performance metrics for all Special Events partners, requiring that all external parties undergo a documented evaluation and selection process to ensure conflicts of interest are known.
- (d) Develop and adopt formal procedures that detail the budget process initiation, planning, preparation, review, approval and modification. Roles and responsibilities should be clearly defined, along with identifying the need for any potential sub-committees that could strengthen the budget preparation process. Required documentation and procedures to support budget requests and modifications from prior years should also be detailed within the procedure. Newly developed procedures should require review and approval of the final Special Events budget proposal by the City Manager, Finance Director, and Community Services Director. The City Manager should strengthen the controls over City Council's review and approval of the proposed Special Events budget. Policies and procedures should be established to govern Council's review and approval of the Special Events budget, as well as detail what documentation is required to justify any budget modifications suggested by a City Council member.
- (e) Upgrade the automated time recording functionality within the Tyler Munis system to allow for role-based access to Special Event time codes based on predetermined managerial staff assignments. Additionally, periodic training should be conducted to ensure staff understands the time entry process and what support resources are available.
- (f) The City Manager, Finance Director, and Community Services Director should establish financial and qualitative performance indicators to determine if Special Events are in line with City spending expectations and are meeting measures of success for Special Events. These performance indicators should include the following KPIs: budget-to-actual analytics, per-capita expenditures and revenues, attendance expectations and attendee satisfaction, metrics by which to evaluate budget/fund balances for Special Events and General Fund thresholds that may be used to supplement Special Events budgets, and checklists that itemize required practices and reporting for Special Events to ensure compliance with City guidelines and regulations.
- (g) Establish a framework that details how individual Special Event budgets are to be monitored. Budget monitoring activities should include at least the following:
- Assigned responsibility for the monitoring of each strategic performance indicator / KPI.
 - Periodic Special Event budget performance updates should be produced throughout the fiscal year.

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- Regular desk reviews of Special Event expenditures and revenues, partnership agreement deliverables, and compliance with Resolution 21-012 should be performed.
 - Periodic meetings with Special Event stakeholders should be conducted to ensure budgets are on track.
- (h) The Finance Department should implement a post-event reporting schedule that requires Community Services and Finance to submit actual expenditures for all events, direct and indirect costs, along with invoices and receipts substantiating direct costs. Documentation should be submitted detailing actuals of indirect costs including the actual costs for the use of City-owned facilities and assets and staff time used in planning and coordination in advance of Special Events, in alignment with City Resolution 21-012.
- (i) Adopt agreed upon definitions for Special Events and Program Events, which definitions should include well defined and easily understood criteria dictating which category an event belongs to. This will determine how events are tracked, reported on, and voted on for budgeting purposes for a consistent year-over-year event category placement. The determination of these definitions should include feedback from City stakeholders, including Community Services Department, Finance Budgeting and Accounting Departments, and the City Manager's Office.
- (j) Adopt an agreed upon definition for the application of indirect costs in Special Events budgeting that both relies on industry best practices and considers input from all City stakeholders, including Community Services Department, Finance Budgeting and Accounting Departments, the City Manager's Office, and City Council. This definition can be (and unless and until otherwise determined, the City Council hereby resolves that the definition shall be):
- a. "An accounting function to estimate and distribute certain event management activities as costs to events, to approximate the event's full cost. Regardless of the purpose of the indirect cost allocation, indirect costs are supported by a systematic and rational methodology determining what is an appropriate indirect cost based on industry standard and agreed on by City Council. Indirect costs can include city owned equipment rented, city owned facilities rented, any non-designated Special Events/Program Events city employees time spent pre-event day, day-of delivery or post-event in planning, meetings, administration, program design, and other reconciliatory tasks."
- (k) Adopt an agreed upon definition for the application of direct costs in Special Events budgeting that both relies on industry best practices and considers input from all City stakeholders, including Community Services Department, Finance Budgeting and Accounting Departments, the City Manager's Office, and City Council. This definition can be (and unless and until otherwise determined, the City Council hereby resolves that the definition shall be):

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- a. Direct costs include the salaries, wages, and benefits of employees while they are exclusively dedicated to an any activity that is designated for a named Special Event/Program Event pre-event day, day-of delivery or post-event, as well as the materials and supplies, and other associated operating costs such as vendor payments, prizes / giveaways, professional services and insurance costs paid directly to perform the event.

SECTION 3. The City Council declares that, should any provision, section, paragraph, sentence or word of this Resolution be rendered or declared invalid by any final court action in a court of competent jurisdiction or by reason of any preemptive legislation, the remaining provisions, sections, paragraphs, sentences or words of this Resolution as hereby adopted shall remain in full force and effect.

SECTION 4. The City Clerk shall certify to the adoption of this Resolution and enter it into the book of original Resolutions.

SECTION 5. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 16th day of May, 2023.

Lula Davis-Holmes, Mayor

APPROVED AS TO FORM:

Sunny K. Soltani, City Attorney

ATTEST:

Dr. Khaleah K. Bradshaw, City Clerk

STATE OF CALIFORNIA)
 COUNTY OF LOS ANGELES) SS:
 CITY OF CARSON)

I, Dr. Khaleah K. Bradshaw, City Clerk of the City of Carson, do hereby certify that the foregoing Resolution, being Resolution No. 23-089 was passed and approved by the City Council of the City of Carson, at its meeting held on May 16, 2023, by the following vote:

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AYES:
NOES:
ABSENT:
ABSTAIN:

Dr. Khaleah K. Bradshaw, City Clerk

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EXHIBIT "A"
INDEPENDENT AUDIT REPORT