



CITY OF BEVERLY HILLS  
BEVERLY HILLS CITY COUNCIL / AUDIT & FINANCE LIAISON COMMITTEE  
CITY HALL – FOURTH FLOOR CONFERENCE ROOM A  
Tuesday, June 14, 2011, 3:00 P.M.

The Beverly Hills City Council/Audit and Finance Liaison Committee meeting was called to order at 3:00pm.

1. ROLL CALL

Present: Councilmember Julian Gold, Councilmember Lili Bosse, City Manager Jeff Kolin, Director of Administrative Services and Chief Financial Officer Scott G. Miller, Assistant Director of Administrative Services – Finance, Noel Marquis, Principal Partner, Mayer Hoffman McCann Michael Harrison, Principal Partner, Mayer Hoffman McCann Matthew Lenton and Karen Fremming who acted as Secretary of the meeting.

2. Councilmember Julian Gold was elected Chairperson of this committee.

3. AUDIT AND FINANCE LAISON COMMITTEE INTRODUCTIONS

Introductions of the Committee Members and Auditors were made. Principal Partners of Mayer Hoffman McCann, Michael Harrison and Matt Lenton, stated the objectives of the upcoming audit as well as matters to be communicated to those with audit oversight, per legal requirements.

4. ADJOURNMENT

There being no further business, the meeting adjourned at 4:25 p.m.

Next meeting: December 2011

Attached is Mayer Hoffman McCann's response to Julian Gold's request of a list of "Lessons Learned from Bell."

# **Attachment 1**

The major issues at Bell were governance issues outside the scope of a financial statement audit. However, we recognize that the expectations of the public have changed with respect to what the public expects to be addressed in financial statement audits for governmental entities.

In the planning phase of every audit that we perform post-Bell, we will identify appropriate engagement-specific issues that go beyond the misstatement focus of a financial statement audit. This might include, for example:

- Detailed discussion by the engagement team regarding major public policy initiatives of the client and their political context
- Reasons for delays in public projects
- Major procurement actions and their political context
- Tracing the compensation of executive management to the State Controller's website and to personnel files to ensure that the proper amounts have been reported on the website
- Expanded internal control assessments, especially in politically sensitive areas such as credit card documentation and travel reimbursement documentation.
- Political and financial pressures created by the continued economic downturn
- Use of data analysis software to download financial data from the City's accounting system to analytically test that data for:
  - High risk journal entries
  - Duplicate transactions
  - Out of sequence transactions
  - Random samples
  - Stratified samples