



CITY OF HUNTINGTON BEACH
CITY COUNCIL MEETING – COUNCIL MEMBER ITEM REPORT

TO: The Honorable Mayor and City Council

FROM: Mike Posey, Mayor Pro Tem

DATE: November 1, 2022

SUBJECT: Financial and Performance Audit Program

Two core values underlying the OneHB Mission are Exceptionality and Integrity. Together, these values require continuous improvement and transparency to be realized. To this end, I recommend that the City Council consider establishing a regular cycle of performance and financial audits for each of the City's 11 departments. Successful audits pose key questions that help the City evaluate the efficacy of its operations and find areas of improvement that will contribute to meeting the evolving needs of Huntington Beach, both effectively and efficiently.

1. Are the departments' operations, programs, and policies meeting their goals?
2. Are services provided effectively, cost-efficiently, and equitably?
3. Are all applicable rules and requirements being followed?
4. Are all of the above rooted in industry best practices?

Audits should be performed independently by consultants with expertise specific to each department. They should also be performed on a repeating, four-year basis to ensure a culture of continuous improvement, dedication to excellent customer service, and ongoing transparency to the Huntington Beach community. A sample four-year auditing cycle is below:

Year 1 – FY 22-23	Human Resources (a division of the Administrative Services Dept.) Finance Department Office of the City Treasurer
Year 2 – FY 23-24	City Manager's Office Office of the City Attorney Office of the City Clerk
Year 3 – FY 24-25	Police Department Information Services (a division of the Administrative Services Dept.) Community Development Department
Year 4 – FY 25-26	Fire Department Public Works Department Community and Library Services Department

Staff, with input from City Council, would be responsible for finalizing the auditing schedule; developing the scope of work for each audit; contracting with and managing consultants; tracking any findings; and implementing recommendations.

RECOMMENDED ACTION

Request the City Manager to begin developing a financial and performance auditing program for City Council approval in early 2023. This program should include scopes of work and professional services agreements for Year 1 auditing services.