

## **RESOLUTION NO. 21-012**

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

**WHEREAS**, per City Council direction, Gruber and Associates ("Gruber"), a financial advisory firm, was retained to review and evaluate the financial data, policies and procedures, and internal controls relating to the City of Carson ("City") Special Events Special Revenue Fund, the Carson Community Foundation, and the City's Cultural Arts Program, and based on such direction, Gruber prepared an Independent Accountants' Report ("Report") in connection therewith; and

**WHEREAS**, on February 18, 2020, the City Council accepted and adopted the Report and directed City staff to present policies to implement the recommendations made by Gruber in the Report; and

**WHEREAS**, the City Council now desires, by this Resolution, to adopt a policy to implement the recommendations made by Gruber in the Report with respect to the Special Events Special Revenue Fund.

**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 directs adoption and implementation of the following procedures and practices with respect to the Specials Events Special Revenue Fund, in order to improve (i) the accounting policies and procedures, (ii) the cash receipting process, (iii) internal controls over cash disbursement, expense approval and related activities, (iv) internal controls over event expense tracking and related activities, (v) internal controls over contract approvals and related activities, and (vi) tracking of indirect costs of each special event each year to capture a true cost of putting on a specific event:

(a) All event fees and financial contributions to special events must be used before any transfer of General Fund monies to the Special Events Special Revenue Fund are made for subsidizing events. The Special Events Special Revenue Fund should not accumulate fund balance through the General Fund subsidy. Budget controls should be focused on the event costs and the General Fund transfer must provide funding for an amount up to the actual costs incurred.

(b) All transactions must be entered into the City's accounting software correctly on the initial entry. This will require coordination with the City Treasurer's office as well as the

Community Services Department.

(c) The City's general ledger must have unique revenue accounts in order to properly account for donations received by outside individuals and companies versus support received from not-for-profit organizations that are partnering with the City on special events.

(d) The City must fully utilize project based accounting treating each special event as a project where all revenues and expenditures can be recorded, which will allow City Council and management the ability to evaluate the cost benefit of each special event. Furthermore, detailed budgets must be submitted for each event which would be approved by Council and entered into the general ledger.

(e) Transfers are to be recorded only after an event has been completed and all revenues and costs have been reconciled; at that point, the General Fund can transfer in the needed funds to balance the net cost of the event.

(f) Cash receipting process is to be enhanced to ensure that detailed information is used when initially recording the collected funds, and avoid the need for journal entries to be made to correct the errors.

(g) Transactions are to be entered into the proper fund, department and account when initially recorded to the general ledger. The City is to fully utilize project based accounting by treating each special event as a project where all revenues and expenditures can be recorded. Furthermore, the City is to improve its budgeting process by submitting detailed budgets for each event which would be approved by Council and entered into the general ledger.

(h) Individual budgets are to be created for each event so that expenses can be charged against the budgeted accounts and that they account for straight time that employees spend on special events.

(i) All City sponsored events must follow the City's purchasing regulations, inclusive of approved City employees authorizing purchases on behalf of the City. This procedure is put in place so that the City employees tasked with overseeing the budget and monies available to be spent are utilized under fiscal prudence, which provides the City Council a level of confidence that monies are not authorized that are over the City's budgeted allowances for a particular project in a particular year.

(j) All special events contracts are to be entered into using the City's standard services contracts, or another contract form approved by the City Attorney, to ensure the City's funds are adequately protected.

(k) All indirect costs of each special event is to be tracked each year to capture a true cost of putting on a specific event. This practice will help determine if the "cost benefit" of the event justifies City continuing to subsidize a particular event. This budgeting tool can also be used as a marketing resource to the community to illuminate the cost in which the City is subsidizing events that benefit the community.

**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.

[signatures on following page]

PASSED, APPROVED AND ADOPTED this 6<sup>th</sup> day of April, 2021.

\_\_\_\_\_  
Lula Davis-Holmes, Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
Sunny K. Soltani

ATTEST:

\_\_\_\_\_  
Donesia Gause-Aldana, City Clerk

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

I, Donesia Gause-Aldana, City Clerk of the City of Carson, do hereby certify that the foregoing Resolution, being Resolution No. \_\_\_\_\_ was passed and approved by the City Council of the City of Carson, at its meeting held on April 6, 2021, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

\_\_\_\_\_  
Donesia Gause-Aldana, City Clerk