

**Subject:** 2/12/20 Finance Advisory Committee Meeting - Internal Controls

**From:** Les Greenberg <plgreen@att.net>

**Date:** 2/8/2020, 11:58 AM

**To:** Alex Fisch <alex.fisch@culvercity.org>, Thomas Small <Thomas.Small@CulverCity.org>

**CC:** Meghan Sahli-Wells <Meghan.Sahli-Wells@CulverCity.org>, Jane Leonard <jane.leonard@culvercity.org>

Gentlemen:

I invite you—members of the Ad-Hoc Subcommittee on Internal Controls—to attend the 2/12/20 FAC meeting during its presentation of Item # S-1 "Internal Controls Updates." Perhaps, the FAC could advance that item on its agenda so that your time at the meeting could be minimized.

The Fraud, Waste, and Abuse Hotline project has run amuck. Public trust in the FWA Hotline is at risk. The FAC and the Subcommittee need to pay more attention to this critical project.

My concern is Staff, acting as an intermediary, misinforms both the FAC and the Subcommittee. Staff has been less than candid on FWA Hotline matters. A few examples are:

(1) Staff concealed from the FAC that entry into the Lighthouse Services LLC contract caused Culver City to abandon its longstanding commitment that the Internal Auditor (currently Moss Adams LLP) would independently operate the FWA Hotline. This occurred after Staff and Moss Adams LLP made a lengthy presentation to the FAC that Moss Adams LLP would operate the FWA Hotline.

Also, Staff caused the FAC to approve of and forward the *FWA Program* report to the Subcommittee. That report stated that the Internal Auditor (Moss Adams LLP) would manage the FWA Hotline. In turn, the Subcommittee accepted the report and forwarded the Staff's misrepresentation (concerning the Internal Auditor managing the FWA Hotline) to the City Council.

To date, Staff's only explanation for its conduct is "things changed." Neither the FAC nor the Subcommittee should condone such an alleged explanation.

(2) Staff caused the FAC to approve (and send to the Subcommittee) the *Enterprise Risk Assessment*, which falsely states, "[t]he City plans to first conduct a pilot program, which will initially direct any reports or calls to the City Attorney's Office. Based on the activity during the pilot program, the City will implement a full roll-out of the hotline." Culver City responded to my Public Records Act request to the effect no document exists to substantiate the existence of a "pilot program."

(3) At the 1/8/20 FAC meeting, the FAC was informed that Punit Chokshi manages the FWA Hotline. But the FAC was not informed that his management is contrary to the explicit terms of Lighthouse Services LLC contract. At the 1/8/20 FAC meeting, Mr. Chokshi stated that he was working with the Subcommittee on the procedures by which the FWA Hotline will operate. However, he failed to remind the FAC that the public has been informed that the FWA Hotline is fully operational.

**A qualified Internal Auditor should design the FWA Hotline procedures.** For example, LinkedIn information concerning the Internal Auditor of Beverly Hills is: "As City Auditor, Eduardo [Luna] works to ensure that the public has trust in government by ensuring resources are not wasted, but spent appropriately. Eduardo has over 28 years of performance audit experience at the federal and local level of government. He is a Certified Internal Auditor and a Certified Government Financial Manager. He serves as a member of the U.S. Comptroller General's GAO Domestic Working Group; Executive Committee member, Western Intergovernmental Audit Forum; and Government Relations Chair, Institute of Internal Auditors-San Diego Chapter. Specialties: Auditing, Risk Assessment, Government Accountability."

Trust, but verify. Staff and/or a consultant should first describe, in writing, to the FAC the benefits and drawbacks of each of its FWA-Hotline ideas, and present the FAC's feedback, in writing, to the Subcommittee. Otherwise, Staff will design a FWA Hotline that inspires NO confidence, and it will falsely inform the FAC and the Subcommittee that each other has approved its design.

Truly yours,

Les Greenberg