



CITY OF SACRAMENTO

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OFFICE OF THE CITY CLERK

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LORRAINE MAGANA
CITY CLERK

September 7, 1982

CITY MANAGER'S OFFICE
RECEIVED
SEP 7 1982

Mayor and City Council
City Hall
Sacramento, CA 95814

Honorable Members in Session:

SUBJECT: Audit Reports for Conflict of Interest
Review - June 30, 1981 and July 2, 1982

SUMMARY

Attached are the recently received audit reports from Price Waterhouse. The reports are for information purposes and no action is required.

FINDINGS

Price Waterhouse's recommendations are noted on pages 1 and 2.

I am in agreement with the recommendations and discussing them with the City Attorney's Office and the Personnel Department. We hope to have the recommendations implemented within a year.

Respectfully submitted,

Lorraine Magana
Lorraine Magana
City Clerk

LM/mm
Attachment

FOR COUNCIL INFORMATION ONLY

Walter J. Slope
Walter J. Slope
City Manager

FILED
By the City Council
Office of the City Clerk
Cont. to
9-21-82

SEP 14 1982

9-14-82
All Districts

CITY OF SACRAMENTO

CONFLICT OF INTEREST CODE REVIEW

* * * * *

JUNE 30, 1981 AND JULY 2, 1982



455 CAPITOL MALL
SACRAMENTO, CA 95814
916 441-2370

July 6, 1982

To the Honorable Mayor and the
City Council of the City of Sacramento

CONFLICT OF INTEREST CODE REVIEW

We have reviewed the City's Conflict of Interest Code and supplemental codes together with the related reporting files for the fiscal years ended June 30, 1981 and July 2, 1982, as requested by the Council. The purpose of the review was to determine that the controls surrounding the reporting and record keeping functions are adequate to assure that the City maintains a record of compliance with the reporting requirements of the Code. The review was not intended to verify the information contained in the disclosures reported by the designated employees and City officials although the disclosures were reviewed for internal and chronological consistency. Any apparent inconsistencies noted were discussed with the City Clerk who made appropriate inquiries of the individuals who had reported.

SUMMARY CONCLUSION

Based on the results of our limited review described above, nothing came to our attention which would indicate that the files are not complete in all material respects or that the record keeping and reporting system is basically inadequate.

RECOMMENDATIONS

We believe that the reporting and record keeping procedures could be strengthened by the implementation of the following recommendations.

Recommendation 1:

The significance of proper reporting and methods of compliance should be emphasized to individuals required to file.

The Codes adopted by the various departments together with the supplemental Codes and the California general reporting rules represent a large, complex body of regulations, requirements and definitions, and the penalties for noncompliance with these requirements are severe. To avoid misunderstanding of these rules, the City should take steps to facilitate compliance and to communicate the importance of proper reporting. The following actions could improve understanding of the reporting requirements:

- A. An employee in each department should be assigned to become familiar with the Codes and monitor compliance at a departmental level.
- B. The City Clerk and City Attorney should assist the designated departmental personnel described above in understanding the Codes through seminars and consultation.
- C. The City Clerk should assign someone to review all reports submitted for completeness and consistency. Any potential discrepancies or inconsistencies should be communicated back to the individual reporting.
- D. A cover letter from the City Clerk or City Attorney should accompany the annual reporting forms which would highlight common reporting errors of the past and describe the penalties for noncompliance with the Code.

Recommendation 2:

Controls over new hires, terminations and transfers should be improved.

Although the controls over annual reporting are generally good, there is no formal system of reporting to the City Clerk changes such as new hires, transfers and terminations. Each of these changes require certain reports from designated employees within a limited time after the change; timely notification of such changes is necessary for compliance. To improve the timeliness of filing, the individual within each department who is responsible for Code reporting compliance should notify the City Clerk in writing of such changes when they occur.

To the Honorable Mayor
and the City Council

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July 6, 1982

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To ensure that appropriate reports are ultimately filed, the Personnel Department should be notified by the City Clerk when such reports are received. The Personnel Department would then be responsible for notifying the City Clerk of position changes for which appropriate reports have not been filed.

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We wish to extend our appreciation for the cooperation and courtesy extended to us by employees of the City. We will be happy to meet with you at your convenience to discuss further any of the recommendations.

Yours very truly,

Price Waterhouse