



## Legislation Details (With Text)

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<b>On agenda:</b>	4/6/2021	<b>Final action:</b>			
<b>Title:</b>	CONSIDER APPROVING 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.				

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit A - Independent Accountants' Report of Carson Special Events, 2. Exhibit B - Resolution Special Events Fiscal Policy

Date	Ver.	Action By	Action	Result
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## Report to Mayor and City Council

Tuesday, April 06, 2021

Discussion

### SUBJECT:

**CONSIDER APPROVING 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.**

### I. SUMMARY

The City of Carson has a long history of supporting signature special events for its residents. These events have become staple experiences for the community as they create a sense of place and assist in making Carson a regional destination, as well as a desirable place to live and work.

On February 18, 2020, during discussion of agenda item no. 2020-060, the City Council directed staff to move forward with review of the City's Special Events Independent Accountant Report (exhibit A) by Gruber and Associates, a financial advisory firm and present policies to implement the recommendations made by Gruber. Staff is recommending that City Council approve Resolution No. 21-012 (Exhibit B) to adopt a policy to implement the recommendations made by Gruber in the report with respect to the

Special Events Fund.

Upon review of Special Events and the “Gruber Report of Carson Special Events”, staff is requesting City Council to adopt policies and procedures to improve internal controls relating to the City’s special events special revenue fund.

## **II. RECOMMENDATION**

WAIVE further reading and ADOPT 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”

## **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate.

## **IV. BACKGROUND**

On March 19, 2019, the City Council directed staff to move forward with the next steps related to reviewing the Specials Events fund. Staff released an informal request for proposals and qualifications on April 6, 2019, per City Council direction to move expeditiously. The information solicited was sent to 3 financial advisory firms. Staff reviewed the proposals and selected Gruber and Associates based upon its experience working with the City and its expertise with this type of financial analysis. On July 22, 2019, the City Manager authorized the service agreement with Gruber and Associates and Purchase Order No. 22000101 was issued.

Gruber and Associates evaluated the City of Carson’s internal controls and processes related to the City of Carson’s Special Events Fund. Interviews were conducted with selected individuals with knowledge of the programs. Gruber and Associates also evaluated financial data, policies and procedures, financial data for the City of Carson’s Special Events Fund, accounting policies and procedures. This included among other things, a review of the City of Carson’s Special Events Fund and accounting policies and procedures, the adequacy of management oversight and controls, and evaluated internal controls over the receipt of revenue, cash disbursement and contract approvals.

At the City Council’s February 18, 2020 meeting, the City Council accepted and adopted the Report and directed staff to return with policies to implement the recommendations made by Gruber in the report.

The proposed resolution will implement procedures and practices with respect to the Specials Events Special Revenue Fund in the following major 4 areas:

1. The accounting policies and procedures,
2. The cash receipting process,
3. The internal controls over:
  - Cash disbursement, expense approval and related activities

- Event expense tracking and related activities,
  - Contract approvals and related activities,
4. The tracking of indirect costs (including personnel expenditures) of each special event each year to capture a true cost of putting on a specific event

The proposed resolution No. 21-012 contains detailed information and procedures that are required and recommended by the Gruber report:

Funding sources:

- All event fees and financial contributions to special events must be used before any transfer of General Fund monies to the Special Events Fund are made for subsidizing events.
- The Special Events 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.

Budgeted Expenditures:

- Special Events must be treated 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.
- The City is to improve its budgeting process by submitting detailed budgets for each event (including personnel and non-personnel expenditures), which would be approved by Council and entered into the general ledger.
- 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 in addition to overtime that employees spend on special events.
- All indirect costs of each special event are to be tracked each year to capture the 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.
- All City sponsored events must follow the City’s purchasing regulations, inclusive of approved City employees authorizing purchases on behalf of the City.
- 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.

## **V. FISCAL IMPACT**

The proposed resolution is intended to provide direction so that the City's Special Events finances are managed in a manner that will continue to provide for the delivery of quality services; maintain sound financial practices and direct financial resources towards meeting the City Council's priorities.

## **VI. EXHIBITS**

1. Independent Accountant's report (Pgs. 5-58)
2. Resolution no. 21-012 (Pgs. 59-62)

1.

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