Written materials relating to an item on this agenda that are distributed to the legislative bodies within 72 hours before the item is to be considered at its regularly scheduled meeting will be made available for public inspection at the City Clerk's Office, 300 West Third Street 4th Floor during customary business hours. Agenda reports are also on the City of Oxnard web site at www.oxnard.org.

CITY OF OXNARD CALIFORNIA

AGENDA
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE

Council Chambers, 305 West Third Street

October 27, 2020

Regular Meeting - 9:30 to 10:45 AM

This meeting is held pursuant to the State Emergency Services Act, the Governor's Emergency Declaration, and Governor's Executive Order N-29-20 to allow members of the City Council or staff to participate via teleconference.

Pursuant to the Ventura County Public Health Official's order and Governor's Executive Order N-33-20, all city buildings are temporarily closed to the public. The public is encouraged to view the meeting from home on the City's website at Oxnard.org/city-meetings, Spectrum channel 10, Frontier channel 35, or YouTube at Youtube.com/oxnardnews. Video recordings are typically available online immediately following the meeting.

The public may provide comments to the City Council via email at cityclerk@oxnard.org no later than 8:00 a.m. on the day of the meeting. Please identify the committee name, meeting date, and agenda item in the email Subject line.

A telephone option for public comments is also available at this time due to the State of California "Stay At Home" order. Requests to speak must be submitted no later than 8:00 a.m. on the day of the meeting. Use the form on the city's website to submit your request: Oxnard.org/city-meetings, or call the City Clerk's Office at (805) 385-7803, or email your request to cityclerk@oxnard.org.

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

At this time, the legislative body will consider public comments for a maximum of fifteen minutes. A person may address the legislative body only on matters not appearing on the agenda and within the subject matter jurisdiction of the legislative body. Speaker requests shall be submitted as set forth on the first page of this agenda. Based on the number of speaker requests submitted, the presiding officer may impose time limits per speaker. Typically, speakers are limited to two minutes, but shorter time may be established as deemed necessary. The legislative body cannot enter into a detailed discussion or take action on any items presented during public comments at this time. Such items may only be referred to the City Manager for administrative action or scheduled on a subsequent agenda for discussion.

C. CONSENT AGENDA

1. City Clerk Department

   SUBJECT: Approval of Minutes.

   RECOMMENDATION: That the Finance and Governance Committee approve the minutes of the October 13, 2020 regular meeting as presented.

   Contact: Michelle Ascencion, (805) 385-7805

In compliance with the Americans with Disabilities Act, if you require special assistance to participate in a meeting, please contact the City Clerk's Office at 385-7803. Notice at least 72 hours prior to the meeting will enable the City to reasonably arrange for your accessibility to the meeting.

Agenda Item time estimates: (Staff Presentation / Committee Discussion / Public Comment)

D. REPORTS

1. Finance Department

SUBJECT: Presentation on the Corrective Action Plan. (15/10/5)

RECOMMENDATION: That the Finance and Governance Committee receives an update on the Corrective Action Plan (CAP) and gives authorization for staff to present the item to City Council.

Contact: Kevin Riper, (805) 385-7475

E. ITEMS FOR FUTURE AGENDAS

F. ADJOURNMENT

M I N U T E S
OXNARD CITY COUNCIL
FINANCE AND GOVERNANCE COMMITTEE
Regular Meeting
October 13, 2020

A. ROLL CALL, POSTING OF AGENDA, FLAG SALUTE

At 9:31 a.m., Chair Flynn called to order the regular meeting of the Oxnard City Council Finance and Governance Committee in the City Hall Council Chambers at 305 W. Third Street, Oxnard, California. The City Clerk called the roll and announced the posting of the agenda. Members Vianey Lopez, Bert E. Perello, and Chair Tim Flynn were present via videoconference.

Staff members present were Shiri Klima, Deputy City Manager; Stephen M. Fischer, City Attorney; Alexander Nguyen, City Manager; and Michelle Ascencion, City Clerk.

B. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Public comments were received from Jim Lavery (comparison of annual public safety expenditures).

C. CONSENT AGENDA

City Clerk Department

1. SUBJECT: Approval of Minutes.
RECOMMENDATION: That the Finance and Governance Committee approve the minutes of the September 22, 2020 regular meeting as presented.

It was moved by Member Perello, seconded by Member Lopez, to approve the minutes as presented. VOTE: Flynn, Lopez, and Perello voted in favor; the motion carried 3-0.

D. REPORTS

City Manager Department

1. SUBJECT: City Council Strategic Priorities Five-Year Update Process.
RECOMMENDATION: That the Finance and Governance Committee provide feedback on the process for reviewing and updating Council strategic priorities this winter.

The Deputy City Manager gave a report. Discussion ensued among the Committee and staff. No formal action was required.

2. SUBJECT: Review and Prioritize Councilmember Agenda Requests.
RECOMMENDATION: That the Finance and Governance Committee review and prioritize Councilmember agenda requests.

The Deputy City Manager gave a report. Discussion ensued among the Committee and staff. Committee Members discussed their preferences and provided direction. No formal action was required.

E. ITEMS FOR FUTURE AGENDAS (No requests were made.)

F. ADJOURNMENT

There being no further business on the agenda, and without objection, Chair Flynn adjourned the meeting at 10:27 a.m.

MICHELLE ASCENCION, CMC City Clerk	TIM FLYNN Chair

FINANCE AND GOVERNANCE COMMITTEE
AGENDA REPORT

REPORTS
AGENDA ITEM NO. D.1

DATE: October 27, 2020

TO: Finance & Governance Committee

FROM: Kevin Riper, Chief Financial Officer, (805) 385-7475, kevin.riper@oxnard.org

SUBJECT: Presentation on the Corrective Action Plan. (15/10/5)

RECOMMENDATION

That the Finance and Governance Committee receives an update on the Corrective Action Plan (CAP) and gives authorization for staff to present the item to City Council.

BACKGROUND

The City's annual audit for FY 2014-15 produced 111 Single Audit findings. These findings primarily concerned the financial and accounting policies and procedures of the City (or lack thereof). The FY 2015-16 audit yielded an additional 5 new audit findings. For FY 2016-17, an additional 19 audit findings occurred, of which 9 were repeat findings from the prior two audits. For FY 2017-18, an additional 37 audit findings occurred, of which 13 were repeat findings from the prior three audits. The FY 2018-19 audit produced an additional 11 findings, of which 3 were repeat findings from the prior four audits. Thus, for the 5 years from FY 2014-15 through FY 2018-19, the City's annual audits produced a total of 183 findings, of which 158 were unique findings, and 25 were repeat findings.

In order to correct these findings, the City was required to produce a Corrective Action Plan, or CAP. This Plan needed to address all unresolved findings and provide the steps and timeline to correct them. The Finance Department created the required CAP in March 2018 and submitted it to the State Controller's Office for review and approval.

Since March 2019, staff has been providing semiannual updates on the CAP to City Council. At the last update, in the spring of 2020, staff reported that the auditors, Eadie + Payne, had cleared 105 of the 158 unique (non-repeat) audit findings, which left 53 findings still to be resolved by the City. This is shown in the table on page 5 of the accompanying PowerPoint presentation.

DISCUSSION

In the past year, staff continued to make progress on the audit findings and improving staff technical competencies through greater investment in training. Furthermore, the new position approved last year for the Finance Department – Senior Manager of Internal Controls – has helped the organization strengthen its internal controls by providing oversight and monitoring to ensure controls continue to operate as designed.

As a result, the number of material weaknesses, which are the most dire of the findings, has dropped from 21 in March to 2 today. The total number of all audit findings still to be resolved has dropped from 53 in March to 18 today. This is shown in the table on page 6 of the accompanying PowerPoint presentation.

In addition, on September 1, 2020, the City Council approved and adopted an Internal Control – Integrated Framework (ICIF) along with four implementing policies. The Committee of Sponsoring Organizations of the Treadway Commission's ICIF provides a well-established, best practice framework for internal control principles. These internal control standards are recommended for State and local governments by the State Controller's Office and are considered a best practice by the Government Finance Officers Association (GFOA). The ICIF along with more detailed control documentation is expected to be completed over the next year to address the remaining Single Audit findings and other identified issues.

Over the next two to three years significant changes will affect the financial reporting environment of the City via implementation of the new enterprise resource planning (ERP) system. Many controls will be automated in the ERP such as data validation, which will reduce the risk of errors in financial reporting. Right now, as part of the ERP implementation project, staff and ERP consultants are mapping "current state" and "future state" financial processes. These process flow diagrams facilitate understanding of all processes from start to finish. They point to where system improvements and enhanced automation can occur.

STRATEGIC PRIORITIES

This agenda item supports the Organizational Effectiveness strategy. The purpose of the Organizational Effectiveness strategy is to strengthen and stabilize the organizational foundation of the City in the areas of Finance, Information Technology, and Human Resources, and to improve workforce quality while increasing transparency to the public. This item supports the following goals and objectives:

Goal 1. To help foster a healthy and accountable corporate foundation by strengthening the support functions of the organization, which include Finance, Information Technology and Human Resources.

Objective 1c. Develop written procedures to address Internal Control recommendations from Auditor.

Goal 2. Increase transparency with Council, community and staff related to the City's budget and financial management processes.

Goal 3. Focus on creating a culture of learning and talent development that will lead to a quality workforce which meets the needs of our community.

Objective 3a. Develop a training program that focuses on strengthening the effectiveness of supervisory/ management staff by establishing a common understanding of basic HR, IT, and fiscal policies and procedures. services to ensure an efficient and effective public safety service delivery model.

FINANCIAL IMPACT

There is no direct financial impact from this presentation.

Prepared by: Christine Williams, Senior Manager, Internal Controls

ATTACHMENTS

1. Presentation on Corrective Action Plan 10.27.20

UPDATE ON CORRECTIVE ACTION PLAN: FY 2015-2019 SINGLE AUDITS

Presentation to Finance & Governance Committee

Christine Williams, Senior Manager, Internal Controls

October 27, 2020

RECOMMENDATION

That Finance & Governance Committee receives an update on the Corrective Action Plan (CAP) and gives authorization for staff to present the item to the City Council.

AGENDA

3

- Status of Corrective Action Plan
- Continued progress
- Questions

CAP STATUS DEFINITIONS

4

Complete – Auditors have tested and determined that corrective action for the finding has been effectively implemented

To Be Tested – Policies and Procedures (P&P) approved (if applicable), training completed and corrective action ready for auditors to test during the next single audit

P&P Draft – P&P drafted but not yet approved by CFO and/or training not yet provided.

In Progress – Staff has taken steps towards implementation, but not yet drafted P&P or completed training

Not Started – Staff has not initiated mitigations, implemented resolutions or provided training

Rejected/No Longer Required – Staff disagrees with the finding and/or auditors have determined corrective action is no longer required

FY 2019 SINGLE AUDIT RESULTED IN 11 ADDITIONAL FINDINGS, 3 WERE REPEAT FINDINGS – NO NEW MATERIAL WEAKNESSES

5

FINDINGS STATUS (2015-2019) (as of March'20)	MATERIAL WEAKNESS	SIGNIFICANT DEFICIENCY	NON-COMPLIANCE	BEST PRACTICE	TOTAL
COMPLETE	48	47	7	5	107
TO BE TESTED	3	10	0	1	14
P&P DRAFT	8	0	0	1	9
IN PROGRESS	9	14	1	11	35
NOT STARTED	2	2	0	1	5
Passed / No Longer Required	2	2	9	0	13
TOTAL Findings	**72**	**75**	**17**	**19**	**183**
Repeat Findings	*(7)*	*(11)*	*(4)*	*(3)*	*(25)*
TOTAL Unique Findings	**65**	**64**	**13**	**16**	**158**
TOTAL Unresolved Unique Findings	**21**	**20**	**1**	**11**	**53**

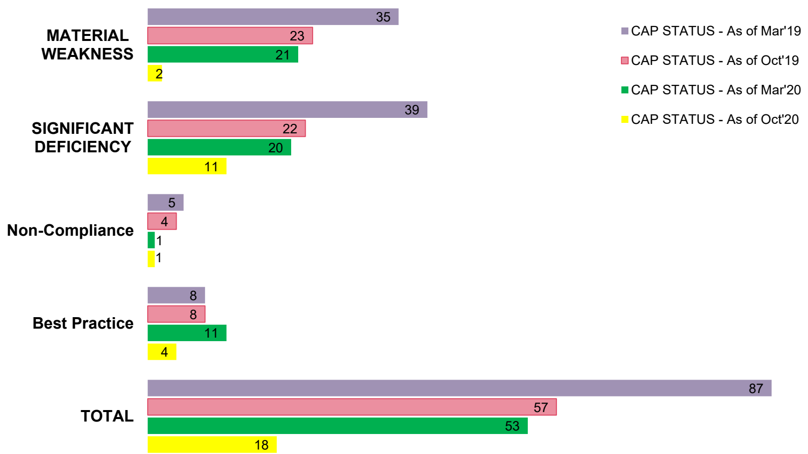
CORRECTIVE ACTION PLAN STATUS THROUGH OCTOBER 2020

6

FINDINGS STATUS (2015-2019) (as of October'20)	MATERIAL WEAKNESS	SIGNIFICANT DEFICIENCY	NON-COMPLIANCE	BEST PRACTICE	TOTAL
COMPLETE	67	60	8	15	150
TO BE TESTED	2	3	1	0	6
P&P DRAFT	0	1	0	1	2
IN PROGRESS	0	10	0	2	12
NOT STARTED	0	0	0	1	1
Passed / No Longer Required	2	2	8	0	12
TOTAL Findings	**71**	**76**	**17**	**19**	**183**
Repeat Findings	*(7)*	*(11)*	*(4)*	*(3)*	*(25)*
TOTAL Unique Findings	**64**	**65**	**13**	**16**	**158**
TOTAL Unresolved Unique Findings	**2**	**11**	**1**	**4**	**18**

PROGRESS CONTINUES

UNRESOLVED* FINDINGS 2015-2019



* Includes all unique findings excluding "Complete" or "Passed/No Longer Required" status

PROGRESS CONTINUES

- Internal Control-Integrated Framework (ICIF) and 4 implemented policies adopted by the City Council
- Biweekly Internal Control Meetings
  - Next steps on ICIF guidelines
  - New or current internal control information
- More detailed control documentation
- Training
  - Staff
  - Finance and Governance Committee serving as audit committee
- ERP implementation project updates
  - Automated timesheets
  - Business process mapping

RECOMMENDATION

That Finance & Governance Committee receives an update on the Corrective Action Plan (CAP) and gives authorization for staff to present the item to the City Council.

CITY OF OXNARD CALIFORNIA

QUESTIONS