

AGENDA ITEM NO. 7

AGENDA STAFF REPORT

City of West Covina | Office of the City Manager

DATE: April 6, 2021

TO: Mayor and City Council

FROM: David Carmany
City Manager

SUBJECT: CONSIDERATION OF WEST COVINA FINANCIAL RECOVERY PLAN

RECOMMENDATION:

It is recommended the City Council approve the Financial Recovery Plan.

BACKGROUND:

With the goal of improving government performance, the Joint Legislative Audit Committee (JLAC) was established by the California State Legislature. JLAC, independently and through the work of the State Auditor's Office, oversees the operations and finances of government entities. Audits considered by the JLAC include financial and financial-related audits of government entities. In December 2019, the State Auditor's Office informed the City of West Covina that it had been selected for review under the high-risk local Government Agency Audit Program. The State Auditor completed its audit and published its report on December 1, 2020 (to view the report, please visit: <http://www.auditor.ca.gov/reports/2020-806/index.html>.)

One of the State Auditor's recommendations was that West Covina develop a formal financial recovery plan to prioritize resources and assign responsibility for monitoring progress in implementing the plan.

A financial recovery plan is a pathway to gaining stability – it identifies key elements based upon the State Auditor objectives: action steps, expected completion dates, responsible staff, and status updates. It is a challenging effort evidencing the City's awareness & commitment of the financial situation, and the need to align support with effort. It will involve development of a multi-year forecast (objective #6), and ongoing monitoring (objective #9).

DISCUSSION:

On March 24, 2021, the Draft Financial Recovery Plan was presented to the Finance & Audi Committee. The committee reviewed and discussed the draft Financial Recovery Plan and are proposing the attached final draft of the Financial Recovery Plan.

OPTIONS:

The City Council has the following options:

1. Approve the attached Financial Recovery Plan;
2. Approve the attached Financial Recovery Plan with changes; or
3. Provide alternative direction.

Attachments

Attachment No. 1 - Draft Financial Recovery Plan

Attachment No. 1 - Exhibit A

Attachment No. 1 - Exhibit B

Attachment No. 1 - Exhibit C

CITY Achieve Fiscal Sustainability and Financial Stability
COUNCIL Financial Recovery Plan/Corrective Action
GOALS &
OBJECTIVES: