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CITY OF SACRAMENTO

CONFLICT OF INTEREST CODE REVIEW

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OCTOBER 31, 1983



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October 31, 1983

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 year ended July 1, 1983, 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 have been discussed with the City Clerk who has 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 recommendation.

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RECOMMENDATION 1:

The City Council should undertake a thorough review of the Conflict of Interest Codes to determine if any modifications or amendments are required.

During the year, a general restructuring occurred in various City departments, resulting in job title modifications and the combining of certain departments. However, the City Council has not modified the Conflict of Interest Codes to reflect these changes. Currently, all City employees are filing in accordance with the existing Codes. To ensure all appropriate employees are covered by the Codes, the existing Codes should be modified by the City Council to reflect all changes in job titles and department classifications which have occurred since the existing Codes were enacted.

MANAGEMENT'S RESPONSE:

The City Attorney's office is now in the process of updating the Conflict of Interest Code for changes in job titles and department classifications.

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Recommendations included in our report dated July 6, 1982 have not been implemented. We believe these recommendations continue to have merit, and we have included them again for your further consideration.

RECOMMENDATION 2:

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 Code 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 on a timely basis.
- 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 Codes.

MANAGEMENT'S RESPONSE:

- A. As part of the annual filing, the departments were requested to appoint an employee. This was accomplished.
- B. Before the annual filing in April, a seminar was conducted to go over the filing requirements with the designated employees.
- C. The City Clerk has assigned two staff persons to review reports. However, due to other departmental requirements, we have been unable to check for completeness and consistency.
- D. This has been completed and was distributed in 1983 to the responsible department person designated to monitor Conflict of Interest code compliance.

RECOMMENDATION 3:

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 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.

To the Honorable Mayor
and the City Council

- 4 -

October 31, 1983

MANAGEMENT'S RESPONSE:

A task force committee has been formed to review modifications to the Personnel Action Request document. The City Clerk has requested that a modification be made to include Conflict of Interest information. This would enable this department to obtain computer printouts of everyone required to file and would provide a tracking system.

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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