

# CORRECTIVE ACTION PLAN SUMMARY

	Risk Factor	Action Plan	Staff Assigned	Timetable	Progress
1	Mismanagement of hotel revenues has cost Montebello at least \$1.6 million.	The City will finish its evaluation of interest calculation for management fees and develop a formal policy to keep payments current going forward.	Robert (Finance Department)	January 2019	City staff will present findings to City Council at the 1/9/18 meeting.
2	Competitive bidding processes were not always followed and the City has not adequately ensured that it receives the best value for services.	<ol style="list-style-type: none"> <li>1. City staff will follow the City's municipal code related to procuring goods and services and justify and document any deviations.</li> <li>2. City staff will present to the City Council proposals for streamlining and updating the City's policies and municipal code, including procurement for professional and special services from a single source, compliance with state law regarding architectural and engineering contracts, and ensure the City Council reviews and approves any agreement that binds the City financially and does not have a maximum value attached.</li> <li>3. The City will increase training of staff especially in the area of procurement and regulations.</li> </ol>	Robert (Finance Department)	Initiate in January 2019	Proposals to be presented to City Council at 1/9/18 or 1/23/18 meeting. Once approved by City Council, staff will begin setting up a formal training schedule.
3	The City has not ensured it receives best value from its agreements with the hotel operator.	<ol style="list-style-type: none"> <li>1. Complete a financial analysis.</li> <li>2. The City will retain a consultant to evaluate operational efficiency and provide guidance on managing assets.</li> </ol>	Robert/City Manager (Finance & Administration Department)	<ol style="list-style-type: none"> <li>1. January 2019</li> <li>2. June 2019</li> </ol>	1. Analysis of the Hilton Garden Inn & Home2Suites will be presented to City Council at 1/9/18 meeting.
4	Municipal Golf Course's increasing debt to the City's general fund.	<ol style="list-style-type: none"> <li>1. The City will present the final report of the golf consultant, which was reviewed by the City's Golf Commission, to City Council.</li> <li>2. The City will continue to evaluate the Golf Course operations and discuss alternate uses.</li> </ol>	Danilo (Public Works Department)	<ol style="list-style-type: none"> <li>1. January 2019</li> <li>2. December 2019</li> </ol>	1. The final report of the golf consultant will be presented to City Council at the 1/9/18 meeting.
5	Monitoring of the City Manager's contracting activities.	<ol style="list-style-type: none"> <li>1. The City will begin the process of amending municipal code to reflect the City Council's desired limit on the City Manager's contracting authority.</li> <li>2. The City will establish or eliminate a quarterly limit on the City Manager's contracting authority, pursuant to the City Council's resolution.</li> <li>3. The City will establish a formal policy to ensure all contracts specify a maximum contract limit or provide for alternate controls.</li> <li>4. City staff will present proposals for streamlining and updating the City's procurement policies to the City Council for review.</li> </ol>	Robert/City Manager (Finance & Administration Department)	Initiate in March 2019	

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6	Poor control over petty cash and lack of credit card policies and procedures could lead to fraud.	The City will establish a formal petty cash policy and credit card policy.	Robert (Finance Department)	March 2019	
7	Lack of consistent leadership and competitive salaries have reduced the effectiveness of the City's departments.	<ol style="list-style-type: none"> <li>1. The City Council will work toward resolving the status of the City Manager on leave.</li> <li>2. The City Manager will address the hiring of individuals in key positions.</li> <li>3. The City will initiate a study of the staffing level and mix of positions by department and present results to City Council.</li> <li>4. The City will complete a salary survey and consider salary adjustments and funding.</li> </ol>	City Manager/Bob (Administration & Human Resources Department)	<ol style="list-style-type: none"> <li>1. Ongoing</li> <li>2. March 2019</li> <li>3. June 2019</li> <li>4. December 2019</li> </ol>	
8	Unless Montebello sells its water system or secures alternate financing, necessary improvements could burden the City's general fund in the future.	<ol style="list-style-type: none"> <li>1. The City will revisit the possible sale or lease of the water system.</li> <li>2. The City will develop a five-year capital improvement and financing plan.</li> <li>3. The City will pursue State and Federal grant opportunities.</li> </ol>	Danilo (Public Works Department)	April 2019	
9	Retirement costs could burden the City's finances in future years.	The City will hire a consultant to identify ways to mitigate the financial risks that such liabilities and obligations pose.	Robert (Finance Department)	June 2019	
10	Hotel bonds could impair the City's general fund.	<ol style="list-style-type: none"> <li>1. The City will retain a consultant to evaluate operational efficiency and provide guidance on managing the assets.</li> <li>2. The City will meet with the Hotel Operator on a regular basis to monitor performance and address hotel operational efficiency.</li> </ol>	Robert/City Manager (Finance & Administration Department)	June 2019	

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11	The City has not addressed some of the deficiencies identified by the State Controller.	<p>The City will address the remaining 5 items from the 2011 State Controller's report which are: (1) develop a plan to address the deficiencies noted in the report and provide updates, (2) ensure petty cash policies and procedures are updated and enforced, (3) require that all future contracts for engineering services over \$50,000 are competitively bid, (4) develop a list of policies for financial processes and provide training to staff (5) review and update policy manual.</p> <p>The City will also formally document the following: (1) the timely year end closing of financial records, (2) the timely adoption of the budget, (3) restricted computer access for human resources and payroll activities, and (4) proper reporting of compensation as required by the IRS. Staff will report quarterly to the City Council on the progress of completing these items.</p>	Robert/City Manager (Finance & Administration Department)	December 2019	