



CITY OF MAYWOOD

Corrective Action Plan Six Month Update

Response to State Auditor Report 2015-803

“Its Flawed Governance and Financial Mismanagement Could Compromise the Basic Services It Provides to Residents”

The City of Maywood has made significant progress in the time since the release of the State Auditor Report 2015-803. This six month update will provide details on those actions already completed (recommendations that have been implemented), new processes and procedures that have been instituted that may have not been recommended directly, and those plans still in work.

In the last year, the City of Maywood has improved its accounting practices significantly. Monthly reporting provides information regarding Maywood's financial status. Maywood's budget is actively managed; key personnel have been hired; infrastructure improvements have been made.

I am encouraged by the progress made in the last year since April 2016. We will continue to work with the State Auditors to not only satisfy all recommendations made in the state report, but also implement more improvements.

Reuben Martinez
City Administrator, City of Maywood
April 2017

City of Maywood

Corrective Action Plan Six Month Update I

RISKS FACING THE CITY OF MAYWOOD

The city council has made significant inroads in mitigating financial and administrative risk to the City. This has been accomplished by employing a city administrator whose sole focus is to properly run the City's day to day activities; a city administrator who will regularly review the City's state of financial health and react accordingly; identify risks early and act accordingly; nurture and develop staff abilities; implement an employee performance evaluation process and conduct half year performance evaluations.

MAYWOOD'S WEAK GOVERNANCE INHIBITS RECOVERY FROM ITS PRECARIOUS FINANCIAL AND OPERATIONAL CONDITION

Maywood's City Council Has Provided Inadequate Oversight of the City's Financial and Administrative Functions

Recommendations to Address This Risk (page 8)

To fulfill its obligation to Maywood's residents, the city council should better oversee the city's financial and administrative functions by taking the following actions:

Recommendation #1

- Ensure that future contracts with the city managers and other employees do not include provisions that make it overly difficult to terminate a poorly performing employee. In addition, the city council should not extend contracts far in advance of their expiration date and should only renew contracts when warranted by an assessment of performance.

City's 6 month update to #1

Agree with the recommendation. The city administrator has recommended to the city council that future contracts with the city manager/city administrator do not

contain provisions that would make it overly difficult to terminate for cause a poorly performing manager/administrator. This recommendation also included a clause in all contracts indicating that poor performance is a cause for termination. Further, a recommendation was made to city council to NOT extend contracts no more than 6 months in advance of their expiration date. Any contracts that are renewed will be warranted by an assessment of performance.

An example of the application of this new policy can be found in the Interim City Administrator's recently signed and approved contract extension. The city council approved an extension of the Interim City Administrator's contract on April 12, 2017. The resultant contract is included in APPENDIX 1A.

These recommendations from the city administrator will also be reinforced with the completion of a Hiring Policy that is currently under review. A draft of this Hiring Policy document can also be found in APPENDIX 1B. The review and city council approval of this policy/manual is expected to be completed by June 2017.

The city council will then be prompted to adopt this manual as an ordinance to be in place going forward.

Recommendation #2

- Effectively monitor the city administrator's or city manager's performance and document that oversight in annual appraisals. For example, the city council should closely monitor the city manager's efforts to improve the city's financial condition and to address the other findings and conditions contained in subsequent sections of this report.

City's 6 month update to #2

The city administrator has significantly improved the city's financial condition and this is communicated on a monthly basis.

The City is in the process of implementing a performance evaluation policy and procedure for not only the city administrator but for all employees. This performance evaluation process is currently under review. The review and city council approval of this policy/procedure is expected to be completed by June 2017.

The city council will then be prompted to adopt this manual as an ordinance to be in place going forward.

Recommendation #3

- Eliminate its monthly payment of \$250 for each council member's mileage and instead implement a mileage reimbursement policy that allows city council members and other elected officials to claim reimbursement only for actual, documented mileage they incur when engaged in official city business.

City's 6 month update to #3

The city administrator presented to council on October 26, 2016 a recommendation to eliminate the monthly mileage stipend and institute a mileage reimbursement policy. The city council voted in favor of eliminating the mileage stipend. The stipend was eliminated effective October 30, 2016. The city administrator will implement a policy that defines mileage reimbursement procedures for both elected officials and city employees. This policy will use the federal reimbursement rate (currently 54 cents per mile). The actual mileage reimbursement form can be found in APPENDIX 2.

Additionally a policy will be implemented to address other city-covered expenses. The City Expense form can also be found in APPENDIX 2. The review and city council approval of this policy/manual is expected to be completed by June 2017.

Recommendation #4

- Carefully review expenditures and reject those that contain inappropriate costs.

City's 6 month update to #4

Prior to being sent to the City administrator for final approval, all expenditures are reviewed by the Principal Accountant, Accounting Specialist and the head of each department for verification that all charges are justifiable and according to specified terms in the corresponding contract. On a monthly basis the City Administrator provides the City Council a register with all these payments for their review. Included here is a copy of the City's Accounts Payable Policy recently created and the current accounts payable and disbursement procedure.

CITY OF MAYWOOD

Accounting Policies

ACCOUNTS PAYABLE / DISBURSEMENTS POLICY/

EFFECTIVE DATE: September 2016

The purpose is to establish an administrative policy concerning disbursements made by the City of Maywood and the accounting of the related accounts payable. Payments are mostly made by check and on very few occasions by ACH. Payments are made by the City of Maywood for a variety of purposes considering the City's obligations, goals and objectives.

Safeguarding Checks

Blank checks stock is maintained in the locked office of the City's Principal Accountant. The Principal Accountant is the only one who has access and distributes blank checks for the printing of check payments.

Purchase Orders

If requested by a vendor, a purchase order will be produced prior to work being completed. Purchase orders act as contracts to indicate the City's commitment to pay vendors for agreed upon work which is adequately completed.

Processing Payments

- A. All invoices must be approved by the appropriate department manager prior to payment.
- B. From the approved invoices, expenses are entered into Abila MIP, the accounting system by a Finance personnel. The accounting system, Abila MIP, automatically processes the entries to Accounts Payable and Cash as checks are produced.
- C. All checks need two signatures, one signature is from City Administrator *or* the City Mayor and the second signature is from the City Treasurer.

PROCEDURES

Entering an Invoice

1. Invoice is received and date stamped by Customer Service Representative.
2. Invoice is then given to Principal Accountant for review.
3. After invoice has been reviewed, it is given to the corresponding Department Manager for approval.
4. Once approved, invoice is given to Accounting Specialist in order for it to be entered into Abila MIP.
5. Abila MIP software must be installed in computer in order to access system. Once it is installed, you may access system with your personal log-in information.
6. Double click on the Abila MIP icon.
 - a. Log in
 - b. Double click on the Accounts Payable option located on the left side of the screen
 - c. Double click on the Enter A/P Invoice option

7. Enter the Session Number (the Session Number is AP/Month/Day/YR)
 - a. Example of a Session Number: AP 9/14/2017
8. Enter the Invoice Number
 - a. If no invoice number can be located, use the date on which the invoice was written
9. Enter the Invoice Date
10. Use the Date on the Invoice
11. Enter the Description
 - a. Be descriptive and keep it short
 - i. If you receive an invoice for a car maintenance, the invoice will state what service was done to a city vehicle; lube oil and filter change and it will go on explaining the work performed. For example, use 'Lube Oil and Filter Change' for description, along with the VIN of the vehicle.
12. Enter the General Ledger account code
 - a. The GL account code may be taken from the Chart of Accounts or find a similar invoice from a previous month and assign the same GL code used previously.
13. Enter the Vendor Balance
 - a. The vendor balance is the amount being paid to vendor.
 - i. Example: if the invoice is for the amount of \$55.30 then the vendor balance will be \$55.30
14. The second line you see in the invoice entry page is the AP line. Enter the GL code (2000) = the AP code which is paying the account.
15. Save it and start entering another invoice
16. When the session is completed, double click on the Accounts Payable option located on the left side of the screen.
17. Double click on the Post Transactions
18. Click on the session ID number created in Step 2.
 - a. An A/P report is created with all invoices that have been entered along with all GL codes used for each invoice. The report is given along with all invoices before posting to the Principal Accountant for review.
19. Once reviewed and approved by Principal Accountant, click Post.
 - a. This will complete the Batch Entry.

Selecting Invoices to Pay

1. Once invoices are posted, click on the Select Invoices To Pay Icon

2. To select invoices to pay click on the box on the left hand side of the Select Invoices To Pay Screen
3. The box will have a check mark signifying the invoice has been selected to be paid
4. After Selecting all invoices to be paid, click OK at the bottom of the Select Invoices To Pay Screen

Paying Selected Invoices

1. Click on the Pay Selected Invoices icon
2. Enter the session number (session number is CR month/day/year)
 - a. Example of session number: CR 7/18/2017
3. Click Start
4. A screen will pop up showing the succeeding check number that will be used
5. Click OK
6. Another screen will pop up showing how many checks will be needed in the check run
7. Click OK
5. Accounting Specialist will notify Office Assistant number of checks needed
6. Office Assistant will get that amount of checks from the Principal Accountant
 - a. Principal Accountant will then write the following information on the Blank Check Log Book
 - Date checks are being printed
 - Beginning number of sequence of checks
 - Ending number of sequence of checks
 - Quantity of checks
 - General information on what checks will be paying
 - Signature of Office Assistant (person receiving checks)
7. After receiving checks from Principal Accountant, Office Assistant delivers checks to Accounting Specialist
8. Accounting Specialist confirms correct check number at the beginning of sequence
9. Checks are placed in the printer facing up
10. Carefully review checks to make sure all check numbers correspond with Abila MIP's printed numbers
11. After all checks have been printed another screen will pop up asking if all checks were printed correctly
12. If everything is printed correctly, click yes.
13. Next, place the checks back in the printer, facing up, to print the City Treasurer's electronic signature

City Administrator Signature

1. After checks have the City Treasurer's electronic signature, match the invoices with the checks and paperclip together
2. Checks and invoices are given to the City Administrator for final review and approval
3. If approved, City Administrator then signs checks
4. Checks are then given back to Office Assistant
5. Office assistant then logs in all check information on the Check Run List
6. Check Run List also includes how the checks will be delivered with dates
 - Mailed
 - Personally picked up
7. Copies of checks are made and attached to invoices along with check stub
8. Checks are then distributed by mail or as appropriate

Void Checks

1. Principal Accountant must authorize the voidance of a check
2. The following information is needed in order to void a check
 - a. Check number
 - b. Amount of check
 - c. Date on check
 - d. Payee
 - e. Reason for void
3. Original check is stamped with VOID and is returned to Principal Accountant
4. All void checks are locked up in the Finance Office

Processing Voided Checks

1. Click on Void Checks and Payments
2. Enter the session number and description (the session number is CV month/day/year)
 - a. Example of session number: CV 9/14/2017 (description is the same as the session number)
3. Type in the new effective date, effective date is the same date used in session number
4. Click start
5. Select document from the available filter list
6. Click on the arrow pointing right
7. In Criteria 1, type in the check number being voided
8. Click on the Magnifying icon

9. Before selecting the box make sure it is the check that is to be voided by reviewing the Vendor ID, amount and date
10. Click OK
11. Post when complete

ACH Transfers

1. Require Approval of the Principal Accountant
2. To be originated by the Principal Accountant or designee Account Specialist
3. Must be approved by the City Administrator
4. Go to Basic Transaction Page
5. Click on Journal Vouchers
6. Hold Shift Button and '+'
7. You will get Session ID
8. Description: Brief description of transaction
9. Hit Start button
10. Hold Shift Button and '+'
11. Enter all codes needed
12. Hit Save button
13. Click Close button
14. Print journal entry entered in Abila MIP for review by Principal Accountant
15. Principal Accountant reviews journal entry for account accuracy, support documentation and if in order, approves the journal entry

Warrant Register – Month End Report

The Warrant Register is produced by the Accounting Specialist for the first Council Meeting of the month. The report contains all checks that have been issued for the previous month. The bottom of the report summarizes the source of funds used for payments. A resolution is created for council approval of the warrant, ACH payments, and payroll paid for the previous month.

1. Click on Reports on the top of the screen
2. In the drop down menu click on Check/Voucher Register
3. Click on the black arrow pointing down in the top of the screen to choose the Report Name
4. A drop down menu will appear. Select Warrant Register *
5. Change the dates to the first and last day of the month
6. Click on the X L on the top of the screen
7. Modify the report as required

Recommendation #5

- Reimburse the city for the \$3,250 cost incurred for the celebration after the December 9, 2015 meeting.

City's Response to #5

The celebration that took place after the December 9, 2015 city council meeting was arranged by council member Thomas Martin. Councilman Martin also urged the (then) Interim City Manager to promptly pay this invoice, which was paid within two weeks of the event. This celebration was arranged without the knowledge of the other council members. In fact some of the other council members expressed dismay and embarrassment that this was even done. Attempts have been made to get reimbursement for the City from Councilman Martin. These attempts have been unsuccessful. Thomas Martin resigned from the Maywood City Council on December 31, 2016. The City considers this matter closed.

Recommendation #6

- Familiarize themselves with the provisions of Maywood's municipal code and ensure their actions and the actions of the city administrator or city manager and other city officials and employees comply with the code's requirements.

City's 6 month update to #6

The City Administrator has arranged for the city council to undergo various training classes. This training will include ethics, Brown Act, financial management, budgeting, contracting, human resources, as well as Maywood's municipal code. Training for the city council is scheduled to start in May 2017. It is expected that municipal code training will be completed by the next six month update.

We are in the process of reviewing and arranging various trainings for staff and council members. Deputy City Clerk will keep a calendar of all trainings in order to keep staff and council members current on all training requirements.

Deputy City Clerk is in communications with Stephen Hall from *Municode* which will provide training on our Municipal Code. Once possible training dates have been received from Stephen, Deputy City Clerk will schedule all trainings.

We are also looking into possibly registering council members for the following trainings which are presented by League of California Cities:

Executive Forum

June 28 – 29, 2017

Monterey Marriott

Advanced Leadership Workshop

June 30, 2017

Monterey Marriott

Municipal Finance Institute

December 13 – 14, 2017

Newport Beach Marriott

New Mayors & Council Members Academy

January 17 – 19, 2018

Hyatt Regency Sacramento

Recommendation #7

- Obtain comprehensive training in the following key areas over which they exercise important responsibilities: financial management, budgeting, contracting, and human resources.

City's 6 month update to #7

The City Administrator has arranged for the city council to undergo various training classes. This training will include ethics, Brown Act, financial management, budgeting, contracting, human resources, as well as Maywood's municipal code. Training for the city council is scheduled to start in May 2017. It is expected that this training will be completed by the next six month update. See response to #6 above.

The City Council Violated the State's Open Meeting Law When It Failed to Notify the Public Before Making Important Decisions

Recommendations to Address This Risk (page 14)

To improve its ability to properly govern the city, Maywood's city council should do the following:

Recommendation #8

- Undergo required ethics and Brown Act training every two years and strictly observe Brown Act provisions to engage Maywood's residents in the decision-making process and avoid future violations of the law. In addition, the city council should immediately cure past violations.

City's 6 month update to #8

The city council undergoes Brown Act training every two years. The city council will be undergoing training for the Brown Act. Please see response for recommendations #6 and #7.

The city administrator is working with the city attorney to cure past violations. Once the past violations are cured, the proof of curing and supporting documentation will be provided to state auditors. A response from the city attorney is expected by the next six month update.

Recommendation #9

- Ensure it receives reliable legal advice concerning the Brown Act and other areas of state law affecting Maywood's operations.

City's 6 month update to #9

This item is on hold pending a further discussion with the State Auditors. The city administrator is in the process of reviewing the implementation of a corrective action for this recommendation with the city council. The timeline for completion of this corrective action will be presented to the state auditors at the next six month review.

To improve its hiring process, Maywood's city council should also do the following:

Recommendation #10

- Ensure that all hiring decisions are based on a comprehensive and documented staffing analysis that clearly demonstrates the need for each position.

City's 6 month update to #10

A budget amendment which included new staff positions with the corresponding pay was approved on March 22, 2017.

The new hiring policy will be presented to the city council on May 10, 2017. Upon approval, the hiring policy will be implemented. See APPENDIX 1B for a draft of the proposed hiring policy.

Recommendation #11

- Ensure it hires the most qualified individuals to fill critical city positions by using a structured and competitive recruiting process, which should include properly advertising positions, developing specific and objective selection criteria for screening applications, and conducting hiring interviews with the strongest candidates. Both the selection process and the final hiring process should also be documented.

City's 6 month update to #11

The new hiring policy will be presented to the city council on May 10, 2017. Upon approval, the hiring policy will be implemented. See APPENDIX 1B for a draft of the proposed hiring policy.

See response to recommendation #10 above.

Recommendation #12

- Ensure it promptly executes written contracts for applicable positions before allowing the contract employees to begin work.

City's 6 month update to #12

The city administrator has already instituted this practice for recently contracted positions. However, a more formalized process that describes the execution of written contracts for applicable positions is being documented. The timeline for completion of this formalized process and policy will be presented to the state auditors at the next six month review.

INEFFECTIVE FINANCIAL MANAGEMENT HINDERS MAYWOOD'S ECONOMIC RECOVERY

Maywood Lacks Resources to Pay Significant Debts That Remain Overdue

Recommendations to Address This Risk (Page 19)

To begin addressing its overdue debts and to avoid the accumulation of further debt, Maywood's city council should ensure that the city does the following:

Recommendation #13

- Develop a plan that includes funding sources and a realistic timetable for repaying the Insurance Authority, its successor agency, and CalPERS.

City's 6 month update to #13

A repayment plan has already being approved by CalPERS and the first payments have already been made. See APPENDIX 3. The details of this plan have already been presented and will not be repeated here. The City considers this item closed (CalPERS debt repayment plan).

- **Insurance authority (CJPIA) debt repayment:** the City has met several times with insurance authority representatives to discuss a repayment plan.
- To date, the City has paid a total of \$100,000 to the CJPIA. The City has established automatic (ACH) payments so as to ensure timely payments of \$10,000 a month per as per the City's agreement with CJPIA.
- The City met with representatives of the CJPIA in January 2017 to discuss next steps and to review the City's progress in repayment of this debt. The meeting was encouraging. The CJPIA representatives were pleased with the progress that Maywood has made with regards to accounting practices, financial and administrative stability, and debt repayment. Further next steps are being formulated as to Maywood's re-entry in the CJPIA. These steps will be identified by the next six month update.
- **Successor Agency debt repayment:** The State Auditor mentions in its report a \$2.6M debt to the successor agency. This \$2.6 million debt the State Controller's Office determined that the City must repay the City's successor agency has not been verified by the City. The State has not provided any documents to substantiate this determination. The City intends to retain a consultant to review the State Controller's determination. It is the City's plan to have this review completed by August 2017.

Recommendation #14

- Begin requiring its city council members and city staff to pay employees' share of their retirement benefit costs.

City's 6 month update to #14

The Principal Accountant has determined what employees have grandfathered provisions, or have established rights with respect to their pension status prior to the legislative changes which prevent the City from requiring them to pay employee's share of their retirement benefit cost.

The City Administrator will recommend to the City Council to approve requiring all employees and Council members who don't have grandfathered provisions to pay employee's share of their retirement benefit cost starting FY 2017-18.

Maywood's Inadequate Budgeting Practices Exacerbated Its Poor Financial Condition

Recommendations to Address This Risk (Page 24)

Maywood city management should develop and implement effective budgeting policies and procedures to ensure the following:

Recommendation #15

- Budget documents conform to best practices, such as those issued by the Government Finance Officers Association.

City's 6 month update to #15

The newly created budget policy is being reviewed by the City Administrator and expected to go to Council for approval on May 10th. Draft included here:

CITY OF MAYWOOD PROPOSED BUDGET POLICIES

APRIL 2017

INTRODUCTION:

The following policies outline the City of Maywood's (City) guidelines for budgetary decision making and set standards for sound budgetary practices and fiscal performance. An adopted set of Budget Policies that are consistently followed will assist the City in achieving its current and future goals in a fiscally responsible and sustainable manner. These policies establish guidelines for developing and monitoring the City's biennial operating and capital budget as recommended by the Government Finance Officers Association (GFOA) and the National Advisory Council on State and Local Budgeting (NACSLB).

This document shall be reviewed on a regular basis to reflect the highest standards of fiscal management and the City's budgetary goals.

OBJECTIVES:

According to the GFOA and the NACSLB, the budget policies should address and establish the guidelines for the following components:

- Operating and Capital Improvement Projects
- Budget Execution and Controls
- Revenues and Expenditures

This document addresses each of these elements, and provides a comprehensive foundation for the establishment, execution, and monitoring of the City's biennial budget.

BACKGROUND:

The City of Maywood's budget is developed and presented to Council for approval every two years, reviewed annually for each fiscal year, which is July 1 through June 30. Under the strong Council form of government, the budget is proposed by the City Administrator with input from City Council and the public. The budget may be revised by City Council and is adopted by Council.

PROPOSED CITY OF MAYWOOD POLICY

The City uses strategic planning to map its goals and manage the resources necessary for achieving them. The City Strategic Plan defines the direction for the City and provides a framework for the strategies and activities of the departments. The budget process is structured every two years and reviewed every year to achieve the fiscal and policy goals for the upcoming fiscal year while adhering to the timeline defined by the City

Administrator. The budget process is composed of the following phases: budget development, budget review, budget adoption, and budget monitoring.

Budget Development

The development of the Five-Year Financial Outlook (Outlook) is the first step in the biennial budget process. The Outlook outlines the priorities, consistent with the City Strategic Plan, for the next five years and forecasts anticipated revenues and expenditures. It also provides a comprehensive, long-range analysis of the City's General Fund by incorporating economic assumptions and newly-prioritized or mandated expenditures. The information presented in the Outlook serves as the basis for determining the coming year's operating budget allocations. The annual Capital Improvements Program (CIP) budget development process also uses the information from the Outlook, but initially begins with the identification and prioritization of capital improvement projects by the asset-owning City departments. The City's Consolidated Multi-Year Capital Plan (CP) will provide a five-year citywide assessment of infrastructure needs and will outline the proposed capital priorities. Policy decisions and strategies are made using the information contained in the Outlook, the capital project recommendations from the Building & Planning Department, City Works and the City Administrator. General Fund revenues and expenditures are determined and balanced through the budgeting process and included in the City Administrator's Proposed Budget, along with changes to the non-general funds and capital improvement projects. The budget document is presented by the City Administrator to the City Council and the public by May 15. The proposed budget is posted on the City's website and a hard copy is available in the Office of the City Clerk for public review. Additional hard copies are also provided to all City Council members, the Office of the City Attorney, the Finance Department, the Building and Planning Department, and the Office of the Mayor. Subsequent to the release of the proposed budget, the Finance Department issues a report that analyzes the proposed budget.

A key component of the operating budget process that does not necessarily coincide with the proposed budget development timeline is the adoption of the Salary Ordinance, which fixes the salaries of all officers and employees of the City. It's proposed that the Salary Ordinance must be introduced no later than April 15 and adopted no later than May 30 of each year. Any changes resulting from the adoption of the Salary Ordinance are incorporated into the City Administrator's Budget Revision, which is described in the following section.

Budget Review

The City Administrator's release and presentation of the proposed budget in April is followed by public review and discussion. This phase includes the City Council noticing a minimum of two public budget hearings where additional community priorities and recommended changes to the proposed budget are identified. The City Council convening as the Budget Review Committee may also hold a series of public hearings to review and discuss the changes proposed for the operating and capital budgets. Based on the most recent information that may not have been available during the development of the proposed budget, the City Administrator issues the May Revision to the proposed budget. This document contains the City Administrator's recommended changes to the budget based on revised current year revenue and expenditure projections, changes to salaries adopted in the Salary Ordinance, and adjustments to capital improvement projects. Based on the proposed budget, the May Budget Revision, and City Council members' budget priorities memoranda, the Finance Department issues a report of recommended final budget modifications to the City Council.

Budget Adoption

The proposed budget with modifications included in the City Administrator's May Budget Revision and the Finance Department recommendations shall be docketed for City Council review during the month of June. The City Council approves, by resolution, the budget prior to June 15. Within five business days of Council's approval, the Mayor has the discretion to line-item veto any budget modifications approved by Council. In turn, the City Council, also within five business days and by majority, has the authority to override the Mayor's veto.

In July, the Finance Department documents the final changes made to the proposed budget throughout the process in a budget Change Letter. The Appropriation Ordinance (AO), which enacts the budget into law, is then presented to the City Council for review and adoption in July. The adopted budget is published in September and made available to the public on the City's website and a hard copy is available in the Office of the City Clerk. Limited hard copies of the adopted budget are also provided to all City Council members, the Finance Department, the Building and Planning Department, the Office of the City Attorney, the Offices of the City Administrator, and the Office of the Mayor.

Budget Monitoring

The Finance Department monitors the City's annual operating budget throughout the fiscal year. Quarterly reports are produced and presented to the City Administrator and City Council to forecast year-end results and aid in adjusting the budget throughout the year to address changes in revenues and expenditures. The Principal Accountant reviews

these quarterly reports and provides recommendations for City Council consideration. Financial Performance reports are produced on a monthly basis by the Finance Department and presented to the City Administrator and City Council to show a summary statement of revenues and expenses for the preceding accounting period and the status of appropriations in comparison to actuals.

BUDGET POLICIES:

OPERATING AND CAPITAL IMPROVEMENT PROJECTS

Balanced Budget

A balanced budget is a fundamental requirement of a government agency. The City shall adopt and maintain a balanced annual operating budget and an integrated capital budget by the end of each fiscal year. For each fund, annual expenditures shall not exceed annual revenues plus available unrestricted fund balances. Any budgeted use of fund balance resources should not cause the City to drop below the established reserve target of two months of operational budget. It shall be a goal of the City to achieve a long-term structurally balanced budget, where ongoing expenditures are supported by ongoing revenues.

A structurally balanced budget shall be achieved through efficiencies, permanent reductions to the expenditure base, and/or ongoing revenue enhancements, and does not rely on reserves or the use of one-time revenues for ongoing expenditures.

Public Involvement

Public involvement shall be encouraged in the annual budget decision-making process through public hearings, public outreach, and the dissemination of accessible information. Public participation efforts will allow the City to improve performance by identifying public needs, priorities and service delivery expectations. Increased public involvement will allow the City to be more responsive to community needs, thereby increasing the value that the public receives from City government.

City Council Role

City Council shall adopt a biennial legislative budget calendar and budget process key dates that establish the time frame for each phase of the budget process in accordance

with the City requirements. City Council members shall also communicate their budget priorities by adopting and presenting a budget priorities resolution to the City Administrator in advance of the release of the proposed budget. After the City Administrator's May Budget Revision is presented, City Council members' final budget priorities memoranda shall be provided to the Finance Department. These memoranda will be used by the Finance Department to develop City Council final budget modification recommendations.

Five-Year Financial Outlook

A multi-year financial outlook shall be prepared for all funds that projects revenues and expenditures over a five-year period. The Five-Year Financial Outlook (Outlook) shall be the guiding document for the City's long-range fiscal planning and serve as the framework for the development of the biennial budget. The Outlook shall be presented to the City Council no later than November every year and updated as needed to accommodate changing national, regional, and local economic conditions, as well as the State budgetary policies and actions that affect the City's major revenues and departmental revenues. The annual update to the Outlook shall be based on the most recent information available and built upon a baseline of the current year's balanced operating budget trended forward using identified funding sources and well supported economic growth assumptions for major revenues. The Outlook shall also include projections for committed expenditures, operational costs, a timetable for paying the City's long term outstanding debts, contractual obligations, federal and State legal mandates, and adopted City Council policies.

The revenue and expenditure projections shall be based on a series of assumptions, including:

- Projected inflation and employment rates, recently adopted revenue venues, and consumer confidence;
- Salary and fringe cost increases and assumptions based on existing labor agreements;
- Pension and retiree health funding obligations based on actuarial reports and existing labor agreements and payment plans
- Most recent actuarial analysis on the City's long-term liabilities, including workers' compensation, CalPERS, CJIPIA and Successor Agency;
- Most recent condition assessments of General Fund infrastructure assets such as streets, facilities, storm water and parks to address deferred capital and maintenance and repair needs;

- Operating, maintenance, and debt service commitments stemming from City Council's other priority capital needs.
- Approved capital projects; and

The Outlook may include additional major revenue scenarios using alternative economic and policy assumptions. Additionally, the Outlook may include a discussion of risks or uncertainties affecting revenues or expenditures that could significantly impact the General Fund.

Operating Budget

The operating budget development process shall begin with the preparation of the Outlook, which shall be developed prior to the proposed budget. The operating budget shall contain the expected revenue and expenditure appropriations, staffing levels, and summary tactical plans for each department. Tactical plan information featured in the budget shall include the departments' mission, strategic goals and objectives, performance measures, and targets. Tactical Plans shall be updated annually to ensure departments' priorities support the City Strategic Plan and performance measures and targets are aligned with the budget.

Capital Improvements Program Plan and Budget

The City shall develop a Consolidated Multi-Year Capital Plan (CP) which shall provide a citywide assessment of infrastructure needs. The CP shall include the critical inputs needed to develop a comprehensive approach to addressing the City's capital needs and the subsequent identification of resources for all of those needs. Critical inputs include infrastructure condition assessments, service level evaluations, asset management information, and review of available funding sources. The CP shall be the basis for the development of the annual CIP budget.

The annual CIP budget shall be developed in conjunction with the operating budget to ensure effective utilization of the City's overall resources to operate and maintain facilities. The annual CIP budget shall include projects that span multiple fiscal years and result in capitalized assets. The CIP budget may include other projects of a capital nature that may not result in an asset and that span multiple fiscal years and have significant cost estimates. Annual allocation projects shall provide for smaller projects that are expected to be completed in a short timeframe. The annual CIP budget shall reflect total estimated project costs for City Council approved projects by including all prior and current year expenditures and appropriations, future year project costs, and any future funding needs through project completion. CIP projects shall only be established with

partial funding if there is a reasonable expectation that the remaining funding will be identified to complete the project within a reasonable timeframe for the type of project. Project budgets may be based upon revenues anticipated to be received during the fiscal year; however, the project shall not be released nor shall expenditures be incurred until cash is available to support the budget.

Appropriations for CIP projects that are not completed within the fiscal year shall continue until the project is completed or abandoned. CIP projects, however, shall be reviewed periodically to identify projects that are not progressing and funds available for reprogramming. The development of the annual CIP budget shall be based upon the adopted General Plan, community plans, service level priorities of City departments, condition assessments, and community input. Finally, estimated future impacts on operating budgets shall be provided for all capital improvement projects seeking approval by City Council and shall be included in the Five-Year Financial Outlook.

Basis of Budgeting

The City's budgets for Governmental Funds, such as the General Fund, Debt Service Funds, Special Revenue Funds, and Capital Project Funds shall be prepared based on the modified accrual basis of accounting (revenues are recognized in the accounting period in which they become available and measurable, and expenditures are recognized in the accounting period in which the fund liability is incurred) except that the increase/decrease in reserve for advances and deposits to other funds and agencies shall be considered as additions/deductions of expenditures.

Inclusion and Disclosure of Budgeted Funds

The City's budget shall be detailed in a comprehensive document that includes all General Fund activities and projects. The budget document shall include the General Fund, as well as Debt Service, Capital Project, and Special Revenue Funds, and the Capital Improvements Program so that the resources of the City can be viewed comprehensively for decision making. Any departments or funds with positions shall be budgeted. Departments or funds included in the budget document shall budget at the funds center, the lowest level of the organizational structure.

BUDGET EXECUTION AND CONTROLS

Budgetary Control

Budgetary control is established at the highest level by the City Administrator. The City Council may authorize the transfer of all or part of an unencumbered balance of an appropriation in those cases where the funding for a current year's programmatic activity

has proved to be insufficient. The City Council may not, however, exercise authority to transfer salary account funding to any other purpose, except in the event of a public emergency where such a transfer would ensure the safety of the lives and property of the residents of the City of Maywood. Any unencumbered balance of an appropriation at the close of the fiscal year, except retirement and certain trust funds, revert to the fund from which appropriated; however, appropriations for expenditures for improvements or other work which will not be completed within the year, such as capital improvement projects, shall be continued until the purpose for which the appropriation was made has been accomplished or abandoned.

Budgetary control shall be further defined by the City Council in an Appropriation Ordinance (AO). The AO shall include the necessary budget delegation to the City Administrator in order to carry out the business of the City. No department, fund or project, regardless of funding source, shall expend an amount in excess of its appropriations unless revised as authorized in the AO or through an adopted City Council Resolution as stated in the AO. The City Council approves amendments to the budget throughout the fiscal year through actions brought to the City Council at the request or recommendation of the City Administrator or the Finance Director. Revenues received in excess of the original amount estimated as part of the adopted budget shall not be expended without prior approval granted through the AO or an adopted City Council Resolution.

In accordance with the requirements of the City Policies, the AO shall detail the operating appropriations in two categories: 1) salaries and wages and 2) fringe benefits and non-personnel expenses (NPE). It also shall detail the CIP appropriations at the project level. The level of detail shall be presented in the following ways depending on funding type:

- General Fund appropriations are summarized by department
- Non-general fund appropriations are displayed by fund and grouped by fund type
- Capital Improvements Program (CIP) appropriations are displayed by project

Financial Reporting and Monitoring

On a monthly basis, the City Finance Department shall submit to the City Administrator and to the City Council a summary statement of revenues and expenses for the preceding accounting period and the status of appropriations in comparison to actuals, in order to detail the financial condition of the City.

The Finance Department shall oversee the City's budget and execute its budget monitoring responsibilities through the analysis of revenues and expenditures for

operating funds included in the annual AO. This analysis shall identify any significant variances between budgeted and projected revenues and expenditures and provide relevant information to maintain budgetary control and balance. Departmental revenue and expenditure activity shall be monitored at least quarterly and presented to the City Administrator and City Council at least three times a year. The Principal Accountant shall review these quarterly reports and may provide recommendations for City Council consideration. The Finance Department shall prepare quarterly reports that include forecasts of annual revenues and expenditures based on actual results and knowledge of spending trends and operations. These reports shall explain significant revenue and expenditure variances and indicate trends that may require remediation.

The Mid-Year Budget Monitoring Report shall present year-end projections of revenues and expenditures incorporating six months of actual results and anticipated spending trends for the remaining six months of the fiscal year. Accompanying the Mid-Year Budget Monitoring report shall be a budget amendment resolution as further described in the Current Year Budget Variance Monitoring section. The Year-End Budget Monitoring Report shall be released to the Council in late May in order to incorporate nine months of actual results in the analysis. The Year-End Budget Monitoring Report shall be released to the Council in advance of or on the same day as the Council's first public hearing on final budget decisions for the upcoming fiscal year. This will allow the Council to have the most recent information regarding current fiscal year revenues and expenditures compared to the City's budget prior to making final decisions on the budget for the upcoming fiscal year.

Current Year Budget Variance Monitoring

The Finance Department's quarterly budget monitoring process shall identify and address any projected budget variances. Unanticipated changes in revenue and/or expenditures may result in revenue and/or expenditures variances in the current year budget. As such, revenue and expenditure projections shall be conducted throughout the fiscal year in order to identify surpluses or any potential deficits that may require mitigation efforts authorized by City Council. Should these projections forecast a year-end deficit due to a decline in revenues and/or an increase in expenditures, alternative funding sources, budget reductions, or reallocations of funds among departments shall be identified to support the ongoing activities of the City. If departments are projected to exceed budget, Finance Department in conjunction with the departments, shall develop remediation plans to reduce expenditures, including the deferral of hiring and major expenses for goods and services prior to seeking a budget amendment from City Council to expend unrestricted fund balance and/or reserves. If mitigations cannot be identified to offset

the projected deficit, contingency plans that propose the use of the City's unrestricted fund balance and/or reserves consistent shall be developed and presented to City Council as a means of maintaining the funding levels necessary for department operations. The City Administrator shall recommend a budget amendment resolution if the MidYear Budget Monitoring Report projects a surplus or deficit relative to the adopted General Fund budget. Further, City Council may modify this mid-year budget amendment in accordance with the City's needs, objectives and resolutions. When a deficit is projected in the Year-End Budget Monitoring Report, the report shall include recommendations for addressing the projected variance from the current budget for Council consideration. Further, when a surplus is projected, the City Council's Reserve Policy shall outline the process for any use of surplus defined as spendable and unrestricted fund balance (Excess Equity).

Performance Reporting and Monitoring

Each fiscal year, both the proposed and adopted budget documents shall contain performance data for prior year actual results, current year projected (current year actual for the adopted budget), and targets for the upcoming year. The Finance Department shall manage the activities related to performance monitoring and reporting. Explanations shall be given for performance measures not meeting or trending toward performance targets.

Budget Actions

All budgetary adjustments shall be consistent with the authority provided in the AO. In addition, the Finance Department shall monitor the budget throughout the fiscal year through the review of requests for City Council that affect either the operating or CIP budgets. The Principal Accountant or Finance Director may review any Council actions and provide an independent recommendation to City Council. Additionally, during the course of the fiscal year, it may be necessary to execute budgetary reprogramming in order to balance expenditures against the appropriate revenues. This shall be achieved through Council-approved Ordinances or Resolutions and may result from recommendations made in the quarterly monitoring reports and/or other departmental requests for City Council action.

Encumbrances

Operating departments shall only encumber funds that will be spent in the current fiscal year. Departments shall review encumbrances throughout the year and request to close all operating encumbrances prior to the end of the fiscal year. Exceptions to this policy shall be considered at year-end for encumbrances related to major, non-recurring

projects or contractual obligations such as consultant services or studies for which work has begun and the project or deliverable remains a priority but will not be completed until a subsequent fiscal year. In these cases, the operating departments shall work with the City Administrator to ensure that encumbrances are funded with the upcoming fiscal year's budget. Encumbrances remaining in capital improvement projects at year-end shall be carried forward into subsequent fiscal years until project completion or cancellation.

REVENUE POLICIES

General Revenue Policies

General Fund revenues shall not be earmarked for any particular purpose, unless required by law or Generally Accepted Accounting Principles (GAAP). Revenues shall be deposited in the General Fund and appropriated during the budget process or by a separate City Council action. All revenue forecasts shall be well supported by objective external research and internal forecasting methods.

One-Time Revenues

The City of Maywood shall use one-time revenues such as grants or unrestricted fund balances to pay for one-time expenditures. Furthermore, ongoing expenditures shall be funded by ongoing revenues. When new and ongoing program expenditures are added to the budget, an ongoing revenue source such as an increase in existing revenues or a new revenue source shall be identified to fully support the cost of the program.

Economic Indicators

The City Maywood has four major sources of General Fund revenue—property tax, sales tax, transient occupancy tax, and Permits—all of which are affected by changes in the local, State, or national economies. Economic data shall be evaluated from multiple sources to analyze short- and long-term revenue trends. A variety of indicators shall be considered such as housing market trends, interest rates, retail sales, unemployment rates, consumer confidence measures, the Consumer Price Index (CPI), and others.

Short-Term Revenue Projections

The short-term revenue projections shall be based on the current economic conditions, legislation, and fiscal policy changes. The current economic indicators will assist in developing the growth rate for each major revenue category. Short-term revenue projections shall support budgetary and policy decisions for the current and upcoming fiscal year.

Long-Term Revenue Projections

The City's long-term revenue forecasting used for the Outlook shall be based on the analysis of the historical revenue trends for each individual revenue source. The historical trend analysis shall include, at minimum, a six-year performance history for each major revenue. In addition to the historical trend analysis and review of current economic conditions, the City shall consider potential legislative changes when forecasting the major revenue growth rates.

Legislative and Policy Analysis

The Finance Department, in conjunction with the City Administrator, shall monitor all relevant federal and State legislation and policies that may affect City revenues and adjust revenue projections as indicated to ensure that reasonable revenue projections are maintained.

EXPENDITURE POLICIES

General Expenditure Policies

The biennial budget process shall weigh all competing requests for City resources within expected fiscal constraints. Requests for new operating expenditures made outside the biennial budget process shall be discouraged. New initiatives shall be financed by reallocating existing City resources to programs and services with the highest priorities or through new revenue sources.

Pension Obligations

The City's budget shall include the amounts to fully fund the Actuarially Determined Contribution (ADC) as determined by the Maywood City Employees' Retirement System (CALPERS) Board and the estimated expenses related to defined contribution requirements. The Governmental Accounting Standards Board (GASB) requires the disclosure of the actuarial information to determine if assets are sufficient to pay benefits when they become due. Budgeting the full ADC for the City's Retirement System is critical for the long-term fiscal health and stability of the City's pension system.

Retiree Healthcare Obligations

Funding of retiree health or Other Post-Employment Benefits (OPEB) shall be a priority of the City through the biennial budget. Payment of the full OPEB was approved by Council resolution in is legally required by contract with them. disclosure of the Net Other Post-Employment Benefits Obligation (NOPEBO) liability is required, in accordance with GASB Statement 45, in the City's Comprehensive Annual Financial Report (CAFR). The City's

budget shall include the amount required per existing labor agreements and the estimated expenses related to defined contribution requirements.

Budgeted Positions

All City positions shall be budgeted. Grant funded positions shall be budgeted as limited positions. Positions that are funded through grant resources are authorized as long as grant funding is available. Upon the termination of grant funding, the positions funded under the respective grant shall be eliminated from the budget.

Labor Agreements

The City's budget shall include compensation and benefit increases in accordance with the Memorandums of Understanding (MOUs) between the City and its respective employees.

CONCLUSION:

These Budget Policies outline the City of Maywood's guidelines for budgetary decision-making and set a standard for sound budgetary practice and fiscal performance. Adhering to an adopted set of Budget Policies provides a framework for consistent and transparent budgeting that is fiscally responsible. These policies were drafted to include recommended budget practices asserted by the Government Finance Officers Association (GFOA) and the National Advisory Council on State and Local Budgeting (NACSLB). These policies shall be reviewed on a regular basis in order to ensure that the policies reflect the highest standards of fiscal management and the City's budgetary goals. The City of Maywood's Budget Policies set forth protocols and best practices regarding operating and capital budgets, budgetary controls, and revenue and expenditure policies that result in the legal establishment, timely execution, and effective monitoring of the City's budget.

Recommendation #16

- Timely presentation of budgets for the city council's approval.

City's 6 month update to #16

Please refer to the newly created Budget Policies document presented in response to recommendation #15. The mentioned document covers the auditor's concerns expressed in this recommendation. It is due to take effect immediately after Council approval in May 10, 2017.

For your awareness, a Mid-Year Budget review of FY 2016-17 budget was presented by the Finance Department to city council in March 2017 to provide accurate information about the City's finances during the first eight months and expected results for the last four months of the fiscal year. The City Administration is prepared to present a budget amendment for FY 2017-18 in May 2017, as proposed by this newly created budget policy.

Recommendation #17

- Continuous monitoring of actual expenditures against the budget and seeking city council approval of budget augmentations when necessary.

City's 6 month update to #17

This recommendation is covered by the Budget policies document included above. Please refer to recommendation response #15.

Recommendation #18

- Monitoring of the differences between actual and budgeted revenue and expenses, and developing plans for the use of any excess revenue.

City's 6 month update to #18

The Finance Department currently generates, reviews and delivers monthly budget vs actual comparison reports to the City Administrator, these reports prove to be effective tools to closely monitor revenues and expenditures giving the space to make corrections and sound decisions. Please refer to the Budget Policies document included in recommendation response #15

Recommendation #19

- Development of a comprehensive framework for the multiyear fiscal planning to better inform its decision-making process. This framework should identify the funding sources and timetable for paying off its long outstanding debts.

City's 6 month update to #19

A multi-year financial outlook shall be prepared for all funds that projects revenues and expenditures over a five-year period. The Five-Year Financial Outlook (Outlook) shall be the guiding document for the City's long-range fiscal planning and serve as the framework for the development of the biennial budget. The Outlook shall be presented to the City Council no later than November every year and updated as needed to accommodate changing national, regional, and local economic conditions, as well as the State budgetary policies and actions that affect the City's major revenues and departmental revenues. The annual update to the

Outlook shall be based on the most recent information available and built upon a baseline of the current year's balanced operating budget trended forward using identified funding sources and well supported economic growth assumptions for major revenues. The Outlook shall also include projections for committed expenditures, operational costs, a timetable for paying the City's long term outstanding debts, contractual obligations, federal and State legal mandates, and adopted City Council policies.

The revenue and expenditure projections shall be based on a series of assumptions, including:

- Projected inflation and employment rates, recently adopted revenue venues, and consumer confidence;
- Salary and fringe cost increases and assumptions based on existing labor agreements;
- Pension and retiree health funding obligations based on actuarial reports and existing labor agreements and payment plans
 - Most recent actuarial analysis on the City's long-term liabilities, including workers' compensation, CalPERS, CJPIA and Successor Agency;
 - Most recent condition assessments of General Fund infrastructure assets such as streets, facilities, storm water and parks to address deferred capital and maintenance and repair needs;
 - Operating, maintenance, and debt service commitments stemming from City Council's other priority capital needs.
- Approved capital projects; and other priority capital needs.

The Outlook may include additional major revenue scenarios using alternative economic and policy assumptions. Additionally, the Outlook may include a discussion of risks or uncertainties affecting revenues or expenditures that could significantly impact the General Fund.

Recommendation #20

- Maywood's city council should regularly request reports from city management showing a comparison of budgeted to actual expenditures to ensure the city does not exceed appropriation levels in the approved budgets. Additionally, the city council should request reports showing a comparison of budgeted to actual revenue so that it can monitor revenue throughout the year and decide how to use any excess revenue.

City's 6 month update to #20

Included in the Budget City policies, scheduled to go to Council for approval on May 10, 2017. Please see Budget Policies document as part of our six month response to recommendation #15.

Ineffective Controls and Understaffing of Maywood's Parking and Code Enforcement Functions Resulted in Significant Losses of Revenue for Maywood

Recommendations to Address This Risk (Page 29)

To maximize revenue and improve its financial condition, Maywood should do the following:

Recommendation #21

- Evaluate its staffing needs for the parking enforcement and code enforcement functions, and add positions to maximize its capacity to collect revenue from parking citations and business license fees.

City's 6 month update to #21

In April 2016 the City employed only one parking enforcement officer working 32 hours per week. Shortly after the arrival of the current city administrator, this parking enforcement officer was made a full time employee (40 hours per week). Since then, the City has hired two additional parking enforcement officers. Both are working full time. The first one was hired in July 2016. From the period of July 16, 2016 to date (April 26, 2017) this newly hired parking enforcement officer has issued 3,958 citations for a total amount of \$236,895 in additional revenue.

The second officer was hired in February 2017. From the period of February 10, 2017 to date this second officer has issued 1,412 citations for a total amount of \$81,391 in additional revenue.

It has also been determined that the City needs at least one more parking enforcement officer to cover weekend overnight parking concerns. The City has posted a position on their City website for this. A comprehensive overview of the City's parking enforcement needs is being documented. This overview will be presented to the state auditors at the next six month review.

For the code enforcement function, the current city administrator realized that this function was costing the City over \$100,000 per year and was performed by an engineering services contractor for four hours per day (half time). As a first step, the city administrator hired a full time employee at a substantial reduction in cost

to the City to fulfill the building/code inspection duties. A further overview of the City's code enforcement needs has been evaluated. An amended budget for FY2017-18 will be presented to city council to include one additional code enforcement officer.

For business license fees, interns are mailing business license renewal notices. City staff closely monitors this activity. For reconciliation of business licenses entered and processed, two separate staff members will perform these functions. The business license policy for the City is being refined. The timeline for completion of this policy will be presented to the state auditors at the next six month review.

Recommendation #22

- Develop a process to ensure that all businesses operating within city limits, including its contractors, have a valid business license. For example, Maywood should consider hiring an outside vendor to identify businesses that are operating in the City without a valid business license. Maywood should structure such a contract so that it pays the vendor only a percentage of the additional revenue generated from businesses that it identifies as operating without valid business licenses.

City's 6 month update to #22

The City contracts with a firm for sales tax analysis and tracking (HdL). Prior to the release of the State Audit, the City contacted that firm and was able to obtain a file containing all the businesses in the City that collect sales tax. Since the business license software is from the same firm providing the sales tax analysis, the City has been able to find those businesses that collect sales tax, but do not have a Maywood business license. After this information has been received, the City will send out a 30 day notice to businesses in Maywood informing them of upcoming door to door inspections for license verification. This notice will allow businesses without licenses enough time to come into City Hall and apply for their business license.

Maywood is in the process of contacting those businesses. Note: this was accomplished without paying a consultant or firm to canvass the City. The City administration will study the option to hire a collection agency to reach those businesses that do not pay sales tax; an update on the results will be available to the State auditors at the next six months review.

Recommendation #23

- Require business owners to provide supporting documentation for their reported revenue that the City uses to calculate the cost of the business license.

City's 6 month update to #23

The City has already formulated a requirement that calls for all business owners to submit their Federal Income Taxes for tax verification. This determines the cost of their business license payment and confirms their reported gross receipts. The process was implemented in November 2016 for all 2017 license renewals. The documentation of this process is in work. The timeline for completion of the documentation of this process will be presented to the state auditors at the next six month review. A sample letter that the City sends out can be seen below:



City of Maywood

4319 E. Slauson Ave, Maywood CA, 90270
Office: (323) 562-5700 Fax: (323) 773-2806

November 28, 2016

RE: Business License Renewals

Dear Business Owner:

This is a courtesy reminder that all business licenses expire on December 31st, 2016. Please note that City Hall will be closed Friday, December 23rd for Christmas and Friday, December 30th for New Years. As you may know, the grace period begins January 1st to January 31st, 2017. Effective February 1st, 2017, late penalties will accrue.

To avoid late penalties, payment must be received by January 31st. Payments can be mailed to City Hall at 4319 E. Slauson Ave. Maywood, Ca 90270.

In addition, to assist us in keeping your file up to date, please review the enclosed renewal notice and cross out any old information and write in any new information and return it with your payment.

Along with the enclosed renewal notice, please fill out the following enclosed attachments:

- Business Recycling Confirmation (**required**)
- Tobacco license renewal (**if applicable**)
- Vending machine renewal (**if applicable**)

NOTE: Please enclose a copy of your most recent Federal Tax Return for tax verification.

If you need additional information, please call our office at (323) 562-5704

Sincerely,

Ray Guadron
Business License Department



CITY OF MAYWOOD

4319 East Slauson Avenue
Maywood, CA 90270
Phone: (323) 562-5000 • Fax: (323) 773-2806

INCOMPLETE BUSINESS INFORMATION NOTICE

The City of Maywood is unable to process your Business License Application or Renewal Notice for the following reason:

- Incorrect amount was sent. Should be _____. Amount still due _____.
- Payment was not enclosed.
- Check was not signed.
- Penalty was not included with payment.
- New application is required due to change of ownership, location, and/or nature of the business.
- A business permit application is required for any fixed place of business within the City.
- A home occupation permit application is required for any residential place of business within the City.
- Your business license is currently delinquent. To avoid Administrative Citations, please submit payment **no later than** _____.
- We have received your request to close your business license however, you still have an active seller's permit with the State Board of Equalization. In order to cancel your business license we will need proof of State Board of Equalization permit closure.
- A Federal Tax Return is being requested for verification of gross receipts provided on the business tax renewal application submitted.
- This is the FINAL NOTICE of FEES DUE that you will receive before Administrative Citations will be issued. Please pay past due fees **no later than** _____.
- Please provide a copy of a valid Contractor's ID Card. (or call with the current State License number)
- Your check is enclosed.
- Other:

Please complete the enclosed form(s) and return with your payment. If you have any questions, please call (323) 562-5000.

Recommendation #24

- Implement policies and procedures to ensure the effective management of its leases, including timely renewals of lease contracts and cancellations in the case of a breach. Additionally, Maywood should develop controls to help ensure that it receives lease payments on time and that it assesses and promptly collects late fees for delinquent payments.

City's 6 month update to #24

The following procedure is included in the Accounts Receivable Policies and procedures, currently in the process of elaboration and refinement. This recommendation is still under implementation, a more detailed explanation of the process will be provided by California Auditor's twelve month review.

Accounts Receivable Policies and Procedures

Leases

Maywood leases city property as a potential revenue source. Here's the procedure to ensure the effective management of these leases.

A spreadsheet containing all lease agreements is annually reviewed and updated by the Finance department to verify they all are current and all lease terms and conditions are still in vigor.

Invoices are prepared and mailed the 1st of each month. If the 1st of the month lands on a weekend or holiday, the invoices are prepared the following workday.

1. Go to Maywood Share Drive
2. Select Finance Department 1 folder
3. Click on AR Invoices 2017
4. Click on the most current document
5. Change the invoice number; the invoice number is the first three letters of the month and year
 - a. Example: MAR2017
6. Change the invoice date to the date it is being prepared
7. Save the document; save as AR Invoice and the first three letters of month and year
 - a. Example: AR Invoice Mar 2017
8. Print and mail invoice

Lease Procedures Delinquent Vendors

If no payment was received by the due date per contract agreement another invoice will be prepared with delinquent fees applied, per contract agreement.

1. Go to Maywood Share Drive
2. Select Finance Department 1 folder
3. Click on AR Invoices 2017
4. Click on the invoice that has *not* been paid
5. Change the invoice number; the invoice number is the first three letters of the month, year and the letter 'A'
 - a. Example: MAR2017A
6. Change the invoice date to the date it is being prepared
7. Change the amount to include delinquent fees
8. Save the document; saved as AR Invoice and the first three letters of the month, year, and Delinquent
 - a. Example: AR Invoice Mar 2017 Delinquent
9. Print and mail invoice

Recommendation #25

- Continue to follow up with the new parking citation system's vendor to ensure that it promptly uploads Maywood's old parking citation data into the new system.

City's 6 month update to #25

For collections: Open/outstanding citations from conversion data

Phoenix Information Group Systems ("Agency"), our new citation contractor, *has* converted all open/outstanding citation from previous processor. All information has been processed and approved for accuracy.

In order for a delinquent notice to be sent there must be a registered owner (RO). In accordance with the DMV our system searches for the RO for each open/outstanding citation. Once the information is updated in our system a delinquent notice is generated and mailed to the registered owner in compliance with CVC (California Vehicle Code). A count will be given to the Agency for delinquent notices mailed that have successfully achieved an RO. All open/outstanding citations will automatically be placed on DMV Hold, in compliance with CVC.

Registered owners have a given amount of time, determined by Agency, to pay the citation. The delinquent notice will show the unpaid citation amount and any assessed late fees associated with that citation in conjunction with the Agency's bail schedule.

Agency is monitoring all payments received for the unpaid/outstanding citations. A monthly query will be set up to address dollar amounts and percentages of revenue collected for these open/outstanding citations from conversion data.

All revenue is made available to the City through daily deposits and monthly credit card check. Reporting will be made available to the Agency.

*The success of any collection efforts depends on the willingness of the violator to acknowledge and pay their debt(s).

**Agency will be billed for above services according to contract and any e-mail or written approvals/addendums to current contract.

To date, Maywood has received 182 payments totaling \$10,781.00

Recommendation #26

- Ensure that it maintains current copies of its contracts with all vendors and lessees, including its waste contractor.

City's 6 month update to #26

Agree with this recommendation. See above response regarding lessees and vendors. A process and policy for these items is being documented. The timeline for completion of this policy will be presented to the state auditors at the next six month review.

Recommendation #27

- Review all past payments received from Republic Services to ensure that they complied with the terms of the appropriate contract. If any underpayments are identified, pursue the collection of those amounts to the extent possible.

City's 6 month update to #27

A thorough review of payments received from Republic Services is currently underway. Results will be reported at the next review.

Recommendation #28

- Develop a process to monitor all future payments from Maywood's waste contractor to ensure that they are in accordance with the terms of the contract.

City's 6 month update to #28

The City is formulating a plan to hire a contractor who specializes in waste contractors. Results of that plan will be reported at the next six month update.

WEAK INTERNAL CONTROLS AND NONCOMPLIANCE WITH ITS MUNICIPAL CODE COMPROMISE MAYWOOD'S PROVISION OF BASIC SERVICES TO RESIDENTS

Maywood's Failure to Comply With State Labor and Local Contracting Laws Has Exposed It to Legal Liability and the Risk of Overspending

Recommendations to Address This Risk (Page 37)

To make certain that Maywood adheres to state law and its own municipal code when procuring goods and services, the city council should do the following:

Recommendation #29

- Ensure that the city uses a competitive process, when required, to contract for goods and services so that the city hires the most qualified vendors at the best price.

City's 6 month update to #29

The City will ensure that it continues to adhere to the following municipal code:

3-4.07 - Bidding procedure required.

All purchases of equipment, supplies and services shall be made by formal or informal public bids pursuant to the procedures set forth in this Chapter, except where an exception applies pursuant to this Chapter. The following general regulations shall apply:

(a)

Basis of Award. The City shall secure materials, supplies, services (professional, consulting, public works, maintenance, and other general services), and equipment at the lowest total cost commensurate with the quality and scope needed, and subject to any limitations imposed by state law. Notwithstanding the foregoing, although the city is not adopting the formal procedures outlined in California Government Code, Section 4525 et seq., the City shall secure professional services based upon demonstrated competence, professional qualifications, and suitability for the project in general. The City may consider cost of professional services if the City determines it to be a relevant factor under the circumstances.

(b)

Purchasing Policies and Procedures Manual. The purchasing officer shall develop, for approval by the Chief Administrative Officer, such policies and procedures as are necessary to implement the provisions of this section. The policies and procedures shall be written and implemented in such a way to encourage open and competitive bidding, where appropriate,

- provide equal opportunity based on merit, make each selection process free of invidious discrimination or bias, provide for efficient and timely acquisition of needed materials, supplies, services (professional, consulting, public works, maintenance, and other general services), and equipment, and provide effective fiscal controls.
- (c) Applicable state and federal law. The City shall comply with all applicable federal and state laws for the particular purchase at issue including, but not limited to, bidder's security and bonding requirements, as well as prevailing wage requirements.
- (d) Unlawful purchasing activities and conflicts. The Purchasing Policies and Procedures Manual shall specifically prohibit practices which might result in unlawful activity including, but not limited to, rebates, kickbacks, or other unlawful consideration, and shall specifically prohibit City officials, officers, and employees from participating in the bidding or selection process when they have a relationship with a person or business entity seeking a contract under this Chapter which would subject the officials, officers, or employees to the prohibitions of California Government Code, Section 1090 and 87100 et seq.
- (e) Records retention. The purchasing officer shall keep a written record of all bids for a period of two (2) years following the award of the purchase. If no purchase is awarded pursuant to a particular bid process, the purchasing officer shall keep a written record of the bid information for a period of six months following the City's decision not to award the purchase.
- (f) State or federal funding. Any purchases made with state or federal funds shall comply with all laws, rules, and regulations made applicable by the funding source.

(Ord. No. 08-15, § 6, 12-9-2008)

● **3-4.08 - Award of professional service contracts.**

- (a) Thirty thousand dollars (\$30,000.00) or less. Professional services contracts of thirty thousand dollars (\$30,000.00) or less may be awarded by the Chief Administrative Officer or his or her designee by any alternative procedure or the non-public project informal bidding procedures as defined in this Chapter.
- (b) More than thirty thousand and one dollars (\$30,001.00). Professional services contracts of more than thirty thousand and one dollars (\$30,001.00) shall, except as otherwise provided in this Chapter, be awarded by the City Council pursuant to either the non-public project formal bidding procedures or non-public project informal bidding procedures as determined by separate resolution of the City Council.
- (c) Review of scope of services. The purchasing officer and department director shall review and approve, or provide for the review and approval of, the scope of services prepared for every professional services contract.
- (d) City Council review of scope of services. The City Council shall review and approve the scope of services prepared for every professional services contract of more than fifty thousand dollars (\$50,000.00).

- (e) Award. Contracts for professional services shall be awarded to the contractor who will best serve the interests of the City, taking into account the demonstrated competence, professional qualifications, and suitability for the project in general. The City may consider cost of professional services if the City determines it to be a relevant factor under the circumstances.
- (f) Subsequent contract awards, amendments, extensions, or renewals. Notwithstanding anything herein to the contrary, the Chief Administrative Officer shall not award a subsequent contract to the same individual or entity for the same or similar services, or amend, extend, or renew such a contract, without obtaining the City Council approval authority when the award, amendment, extension, or renewal will result in the City paying an aggregate amount in excess of the approval authority of the Chief Administrative Officer to the individual or entity in any given fiscal year.
- (g) Dollar limits and change orders or amendments. The dollar limits approved by separate resolution of the City Council shall apply to the original contract and to any amendments or change orders. To this end, therefore, unless an exception applies, any contract amendment or change order which would increase the contract amount above any threshold stated herein shall comply with the requirements applicable to the increased contract amount. For professional service agreements awarded by the City Council, unless a lower or higher amount is stated in the City Council staff report for the project or directed by the City Council, the Chief Administrative Officer or his or her designee shall have authority to approve contract amendments or change orders up to twenty-five (25) percent of the original contract amount.
- (h) No bid splitting. The city shall not split a project, work, service or purchase into smaller projects, works, services, or purchases for the purpose of avoiding any bidding or contracting requirements of this Chapter.

(Ord. No. 08-15, § 6, 12-9-2008)

- **3-4.09 - Award of contract for purchase of materials, supplies and equipment.**

- (a) Thirty thousand dollars (\$30,000.00) or less. Purchases of materials, supplies, and equipment of thirty thousand dollars (\$30,000.00) or less may be awarded by the Chief Administrative Officer or his or her designee by any alternative procedure or the non-public project informal bidding procedures as defined in this Chapter.
- (b) More than thirty thousand and one dollars (\$30,001.00). Purchases of materials, supplies, and equipment of more than thirty thousand and one dollars (\$30,001.00) shall, except as otherwise provided in this chapter, be awarded by the City Council pursuant to either the non-public project formal bidding procedures or non-public project informal bidding procedures as determined by separate resolution of the City Council.
- (c) Review of specifications. The purchasing officer and department director shall review and approve, or provide for the review and approval of, the specifications prepared for every purchase of materials, supplies, and equipment.
- (d)

Award. Contracts for the purchase of materials, supplies, and equipment of thirty thousand dollars (\$30,000.00) or less, if awarded, may be awarded in the best interests of the City. Contracts for the purchase of materials, supplies, and equipment of more than thirty thousand dollars (\$30,000.00), if awarded, shall be awarded to the lowest responsive and responsible bidder. If two (2) or more bids are the same and the lowest, the City may accept the one it chooses.

(e)

Dollar limits and change orders or amendments. The dollar limits approved by separate resolution of the City Council shall apply to the original contract and to any amendments or change orders. To this end, therefore, unless an exception applies, any contract amendment or change order which would increase the contract amount above any threshold stated herein shall comply with the requirements applicable to the increased contract amount. For materials, supplies, and equipment contracts awarded by the City Council, unless a lower or higher amount is stated in the City Council staff report for the project or directed by the City Council, the Chief Administrative Officer, or his or her designees shall have authority to approve contract amendments or change orders up to twenty-five (25) percent of the original contract amount.

(f)

No bid splitting. The City shall not split a project, work, service, or purchase into smaller projects, works, services, or purchases for the purpose of avoiding any bidding or contracting requirements of this Chapter.

(Ord. No. 08-15, § 6, 12-9-2008)

- **3-4.10 - Formal bidding procedures.**

(a)

Uses of the non-public project formal bidding procedure. A formal bidding procedure shall be used whenever formal bidding is required by this Chapter.

(b)

Distribution of notice inviting formal bids or request for proposals. A notice inviting formal bids or a request for proposals or qualifications, as appropriate, shall be posted at least once and at least ten (10) calendar days before the date of opening the bids or proposals. The notice shall be published once at least ten (10) calendar days before the date of opening the bids in a newspaper of general circulation printed and published in the City, or, if there is no such newspaper, in a newspaper of general circulation which is circulated in the City or posted in at least three (3) public places in the City which have been designated as the places for posting of public notices.

The notice inviting formal bids or request for proposals or qualifications shall also be posted on the City's public bulletin boards and provided directly to bidders, vendors, or contractors on the City's approved list for the type of purchase or service at issue. The City shall endeavor to receive formal bids or proposals from at least three vendors or contractors. A notice inviting bids shall be used whenever the project or purchase must be awarded to the lowest responsible and responsive bidder. A request for proposals or qualifications may be used whenever the project or purchase is not required to be awarded to the lowest responsible and responsive bidder. If the purchasing officer and the director of the using department certify that, to the best of their knowledge, there is no local source or local provider available for the project, the notice inviting bids or the request for proposals, as appropriate, may be distributed to a list of qualified vendors maintained by the purchasing officer and/or published in a trade journal appropriate to the project.

(c)

Contents of notice inviting formal bids or request for proposals. At a minimum, the notice inviting formal bids or request for proposals or qualifications shall:

- (1) Describe the project or purchase in general terms;
- (2) State how to obtain more detailed information about the project or purchase;
- (3) State the date, time, and place for the submission of bids or proposals; and
- (4) Include any other information required by state or local law, as determined by the City Attorney.

Bids for purchases of more than one hundred thousand dollars (\$100,000.00) shall be sealed bids.

- (d) Proprietary projects or sole source products. If the purchasing officer or the director of the using department certifies that, to the best of his or her knowledge, the project, product, or service is proprietary in nature and can be obtained only from one vendor or contractor, and that no equivalent products or services are available, the notice inviting formal bids or request for proposals may be sent exclusively to such vendor or contractor.
- (e) Contents of remaining bid and contract documents. The contents and form of the remaining bid and contract documents shall be approved by the purchasing officer, as well as the City Attorney.
- (f) Bidder's security. When required by applicable law or determined necessary by the Chief Administrative Officer or purchasing officer, each bidder shall be required to provide appropriate security to guarantee its bid. Upon refusal or failure to execute the required contract or agreement and provide all required information and documentation, the full amount of the bid security shall be forfeited, except to the extent limited by applicable law.
- (g) City's authority. The City may reject any or all bids or proposals received, and may waive any minor irregularities in each bid or proposal received.
- (h) No bids received; Same bids. If no bids are received, the City may award the contract by any alternative procedure. If two (2) or more bids are the same and the lowest, the city may accept the one it chooses.

(Ord. No. 08-15, § 6, 12-9-2008)

• **3-4.11 - Informal bidding procedures.**

- (a) Uses of non-public project informal bidding procedure: This informal bidding procedure shall be used whenever informal bidding is allowed for a purchase which does not involve a public project.
- (b) Distribution of notice inviting informal bids or request for proposals. A notice inviting informal bids or request for proposals, as appropriate, shall be provided. The notice inviting informal bids or

requests for proposals shall be provided to at least three vendors or contractors, and the City shall endeavor to receive informal bids or proposals from at least three vendors or contractors. A notice inviting bids shall be used whenever the project or purchase must be awarded to the lowest responsible and responsive bidder. A request for proposals or qualifications may be used whenever the project or purchase is not required to be awarded to the lowest responsible and responsive bidder.

(c)

Contents of notice inviting informal bids or request for proposals. At a minimum, the notice inviting informal bids or request for proposals shall:

(1)

Describe the project or purchase in general terms;

(2)

State how to obtain more detailed information about the project or purchase;

(3)

State the date, time, and place for the submission of bids or proposals; and

(4)

Include any other information required by state or local law, as determined by the purchasing officer or City Attorney. Bids for purchases of more than one hundred twenty-five thousand dollars (\$125,000.00) shall be sealed bids.

(d)

Proprietary projects or sole source products. If the purchasing officer or the director of the using department certifies that, to the best of his or her knowledge, the project, product, or service is proprietary in nature and can be obtained only from one vendor or contractor, and that no equivalent products or services are available, the notice inviting formal bids or request for proposals may be sent exclusive to such vendor or contractor.

(e)

Contents of remaining bid and contract documents. The contents and form of the remaining bid and contract documents shall be approved by the purchasing officer, as well as the City Attorney.

(f)

Bidder's security. When required by applicable law or determined necessary by the Chief Administrative Officer or purchasing officer, each bidder shall be required to provide appropriate security to guarantee its bid. Upon refusal or failure to execute the required contract or agreement and provide all required information and documentation, the full amount of the bid security shall be forfeited, except to the extent limited by applicable law.

(g)

City's authority. The City may reject any or all bids or proposals received, and may waive any minor irregularities in each bid or proposal received.

(h)

No bids received; Same bids. If no bids are received, the City may award the contract by any alternative procedure. If two (2) or more bids are the same and the lowest, the city may accept the one it chooses.

(Ord. No. 08-15, § 6, 12-9-2008)

- **3-4.12 - Alternative procedures.**

"Alternative procedure" means purchasing materials, supplies, services, (professional, consulting, public works, maintenance, and other general services) or equipment by negotiated contract, purchase order or any other procedure outlined in the City's purchasing policies and procedures manual and consistent with this Chapter. A type of alternative procedure may include, but is not limited to, what is referred to as a "simplified pricing procedure" wherein the authorized contracting party, or his or her designee, obtains oral price quoted from one or more potential contractors or suppliers, and accepts the quotes which is determined to be in the best interests of the City.

(Ord. No. 08-15, § 6, 12-9-2008)

- **3-4.13 - Exceptions to competitive bidding.**

Competitive bidding, either formal or informal, is not required for non-public projects in the situations provided for in this section. The purchasing officer shall establish rules and regulations within the Purchasing Policies and Procedures Manual which are necessary to implement the provisions of this section. Under the conditions outlined herein and in the Purchasing Policies and Procedures Manual, any alternative procedure, including no bidding, may be used with the Chief Administrative Officer's approval.

(a)

Emergencies. When the purchasing officer and the authorized contracting party, with the approval of the Chief Administrative Officer, determine that an emergency exists. For purposes of this section, an emergency shall be defined as a situation which makes competitive bidding, either formal or informal, impractical or not in the best interests of the City. Concurrence that an emergency exists shall be approved by four-fifths (4/5) vote of the City Council.

(b)

No competitive market. When the purchasing officer and the authorized contracting party, with the approval of the Chief Administrative Officer, determines, in accordance with applicable law, that a competitive market does not exist and that no competitive advantage will be gained by the public bidding process.

(c)

Competitive bidding already completed. When the purchasing officer and the authorized contracting party, with the approval of the Chief Administrative Officer, determines that:

(1)

A competitive bid procedure has been conducted by another public agency including, but not limited to, another local agency, the state through the California Multiple Award Schedule (CMAS), the federal government through the General Services Administration (GSA), the U.S. Communities Government Purchasing Alliance, or the Western States Contracting Alliance (WSCA); and

(2)

The price to the city is equal to or better than the price to that public agency.

(d)

State purchase. When the purchase is made on behalf of the City by the State Department of General Services.

(e)

Purpose of bidding is otherwise accomplished. When the purchasing officer and the authorized contracting party, with the approval of the Chief Administrative Officer, determine that it is in the best interest of the City and its administrative operations to dispense with public bidding for non-public projects under this chapter. Concurrence that waiver of the applicable bidding requirements is in the best interests of the City shall be approved by four-fifths (4/5) vote of the City Council.

- (f) No bids received. When no bids are received through the non-public project formal or informal bidding procedures.
- (g) Natural gas, water, and electricity. The purchase of natural gas, water and electricity agreements with privately-owned, federally-owned, state-owned and locally-owned utilities and agencies for the purchase and sale of natural gas, water and electricity.
- (h) Mandated expenditures. Expenditures mandated by law or regulation, such as county booking fees, waste disposal fees, or other non-negotiable permit, use, or application fees.
- (i) Otherwise authorized. When otherwise authorized by this chapter or applicable law.

(Ord. No. 08-15, § 6, 12-9-2008)

Recommendation #30

- Verify that each city council member and city staff member involved in the procurement function obtains training on the contracting requirements contained in Maywood's municipal code.

City's 6 month update to #30

This is all part of the City's training plan mentioned in response to items #6 and #7.

Recommendation #31

- Ensure its contracts accurately specify the city's needs in terms of the required services and allowable maximum contract amount.

City's 6 month update to #31

The City is committed to formulating a detailed policy with regards to contractors. This policy will include specific details on what is expected of the contractor, time limits, terms, etc. The timeline for completion of this policy will be presented to the state auditors at the next six month review.

Recommendation #32

- Ensure that the city administrator or city manager develops and implements the purchasing policies and procedures manual required by Maywood's municipal code.

City's 6 month update to #32

The City adheres to the current purchasing policies and procedures. Purchasing policies and procedures are currently being reviewed and will be modified as appropriate.

- **3-4.02 - Purchasing officer.**

There is created the position of purchasing officer. The purchasing officer shall be the Chief Administrative Officer or his or her designee. The duties of the purchasing officer may be combined with those of any other City office or position. The purchasing officer may delegate the duties of that position to one or more subordinate employees with the consent of the Chief Administrative Officer, each of whom shall be under the purchasing officer's supervision.

The purchasing officer shall be the head of all purchasing functions of the City. The purchasing officer shall direct and supervise the City's purchasing program. The purchasing officer shall endeavor to obtain full and open competition on all purchases and services required by the City to the extent possible. The purchasing officer shall establish methods and procedures for the efficient and economical functioning of the purchasing department.

(Ord. No. 08-15, § 6, 12-9-2008)

- **3-4.03 - Purchasing officer; Powers and duties.**

Subject to the supervision of the Chief Administrative Officer, the purchasing officer shall have the authority to:

- (a) Purchase and contract. Purchase or contract for materials, supplies, services (professional, consulting, public works, maintenance, and other general services), and equipment required by the City.
- (b) Negotiate and recommend. Negotiate and recommend to the City Council and Chief Administrative Officer the execution of contracts for the purchase of materials, supplies, services (professional, consulting, public works, maintenance, and other general services), and equipment.
- (c) Purchasing Policies and Procedures Manual. Prepare and implement policies and procedures governing the bidding, contracting, purchasing, storing, distribution, and disposal of materials, supplies, services (professional, consulting, public works, maintenance, and other general services), and equipment for the City. To this end, the purchasing officer shall be responsible for developing and obtaining Chief Administrative Officer approval of a Purchasing Policies and Procedures Manual, which shall outline the policies and procedures necessary to implement the regulations of this Chapter. Upon approval by the Chief Administrative Officer, the Purchasing Policies and Procedures Manual shall have the same force and effect as the provisions of this Chapter.
- (d)

Forms. Prescribe and maintain such forms as may be reasonably necessary to the implementation of this Chapter and any other policies and procedures approved by the Chief Administrative Officer consistent with this Chapter.

(e)

Review plans and specifications. In consultation with the appropriate department director, review, or provide for the review of, the working details, drawings, plans, and specifications for any projects or purchases requiring such review.

(f)

Inspections and testing. Inspect, supervise, or provide for the inspection and supervision of, purchased materials, supplies, services (professional, consulting, public works, maintenance, and other general services), and equipment to ensure conformity with any specifications established or required by the City. The purchasing officer or his or her designee shall have authority to require appropriate testing of items delivered or samples to determine their quality and conformance with the specifications. Samples of items, when required, shall be furnished free of expense to the City and, if not destroyed by test, will be returned upon request at the bidder's expense.

(g)

Bidder, contractor, and vendor lists and catalogs. Develop and maintain, or provide for the development and maintenance of, any bidder's list, contractor's list, or vendor's list and catalog file necessary to the operation of this chapter and any other policies and procedures approved by the Chief Administrative Officer consistent with this Chapter. Each City department may have its own lists or catalogs. If the purchasing officer delegates the obligation to develop and maintain any list to another City employee, the purchasing officer shall retain final oversight authority and approval regarding how the list is developed and maintained.

(Ord. No. 08-15, § 6, 12-9-2008)

- **3-4.04 - Requisitions.**

Using departments shall submit requests for supplies, equipment and services to the purchasing officer by standard requisition forms.

(Ord. No. 08-15, § 6, 12-9-2008)

- **3-4.05 - Purchase orders; Encumbrance of funds.**

Purchases of supplies and equipment shall be made only be purchase order. Except in cases of emergencies, the purchasing officer shall not issue any purchase order for supplies or equipment unless there exists an unencumbered appropriation in the fund account against which the such purchase is to be charged

Recommendation #33

- Implement processes to better monitor its contracts. These processes should be designed to ensure the following:

- Contracts do not lapse, so there is continuity in service.
- Contractors adhere to all terms of their contracts.
- Comply with applicable state law, such as the prevailing wage law.

City's 6 month update to #33

A. FORM USED TO MONITOR CONTRACTORS AND THEIR RESPECTIVE CONTRACT TERMS ENSURING:

1. Contracts do not lapse, so there is continuity in service; -
2. Contractors adhere to all terms of their contracts;

**CITY OF MAYWOOD -
 CONTRACTS**

4/28/2017

Contract	Description	Effective Date	Expiration Date	Comments

B. FROM CITY OF MAYWOOD MUNICIPAL CODE AVAILABLE IN CITY OF MAYWOOD WEBSITE ENSURING:

3. CITY complies with applicable state law, such as the prevailing wage law.

https://www.municode.com/library/ca/maywood/codes/code_of_ordinances?nodeId=T3_C4

3-4.06 - Public works projects.

The City shall comply with all requirements of the California Public Contract Code, for any public works project, as that term is defined therein.

(Ord. No. 08-15, § 6, 12-9-2008)

3-4.07 - Bidding procedure required.

All purchases of equipment, supplies and services shall be made by formal or informal public bids pursuant to the procedures set forth in this Chapter, except where an exception applies pursuant to this Chapter. The following general regulations shall apply:

- (a) **Basis of Award.** The City shall secure materials, supplies, services (professional, consulting, public works, maintenance, and other general services), and equipment at the lowest total cost commensurate with the quality and scope needed, and subject to any limitations imposed by state law. Notwithstanding the foregoing, although the city is not adopting the formal procedures outlined in California Government Code, Section 4525 et seq., the City shall secure professional services based upon demonstrated competence, professional qualifications, and suitability for the project in general. The City may consider cost of professional services if the City determines it to be a relevant factor under the circumstances.
- (b) **Purchasing Policies and Procedures Manual.** The purchasing officer shall develop, for approval by the Chief Administrative Officer, such policies and procedures as are necessary to implement the provisions of this section. The policies and procedures shall be written and implemented in such a way to encourage open and competitive bidding, where appropriate, provide equal opportunity based on merit, make each selection process free of invidious discrimination or bias, provide for efficient and timely acquisition of needed materials, supplies, services (professional, consulting, public works, maintenance, and other general services), and equipment, and provide effective fiscal controls.
- (c) **Applicable state and federal law.** The City shall comply with all applicable federal and state laws for the particular purchase at issue including, but not limited to, bidder's security and bonding requirements, as well as prevailing wage requirements.
- (d) **Unlawful purchasing activities and conflicts.** The Purchasing Policies and Procedures Manual shall specifically prohibit practices which might result in unlawful activity including, but not limited to, rebates, kickbacks, or other unlawful consideration, and shall specifically prohibit City officials, officers, and employees from participating in the bidding or selection process when they have a relationship with a person or business entity seeking a contract under this Chapter which would subject the officials, officers, or employees to the prohibitions of California Government Code, Section 1090 and 87100 et seq.
- (e) **Records retention.** The purchasing officer shall keep a written record of all bids for a period of two (2) years following the award of the purchase. If no purchase is awarded pursuant to a particular bid process, the purchasing officer shall keep a written record of the bid information for a period of six months following the City's decision not to award the purchase.
- (f) **State or federal funding.** Any purchases made with state or federal funds shall comply with all laws, rules, and regulations made applicable by the funding source.

(Ord. No. 08-15, § 6, 12-9-2008)

3-4.08 - Award of professional service contracts.

- (a) Thirty thousand dollars (\$30,000.00) or less. Professional services contracts of thirty thousand dollars (\$30,000.00) or less may be awarded by the Chief Administrative Officer or his or her designee by any alternative procedure or the non-public project informal bidding procedures as defined in this Chapter.
- (b) More than thirty thousand and one dollars (\$30,001.00). Professional services contracts of more than thirty thousand and one dollars (\$30,001.00) shall, except as otherwise provided in this Chapter, be awarded by the City Council pursuant to either the non-public project formal bidding procedures or non-public project informal bidding procedures as determined by separate resolution of the City Council.
- (c) Review of scope of services. The purchasing officer and department director shall review and approve, or provide for the review and approval of, the scope of services prepared for every professional services contract.
- (d) City Council review of scope of services. The City Council shall review and approve the scope of services prepared for every professional services contract of more than fifty thousand dollars (\$50,000.00).
- (e) Award. Contracts for professional services shall be awarded to the contractor who will best serve the interests of the City, taking into account the demonstrated competence, professional qualifications, and suitability for the project in general. The City may consider cost of professional services if the City determines it to be a relevant factor under the circumstances.
- (f) Subsequent contract awards, amendments, extensions, or renewals. Notwithstanding anything herein to the contrary, the Chief Administrative Officer shall not award a subsequent contract to the same individual or entity for the same or similar services, or amend, extend, or renew such a contract, without obtaining the City Council approval authority when the award, amendment, extension, or renewal will result in the City paying an aggregate amount in excess of the approval authority of the Chief Administrative Officer to the individual or entity in any given fiscal year.
- (g) Dollar limits and change orders or amendments. The dollar limits approved by separate resolution of the City Council shall apply to the original contract and to any amendments or change orders. To this end, therefore, unless an exception applies, any contract amendment or change order which would increase the contract amount above any threshold stated herein shall comply with the requirements applicable to the increased contract amount. For professional service agreements awarded by the City Council, unless a lower or higher amount is stated in the City Council staff report for the project or directed by the City Council, the Chief Administrative Officer or his or her designee shall have authority to approve contract amendments or change orders up to twenty-five (25) percent of the original contract amount.
- (g) No bid splitting. The city shall not split a project, work, service or purchase into smaller projects, works, services, or purchases for the purpose of avoiding any bidding or contracting requirements of this Chapter.

(Ord. No. 08-15, § 6, 12-9-2008)

3-4.09 - Award of contract for purchase of materials, supplies and equipment.

- (a) Thirty thousand dollars (\$30,000.00) or less. Purchases of materials, supplies, and equipment of thirty thousand dollars (\$30,000.00) or less may be awarded by the Chief Administrative Officer or his or her designee by any alternative procedure or the non-public project informal bidding procedures as defined in this Chapter.
- (b) More than thirty thousand and one dollars (\$30,001.00). Purchases of materials, supplies, and equipment of more than thirty thousand and one dollars (\$30,001.00) shall, except as otherwise provided in this chapter, be awarded by the City Council pursuant to either the non-public project formal bidding procedures or non-public project informal bidding procedures as determined by separate resolution of the City Council.
- (c) Review of specifications. The purchasing officer and department director shall review and approve, or provide for the review and approval of, the specifications prepared for every purchase of materials, supplies, and equipment.
- (d) Award. Contracts for the purchase of materials, supplies, and equipment of thirty thousand dollars (\$30,000.00) or less, if awarded, may be awarded in the best interests of the City. Contracts for the purchase of materials, supplies, and equipment of more than thirty thousand dollars (\$30,000.00), if awarded, shall be awarded to the lowest responsive and responsible bidder. If two (2) or more bids are the same and the lowest, the City may accept the one it chooses.
- (e) Dollar limits and change orders or amendments. The dollar limits approved by separate resolution of the City Council shall apply to the original contract and to any amendments or change orders. To this end, therefore, unless an exception applies, any contract amendment or change order which would increase the contract amount above any threshold stated herein shall comply with the requirements applicable to the increased contract amount. For materials, supplies, and equipment contracts awarded by the City Council, unless a lower or higher amount is stated in the City Council staff report for the project or directed by the City Council, the Chief Administrative Officer, or his or her designees shall have authority to approve contract amendments or change orders up to twenty-five (25) percent of the original contract amount.
- (f) No bid splitting. The City shall not split a project, work, service, or purchase into smaller projects, works, services, or purchases for the purpose of avoiding any bidding or contracting requirements of this Chapter.

(Ord. No. 08-15, § 6, 12-9-2008)

Maywood's Extreme Lack of Internal Controls Has Exposed the City to the Risk of Fraud and Weakened Its Accounting and Financial Reporting Function

Recommendations to Address This Risk (Page 40)

The city council should ensure that the city administrator or city manager takes the following steps:

Recommendation #34

- Promptly strengthen the city's internal controls over its accounting and financial reporting functions. This effort should include instituting proper segregation of duties over cash receipts, blank check stock, the issuance of business licenses and parking fees, and regularly reconciling general ledger account balances to supporting records.

City's 6 month update to #34

The City's accounting and internal control policies manual is currently being elaborated by the Principal Accountant. Here we present the aspects that are currently included.

CITY OF MAYWOOD

This Internal Control Procedures Manual is to provide the City of Maywood with a reference tool to use in establishing and maintaining effective internal controls over the City's assets and accounting records.

Internal Control Policy and Procedures

CITY OF MAYWOOD INTERNAL CONTROL POLICIES AND PROCEDURES –D R A F T -

INTRODUCTION

The purpose of this policy is to establish procedures for managing the assets and cash flow of the City of Maywood. This includes identifying staff responsibilities for managing the successful execution of this Internal Control policy. The Principal Accountant or Finance Director, is directly responsible for carrying out all the policies established by the City Administrator and City Council.

Staff manages the day-to-day operations of the City to ensure compliance with federal and state laws, safeguard its assets and prevent and detect errors for all City programs while ensuring the correct accounting recording of all activities. Additionally, the Finance department's duties include budgeting and financial planning for the City.

DEFINITION AND OBJECTIVES

The Internal Control policy includes the plans, methods, and procedures used to meet the City's mission, goals, and objectives, and in doing so, support performance-based management. An Internal Control policy provides reasonable assurance that all City objectives will be met. Internal control is an integral part of the City's management and provides reasonable assurance that the following objectives are being achieved: a) Effectiveness and efficiency of operations including the use of the City of Maywood's resources. 3 b) Reliability of financial reporting, including reports on budget execution, financial statements, and other reports for internal and external use. c) The prevention of wrongdoing and budget/financial errors. d) Compliance with applicable laws and regulations.

Internal control is a continuous built-in component of the City's operations. The responsibility for effective internal controls rests with all City's staff.

TASKS AND RESPONSIBILITIES

The Principal Accountant acting as the Finance Director, is directly responsible to the City Administrator and the City Council, is responsible for instilling an expectation of agency-wide integrity and quality control. The City Administrator establishes and maintains internal control systems. This includes the effective functioning of all internal control components as defined under the definition and objectives section. To assist management to fulfill its internal control responsibility, the City retains an external auditor to provide internal control and process evaluations, risk assessment, consulting, and recommendations. These external audit functions directly ensure the effectiveness and efficiency of the Internal Control policy. The City Administrator is responsible for monitoring and resolving all audit findings and any other reviews. The Finance Director/ Principal Accountant ensures the following in the resolution of audit and monitoring findings:

- Corrects identified deficiencies; and
- Produces improvements;

Employees

All employees will assume responsibility for Internal Controls as an integral part of their duties and responsibilities.

Guidance

To seek advice and guidance or to report any violations or suspected violations of this policy, employees should report to the following entities depending on the type of violation(s):

- Department Manager
- Department of Finance
- City Administrator

FINANCIAL STRUCTURE

The basic accounting policies and practices of the City are designed to conform to accounting and financial reporting principles established by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Additionally, the City abides by federal, state and local laws and regulations.

Accounting, Auditing and Financial Reporting

The City operates under the authority of the City Council. The City adheres to policies and procedures established by the City of Maywood's Finance Department and adopted by the City Council. The City's budget is consistent with the Comprehensive Annual Financial Report (CAFR). Governmental funds are budgeted on a modified accrual basis with a focus on near-term inflows and outflows of financial resources. Revenues are recognized when they are measurable and available, while expenditures are recognized as soon as liabilities are incurred. The City maintains a complete and accurate set of books and records that follow Governmental accounting standards, and permit timely and effective financial reports and audits.

FINANCIAL OVERSIGHT

The City Administrator provides summarized periodic financial reports to the City Council delineating the actual performance of the City. A more detailed financial report by program is presented to the City Administrator by the Principal Accountant quarterly.

The Director of Finance or his designee analyzes the monthly operating statements to identify any substantial financial variances. Additionally, an Independent Auditor performs annual financial audits of the City. The Finance Director presents the audit findings and reports to the City Council and ensures that department directors resolve findings related to their departments.

Internal Reporting

To maintain financial control and consistent monitoring and reporting, the Finance department staff develops and provides the following monthly reports for review;

- Financials prepared with budget comparisons and variances
- Revenue forecast report
- Status of repayment agreements for all City obligations
- Bank reconciliations- a formal reconciliation is performed monthly for each bank account by staff that does not have deposit or check writing responsibilities. The staff reconciling the bank accounts must receive the bank statement directly from the bank and prepare the reconciliation within two working days. The staff must reconcile the bank statements and ledgers in the following manner:
 - Review the difference between the general ledger and the bank statement, and ensure accuracy.
 - Report bank errors in writing to the bank immediately after reconciliation. All the reconciled items must be resolved within the next bank statement period.
 - Staff must ensure that monthly reconciliation is reviewed and approved by the principal Accountant
 - Staff must maintain all cancelled checks, bank statements and monthly reconciliation must be retained for one year.
 - Blank check stock must be stored in a restricted and secured location.
 - The signing of blank checks is strictly prohibited.

Segregation of Duties

Segregation of duties is an internal control intended to prevent or decrease the occurrence of innocent errors or intentional fraud. In order to achieve segregation of duties, the City ensures that no single individual has control over all phases of any financial transaction. The City's accounts payable personnel adhere to the following segregation of duties:

- No single individual has the ability to access/enter or release payable, process journal entries, set up vendors, enter a purchase order, receive goods, and perform bank reconciliations.
- No single individual should have both the ability to prepare checks and sign checks. If the City's Administrator finds that current staffing levels prohibit proper segregation of

duties, Director of Finance or Principal Accountant will take a more active role in achieving separation of duties and by reviewing the work performed by all City's staff.

ACCOUNTS RECEIVABLE

The City has policies and practices established to monitor all account receivables on a timely basis. Receivables are primarily from Property Tax, Sales Tax, Utility User Tax, Transient Occupancy Tax, Business licenses and parking permits.

Checks Received Processing

- Ensure all checks received are immediately stamped with "For Deposit Only in Maywood Account" stamp.
- As the checks are received, they are automated registered in accounted for and verified by two employees at the end of the business day.
- Checks received are deposited in a timely manner. • A Journal entry is prepared to capture the proper accounting entry.

Electronic Deposits and/or Transfers

A schedule of all electronic deposits and transfers will be maintained and reconciled against the bank accounts on a monthly basis. The monthly schedule will also be verified against the bank account on the day after the scheduled payment was expected to arrive.

Recommendation #35

- Update the city's accounting policies and procedures manual to thoroughly describe all accounting, budgeting, and financial reporting functions, and to document key internal controls.

City's 6 month update to #35

Included in previous sections of his document are the following newly created City accounting policies and procedures DRAFTs:

- Internal Control Policies and procedures – Draft in progress
- Accounts Payable/Disbursable Policies and procedures
- Budget Policies and procedures
- Accounts payable Policies and Procedures

The following Accounting policy and procedure for journal entries is part of the Accounting Manual -in progress- by the Principal Accountant. A finalized manual

including CAFR policies and Procedures and detailed Internal Control and processes for mileage and reimbursement of travel expenses will be available to present to the California State Controller Auditor's office within six months from the time of this report.

JOURNAL ENTRIES

ACCOUNTING POLICY

EFFECTIVE DATE: September 2016

A journal entry is a recording of business transactions into the General Ledger, the book of original entry in chronological order of transactions which consists of the appropriate date, amounts, accounts and a short description or memo. The journal entry can consist of several items, each of which is either a debit or a credit. The total of the debits must equal the total of the credits, if not the journal entry is said to be "unbalanced." Journal entries can record the unique items or recurring items, such as depreciation or bond amortization. In Maywood's Accounting Software ABILA MIP, journal entries are entered using a separate General Ledger module, different from accounts payable, which has its own sub-ledger that indirectly affects the General Ledger. Journal entries directly change the account balances of the General Ledger.

Modified Accrual Basis of Accounting

The City of Maywood uses a modified accrual basis of accounting. Revenues and expenses are recognized as follows:

Revenue Recognition

Revenue is recognized when both the following conditions are met:

- A. Revenue is earned – Revenue is earned when products delivered or services are provided, regardless whether products or services have been paid.
- B. Revenue is realized or realizable – Realized means cash is received. Realizable means it is reasonable to expect that cash will be received in the future.

Expense Recognition

Under the modified accrual basis of accounting, expenditures are recognized when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures may include any property or equipment acquisitions. Expense is recognized in the period in which related revenue is recognized (matching principle), or when the service was performed or goods delivered.

PROCEDURES

1. Prepare journal entry in an Excel journal entry template form.

2. Go to the General Ledger sub-ledger ABILA MIP. Go to Transactions, use drop-down menu, and go to 'Enter Journal Entries.'
3. Enter data for the journal entry; journal entry number; type (whether recurring, no-recurring, auto-reversing); date; accounting period (also known as effective date); description; account numbers; amount.
4. Payroll journal entries are entered into the system within one week of payday.
5. Journal entries to accrue revenues and expenses are prepared, especially for year-end closing for the accuracy of financial statements.
6. Journal entry must be a balanced journal entry with the debit amounts equal to the credit amounts.
7. Print journal entry entered in the ABILA system for review by Principal Accountant.
8. Principal Accountant reviews journal entry for account accuracy, support documentation and if in order, approves the journal entry.
9. Post journal entry into the system.
10. Print copy of the journal entry and with back-up documentation, file in the journal entry folder.

Recommendation #36

- Ensure that staff follows the updated policies and procedures in the manual through training and proper oversight.

City's 6 month update to #36

The City Administrator and department managers recognize that a successful internal control environment requires management's commitment and support. Management's goal is not to make each person an expert in internal controls, but to increase awareness and understanding of why we need them and how we use them.

The Principal Accountant meets on a regular basis with each staff member to ensure their understanding of the importance to follow the guidelines defined in the Internal Control policies and procedures recently created.

Recommendation #37

- Adequately staff the accounting department with qualified individuals who will periodically analyze and reconcile account balances to supporting records and avoid late fees by paying vendors on time.

City's 6 month update to #37

The City Administrator has determined the need for a full time accountant in the Finance department. The Council has approved this position and the Principal

Accountant is in the process of defining the job description to start the hiring process.

Recommendation #38

- Ensure that the city's financial statements are issued in a timely manner, and that they meet generally accepted accounting principles, and include all required components, such as the management discussion and analysis section.

City's 6 month update to #38

CAFR policies and procedures manual is under creation and will be available for review within the following six months

APPENDIX 1A

RESPONSE TO RECOMMENDATION #1

CONTRACT EXTENSION FOR CITY ADMINISTRATOR

**EMPLOYMENT EXTENSION AGREEMENT
CITY OF MAYWOOD INTERIM CITY ADMINISTRATIVE OFFICER
ADDENDUM – April 12, 2017**

1. SUBJECT AND TERM

This Extension Agreement is made and entered into this April 12, 2017, by and between the City of Maywood, a municipal corporation, 4319 E. Slauson Avenue, Maywood, CA 90270, herein after called “EMPLOYER” and Reuben Martinez, City of Maywood Interim Administrative Officer (CAO), hereinafter called “EMPLOYEE” to extend the existing agreement upon certain terms, as follows:

2. RECITALS

Whereas, it is the desire of the EMPLOYER to provide certain benefits, establish certain conditions of employment and to set working conditions of said EMPLOYEE.

2.1 Secure and retain services of EMPLOYEE and provide inducement for EMPLOYEE to remain in EMPLOYER’s employment; and

2.2 Provide a just means for terminating EMPLOYEE’s services prematurely at such time as EMPLOYER may desire to terminate EMPLOYEE.

Whereas, EMPLOYEE has the necessary education, experience, skills and expertise to serve as EMPLOYER’s City Administrative Officer (CAO) of the City of Maywood; and

Whereas, EMPLOYEE desires to extend his employment as City Administrative Officer (CAO) of the City of Maywood.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, EMPLOYER and EMPLOYEE agree as follows:

3. PURPOSE

City has hired Employee to act as **Interim** City Administrative Officer (CAO), which are known by the title of City Administrator of City and its Commissions established in the unclassified service of the City.

*(§ 1, Ord. 78-178. eff. October 12, 1978)
(Ord. No. 09-02, § 1, 5-12-2009)*

4. TERM

4.1 The term of this Extension shall commence on April 12, 2017 and continue for one year or until terminated by EMPLOYER or EMPLOYEE as provided herein;

4.2 In the event of termination of this Agreement, the maximum cash settlement EMPLOYEE may receive under the terms of this Agreement, shall be capped at 12 months of Employee’s monthly salary as of the date notice of termination is given, irrespective of any unexpired term of this Agreement, unless terminated sooner for cause, and within the constraints of Government Code section 53260;

(§ 1, Ord. 78-178. eff. October 12, 1978)

4.3 The Council shall have the right to terminate the services of EMPLOYEE at any time, without cause, by providing forty five (45) days advance written notice. Council shall also have the right to terminate the services of EMPLOYEE at any time, for "Good Cause" (as defined herein below), immediately upon service of written notice; the Council may place employee on Administrative Leave at any time;

4.4 The services provided by EMPLOYEE under the terms of this Agreement are of a special, unique, extraordinary, or intellectual character. Therefore, Employee agrees that, absent consent of City or other reasonable cause, EMPLOYEE shall provide not less than forty five (45) days advance written notice prior to any voluntary resignation or retirement from, or separation of employment.

5. SERVICES REQUIRED

5.1 As City Administrative Officer (CAO), EMPLOYEE shall perform those functions and duties of the City Charter of the City of Maywood, and any additional responsibilities assigned in conformance with the authority of the Mayor of the City Council under the City Charter, and to be under the supervision of the City Council.

5.2 The City Administrative Officer (CAO) is the administrative head of the City with the power to hire, discipline and dismiss department heads and employees.
Ordinance No.09-02

5.3 EMPLOYEE is appointed by and serves at the pleasure of the Council as an at-will employee. Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of the Council to terminate this Agreement and the employment of EMPLOYEE, with or without cause.

5.4 EMPLOYEE may perform such services as may be required from time to time by the City Council, as an Officer of the City pursuant to the authority and requirements of the State of California and the City of Maywood Municipal Code.

5.5 Powers and Duties

The City Administrative Officer (CAO) is the administrative head of the government of the City under the direction and control of the Council, except as otherwise provided in this section. He is be responsible for the efficient administration of all the affairs of the City which are under his control. In addition to his general powers as administrative head, and not as a limitation thereon, it shall be his duty, and he shall have the following powers:

5.5.1 Law enforcement. It is the duty of the CAO to enforce all laws and ordinances of the City and to see that all franchises, contracts, permits, and privileges granted by the Council are faithfully observed.

5.5.2 Authority over employees. It is the duty of the CAO, and he shall have the authority, to control, order, and give directions to all heads of departments and to subordinate officers and employees of the City under his jurisdiction.

5.5.3 Powers of appointment and removal. Subject to the rules and regulations by the administration of the personnel system of the City, it is the duty of the CAO to approve the

appointment, transfer, promotion, demotion, reinstatement, layoff, and suspension or dismissal of city employees and department heads and to report such actions to the City Council. Notwithstanding these powers, the City Council only shall approve the appointment or dismissal of the City Attorney.

- 5.5.4 As set forth in Section 5.2, the City Council and its members shall deal with the administrative services and personnel matters of the City only through the CAO, except for the purpose of inquiry, and neither the City Council nor any member thereof shall give orders to any subordinates of the CAO.
- 5.5.5 Administrative reorganization of offices. It is the duty and responsibility of the Chief Administrative Officer to conduct studies and effect such administrative reorganization of offices, positions, or units under his direction as may be indicated in the interests of the efficient, effective, and economical conduct of the City's business.
- 5.5.6 Ordinances. It is the duty of the CAO, and he shall recommend to the Council for adoption, such measures, resolutions, and ordinances as he deems necessary.
- 5.5.7 Attendance at Council meetings. It is the duty of the CAO to attend all meetings of the Council, unless he is excused therefrom by the Mayor individually or by the Council.
- 5.5.8 Financial reports. It is the duty of the CAO to keep the Council at all times fully advised as to the financial condition and needs of the City and, at the end of each fiscal year, present a complete report to the Council on the finances and administrative activities of the City.
- 5.5.9 Budget. It is the duty of the CAO to prepare and submit the proposed annual budget and the proposed annual salary plan to the Council for its approval.
- 5.5.10 Expenditure control and purchasing. It is the duty of the CAO to see that no expenditure shall be submitted or recommended to the Council, except on the approval of the CAO or his authorized representative. The CAO, or his authorized representative, is responsible for the purchase of all supplies for all the departments or divisions of the City. Further, it is the duty of the CAO to establish a centralized purchasing system for all City offices, departments, and agencies.
- 5.5.11 Investigations and complaints. It is the duty of the CAO to make investigations into the affairs of the City, and any department or division thereof, and any contract or the proper performance of any obligation of the City. Further, it is the duty of the CAO to investigate all complaints in relation to the matters concerning the administration of the City government and in regard to the service maintained by public utilities in the City.
- 5.5.12 Public buildings. It is the duty of the CAO and he shall exercise general supervision over all public buildings, public parks, and all other public property which is under the control and jurisdiction of the Council.
- 5.5.13 Seat at the Council table. The CAO shall be provided a seat at the Council table, and shall be entitled to participate in the deliberations of the Council, but shall not have a vote.
- 5.5.14 Acting City Administrative Officer. The City Administrative Officer shall appoint one of the other officers or department heads of the City to serve as Acting City Administrative Officer during any temporary absence or disability of the CAO.

5.5.15 Additional duties. It is the duty of the CAO to perform such other duties and exercise such other powers as may be delegated to him from time to time by ordinance or resolution or other official action of the Council.

*(§ 1, Ord. 78-178, eff. October 12, 1978, as amended by § 1, Ord. 85-281, eff. August 8, 1985)
(Ord. No. 08-15, § 1, 12-9-2008)*

5.6 CAO will focus his professional time, ability, and attention to City business during the term of this Agreement. CAO shall not engage in any other business duties or pursuits whatsoever or, directly or indirectly, render any services of a business, commercial or professional nature to any other person or organization, whether for compensation or otherwise without the prior consent of the City Council, except for occasional teaching, writing or consulting for compensation performed on CAO's time off, provided such activities are not in conflict with his duties and this Employment Agreement and not detrimental to the interests of the City.

5.7 City Council

5.7.1 To ensure that CAO is able to effectively carry out his duties in a professional and forthright manner and implement the policies of the City Council impartially and equitably, the City Council and its members agree to:

5.7.2 Spend time each year outside of regular meetings to work with CAO and staff on setting goals and priorities for the City government, and to work on issues that may be inhibiting the maximal achievement of City goals.

5.7.3 Adopt a set of communication protocols to assist in maximizing the effectiveness of City Council member interaction with one another, with CAO and with City staff.

5.7.4 Deal with all subordinate City employees, officers, contractors and consultants solely through CAO or his designee, except for the purpose of inquiry and to not give orders to any subordinate of CAO, either publicly or privately.

5.7.5 Not order the appointment or removal of any person to any office or employment under the supervision and control of CAO.

5.7.6 Any criticism of a City staff member will be done privately through CAO.

5.7.7 Not interfere with the execution of the powers and duties of CAO, and

5.7.8 CAO will take orders and instructions from the City Council only when it is sitting as a body in a lawfully held meeting.

5.7.9 City Council acknowledges that CAO is a member of the International City Management Association ("ICMA"). The Parties mutually desire that CAO be subject to and comply with the ICMA Code of Ethics (See Attachment). In that regard CAO commits to comply with ICMA Code of Ethics and City Council agrees that neither the City Council nor any of its members will give CAO any order, direction, or request that would require CAO to violate the ICMA Code of Ethics.

5.8 Internal relations

The City Council and its members shall deal with the administrative services and personnel matters of the City only through the CAO, except for the purpose of inquiry, and neither the City Council nor any member thereof shall give orders to any subordinates of the CAO. The City Administrative Officer shall take his orders and instruction from the City Council only when sitting in a duly convened meeting of the City Council, and no individual Council member shall give any order or instruction to the CAO.

*(§ 1, Ord. 78-178, eff. October 12, 1978)
(Ord. No. 08-15, § 2, 12-9-2008)*

6. TERM

6.1 The term of this Employment Extension Agreement shall be for a period of one year and is subject to termination by EMPLOYER as provided herein. EMPLOYEE acknowledges that he is employed to an "at will" position and serves at the pleasure of the City Council subject only to the restrictions imposed by local ordinance and the terms and conditions of this Employment Agreement.

6.2 Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of EMPLOYER to terminate the services of EMPLOYEE at any time, subject only to the provisions set forth in Section 12 of this Agreement.

6.3 Nothing in this Agreement shall prevent, limit or otherwise interfere with the right of EMPLOYEE to resign at any time from his position with EMPLOYER, subject only to the provisions set forth in Section 12 of this Agreement.

7. HOURS OF WORK

It is recognized that the position of CAO is an executive management position which often requires more than a conventional forty hour (40) week to provide the desired level of professional service. It is further recognized that to properly fulfill his duties and responsibilities, CAO will devote a considerable amount of time outside normal office hours to the business of the City. Therefore, while EMPLOYEE shall spend sufficient hours on site to perform the City Manager's duties, EMPLOYEE has discretion over his work schedule and work location and will not be required to maintain a strict forty (40) hour-per-week on site presence at City Hall, and may be occasionally absent from the City Hall during normal business hours as is reasonable and appropriate.

8. RESIDENCE REQUIREMENTS

Residence in the City at the time of this extension or at any time thereafter shall not be required as a condition of the appointment or continued employment with the City, so long as employee resides within a reasonable proximity in order to respond to an emergency situation.

(§ 1, Ord. 78-178, eff. October 12, 1978)

10. COMPENSATION

The CITY Administrative Officer shall receive such compensation as the Council determines.

10.1 Base Salary

10.1.1 EMPLOYEE shall be paid the sum of **\$145,000 a year which is to be paid biweekly every other Thursday.**

10.1.2 EMPLOYER may not, at any time during the term of this Agreement, reduce the salary, compensation or other financial benefits of EMPLOYEE without his consent.

10.1.3 Notwithstanding EMPLOYEE's annual base salary as set forth herein, the annual salary of EMPLOYEE shall never be less than the annual base salary (excluding overtime, other pay or and any incentive compensation) of the City's next highest paid employee. In the event that a promotion, and adjustment to the salary table, or a general management salary reduction would result in EMPLOYEE being paid less than the next highest paid employee's annual base salary, EMPLOYEE's annual base salary will be set at the annual base salary of the City's next highest paid employee after action by the City Council at a public meeting.

(§ 1, Ord. 78-178, eff. October 12, 1978)

11. PERFORMANCE EVALUATION

11.1 The Council shall review and evaluate the performance of the CAO. The annual evaluation will be scheduled to occur before the end of March 2018 with the establishment of organizational goals and objectives as described herein to coincide with the initiation of the annual budget process. Poor performance evaluation shall be considered cause for dismissal.

12. TERMINATION AND SEVERANCE PAY

12.1 It is understood by and between the parties to this Agreement that EMPLOYEE, in providing City Administrator's duties to the City of Maywood, serves at the pleasure of the City Council. EMPLOYEE may be terminated only by an affirmative vote of three (3) members of the City Council, convened in a council meeting. The City Council shall furnish EMPLOYEE with a written notice stating the City Council's intention to terminate his employment with the City at least 45 days before the effective date of his termination unless for cause amounting to a statutory violation. Such action shall not be taken within ninety (90) days after (a) any election to which a council member has been elected, or (b) a new council member has been appointed.

12.2 In the event EMPLOYEE is involuntarily terminated by the City Council during such time that EMPLOYEE is willing and able to perform his duties under this Agreement, then, in that event, EMPLOYER agrees to pay EMPLOYEE a lump sum cash payment. If EMPLOYEE is involuntarily terminated in the first year of this Agreement, said payment will include 6 months of the base salary and all earned sick leave, vacation, holidays and other accrued benefits to date, calculated at the rate of pay in effect upon the date notice of termination is given. If EMPLOYEE is involuntarily terminated in the second or later year of this Agreement, the annual base salary said payment will include 12 months of the base salary and all earned sick leave, vacation, holidays and other accrued benefits to date, calculated at the rate of pay in effect upon termination provided Employee has executed a full and final release of any and all actual or potential claims that Employee has or could have against the City, and that may otherwise be lawfully released, with the exception of claims for unpaid wages or benefits provided under this agreement.

12.3 As required by law to be stated in this Agreement, the maximum severance that Employee may receive under this Agreement shall not exceed the limitations provided in Government Code Sections 53260-53264, or other applicable law. Further, in the event Employee is convicted of a crime involving an abuse of office

or position, Employee shall forfeit or reimburse the City for any paid leave or cash settlement (including severance), as provided by Government Code Sections §53243-53243.4.

13. DISABILITY OR INABILITY TO PERFORM

13.1 In the event EMPLOYEE becomes mentally or physically incapable of performing his functions and duties with reasonable accommodations and the City Council may terminate employment of EMPLOYEE; however in such instance, EMPLOYEE shall be entitled to severance pay as provided herein.

13.2 If EMPLOYEE is terminated because of permanent disability, he shall be compensated in a lump sum for any accrued benefits, to the extent that such benefits are compensable under this Agreement (See Section 12 of this Agreement). However, EMPLOYER shall have no responsibility to make severance payments as per this Agreement if, and only if, as a result of said disability, EMPLOYEE is eligible for PERS disability retirement. If notwithstanding, said disability, EMPLOYEE is determined not to be eligible for PERS disability retirement, then EMPLOYER shall pay EMPLOYEE severance pay from the effective date of his termination in accordance with this Agreement.

14. RETIREMENT PLAN

14.1 EMPLOYEE shall be covered by the retirement program (i.e. Public Employees Retirement System – PERS)

14.2 EMPLOYER agrees to pay for participation in and pay all EMPLOYER and EMPLOYEE contributions to the EMPLOYER's PERS retirement plan, including paying all fees and premiums.

14.3 EMPLOYEE recognizes that the City is interested in restructuring its retirement programs including the "employee contribution pick up" provision currently provided to City's employees and may negotiate this in the future.

15. BENEFITS AND OTHER TERMS AND CONDITIONS OF EMPLOYMENT

The CAO shall receive such leave benefits as other full time permanent employees of the City with the additional terms delineated below:

15.1 Sick Leave: the CAO will accrue an annual sick leave equivalent to 10 working days.

15.2 Vacation Leave: the CAO will accrue an annual time off equivalent to 20 working days.

15.3 Employee shall also receive applicable holidays, retirement, health and other benefits as paid to full-time permanent employees of the City.

15.4 City agrees to pay CAO's membership dues in the International City Management Association (ICMA) and the California City Management Foundation. Employee shall have a reasonable right to attend meetings of ICMA, the League of California Cities, and the Contract Cities Association at City expense provided funds are available in the City budget. Employee shall comply with all of the provisions of the City of Maywood "Official travel and expense account procedures for officers and employees".

15.5 Automobile: EMPLOYEE shall be reimbursed by EMPLOYER for use of his personal automobile when used in the normal course of City business. Reimbursement shall be on a mileage basis in accordance with City policies. EMPLOYEE shall be responsible for paying liability insurance as required by state law, and for maintenance and repair of his automobile.

15.6 Phone: the City shall pay EMPLOYEE an additional \$55 per month as a cell phone allowance. The cell phone allowance is intended to reimburse EMPLOYEE for the use of his mobile phone, which is necessary to assure availability in the event of an emergency and for the general convenience of the City. EMPLOYEE must provide his own mobile phone for use in performing his duties. EMPLOYEE must also comply with the responsibility and Usage provisions of Administrative Policy Procedure Number 2.09B "Cell Phone Stipend and Use of Personal Cell Phone".

15.7 City shall pay costs of travel, seminars, and other expenses while Employee is acting on behalf of the City.

16. SUSPENSION

After furnishing Employee with written notice of intended removal as set forth in Section 11 or 12 above, the Council may suspend Employee from duty, but his compensation shall continue until his services are terminated pursuant to the terms of this agreement, or with written notice of Administrative Leave per foregoing paragraph 4.3.

17. BOND

EMPLOYER shall bear the full cost of any fidelity or other bonds required of the EMPLOYEE under any law or ordinance.

(§ 1, Ord. 78-178, eff. October 12, 1978)

18. OTHER TERMS AND CONDITIONS OF APPOINTMENT

18.1 The Mayor and City Council, in consultation with Employee, shall fix any such other terms and conditions of appointment as they may determine from time to time, relating to the performance of the CAO, provided such terms and conditions are not inconsistent or in conflict with any provisions of this Agreement, the City Charter, or any ordinance or resolution of the City or other applicable law.

18.2 Working condition rules and regulations applicable to management employees of the City, as such rules now exist or hereinafter may be amended, shall also apply to EMPLOYEE, except where such working conditions are specified in this Agreement or are inconsistent with the terms set forth herein.

19. INDEMNIFICATION

Except as otherwise permitted, provided, limited or required by law, including, without limitation, California Government Code sections 825, 995 and 995.2 through 995.8, each party agrees to indemnify and hold the other harmless from any and all losses, and causes of action of every kind and character incurred by that party arising directly or out of the negligent acts, errors, or omissions by that party.

20. METHOD OF AMENDMENT

Amendments to this Agreement are effective only upon City Council and EMPLOYEE written approval, and which specifically identify this Agreement and the specific section or provision which the parties intend to amend.

21. SEVERABILITY

If any provision of this Agreement shall be held or determined to be invalid or unenforceable by a court of competent jurisdiction, the remaining provisions shall be deemed severable and shall remain in full force and effect.

22. ENTIRE AGREEMENT

This Agreement contains the entire Agreement of the parties and supersedes all prior negotiations. This Agreement may only be modified in writing if signed by both parties. Any notices requiring or permitted by this Agreement shall be in writing and shall be deemed given when personally delivered to the City at City Hall or when deposited with the United States Post Office to Employee's residential address on record.

IN WITNESS WHEREOF, this Agreement is executed by the City's Mayor and by Employee, to be effective as of April 12, 2017.

CITY OF MAYWOOD

By: _____
Ramon Medina, City Mayor

By: _____
Reuben Martinez, City Administrator Officer

ATTEST:

APPROVED AS TO FORM:

Gerardo Mayagoitia, City Clerk or
Ray Guadron, Deputy City Clerk

Michael B. Montgomery, City Attorney

APPENDIX 1B

RESPONSE TO RECOMMENDATION #1

DRAFT HIRING POLICY

DRAFT OF MAYWOOD HIRING POLICIES

ARTICLE 4. RECRUITMENT, SELECTION AND APPOINTMENT

Section 4.00 Definitions

The words and terms defined in this section shall have the following meanings as used in this Article.

- a. **Americans with Disabilities Act (ADA)**, under this, supervisors might be called upon at any point in the employment relationship to provide reasonable accommodation so that an employee can perform the essential functions of the job in question.
- b. **Appointing Authority (or power)** shall mean the department head of the City who has the final authority to make an appointment to a position within his/her department.
- c. **Blanket Positions:** are designated by a *position* serial number in the "900" series. It is a budgeted authorization that may be spent for short-term or intermittent uses.
- d. **Business Day** shall mean any calendar day exclusive of Saturdays, Sundays and City Holidays.
- e. **Calendar Day** shall mean a continuous twenty-four (24) hour period commencing at 12:00 Midnight.
- f. **Candidate** shall mean a person who has taken an examination for a position and whose name has not yet been recorded on an eligible list.
- g. **Certification** shall mean the official acceptance of an eligible list by the Personnel Officer/City CAO.
- h. **Class** shall mean all positions sufficiently similar in duties, authority, responsibilities and working conditions to permit grouping under a common title and the application with equity of common standards of selection, transfer, promotion and compensation.
- i. **Classified Service** shall mean all positions and employments which are included or which hereafter may be included under the Personnel System as established by City ordinance.
- j. **Compensation** shall mean the salary, wages, fringe benefits and all other forms of consideration earned by or paid to any employee in remuneration for services in any City position.

- k. **Competitive Examination** shall mean a test or combination of tests which determine the relative capacity of candidates to discharge the duties and responsibilities of the position to which they are seeking appointment.
- l. **Continuous Service** shall mean employment by the City on a probationary, regular part time, or permanent appointment basis without break or interruption.
- m. **Demotion** shall mean the change in status of an employee from one position to another position in a lower class having lesser responsibilities and duties, lower qualifications and a lower range of compensation.
- n. **Department Head** shall mean the person who administers the operation of a City Department and who is directly responsible to the City CAO.
- o. **Discharge or Dismissal** shall mean the involuntary and permanent separation of an employee from his/her position in the City service.
- p. **Disciplinary Action** shall mean to take punitive action against an employee for cause, and shall include discharge, demotion, suspension, reprimand, or any combination thereof. Disciplinary action shall not include lay-off, demotion or termination due to reductions in force or rejection from probation.
- q. **EEOC**- the U.S. Equal Employment Opportunity Commission (EEOC) is a federal agency that administers and enforces civil rights laws against workplace discrimination.
- r. **Eligible**, when used in the noun form, shall mean a person whose name appears on an eligible list.
- s. **Employee** shall mean a person serving in a position of employment within the City service.
- t. **California State Personnel Board (SPB)**. Established by the State Constitution, the State Personnel Board (SPB) is charged with overseeing the merit-based, job-related recruitment and selection process for the hiring of state employees who provide critical services to the citizens of California. SPB provides direction to departments through simplifying laws, rules, and policy. In addition, SPB audits departments for merit system compliance. SPB also investigates and adjudicates alleged violations of law which are filed by employees, applicants, and members of the public.
- u. **Immediate Family** shall include the employee's spouse, the employee's or his/her spouse's children and parents, children's spouses, grandchildren, parents, grandparents, son's in law, daughters in law, brothers, sisters and their spouses.

- v. **Lay-Off** shall mean the separation of an employee from the City service resulting from lack of work, for reasons of economy or abolishment of position.
- w. **Municipal Code** shall mean the Municipal Code of the City of Maywood.
- x. **Overtime** shall mean additional compensation that may be authorized as remuneration for work in excess of an assigned shift of at least eight (8) hours per day or in excess of forty (40) hours per week.
- y. **Performance Evaluation** shall mean an official, written, periodic assessment of an employee's execution of his/her duties and responsibilities.
- z. **Post and Bid (P&B)** – State of California – is a provision which gives permanent full-time employees, who have completed their probationary period, the mandatory right to transfer to another position within their classification in the department based on seniority.
- aa. **Probationer** shall mean an employee who has not yet completed his/her probationary period.
- bb. **Promotion** shall mean the advancement in status of an employee from one positions to a higher class with a higher rate of compensation and more responsible duties.
- cc. **Rejection** shall mean the involuntary and permanent separation of a probationer from service.
- dd. **RPA** shall mean Request for Personnel Action Process
- ee. **Salary Schedule** shall mean a set of basic salary rates established for specific classes of positions in the classified service.
- ff. **Salary Range** shall mean a class of salaries within specified minimum and maximum accounts.
- gg. **SROA** - State Restrictions of Appointment
- hh. **Supervisory Official** shall mean the lowest level City employee who has official jurisdiction over another employee.
- ii. **SROA candidates** shall mean Surplus candidates. This process was established to assist employees facing pending layoff by giving them priority consideration for placement in other Agencies/State departments.

- jj. California State Recruitment and Hiring operates under the following laws and regulations:** 1. *Govt. Code sections 19815 through 19999.7 (established DPA and describes most of its functions)* 2. *Govt. Code sections 3512 through 3524 (known as "Ralph C. Dills Act," governs collective bargaining in State government's executive branch)* 3. *California Code of Regulations, Title 2, sections 599.600 through 599.995 (provides regulatory detail on DPA programs).* California State operates under two personnel organizations, the State Personnel Board (SPB) and the Department of Personnel Administration (DPA), with overlapping jurisdictions. SPB has authority under Article VII of the State Constitution to oversee the merit principle. Its responsibilities currently include civil examinations, probationary periods, the formal establishment of job classifications, and discipline. DPA is responsible for all other personnel management functions including pay, day-to-day administration of the classification plan, training, benefits, all other conditions of employment, and collective bargaining.

ARTICLE 4.01 Personnel Officer

Section 4.00.1 Appointment

- a. The CAO shall serve as Personnel Officer. With the approval of the City Council, the CAO may delegate any of the powers and duties conferred upon him/her as Personnel Officer to any other employee of the City.

Section 4.00.2 Personnel Officer Duties

- a. It shall be the duty of the Personnel Officer/City CAO to act in the capacity of a secretary and clerk to the City system. He/she shall be the custodian of all personnel records and shall be the official upon or with whom all City personnel related notices, requests for hearings, complaints, and other official documents shall be served or filed.
- b. The Personnel Officer shall establish and maintain a record of roster of officers and employees working for the City at any given time. She/he shall also prepare a record of the length of service of each employee, together with a concise statement of all duties being performed by such employee, the salary paid, and the hours of work of such employee. She/he shall render such additional services in connection with the City system as may be requested by the Council.
- c. The duties of the office of Personnel Officer may be combined with those of any other office in the event the work involved does not warrant, in the discretion of the Council, the creation of a special position.

(§ 4, Ord. 218)

ARTICLE 4.02 Classification Plan

Section 4.02.1 Preparation and Maintenance of Classification Plan

- a. The Personnel Officer/City CAO shall prepare and maintain the classification plan consisting of those classes of positions in the city service approved by the City Council. It shall include class titles to be used in all official records and class specifications. The class titles and specifications shall not be construed as limiting the assignment of duties of any position, nor as limiting or modifying the power of the appointing authority to direct and control the work of employees under his/her supervision.

Section 4.02.2 Reclassification

- a. At the request of a department head or on his/her own determination, the Personnel Officer/City CAO may recommend to the City Council reclassification of any position(s) she/he determines to be improperly classified or the creation of a new class.
- b. Such reclassification or new class may not be used to circumvent restrictions concerning demotions or promotions.

Section 4.02.3 New Classes

- a. No position shall be allocated to a new class until said class has been approved, by appropriate amendment to the classification plan, by the Personnel Officer/City CAO and assigned to a salary range.

Section 4.02.4 Classification Specification

- a. Classification specification documents are the legal and official description of a classification that has been adopted by the State Personnel Board (SPB) and includes job descriptions specifications. Classification specifications are used to bring structure to the organization and to establish salary ranges.

Classification specifications can be found at the following site <http://www.spb.ca.gov/employment/spbpayrd.htm>.

- b. Classification specification documents provide a broad description of a classification or classification series, which may include:
 1. A definition
 2. Typical tasks performed
 3. Minimum qualifications required, including license, certificate, education, and experience
 4. Knowledge, skills, and abilities
 5. Special personal characteristics
 6. Additional desirable qualifications

- c. City of Maywood uses classification specification documents in reference to:
 - 1. Allocation of positions to appropriate classifications
 - 2. Establishment of internal relationships for salary administration
 - 3. Identification of recruitment sources
 - 4. Review of examination applications
 - 5. Determination of scope of examinations and identification of critical classification requirements for selection purposes
 - 6. Appropriate eligible list determinations
 - 7. Determination of status rights of incumbents in a classification when a new classification is created by dividing or combining existing classifications
 - 8. Transaction determinations such as transfer, demotion in lieu of layoff, voluntary demotion, and retirement
 - 9. Identification of in-service training needs
 - 10. Facilitation of employee performance appraisal and career development programs
 - 11. Development of Essential Functions Duty Statement

- d. Providing a source of information for the Legislature, departmental staff, employees, and the general public.

ARTICLE 4.03 Non-Discrimination

- a. The parties mutually recognize and agree fully to protect the rights of all employees hereby to join the City of Maywood and reaffirm the policies of non-discrimination in the treatment of any candidate and/or employee because of race, ethnicity, religion, creed, color, sex, sexual orientation, LGBTQ status, gender identity, genetic information, marital status, age, disability, association activity, national origin, ancestry, military or veteran status, or political beliefs.

- b. In accordance with the above policy, the City of Maywood agrees not to discriminate against any employee because of the exercise of his/her rights granted pursuant to the section above or with respect to admission to membership and the rights of membership.

ARTICLE 4.04 Employment Opportunities

- a. The Personnel Officer/CAO is responsible for maintaining copies of all job bulletins.

- b. Tentative examination bulletins approved by the Personnel Officer/CAO will be provided as part of the public posting of the final bulleting for the examination.

- c. Employees shall be granted reasonable time off with pay for the purpose of taking oral promotional examinations when such examinations are given by the City and scheduled during the employee's normal working period; however, each employee entitled to such

time off with pay shall give reasonable advance notice to his/her supervisor. Such time off with pay shall include travel time.

- d. Management agrees that any employee covered by this MOU who may be assigned to work on a day that a written promotional examination is administered by the Personnel Officer/CAO, and for which an employee has applied, shall be given priority in the scheduling of days off for that day.

ARTICLE 4.05 Applicable Employees

The provisions of this article and the rules and regulations adopted pursuant to the provisions of this article shall apply to all officers and positions in service of the City, except:

- a. Any elective position;
- b. Members of boards and commissions;
- c. Persons whose employment is incidental to the fulfillment of a formal contract entered into on behalf of the City by competent authority when such persons are in fact employees, agents, or representatives of the contractor;
- d. Volunteer personnel who receive no regular compensation from the City;
- e. Part-time employees whose normal working schedule is less than eight (8) hours per day, seasonal employees, and temporary employees;
- f. The Chief Administrative Officer, and City Attorney; and
- g. Any other positions which are exempted in said rules and regulations.

§ 3, Ord. 85-281, eff. August 8, 1985

ARTICLE 4.06 Appointments

- a. Except as otherwise provided in this section, all appointments to positions in the service shall be made from eligible persons on the eligible lists, which lists have been established pursuant to the rules and regulations adopted under the authority of this article. This ensures best candidate for a particular job gets selected.
- b. Appointments to department head positions shall be made by the City CAO at such compensation as the City CAO shall set and subject to approval by the Council.

- c. Appointments by subordinate positions shall be made by the appropriate department head at the appropriate compensation rate shown for the position filled and subject to approval by the City CAO.
- d. Any officer having such power of appointment is hereby designated as an appointing officer. The appointing officer shall report all new appointments and beginning compensation levels to the Council at the earliest possible date after the appointment is made.

§ 5, Ord. 85-281, eff. August 8, 198, as amended by § 1, Ord. 92-388, eff. June 25, 1992

ARTICLE 4.07 Appointments: Probationary Period

- a. After each permanent appointment from an eligible list, an employee shall serve a complete period of probation as provided in the rules and regulations adopted under the authority of this article before an appointment or promotion is complete.
- b. An employee shall become a permanent employee after successfully serving not less than 90 days probationary period.
- c. Failure of the City to reject an employee or extend the probationary period for a maximum of additional 30 days, shall constitute acceptance of such employee for permanent employment.

§ 6, Ord. 85-281, eff. August 8, 1985

ARTICLE 4.08 Appointments: Temporary

- a. In the absence of appropriate eligible lists, a temporary appointment may be made by the appointing authority of a person meeting the minimum training and experience qualifications for the position.
- b. Such temporary appointments shall not continue for a longer period than 3 months and no person shall be eligible to serve a temporary appointee in any one or more positions for more than an aggregate period of 3 months in any one fiscal year. No credit shall be allowed in examination for service rendered under a temporary appointment.

§ 14, Ord. 85-281, eff. August 8, 1985

ARTICLE 4.09 Appointments: Age Limits- Exception

- a. The Personnel Officer/City CAO shall not establish any minimum or maximum age limit for any position examination, and age shall not be considered to be a minimum qualification for any City employment in the classified service.
- b. Any person possessing all the minimum qualifications for the position shall be eligible to take City position examination regardless of age. The City CAO nor any appointing power shall adopt any rule, either written or unwritten, prohibiting the employment of any person in any City employment, who is otherwise qualified therefor, solely because of age.

§ 14, Ord. 85-281, eff. August 8, 1985

ARTICLE 4.10 Discrimination

- a. No person in the classified service, or seeking admission thereto, shall be employed, promoted, demoted, discharged, or in any way favored or discriminated against because of political opinions or affiliations or because of race or religious belief: provided, however, no one shall be eligible to hold a position with the City who is or may become sympathetic or affiliated with any group or movement which advocates the overthrow or our form of government by force or violence.

§ 14, Ord. 85-281, eff. August 8, 1985

ARTICLE 4.11 Hiring Process

- a. City CAO/Personnel Officer and Department Heads are responsible to select employees who will best support and contribute to the City/Departments' mission.
- b. In every aspect, the hiring process should reflect the Department's commitment to provide equal employment opportunity by selecting the best qualified, skilled, and motivated candidates to join the City's work-force.
- c. The appointing head, is responsibly to legally and effectively select the best candidate for a particular job by following the steps in the hiring process (see below).
- d. These skills will enhance the ability to hire effective employees and assist in complying with statutory and DGS (Department of General Services, State of California) policy requirements.

The resources, which include government code, rules, control agencies, and directives, for the hiring process can be found in various sections of the Personnel

Operations Manual (POM) at <http://www.ohr.dgs.ca.gov/Personnel/POM-TOC.htm>.

e. The steps are:

Step	Action
1	Job Assessment (Duty Statement Questionnaire)
2	Request for Personnel Action (RPA) Process <ul style="list-style-type: none"> • Obtain approvals- Justification for Action • Consider appointment options • SROA/Surplus Process • Post and Bid process • Essential Functions (EF) duty statements • Organizational Charts
3	<ul style="list-style-type: none"> • Advertise the Position (Job Opportunity Bulletin-JOB) • Examination Announcements
4	Screen Applications
5	Prepare for Interviews <ul style="list-style-type: none"> • Examination Process
6	Conduct Interviews
7	Selection Process <ul style="list-style-type: none"> • Employee Reference Checks as appropriate
8	Make a Job Offer <ul style="list-style-type: none"> • Medical Clearance as appropriate • Background check/Criminal Record as appropriate
9	Document the Hire <ul style="list-style-type: none"> • Retention of documents • Law Requirements

Section 4.11.1 Job Assessment (Duty Statement Questionnaire)

Clearly and specifically define open jobs essential duties, critical competencies, and specific skills required.

- a. Complete the “job assessment”, analyzing the position and its needs.
- b. Use Job Assessment process of systematically collecting, analyzing and documenting the essential requirements of the job.
- c. Complete the following tasks using the Duty Statement Questionnaire.
 1. Evaluate the organizational needs that justify filling the position

2. Define the position's essential functions. A function may be considered essential when
 - The reason the position exists is to perform that function;
 - There is a limited number of employees available among whom the performance of that job function can be distributed;
 - The function is highly specialized and the incumbent in the position is hired for his/her expertise or ability to perform the particular function;
 - The employee actually performs the function; and removal of the function would fundamentally alter the job
 3. Determine the salary band and starting salary requirements of the candidate
 4. A definition of the characteristics/skills/experience a person would need to be successful in the position
- d. Create an "Essential Functions Duty Statement" based on the classification specification and allocation guidelines:
1. Focus on the right questions to ask
 2. Focus on performance expected
 3. Identify the knowledge, skill and ability required of someone in the position
 4. Communicate the job needs
 5. Create the foundation for setting the new employee's performance objectives
- e. Use Team Assessment to determine what would strengthen the work group's ability to deliver improved services? Sources for this information :
1. Comments by Dept. Head/Supervisor
 2. Comments made by customers
 3. Employees concerns or observations
- f. Incumbent Assessment:
1. What has lent strength or weakness in the performance of the job
 2. Review past performance appraisals
 3. Look at areas where improvement was needed, areas listed for training, etc.
- g. Provide written documentation in case your process or decision is ever challenged

Section 4.11.2 Request for Personnel Action (RPA) Process

- a. A Request for Personnel Action (RPA) form tells the Personnel Officer/City CAO what a supervisor/ manager wants to do with an existing vacancy and/or incumbent within his/her division/department.
- b. **Components of a complete RPA package include:**
 1. Approval to recruit from the City CAO/ Personnel Officer
 2. RPA form, including a justification for action, if applicable
 3. Justification
 4. Essential functions duty statement and former duty statement, if reclassifying the position
 5. Job opportunity bulletin (JOB) draft
 6. Current and proposed organization charts as attachments to the RPA
 7. Training and Development (T&D) assignment plan ([GS 1089T](#)), if applicable
 8. Post and Bid form

The RPA Workflow manual is located at

<http://www.documents.dgs.ca.gov/ohr/GuidesManuals/RPA.doc> .

- *The Essential Functions Duty Statement Training manual is located at*
<http://www.documents.dgs.ca.gov/ohr/GuidesManuals/EFManual10-05Revise.doc> . .
- *How to construct a JOB is located at*
<http://www.documents.dgs.ca.gov/ohr/pom/JOB.doc> .
- *The construction and content of organization charts is located at*
<http://www.documents.dgs.ca.gov/ohr/pom/Organization%20Charts.doc>

Section 4.11.3 Obtain Approvals-Justification for Action

- a. A justification statement indicating the proposed effective date of your action (if known) and status of the prior incumbent (i.e., retired, promoted, etc.) on the RPA form is sufficient for a routine transaction such as filling a vacancy, no change in duties. A more detailed justification memorandum must be attached to the Auto RPA whenever you:
 1. Reclassify and fill
 2. Demote
 3. Promote
 4. Fill by a Temporary Authorization Utilization (TAU)
 5. Fill by a Training and Development (T&D) Assignment
 6. Make an emergency appointment
 7. Move employee to Blanket Positions Classification
 8. Transfer
 9. Fill a position with a limited-term appointment

10. Substantially change the duties of the position
- b. The purpose of a justification provides relevant background information, discusses how the proposed classification satisfies the classification specification and/or classification allocation standards for the classification, and describes how the duties of the position fit into the role of the unit or the mission of the department. The justification attachment, if there is insufficient room on the RPA form, is intended to amplify/clarify the essential functions duty statement and organizational chart placement. The following questions should be answered in the justification, if applicable.
 1. What has changed in the duties and responsibilities of the position? (Include changes that have taken place in the organization mission, structure, workload, backlog(s), special project(s), etc.)
 2. What is the level of responsibility for the classification/position?
 3. What is the complexity and sensitivity of the position?
 4. What is the independence of action for the position?
 5. What is the initiative and originality of the position?
 6. What is the consequence of error of this position? (Include the level of authority to make commitments, responsibility for decisions, etc.)
 7. What is the type of contact and relationship with others?
 8. Is there a change in the position's supervisory relationship? If so, to whom?
 9. How will the duties of the old position now be handled? (No longer exist, why? Handled by another, who/why? etc.)
 10. Any additional information that justifies the position action.
 - c. Share relevant and sufficient information with the Personnel Officer/City CAO to effectively complete the Request for Personnel Action (RPA) package as well as getting a head start in developing appropriate screening criteria and interview questions
 - d. **Obtain Approvals:** Due to continued budget reductions, personnel realignments, and salary savings issues, the Personnel Officer/City CAO MUST receive notification of recruitment for all personnel actions
 - e. **Submit your notification to the City CAO/ Personnel Officer**, including:

1. The RPA number
2. Position number
3. Classification title
4. Date position became vacant
5. If applicable, post and bid information
6. Justification for filling the position
7. Impact on salary savings requirement
8. Exemption information

Section 4.11.4 Consider appointments options

1. List appointments, which include reemployment, State Restrictions of Appointment (SROA), open, or promotional
 2. Surplus candidates (equal to SROA candidates)
 3. Transfers, which include inter- or intra-department candidates
 4. Training and Development (T&D) assignments
 5. Reinstatements
 6. Post and Bid, if applicable
- a. An RPA package is required for all personnel transactions **except** modification to work schedules (unless the classification is subject to Post and Bid), range changes, out-of-class assignments, or separations.
- b. The type of action you want to take on a vacancy/incumbent is dependent upon what you want to do with the vacancy/incumbent. After deciding what you want to do, you will be able to select the appropriate type and action of the RPA.

Section 4.11.5 SROA/Surplus Process

- a. The SROA/Surplus process was established to assist employees facing pending layoff by giving them priority consideration for placement in other Agencies/State departments.
- b. All qualified SROA and surplus employees must be contacted and if interested, interviewed for the position.
- c. SROA employees are individuals in specific classifications in departments designated by the Department of Personnel Administration (DPA) as in fact facing the lay-off process due to significant budgetary/personnel reductions. These employee names are provided to departments on the official hiring certification for the vacant classification. They shall be formally contacted and if interested, interviewed for the position. Supervisors can either make telephone contacts or request through the RPA that contact letters be sent.

- d. Surplus employees are those in designated classifications in certain departments that have excess staff, but who may not be facing the immediate necessity for lay-off. This often occurs because of reorganizations or loss of reimbursable funds. (Employees on SROA lists are also considered surplus when they apply for positions related to their classification.) If surplus employees respond to a job bulletin, they must be treated the same as SROA employees noted above. When openings occur, your Personnel Officer/City CAO checks the applications of these employees to determine eligibility for appointment to the position.

Section 4.11.6 Post and Bid

- a. Post and bid (P&B) is a provision which gives **permanent full-time employees**, who have completed their probationary period, **the mandatory right to transfer if desired**, to another position within their classification in the department based on seniority.
- b. P&B is required when the hiring supervisor/manager decides to fill a vacancy, including a change in tenure of a position from limited-term to permanent. A vacancy shall be deemed to exist, when a permanent full-time position is unoccupied as a result of retirement, transfer, termination, resignation, reassignment, new position, promotion, change in tenure to permanent, or new funding and the hiring supervisor/manager decides to fill it. This includes promotion-in-place, shift changes or workweek schedule changes that would be subject to Local P&B process.
- c. If not post-and-bid candidates, the hiring supervisor/manager is able to consider other applicants.
- e. In order to fully understand the P&B process, refer to the State's Personnel Operations Manual (POM) section on Post and Bid for a complete explanation of the policy, process and procedures governing P&B.
<https://www.documents.dgs.ca.gov/ohr/pom/PostandBid%20Revise.doc>

Section 4.11.7 Essential Functions (EF) duty statements

- a. Identify the **essential functions** and non-essential functions of a position. According to the **Equal Employment Opportunity Commission (EEOC)**, **essential functions** are those tasks or functions of a particular position that are **fundamental** to the position (as opposed to non-essential) that an employee **must** be able to perform (with or without reasonable accommodation). Non-essential functions characterize duties that are performed but are not essential to the job.

- b. A job function may be considered essential for several reasons, including, but not limited to the following:
1. Essential because the reason the position exists is to perform that function.
 2. The function may be essential because of the limited number of employees available among whom the performance of that job function can be distributed.
 3. The function may be highly specialized so that the incumbent in the position is hired for his/her expertise or ability to perform the particular function.
 4. Two other criteria are important in defining essential functions:
 - The employee must actually perform the function; and
 - Removal of the function would fundamentally alter the job.
- c. Any other activity that is performed will be considered a non-essential function or requirement of the job.
- d. **Identify essential functions and non-essential functions of the job to:**
1. Provide clearly written expectations about why the job exists, what the incumbent in the job is responsible to accomplish, and what is required to be able to effectively perform in the position.
 2. Assists a supervisor in the selection process in creating legal and appropriate interview questions and selection techniques.
 3. Provide the information needed to effectively recruit a successful candidate into the position.
 4. Detail the expected results so that performance expectations can be articulated, communicated, measured, and documented in some form of performance evaluation.
 5. Afford a communication vehicle to allow for job bidding, promotional opportunity and career development within an organization.
 6. Provide a defensible document from which a failing employee's performance can be compared and required improvements can be communicated and measured.
 7. Provide a foundation for consistency in communication and a document from which incumbents and their managers can be held accountable.

8. **Under the Americans with Disabilities Act (ADA), supervisors might be called upon at any point in the employment relationship to provide reasonable accommodation** so that an employee can perform the essential functions of the job in question. An appropriate analysis of a reasonable accommodation request is not possible without knowing what duties are essential to performance.
 9. **Should it be necessary to order a fitness for duty examination, it is critical that the examining medical practitioner be provided with an accurate description of the essential functions that must be performed.** Short of this, it is not possible for the examination process to determine an employee's fitness for duty without knowing what duties are essential to performance.
- e. **The EEOC regulations list the types of evidence they would look for in determining whether a function is essential.** The list includes:
1. The employer's judgment as to which functions are essential (this includes the supervisor and others that are likely to have knowledge of the job).
 2. A written job assessment (Duty Statement Questionnaire) prepared before advertising and/or interviewing applicants for the job.
 3. The amount of time spent on the job performing the function.
 4. The consequences of not requiring the incumbent to perform the function.
 5. The work experience of past incumbents in the job.
 6. The current work experience of incumbents in similar jobs.

For a complete discussion of essential functions, you are encouraged to participate in the Essential Functions Duty Statement Training offered through the Classification and Pay Unit or use the manual online at:

<http://www.documents.dgs.ca.gov/ohr/GuidesManuals/EFManual10-05Revise.doc> .

- f. **The components of an essential functions duty statement are:**
1. Essential functions with percentage of time and task statements written as a complete statement (there are five components to a complete task statement). Refer to the Essential Functions Duty Statement Training Manual for guidance
 2. Marginal functions with percentage of time and task statements written as a complete statement.
 3. Knowledge, skills and abilities required of the position (copied verbatim from the classification specification- job descriptions need to be approved by Personnel Officer/City CAO).

4. Desirable qualifications, such as special personal characteristics, interpersonal skills, additional qualifications, etc.
5. Work environment, physical or mental abilities required to perform duties.

RPA process and/or EF duty statement development and other resources may be found at <http://www.ohr.dgs.ca.gov/Personnel/POM-TOC.htm> :

Section 4.11.8 Organization Charts

- a. Required whenever the following changes occur, generally submitted through the RPA process and need to match approved payroll budget:
 1. To fill a vacant position (current chart only)
 2. To fill a new position (current and proposed charts)
 3. To reclassify a position (current and proposed charts)
 4. To transfer an employee and/or a position to another unit/location (current and proposed charts)
 5. Reorganization of structure (current and proposed charts)
- b. **WARNING!! BEFORE** making **any** personnel changes, realignments or reorganizations they **shall** be reviewed and approved by City CAO/Personnel Officer

Section 4.11.9 Advertise the Position (Job Opportunity Bulletin – JOB)

- a. In order to advertise a vacancy, a draft job opportunity bulletin (JOB) must be submitted with the RPA package. The JOB is constructed from the EF duty statement. Simply put, the JOB is an exact copy of the EF duty statement.

Personnel Operations Manual (POM) on how to fill vacant positions, and the Essential Functions Duty Statement Manual at:

<http://www.documents.dgs.ca.gov/ohr/GuidesManuals/EFManual10-05Revise.doc>

- b. **The job opportunity bulletin (JOB)** is the primary recruitment tool. The JOB is widely advertised utilizing the following resources:
 1. Print advertising (newspapers, periodicals, etc.)
 2. Job fairs
 3. Direct mail

4. Internet
 - c. Select publications and/or internet sites in which to advertise appropriately, it is possible to “target” recruitment to attract individuals with highly specialized technical or professional training and experience, and underutilized women, minorities, and other groups.

California Personnel Operations Manual (POM):

<https://www.calhr.ca.gov/Documents/training-navigating-the-states-selection-process-booklet.pdf>

- d. Your C&P Analyst **shall** review the proposed advertisement prior to publication.
- e. There is a **minimum ten working days posting period**. However, you may request up to a 60-day posting period, which should be indicated on the RPA form. Additionally, if circumstances warrant, you may request a shorter publicity period, except post-and-bid positions.
- f. **Blank positions DO NOT need to be advertised.**
- g. A **"blanket" position is** designated by a position serial number in the "900" series. Any number of appointments may be made under a blanket position providing the total salary and wage expenditures for the position do not exceed the amount encumbered. Blanket positions may be established within a City payroll for temporary help, seasonal help, overtime, or other special purposes.

Section 4.11.10 Examination Announcements

- a. Announcement shall be made at least ten calendar days before the last day for filling applications for examinations and shall be posted in the City Hall, on official bulletin boards, and placed in City website.
- b. The announcement shall be of a general nature and content sufficient to adequately inform prospective applicants of the typical duties of the class/group being examined for/advertised job, the minimum qualification requirements, the examining process to be utilized, the salary range for the class, the place and manner of making application, the closing date for filing applications, and such other information as may be pertinent.

Section 4.11.11 Screening applications:

- a. Pre-screen applications based on selection criteria derived from the duty statement, especially the desirable qualifications, and the classification specification.

- b. A designated employee should date stamp all incoming applications/resumes and separate the EEO data flaps from the applications (usually the last page of the application). The EEO data flaps are then destroyed by confidential shred. (It is illegal to retain this data for hiring purposes.).
- c. Prior to setting up interviews, the Personnel Officer **shall be** provided with the name and social security number of the top 3-5 qualified applicants for personal contact and eligibility verification. **Note: On a case-by-case basis, Personnel Officer may authorize the hiring office to proceed with interviews prior to eligibility verification. HOWEVER, no job offer can be made, including tentative, until the Personnel Officer has verified the top three to five interviewed applicants.**
- d. Upon verification of the applicant's eligibility, the City may want to do additional screening of the applications. This second screening will provide a candidate group of an appropriate size. When screening applications, each application **shall be screened using job-related standards based upon the criteria listed on the EF duty statement, the JOB, and the group/class specification. The City/appointing department head must be able to defend any cut-off point decided upon when screening.**
<http://www.spb.ca.gov/pinkies.htm>).
- e. The appointing head, using the JOB and classification specification develops 3-5 application screening criteria. At the same time, the appointing head develops the selection criteria and rating guide.
- f. Applicant screening **shall** be non-discriminatory. The purpose of the application screening is to select the most highly qualified individuals for referral to the next step of the selection process, the interview. It is the first opportunity to begin assessing applicants against the established minimum and preferred requirements for the position (EF duty statement). This screening may also include SROA/Surplus candidates. **Make a copy of the application on which to make notations. Using a copy will eliminate the potential for discrimination charges as the original application is discoverable.**
- g. **To improve the application screening process:**
 - 1. **Review all materials presented by the applicant.** A resume provides more detail than an application; and may highlight or contradict information contained in the formal employment application.
 - 2. **Check the internal consistency of the information.** For example, if an applicant lists that s/he has supervised 20 people and reported directly to the president of the company, but earned only \$1,000 per month, clarification is needed.

3. **Be careful not to make unwarranted inferences.** For example, a high school diploma is not necessarily evidence of satisfactory business writing skills.
4. Remember that it is almost impossible to make fine distinctions between applicants on the basis of application/resume alone, since the data on the form is limited and may be subject to distortion (e.g. experience, salary, or reporting relationship embellished, etc.). **At this stage of the selection process, it is best to group applicants into only a few categories** such as **unqualified** (doesn't meet **minimum** qualifications), **marginal** (meets **minimum** qualifications only), and **qualified** (**exceeds** minimum qualifications) based on an evaluation of the JOB and each applicant's qualifications.
5. Provide your Personnel Officer with the names and social security numbers of the top 3-5 qualified applicants for eligibility verification **prior to** scheduling interviews (typical turnaround time is one business day).

For additional information on resume/application review go to:
http://www.documents.dgs.ca.gov/ohr/pom/Steps_in_Resume-Application_Review.doc

Section 4.11.12 Prepare for Interviews

- a. Meet in advance with **interviewers** and create interview plan. Who is responsible for which types of questions? What aspect of the applicant's credentials is each person assessing?
- b. Prepare **applicants** by describing the program, the details of the position, the background and titles of the interviewers, and whatever will eliminate time wasting while the applicant interviews for City jobs.

Section 4.11.13 Examination Process

- a. As long as **tests and tasks used are directly related to the position** for which the applicant is interviewing, the City may collect relevant information to use in selection process
- b. **Evaluate job skills and experience in addition to fit with City.** The City needs diverse people with diverse personalities to deal with diverse employees and customers.
- c. Build an applicant pool with several candidates who meet the needs of the position. It's better to reopen your search if you don't have the right person with the skills and experience needed.

- d. **Differentiate, via testing and discussion, the critical job skills.** What are the three – four most critical factors for contribution and success given the job, the skills of the other employees, and the needs of the City?
- e. Interviews need to have components other than questions, answers and discussion.
 1. Develop appropriate questions, review office personnel folders and check references.
 2. Walk the applicant through the office. Ask about his/her experience with situations pointed out during the walk.
 3. Watch the applicant perform a task to get a feel for their “hands-on” ability.
 4. Document or have the applicant write a description of the steps in one of your work processes. See how quickly a person learns a particular task. Ask how the applicant would approach improving the quality of a given accounting process.

EXAMINATIONS SPB (California State Personnel Board) is responsible for overseeing the State’s selection system, and ensuring that City, agency and departmental testing activities result in merit-based, job-related selection decisions. It is the intent of SPB to foster consistent and equitable selection standards for State Cities, agencies and departments conducting examination processes. California laws include:

1. *Constitution of the State of California, Article VII, Section 1 (b) Permanent appointment and promotion shall be made under a general system based on merit ascertained by competitive examination.*
2. *Government Code Sections 18500 18930 18950 18701 18930.5 18951 18710 18937 19702.1 18900*
3. *California Code of Regulations, Title 2, Section 206*
4. *Americans with Disabilities Act*
5. *California Fair Employment and Housing Act*
6. *Civil Rights Act of 1964, Title VII*
7. *Civil Rights Act of 1991*
8. *Principles for the Validation and Use of Personnel Selection Procedures*
9. *Standards for Educational and Psychological Testing*
10. *Uniform Guidelines on Employee Selection Procedures (29 CFR 1607)*

Section 4.11.14 Conduct Interviews

- a. **When developing job-related interviews, the City needs to be able to satisfy the following criteria: “What does the question asked have to do with the job to be performed, and how will the answer assist the panel in evaluating the applicants?”**

- b. The Essential Functions Duty Statement/Job Description becomes the basis for preparing interview questions
 - 1. Formulate open-ended questions which encourage a candidate to describe specific situations, experiences, or tasks relevant to the job.
 - 2. Provide written questions to the candidate during the interview to ensure you cover all the main points in the interview.
 - 3. **Focus on factors related specifically to the job since factors not related to the job often lead to charges of discrimination.**
- c. **Behavior-based questions**
 - 1. Get a good glimpse of a candidate's past behavior by asking behavior-based questions during the interview. These questions are designed to have the candidate describe his/her past behavior in circumstances similar to those surrounding the job trying to fill. Check examples of [legally-defensible behavioral questions](#) that will assist in uncovering core competencies in an interview.
 - 2. Review Job Related Essential Functions/Job Description and pick out the behavioral skills required to effectively perform the job. Questions should be open ended. Start by describing the circumstances surrounding the job, and then ask the candidate to describe his/her experiences in similar circumstances.

Section 4.11.15 Selection Process

- a. All examinations shall be impartial and relate to those areas which, in the opinion of the Personnel Officer/City CAO, will adequately and fairly indicate the relative ability and quality of candidates under consideration to assume the duties and responsibilities required by the position for which they are being examined.
- b. **Ask Each Candidate the Same Questions.** One of the primary reasons for writing out your questions before an interview is so you will ask each candidate the same questions. Remember, you are trying to determine which candidate is best qualified to perform a specific set of duties. If you ask one candidate one set of questions and another candidate a different set of questions, when it comes time to make a decision, you'll have no basis for comparison. Focus your questions on the job requirements, and ask each candidate the same questions. This way, you'll ensure that you're finding the best candidate for the job and avoid contested legal process.

- c. **Create an Interview Rating Scale** for the purpose of identifying the best qualified candidate(s). The final rating for each candidate should be entered by each panel member (no less than two panel members per interview - the hiring supervisor and the subject matter expert) and discussed. A list of your best qualified candidates should be made for purposes of the reference check as appropriate.
For sample interview rating scale documents:
<http://www.documents.dgs.ca.gov/ohr/pom/InterviewRatingScale.doc> and
<http://www.documents.dgs.ca.gov/ohr/pom/InterviewRatingScale2.doc>.
- d. **To ensure that you are in full compliance with the law, prior to conducting your interviews, you need to understand the job's essential functions.** A person is qualified for a job if s/he can perform the essential functions of the job, with or without reasonable accommodation. If you reject a person who can perform the job's essential functions, and that person is in a protected category, you may have to defend your decision to a third party. The Americans with Disabilities Act (ADA) emphasizes the need to define each job's essential functions. For detailed information on the ADA, visit the following site:
<http://www.ada.gov/pcatoolkit/toolkitmain.htm>
- e. **Asking the wrong interview questions or making improper inquiries can lead to discrimination or wrongful-discharge lawsuits,** and these suits can be won or lost based on statements made during the interview process.

Section 4.11.16 ADA (Americans with Disabilities Act)

- a. The ADA law prohibits discrimination in employment against individuals with a disability. The Equal Employment Opportunity Commission (EEOC) likewise provides: "It is unlawful for a covered entity to discriminate on the basis of disability against a qualified individual with a disability..."
- b. The determination of whether a person is a qualified individual with a disability depends in part on whether the person can, with or without reasonable accommodation, perform the essential functions of the job in question. The individual must satisfy the requirement for requisite skill, experience, education and other job-related requirements or you don't have to hire them.
- c. When making a job offer, have the candidate complete the appropriate medical clearance (STD 910 and/or STD 610).
The STD 910 can be accessed at: <http://www.documents.dgs.ca.gov/osp/pdf/std910.pdf>.
The STD 610 can be accessed at: <http://www.documents.dgs.ca.gov/osp/pdf/std610.pdf>.
- d. Your interview objectives are two:

- Determine whether or not the candidate can successfully perform the job
 - Ensure that the candidate is interested in the job if s/he is qualified.
- e. **Reminder:** to staff that conduct hiring interviews of candidates from an employment list where candidates have met the minimum qualifications for entrance into the examination: Although you may not believe that the candidate meets your needs for the position you are filling, the City has confirmed by examination, that the candidate is qualified to apply. **Under no circumstances shall** staff involved in the hiring/interview process relay to a candidate (verbally or orally) that s/he is not qualified for the position. If the candidate is on the employment list, s/he is qualified; however, s/he may not be in a reachable rank.
- f. It is the policy of the City in addition to Government Code section 19991 and upon the employee giving his/her supervisor/manager **two** working days notice, to allow a **reasonable amount of time¹** for an employee to participate in an interview (examination or hiring) without deduction of pay or leave credits, **if** the interview is scheduled during working hours.
- g. **A reasonable amount of time for the purpose of an interview (examination or hiring) is defined as the amount of time scheduled, which can be proven by written document excluding travel time.** If no written documentation is available, up to two hours' time including travel time is granted to the employee.
- h. The City may request background and drug tests as appropriate.

Section 4.11.17 Disqualifications

- a. Reasons for disqualification may include, but shall not be limited to, the following:
1. Physical or mental disability making the applicant unfit to perform the duties of the position;
 2. A history of alcohol and/or substance abuse;
 3. Felony conviction
 4. Conviction of a crime involving moral turpitude;
 5. Deception, fraud or incompleteness in his/her application, and
 6. Failure to reply within a reasonable time, as specified by the Personnel Officer/City CAO, to communications concerning availability for employment.
- b. An applicant who has been disqualified by virtue of felony conviction may appeal in writing to Personnel Officer/City CAO within five (5) days of notice of disqualification.

Within ten (10) days the Personnel Officer/City CAO, considering the following factors, shall decide whether the applicant is eligible, which decision shall be final.

1. The classification to which the person is applying, including its sensitivity
 2. The nature and seriousness of the conduct
 3. The circumstances surrounding the conduct;
 4. The age of the applicant at the time of the conduct;
 5. Contributing social or environmental conditions, and
 6. The absence or presence of efforts at rehabilitation.
- c. When any of the foregoing causes for rejecting are ascertained, the Personnel Officer/City CAO may, where the applicant has been placed on an eligible list, cancel said applicant's eligibility or, where the applicant has been appointed prior to final investigation of these criteria for disqualification; require said applicants dismissal from service.
- d. The Personnel Officer/City CAO shall give the applicant written notice of the decision along with a copy of this rule.

Section 4.11.18 Method of Examination

- a. The method of examination shall be decided by the Personnel Officer/City CAO, in compliance with Section 4.06.13 and may include written or oral tests of manual skills or physical fitness as required by the job in question.
- b. Medical and psychological tests may be made a part of any examination. No employee shall hold any position unless he/she is physically and psychologically able to perform its duties fully without hazard to himself/ herself or others.

Section 4.11.19 Type of Examination

- a. **Oral Board Examination.** Prior to taking an Oral Board Examination, if any is given, the applicant must have met the minimum requirements regarding training and experience and have passed any required written examination. Any oral board shall include a person or persons experienced in the field for which the applicant is being tested. Each member of the board shall independently rate the candidate. Names of oral board members may not be given out in advance of the oral interview.
- b. **Promotional Examinations.** Only current employees of the City holding a permanent position and meeting the requirements of the examination announcement may compete on a promotional examination. The Personnel Officer/City CAO shall schedule a promotional

examination whenever in his/her opinion there is an adequate number of City employees eligible for examination.

- c. **Open Competitive Examination.** Any individual meeting the requirements, as outlined in the employment opportunity announcement, may compete in an open competitive examination. Open examinations are required for all positions in the Payroll, unless otherwise designated by the Personnel Officer/City CAO. Competitors may compete against each other or against a standard established by the Personnel Officer/City CAO at the latter's discretion. Such Standards shall conform to guidelines set forth by the Equal Employment Opportunity or Department of Fair Employment and Housing, and **may be flexible to accomplish the goals of the City's Affirmative Action Plan.**

Section 4.11.20 Qualifying Scores and Rating Examinations

- a. The minimum score on an examination for which eligibility may be earned shall be established by the Personnel Officer/City CAO. A candidate's final rating on a given examination shall be the score or combination, as prescribed in the examination announcement.
- b. Failure in one part of the examination may be grounds for declaring such applicants as failing in the entire examination, or as disqualified for subsequent parts of the examination. The Personnel Officer/City CAO shall determine the method for scoring tests including weight to be given to each test, minimum acceptable scores and whether failure to pass one examination shall constitute failure of the entire test.

Section 4.11.21 Notification of Examination Results

- a. Each candidate in an examination shall be given written notice of the results thereof and, if successful, of his/her final earned score and rank on the eligible list.
- b. Any candidate shall have the right to inspect his/her own examination papers within five (5) working days after the notices of examination results are mailed. Any error in grading or rating, if called to the Personnel Officer, shall be corrected. Correction shall not however, invalidate any certification or appointment previously made.

Section 4.11.22 Establishment of Eligible List

- a. As soon as possible after the conclusion of an examination, the Personnel Officer/City CAO shall prepare and keep available an eligible list consisting of the name of persons

successfully passing the examination, ranked in order of final rating received, from the highest passing score to the lowest passing score.

- b. If two or more persons have final ratings which are identical, the name of the candidate who received a higher score on that part of the examination having the greatest weight shall have precedence; then, if two or more persons have final ratings which are identical, the person who filed earlier for the examination shall have precedence.

Section 4.11.23 Kinds of Eligible Lists

- a. Eligible lists shall be of the following kinds:
 - 1. Open and competitive eligible lists, consisting of candidates who have qualified through open and competitive examinations and from which appointments shall be made.
 - 2. Promotional eligible lists, consists of employees who have qualified through promotional examinations and from which appointments shall be made.
 - 3. Re-employment eligible lists, consisting of employees who have been laid off or resigned in good standing.

Section 4.11.24 Removal of Names from Eligible Lists

- a. The Personnel Officer/City CAO may remove the name(s) of any person from an open competitive or promotional eligible list for any of the following reasons:
 - 1. Upon written notice from an eligible person declining appointment or requesting removal of his/her name.
 - 2. If an eligible person fails to respond within ten (10) business days to a notice of certification mailed to his/her last known address.
 - 3. If employment would not be in the best interests of the City.
- b. If less than three (2) eligible persons remain on the open competitive or promotional eligible list the Personnel Officer/CAO may cancel the list and establish a new one.
- c. Any person whose name is removed shall be so informed by a notice mailed to his/her last known address.

- d. The names of persons on a promotional list who resign from the City shall automatically be dropped from such a list.

Section 4.11.25 Effective Date and Duration of Eligible Lists

- a. An open competitive or promotional eligible list shall become effective upon certification by the Personnel Officer/CAO and shall remain in effect for six months. The list may be extended by action of the Personnel Officer/CAO for additional six month periods, but in no event shall such an eligible list remain in effect for more than one (1) year.

Section 4.11.26 Method of filling Vacancies

- a. Unless otherwise provided herein all vacancies in the City may be filled by re-employment, reinstatement, transfer, demotion, promotion, lateral entry or appointment from established eligible lists certified by the Personnel Officer/CAO. In the absence of persons eligible in such manner, provisional appointments made be made. The Personnel Officer/CAO may appoint any qualified individual.
- b. To meet the immediate requirements of an emergency situation, the Personnel Officer/CAO may employ such persons as may be needed for the duration of the emergency without regard to the personnel ordinance or the rules and regulations affecting normal appointments.

Section 4.11.27 – Make a Job Offer

a. Types of Appointments

1. "**Employee**" means any person employed in City service, and includes officers of the City.
2. Employees are divided into the following categories:
 - a. A "**Permanent Employee**" is one that has satisfactorily completed his/her probationary period in a position established in the classification plan and authorized by the City Council in the current fiscal budget, which position is expected to exist for an indefinite period of time.
 - b. A "**Probationary Employee**" is one who has not received permanent status and must demonstrate his/her fitness for the position during a certain designated

time span, during which period he/she may be discharged without right of appeal.

- c. An “**Emergency Employee**” is one appointed to meet the immediate needs of an emergency situation.
 - d. A “**Temporary Employee**” is one hired by the hour, day, week or month for a specifically limited period of time.
- b. An employee appointed to any of the above categories may be designated as either full-time or part-time.
- c. Full time shall mean a position having a standard work week which averages at least 30 hours. Part time shall mean a position which averages fewer than 30 hours.
- d. A “**Regular Part-Time Employee's**” qualifying year means the first period of twelve (12) consecutive months of service during which the employee was compensated for at least 1,120 hours.
- e. After each appointment an employee shall serve a complete period of probation as provided in the Rules adopted under the authority of this article before an appointment or promotion is complete. The probation period shall not exceed 3 months.
- f. **Medical clearance** shall be required as part of documentation regarding essential job functions. If no medical clearance is required for the job in question, no medical clearance shall be requested by hiring department head.

Section 4.11.28 Temporary Appointments

- a. In the absence of appropriate eligible lists, a temporary appointment may be made by the appointing authority of a person meeting the minimum training and experience qualifications for the position.
- b. Such temporary appointments shall not continue for a longer period than three (3) months, and no person shall be eligible to serve as a temporary appointee in any or more positions for more than an aggregate period of three (3) months in any one fiscal year. No credit shall be allowed in examinations for service rendered under a temporary appointment.

Section 4.11.29 Age Limits - Exception

- a. The City nor the Personnel Officer shall not established any minimum or maximum age limits for any examination, and age shall not be considered to be a minimum qualification for any City employment. Any person possessing all the minimum qualifications for the position shall be eligible to take any position related examination, regardless of his/her age.
- b. Neither the Personnel Officer, nor any appointing power shall adopt any rule, either written or unwritten, prohibiting the employment of any person in any City employment, who is otherwise qualified therefore, solely because of his/her age.

Section 4.11.30 Employment of Family Members

- a. Employment of members of the immediate family of any City employee or official is prohibited if one member of a family will be placed in an immediate supervisory relationship to the other.

Section 4.11.31 Pertinent Documents or Evidence

- a. Each person appointed to a position in the Service/Budgeted Payroll may be required to provide and/or sign certain documents such as: loyalty oath, birth certificate, fingerprints, automobile operator's license, high school diploma, educational transcripts, ethics and confidentiality agreements, military discharge documents and medical records.
- b. City/Personnel Officer is responsible to retain personnel documents fulfilling all law requirements.
- c. City/Personnel Officer is responsible to retain hiring documents and offer them as evidence wherever needed in support of nondiscriminatory recruitment practices.

APPENDIX 2

RESPONSE TO RECOMMENDATION #3

MILEAGE AND EXPENSE REIMBURSEMENT FORMS

Mileage Reimbursement Form



City of Maywood Mileage Expense Form

Name: _____

Date: _____

Title: _____

Budgeted: Yes / No

All expenses reported on this form must comply with the City's policies relating to expenses and use of public resources. The information submitted on this form is a public record. Penalties for misusing public resources and violating the City's policies include loss of reimbursement privileges, restitution, civil and criminal penalties as well as additional income tax liability.

Date	Addresses Needed		Purpose of Trip	Total Miles	Reimbursement Amount
	Starting Location	Destination			
					\$ -
					\$ -
					\$ -
					\$ -
					\$ -

PLEASE PROVIDE PROOF OF MILEAGE (ie: Google Maps)

Total Mileage Expense: \$ _____

Approved in accordance to Resolution 5214

Signature: _____

Date: _____

By signing above, I certify that this is a true and correct statement of authorized expenditures incurred by me conducting official City Business

Approval: _____

Date: _____

Expense Reimbursement Form



**City of Maywood
 Reimbursement Expense Form**

Name: _____ Date: _____
 Title: _____ Budgeted: Yes / No _____

All expenses reported on this form must comply with the City's policies relating to expenses and use of public resources. The information submitted on this form is a public record. Penalties for misusing public resources and violating the City's policies include loss of reimbursement privileges, restitution, civil and criminal penalties as well as additional income tax liability.

Date	Type of Expense	Name of Business	Purpose of Expense	Attendees	Total Expense

ATTACH RECEIPT FOR ALL EXPENSES

Total Expenses: \$ _____ -

Meal and incidental expenses shall not exceed the following amounts:

Breakfast: \$12 Lunch: \$18 Dinner: \$35

Approved in accordance to Resolution 5214

Signature: _____ Date: _____

By signing above, I certify that this is a true and correct statement of authorized expenditures incurred by me conducting official City Business

Approval: _____ Date: _____

APPENDIX 3

RESPONSE TO RECOMMENDATION #13 APPROVED *CaIPERS* REPAYMENT PLAN

MAYWOOD CalPERS REPAYMENT PLAN



California Public Employees' Retirement System
 Financial Office
 P.O. Box 942703
 Sacramento, CA 94229-2703X
 TTY: (877) 249-7442
 www.calpers.ca.gov

December 14, 2016

Reuben Martinez
 City Administrator
 City of Maywood
 4319 E. Slauson Ave.
 Maywood, CA 90270

Mr. Martinez,

Per our conversation on December 14, 2016, regarding the attached letter CalPERS sent you dated November 18, 2016, the term for the scheduled payments was amended below to include four bi-annual principal payments in the amount of \$682,603, and one final interest payment of \$409,561 to pay the remaining past due UAL amount for FY 12/13-15/16.

Revised Scheduled Payments Owed to CalPERS

#	Due Date:	Type	Amount
1	1/31/2017	Principal	\$682,603
2	5/31/2017	Principal	\$682,603
3	1/31/2018	Principal	\$682,603
4	5/31/2018	Principal	\$682,603
5	1/31/2019	Interest	\$409,561
Total			\$3,139,973

The City has agreed to continue to make monthly payments to all outstanding obligations to keep them at a current, non-delinquent status. If the City fails to timely make its scheduled payments, CalPERS will immediately proceed to terminate the contract under Government Code Section 20572. CalPERS may reduce any and all benefits to which the past and current City employees otherwise would have been entitled in accordance with Government Code section 20577.

If you have any, please contact Theo Akana at (916) 795-9763, or me, at (916) 795-2464.