



November 2012

Audit Recommendation Follow-up Report

*Status Update as of
June 30, 2012*



THE CITY OF SAN DIEGO

DATE: November 21, 2012

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **Recommendation Follow-Up Report**

Attached is the Office of the City Auditor's Recommendation Follow-Up Report, which provides the status of open recommendations as of June 30, 2012. We will continue reporting on open recommendations semiannually for periods ending around June 30th and December 31st.

We provide a short summary of data, highlight several recommendations, and attach the status updates for all recommendations. We look forward to presenting this report at the November 2012 Audit Committee meeting.

The intent of this report is to keep the Audit Committee informed about the implementation status of recommendations made by the Office of the City Auditor. We would welcome any suggestions or recommendations for improving upon this report to enhance your ability to monitor the effective implementation of City Auditor recommendations.

cc: Honorable Mayor Jerry Sanders
Honorable City Councilmembers
Jay M. Goldstone, Chief Operating Officer
Ken Whitfield, Comptroller

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IMPLEMENTATION STATUS OF OPEN RECOMMENDATIONS

This report is reflective of recommendations that departments and related entities reported as implemented to the Office of the Comptroller as of June 30, 2012. Any recommendations reported to the Comptroller's Office after June 30, 2012 will be incorporated into our December 2012 report.

Management has communicated that although many recommendations remain outstanding, efforts to implement the recommendations are in process. We should note that some recommendations have planned implementation dates in the future; however, the status of these recommendations is listed as not implemented. We will continue to report these recommendations as not implemented until we can verify recommendation implementation.

During this reporting cycle, we reviewed 89¹ recommendations that were reported as implemented by departments and related entities. These submitted recommendations represent 89 of 204 (44 percent) of all open recommendations. The results of our review for this reporting cycle are as follows for the 89 recommendations:

- 67 recommendations were implemented;
- 17 recommendations were partly implemented;
- 4 recommendations were not implemented;
- 1 recommendations were not implemented – n/a.

The Office of the City Auditor staff deemed recommendations:

- **Implemented** where City staff provided sufficient and appropriate evidence to support all elements of the recommendation;
- **Partly Implemented** where some evidence was provided but not all elements of the recommendation were addressed;
- **Not Implemented** where evidence did not support meaningful movement towards implementation, and/or where no evidence was provided. This may include recommendations in process, where the auditee does not report recommendations as implemented to the Comptroller. New recommendations issued within the last three months of the June 30, 2012 Comptroller's report are shown as not implemented unless the City Auditor received evidence to indicate recommendations were implemented;
- **Not Implemented – N/A** where circumstances change to make a recommendation not applicable; and
- **Not Implemented – Disagree** where the administration disagreed with the recommendation, did not intend to implement, and no further action will be reported.

¹ The Comptroller's report indicated 87 recommendations were implemented, in addition to those 87 we reviewed two recommendations. One of the recommendations was reported in our last report as Not Implemented – Disagree; however, subsequent to that report the department Implemented the recommendation.

Exhibit 1 summarizes the status of open recommendations by audit report in chronological order.

Exhibit 1: Audit Reports and Recommendation Status

Report No.	Report Title	Implemented	Partly Implemented	Not Implemented
08-019	CASH COUNT AND BANK RECONCILIATION AUDIT - KROLL REMEDIATION OF THE CITY'S BANK RECONCILIATION PROCESS	1		
08-020	AUDIT OF PERMITS ISSUED FOR THE BLACKWATER FACILITY			1
09-001	AUDIT OF THE INTERNAL CONTROL REMEDIATION RELATED TO THE SAN DIEGO CITY EMPLOYEES RETIREMENT SYSTEM		1	
09-013	THE CITY OF SAN DIEGO FACES UNIQUE OPERATIONAL AND ADMINISTRATIVE CHALLENGES IN MANAGING QUALCOMM STADIUM	1	3	1
09-015	AUDIT OF THE SAN DIEGO PUBLIC LIBRARY CASH HANDLING (CONFIDENTIAL)	1	1	
09-016	AUDIT OF ACCOUNTS OF WENDI BRICK, FORMER CUSTOMER SERVICES DIRECTOR, ELMER HEAP, FORMER DEPUTY CHIEF OPERATING OFFICER, JILLANNE (JILL) OLEN, FORMER DEPUTY CHIEF OPERATING OFFICER, AND JOANNE SAWYERKNOLL, FORMER DEPUTY CHIEF OPERATING OFFICER		1	
09-017	PARK & RECREATION POOL AUDIT	2		
09-OA-001	SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION PERFORMANCE AUDIT OF OPERATIONS			3
10-001	METROPOLITAN WASTEWATER DEPARTMENT CONTRACT COMPLIANCE AUDIT	1		
10-002	PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART I		2	1
10-003	PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART II			5
10-008	HOTLINE INVESTIGATION OF A CITY COMPTROLLER EMPLOYEE			1
10-009	SAN DIEGO DATA PROCESSING CORPORATION FOLLOW-UP AUDIT		3	1
10-010	PERFORMANCE AUDIT OF THE CITY TREASURER'S DELINQUENT ACCOUNTS PROGRAM - DEVELOPMENT SERVICES DEPARTMENT		2	7
10-016	CITYWIDE REVENUE		1	3

Report No.	Report Title	Implemented	Partly Implemented	Not Implemented
10-018	PERFORMANCE AUDIT OF THE PURCHASING AND CONTRACTING DEPARTMENT - CITYWIDE OPEN PURCHASE ORDER PROGRAM			2
10-019	PERFORMANCE AUDIT OF THE SUBCONTRACTOR OUTREACH PROGRAM (SCOPE)	1		
10-020	PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES	1		4
11-001	PERFORMANCE AUDIT OF RISK MANAGEMENT'S PUBLIC LIABILITY AND LOSS RECOVERY DIVISION		1	9
11-006	PERFORMANCE AUDIT OF THE FIRE PREVENTION ACTIVITIES WITHIN THE CITY OF SAN DIEGO	7	2	1
11-007	PERFORMANCE AUDIT OF CITY TREASURER'S DELINQUENT ACCOUNTS PROGRAM	2		
11-009	STREET MAINTENANCE: CITY NEEDS TO IMPROVE PLANNING, COORDINATION, AND OVERSIGHT TO EFFECTIVELY MANAGE TRANSPORTATION ASSETS	1		7
11-011	AUDIT OF THE ENTERPRISE RESOURCE PLANNING SYSTEM IMPLEMENTATION		1	
11-013	FOLLOW-UP AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES	1		1
11-017	PERFORMANCE AUDIT OF FIRE-RESCUE'S EMERGENCY MEDICAL SERVICES	1		2
11-020	PERFORMANCE AUDIT OF THE PARKING ADMINISTRATION PROGRAM	4		4
11-023	HOTLINE INVESTIGATION REPORT OF EMPLOYEE MALFEASANCE	1		
11-024	PERFORMANCE AUDIT OF THE ANIMAL SERVICES AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO	1	4	1
11-026	PERFORMANCE AUDIT OF THE TAKE-HOME USE OF CITY VEHICLES	4	2	9
11-027	PERFORMANCE AUDIT OF THE CAPITAL IMPROVEMENT PROGRAM	11		7
12-001	PERFORMANCE AUDIT OF PUBLIC UTILITIES CAPITAL IMPROVEMENT PROGRAM	6		6
12-002	PERFORMANCE AUDIT OF THE SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM	9		3
12-003	HOTLINE INVESTIGATION REPORT OF FALSE REQUEST FOR REIMBURSEMENT			1

Report No.	Report Title	Implemented	Partly Implemented	Not Implemented
12-004	PERFORMANCE AUDIT OF THE SAN DIEGO POLICE DEPARTMENT'S PERMITS AND LICENSING UNIT	10	1	4
12-007	PERFORMANCE AUDIT OF THE FIRE-RESCUE DEPARTMENT'S EMERGENCY MEDICAL DISPATCH PROCESS	1		1
12-008	PERFORMANCE AUDIT OF THE PURCHASING AND CONTRACTING DEPARTMENT			4
12-009	PERFORMANCE AUDIT OF THE MISSION BAY IMPROVEMENT FUND - FY10			3
12-010	HOTLINE INVESTIGATION REPORT OF EMPLOYEE INTERNET ABUSE			1
12-011	PERFORMANCE AUDIT OF FACILITIES' PURCHASES UNDER THE MRO AGREEMENTS			1
12-012	HOTLINE INVESTIGATION REPORT OF LACK OF SPECIAL USE PERMIT OVERSIGHT			3
12-013	HOTLINE INVESTIGATION REPORT OF EMPLOYEE CONFLICT OF INTEREST WITH RECREATION CENTER CONTRACTUAL PROGRAMS			2
12-015	PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S PROJECT TRACKING SYSTEM			13
Grand Total		67 (33%)	25 (12%)	112 (55%)

Exhibit 2 summarizes the distribution of the 204 open recommendations by Department/Agency as of June 30, 2012.

Exhibit 2: Number of Outstanding Recommendations by Department/Agency

No. of recommendations outstanding	Department/Agency	No. of recommendations outstanding	Department/Agency
4	Chief Financial Officer (CFO)	3	Park & Recreation, Comptroller, Financial Management
11	City Treasurer	1	Personnel
5	Development Services Department and Public Utilities Department (DSD/PUD)	9	Public Utilities
24	Development Services Department (DSD)	1	Public Utilities Department/MWWD
1	Economic Development	15	Public Works Department's Fleet Services Division, the San Diego Police Department, the San Diego Fire-Rescue Department, the City Attorney's Office, and the City Administration
22	Engineering & Capital Projects, Financial Management, Comptroller's Office, City Planning & Community Investment, and Purchasing & Contracting	6	Purchasing and Contracting
1	Environmental Services Department	5	Real Estate Assets
1	Equal Opportunity Contracting Program (EOCP)	6	Risk Management
1	Facilities Maintenance	13	San Diego City Employee Retirement System (SDCERS)
20	Fire-Rescue	8	San Diego Housing Commission
8	General Services/Street Division	15	San Diego Police Department
1	Land Use & Economic Development	7	San Diego Police Department/Fiscal
3	Office of the Mayor/SEDC	2	San Diego Public Library
1	OneSD	4	SDDPC ²
7	Park and Recreation		

² With the dissolution of SDDPC, one recommendation is no longer applicable and the remaining three outstanding recommendations are now directed to Purchasing and Contracting. Purchasing and Contracting will now be responsible for the implementation of the outstanding recommendations.

Exhibit 3 breaks down open recommendations by their status and the length of time a recommendation remains open from the original audit report date.³

Exhibit 3: Audit Recommendation Implementation Aging

Timeframe	Implemented	Partly Implemented	Not Implemented	Not Implemented- N/A	Not Implemented- Disagree	Total
0 - 3 Months	1	0	21	0	7	29
4 - 6 Months	0	0	0	0	0	0
6- 12 Months	42	7	31	0	0	80
1 to 2 Years	17	4	27	1	0	49
Over 2 Years	7	14	24	1	0	46
Total	67	25	103	2	7	204

As of the current reporting cycle, departments and entities began reporting tentative implementation dates for audit recommendations. Most recommendations listed in Appendix B include self-reported implementation timelines developed by audited departments and entities. The timelines represent the target dates for when the department and/or entities believe each recommendation will be implemented. Exhibit 4 presents a breakdown of the number of recommendations scheduled for implementation for each of the City Auditor’s semiannual Recommendation Follow-up periods. Additionally, Exhibit 4 provides the City Auditor’s determination of the implementation status for each recommendation reported by departments and entities as implemented.

For the current period, City departments and entities reported that 60 recommendations were scheduled to be implemented during January 2012 and June 2012. However, the City Auditor found that only 29 (48 percent) of scheduled recommendations were actually implemented within the anticipated timeframe.

Exhibit 4 City Reported Implementation Timelines and City Auditor’s Assessment of Recommendation Status

	Total	Implemented	Partly Implemented	Not Implemented	Not Implemented - Disagree	Not Implemented -N/A
Past Targets for January 2009 through December 2010	18	2	7	8	0	1
Planned Implementation for January through June 2011	15	2	3	10	0	0
Planned Implementation for July through December 2011	41	18	6	17	0	0
Planned Implementation for January 2012 through June 2012	60	30	5	24	0	1
Planned Implementation for July 2012 and beyond	30	9	2	19	0	0
No Date Provided (N/A)	40	6	2	25	7	0
Totals	204	67	25	103	7	2

³ Timing is rounded to the month.

FUTURE RECOMMENDATION FOLLOW-UP

The Office of the City Auditor will conduct semiannual follow-up with reporting periods ending the week of June 30th and December 31st of each calendar year. We will continue to evaluate ways to improve the recommendation follow-up process. Further, we will work with the Comptroller's Office to identify opportunities to enhance the City's internal recommendation response process.

ATTACHMENTS

Attachment A includes recommendations highlighted for the Audit Committee's attention. Generally, these recommendations include those where the administration disagreed with implementing the recommendation, the status update significantly varied from the update provided by the administration, or where a recommendation may need some type of further action.

Attachment B – Open Audit Recommendations includes a chronological listing of all open recommendations as of June 30, 2012, a recommendation status update, and the applicable implementation status. Where the administration did not track or provide an implementation, the recommendation implementation statuses are shown as **Not Implemented**.

Attachment C includes a chronological listing of recommendations that were categorized as **Not Implemented – N/A or Disagree** on the April 2012 report. Not Implemented – Disagree where the administration disagreed with the recommendation and did not intend to implement. Not Implemented – N/A where circumstances changed to make a recommendation not applicable. While we retain all recommendations in our database, we only list those recommendations that require follow up in our reports. We highlight those reports we feel require Audit Committee attention, then, in the following reporting cycle, we move those reports to this attachment for one more reporting cycle. The recommendations on this attachment will no longer be reported on any future follow up reports.

November 2012

ATTACHMENT A

**Recommendations For The Audit Committee's
Attention**

**ATTACHMENT A
RECOMMENDATIONS FOR THE AUDIT COMMITTEE'S ATTENTION**

**09-015 AUDIT OF THE SAN DIEGO PUBLIC LIBRARY CASH HANDLING
(CONFIDENTIAL)
(DK)**

#13 Require staff to lock unattended trucks holding cash.

Implemented Although Library management disagreed with the recommendation, the City restructured its delivery services which is now under the purview of the Purchasing and Contracting department. On June 11, 2012, Purchasing and Contracting management presented actions it took to implement the recommendation. The delivery trucks are now equipped with lock boxes for the locked money bags the drivers pick up. Additionally, the drivers are directed to lock the cab of the truck when exiting. This recommendation is implemented.

Target Date: N/A

**10-009 SAN DIEGO DATA PROCESSING CORPORATION FOLLOW UP
AUDIT
(SG)**

#9 The City and San Diego Data Processing Corporation should develop policies and procedures to ensure compliance with competitive standards applicable to federally funded technology projects.

**Partly
Implemented** In January 2012, the responsibility for IT procurement was transferred to the Purchasing and Contracting (P&C) Department. The Department stated that they had completed the recommendations; however, due to a change in management the documentation could not be provided for verification for this reporting cycle. We will follow-up on this recommendation during our next reporting cycle.

Target Date: 1/1/2012

#11 Either San Diego Data Processing Corporation should permit view access by City employees to their contract, invoice, and vendor payment history for procured goods and services in order to verify the accuracy of San Diego Data Processing Corporation billings, or the procurement of these goods and services should be made directly through the City's procurement process in consultation with San Diego Data Processing Corporation staff. The selected process should ensure the best operational efficiencies for the City that incorporate strong internal controls.

**Not
Implemented**
– N/A

San Diego Data Processing Corporation no longer exists as a service provider to the City of San Diego; therefore, this recommendation is no longer applicable.

Target Date: 11/30/2009

#12

The City should establish encumbrances for Information Technology Business Leadership Group (ITBLG) approved new project costs procured through San Diego Data Processing Corporation to ensure actual costs do not exceed approved budgeted costs.

**Partly
Implemented**

In January 2012, the responsibility for IT procurement was transferred to the Purchasing and Contracting (P&C) Department. The Department stated that they had completed the recommendations but documentation could not be provided for verification due to changes in management. We will follow-up on this recommendation during our next reporting cycle.

Target Date: 1/1/2012

11-017

**PERFORMANCE AUDIT OF THE FIRE-RESCUE'S EMERGENCY
MEDICAL SERVICES**

(TT)

2

The City should demand that all outstanding revenue related transactions not directly deposited into the San Diego Medical Services (SDMS) bank account be immediately deposited, unless Rural/Metro can immediately prove that it has already made expense credits in the same amount.

**Not
Implemented**
– N/A

The City and San Diego Medical Services (SDMS) entered into a settlement at the conclusion of the independent audit, which addresses all outstanding issue between the City and Rural Metro. Therefore, this recommendation is no longer applicable.

Target Date: 3/31/2012

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ATTACHMENT B

Open Audit Recommendations

**ATTACHMENT B
OPEN AUDIT RECOMMENDATIONS**

**08-019 CASH COUNT AND BANK RECONCILIATION AUDIT - KROLL
REMEDICATION OF THE CITY'S BANK RECONCILIATION PROCESS**

(CK)

#5 The City Comptroller should document steps taken annually, and internal controls over the process, to verify that the cash balances in the Comprehensive Annual Financial Report (CAFR) are accurate, beginning with the FY07 financial statements.

Implemented The City Comptroller has created written procedures identifying key controls in place to verify that cash balances in the CAFR are accurate. Reconciliations are now done annually.

Target Date: 3/31/2012

08-020 AUDIT OF PERMITS ISSUED FOR THE BLACKWATER FACILITY

(SP)

#8 Development Services Department (DSD) should take additional steps to locate missing records and review controls over records retention to ensure they are adequate.

Not Implemented No change in status from previous reporting cycle. The Development Services Department provided an implementation target date of April 1, 2016. We will continue to follow up on the progression of the implementation.

Target Date: 4/1/2016

**09-001 AUDIT OF THE INTERNAL CONTROL REMEDIATION RELATED TO THE
SAN DIEGO CITY EMPLOYEES RETIREMENT SYSTEM**

(CK)

#6 The Office of Appointments to Boards and Commissions should incorporate into their Board selection policies/procedures, language requiring that all applications for final candidates to serve on the San Diego City Employee Retirement System' Board be forwarded to the San Diego City Employee Retirement System Business and Governance Committee.

Partly Implemented No change in status from previous reporting cycle. The Office of Appointments to Boards and Commissions has partly addressed the recommendation. While the Office did forward the résumés of final board member candidates to San Diego Employee Retirement System, the practice has not been codified in formal policies and procedures, as recommended.

09-013 THE CITY OF SAN DIEGO FACES UNIQUE OPERATIONAL AND ADMINISTRATIVE CHALLENGES IN MANAGING QUALCOMM STADIUM

(SM)

#2 In order to avoid significant legal settlements in the future, the City should continue to ensure that it meet its obligation to provide the Stadium to the Chargers per the terms of its current agreement. To minimize the legal and financial risks involved with managing the Stadium, the Stadium should perform a comprehensive analysis of its compliance with the key terms of the City's agreement with the Chargers and with the 2000 American Disabilities Act (ADA) compliance settlement. If the results of the analysis are unfavorable for the City, the City should take steps to aggressively abate the risks of non-compliance with ADA requirements and Chargers agreement terms.

Partly Implemented No change in status from previous reporting cycle. Qualcomm's Management, the City Administration, City Attorney's Office, and City Auditor discussed the issues that arose out of the Beverly Walker case. Our office is continuing to work with the City Administration and City Attorney to resolve any outstanding issues. We anticipate implementation by our next recommendation follow-up report.

Target Date: 6/1/2010

#4 Stadium management should create a comprehensive business and marketing plan for the Stadium that addresses the following issues: a. Strengths, opportunities, weaknesses, and threats that face the Stadium in both the short and long-term, as well as provide benchmarks for the financial and operational performance of the Stadium over the next three to five years. b. An analysis of major agreements and responsibilities that the Stadium is required to provide. c. A strategic plan for the amounts and types of events the Stadium will be hosting in the future including estimates of the revenues and expenses attributable to each event. d. A capital projects prioritization schedule that the Stadium can follow while determining the use of the Stadium's annual capital improvement budget. The schedule should be reviewed by the Stadium Advisory Board, approved by the Mayor, and presented to the City Council on an annual basis. If Stadium management wishes to significantly deviate from strategies approved within the plan, then the plan should be updated by Stadium management and vetted through a similar review and approval process.

Partly Implemented The Administration completed their review of the suggested capital improvements to determine if they were cost effective or if other options are more viable. The Stadium performed a 10-year CIP forecast along with the forecast methodology and although the Stadium has made significant strides to implement the recommendation it remains partly implemented until the Stadium presents it his schedule to the Stadium Advisory Board, the Mayor, and the City Council.

Target Date: 6/1/2010

#5 To help alleviate the effects of administrative staff turnover at the Stadium, Stadium management should create a policy and procedure manual specific to Stadium operations. At a minimum, the Stadium should ensure that written policies and procedures are established for the following administrative functions: a. Policies for the creation, content, retention, and approval of Stadium event files. b. Procedures that ensure accurate and timely billings for stadium events and periodic reconciliations of all accounts within the Stadium Fund.

**Partly
Implemented**

No change in status from previous reporting cycle. The Stadium provided evidence for its retention policy, which is on file with the City Clerk's Office; however, the Stadium is still missing relevant policies and procedures:

- for the creation, content and approval of Stadium event files;
- for accurate and timely billings for stadium events; and
- for periodic reconciliations of all accounts within the Stadium Fund.

We will continue to follow up on the recommendation during the next reporting cycle.

Target Date: 6/1/2010

#6 In order to avoid delays and inaccuracies of the revenue amounts collected on behalf of the Stadium by the City Treasurer, Stadium management should request that the City Treasurer's Revenue Audit Division complete audits of major Stadium tenants on a timelier basis. If the City Treasurer does not have sufficient staff resources to perform these audits on a timelier basis, then Stadium management should consider having its own staff responsible for ensuring all Stadium revenues are properly billed and received.

Implemented

The City's Treasurer's Revenue Audit Division either completed or are in the final stages of review for four of the five audits. The remaining audit in the field work stage and will be completed this year.

Target Date: 12/31/2010

#7 Stadium management should review the accounts receivable balance within the Stadium Fund and work with the City Treasurer's Office to ensure that all overdue accounts are being actively collected.

Not Implemented

During our verification of recommendation implementation, we discovered that the Stadium's single use permit language is not compatible with the way business is conducted regarding the issuance of invoices.

We would like to modify the recommendation as follows: Consider revising the single use permit agreements to outline the current process and allow time to properly process an invoice to the event holders.

Target Date: 12/31/2010

09-015 **AUDIT OF THE SAN DIEGO PUBLIC LIBRARY CASH HANDLING (CONFIDENTIAL)**

(DK)

#13

Require staff to lock unattended trucks holding cash.

Implemented

Although Library management disagreed with the recommendation, the City restructured its delivery services which is now under the purview of the Purchasing and Contracting department. On June 11, 2012, Purchasing and Contracting management presented actions it took to implement the recommendation. The delivery trucks are now equipped with lock boxes for the locked money bags the drivers pick up. Additionally, the drivers are directed to lock the cab of the truck when exiting. This recommendation is implemented.

Target Date: N/A

#15

Send notification, at least weekly, to branch Librarians confirming that the deposit amount received by Central match cash transferred from the branch. If branches do not receive a confirmation or receive a confirmation with discrepant amounts, reports should be made to the supervisor of the Business Office and appropriate steps taken to investigate and document the circumstances.

Partly Implemented

No change in status from previous reporting cycle. The Library policy states the Business Office will notify Branch Managers and Supervising Librarians only if there is a discrepancy in the deposit amounts, missing deposits, or non-sequential Z tape. According to the Library, by highlighting only the discrepancies the department is able to resolve them more efficiently.

The department stated that the Business Office would reformat their current report and email or post the report so library supervisors can confirm the amount received by the Business Office matches what they sent. Library policy recommends copies of the deposits be retained for the branch file; however, no reconciliation is made to ensure deposits sent match the deposits received by the Library Business Office.

Target Date: N/A

09-016 AUDIT OF ACCOUNTS OF WENDI BRICK, FORMER CUSTOMER SERVICES DIRECTOR, ELMER HEAP, FORMER DEPUTY CHIEF OPERATING OFFICER, JILLANNE (JILL) OLEN, FORMER DEPUTY CHIEF OPERATING OFFICER, AND JOANNE SAWYERKNOLL, FORMER DEPUTY CHIEF OPERATING OFFICER

(SP)

#1 The City Administration should ensure that the policies and procedures governing terminating employees are followed specifically pertaining to the return of City identification cards and the stopping of auto allowances on employees last day of work.

Partly Implemented No change in status from previous reporting cycle. The Department states that an Administrative Regulation (AR) on Employee Separation and checklist are currently under review with an anticipated completion date of mid-to-end October 2012. The recommendation should be fully implemented: 1) Once the AR and checklist are finalized and codified; and 2) When the Office of the City Auditor receives samples of completed checklists to show Departments abiding by the regulation.

Target Date: 10/31/2012

09-017 PARK & RECREATION POOL AUDIT

(DK)

#1 Include Carmel Valley and Tierrasanta pools in the on-line payment pilot program proposed for fiscal year 2010.

Implemented The department provided sufficient evidence to demonstrate full implementation of the recommendation. The City of San Diego now provides on-line registration and payment.

Target Date: 12/31/2011

#2 Continue to pursue online payment and automated patron registration for all city pools.

Implemented The department provided sufficient evidence to demonstrate full implementation of the recommendation. The City of San Diego now provides on-line registration and payment.

Target Date: 12/31/2011

**09-OA-001 SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION
PERFORMANCE AUDIT OF OPERATIONS**

(MH)

#30 The City should consider examining the feasibility and the extent to which supplemental compensation that was not properly authorized should be reclaimed by the City.

Not Implemented No change in status from previous reporting cycle. Given the February 1, 2012 dissolution of state redevelopment agencies and the resulting effects on the San Diego's non-profit redevelopment entities, including SEDC, we are not updating the status for this recommendation at this time. We will continue to monitor this recommendation as needed during the dissolution process.

Target Date:

#31 The City should determine the full impact of 403(b) contributions on the City stemming from the supplemental compensation increases.

Not Implemented No change in status from previous reporting cycle. Given the February 1, 2012 dissolution of state redevelopment agencies and the resulting effects on the San Diego's non-profit redevelopment entities, including SEDC, we are not updating the status for this recommendation at this time. We will continue to monitor this recommendation as needed during the dissolution process.

Target Date:

#33 The City should examine the appropriateness of Southeastern Economic Development Corporation (SEDC)'s charitable contribution activities.

Not Implemented No change in status from previous reporting cycle. Given the February 1, 2012 dissolution of state redevelopment agencies and the resulting effects on the San Diego's non-profit redevelopment entities, including SEDC, we are not updating the status for this recommendation at this time. We will continue to monitor this recommendation as needed during the dissolution process.

Target Date: 1/1/2009

10-001 METROPOLITAN WASTEWATER DEPARTMENT CONTRACT COMPLIANCE AUDIT

(DK)

#2 The Department should request reimbursement from Olin Chlor for sales tax paid on tax exempt purchases of sodium hypochlorite for the past three years. Upon further review, the Department should request refunds for any other tax-exempt chemicals identified.

Implemented The Public Utilities Department (PUD) provided documentation to support the collection of over \$80,000 in overpaid taxes.

Target Date: 3/31/2010

10-002 PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART I

(MH)

#4 City Administration should either follow or facilitate the updating of the City Charter and San Diego Municipal Code (SDMC) to more accurately reflect the actual process. Any updates should include reference to the role of relevant City departments that are responsible for completing background investigations as part of the Board applicant vetting process.

Partly Implemented No change in status from previous reporting cycle. The revised deadline for completion of this recommendation is January 31, 2011. No additional documentation has been provided.

Target Date: 1/31/2011

#6 San Diego Housing Commission management should facilitate the modification of San Diego Municipal Code (SDMC) §98.0301(f)(1) to indicate "... commissioners appointed pursuant to this section shall be tenants of housing commission units or Section 8 rental assistance program voucher recipients. "

Not Implemented No change in status from previous reporting cycle.

Target Date: 11/30/2010

#7 City Administration should actively assess the status of the De Anza Harbor Resort funding and whether repayment should be expected, engage San Diego Housing Commission in the process as feasible, and take action as appropriate. This assessment would include a review of the status of the De Anza project and the funds utilized since being appropriated from San Diego Housing Commission. Furthermore, City public websites and any other referential material should be updated to accurately reflect current contact and project status information.

Partly Implemented No change in status from previous reporting cycle.

Target Date: 12/31/2010

10-003 PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART II

(MH)

#1 San Diego Housing Commission (SDHC), in collaboration with City Administration, should perform a review of the Housing Impact Fee schedule, and assess reasonableness and consistency with San Diego Municipal Code (SDMC) §98.0618. The fees should be updated through 2009 to be consistent with the SDMC. If the updates are not practical or feasible, the communication of the current intent to request updates through City Council should be clearly documented and retained by both the City Administration and San Diego Housing Commission.

Not Implemented No change in status from previous reporting cycle.

Target Date: 11/30/2010

#2 San Diego Housing Commission (SDHC), in collaboration with City Administration, should develop and implement procedures so that Housing Impact Fee updates are recalculated March 1 of each year by the appropriate percentage increase or decrease as indicated in the San Diego Municipal Code (SDMC) and prepare a recommendation to the City Council for such revision on an annual basis. If the updates are not accepted or processed by the City Council, the annual communication of the requested updates through City Council should be clearly documented and retained. If the SDMC will not be followed, then it should be amended to reflect the current fee expectations in relation to the Housing Trust Fund, a change that would require City Council action to amend the SDMC.

Not Implemented

No change in status from previous reporting cycle.

Target Date: 11/30/2010

#3

City Administration should facilitate the update of the San Diego Municipal Code (SDMC) to accurately reflect the current process for the collection and maintenance of the Housing Trust Fund fees by the Comptroller in a specific subaccount after collection by the City.

Not Implemented

No change in status from previous reporting cycle.

Target Date: 5/31/2011

#11

San Diego Housing Commission (SDHC) and City Administration should review San Diego Municipal Code (SDMC) §142.1310(e) and have the applicable SDMC sections updated to reflect the current fees or make reference to the source document or department for the updated fees, a change that would require City Council action.

Not Implemented

No change in status from previous reporting cycle.

Target Date: 11/30/2010

#12

City Administration should draft, approve, and implement departmental guidelines (across multiple departments as needed) to accurately identify and document the process roles and responsibilities for City departments, including the Treasurer, Comptroller, Facilities Financing and Development Services Department (DSD) in Affordable Housing Fund-related processes. These processes should include the reporting of quarterly and annual Housing Trust Fund and Inclusionary Housing Fund activity by Facilities Financing and DSD to SDHC and the Comptroller. The Comptroller should reconcile fund levels and make disbursements based upon mutually agreed upon amounts from that reporting on a consistent and timely basis.

Not Implemented

No change in status from previous reporting cycle.

Target Date: 9/30/2010

10-008 HOTLINE INVESTIGATION OF A CITY COMPTROLLER EMPLOYEE

(AA)

#2 With respect to internal controls, we recommend the Risk Management Department implement a new process to verify spousal and dependant eligibility before City insurance benefits are provided to reduce the risk of the City incurring additional costs for ineligibly claimed benefits.

Not Implemented No change in status from previous reporting cycle. The department provided an implementation target date of October 1, 2011; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 10/1/2011

10-009 SAN DIEGO DATA PROCESSING CORPORATION FOLLOW UP AUDIT

(SG)

#8 City management should consider establishing policies and regulations specific to procurement of long-term system maintenance contracts.

Partly Implemented The Purchasing and Contracting Department stated that they had completed the recommendations but documentation could not be provided for verification due to changes in management. We will follow-up on this recommendation during our next reporting cycle.

Target Date: 1/1/2012

#9 The City and San Diego Data Processing Corporation should develop policies and procedures to ensure compliance with competitive standards applicable to federally funded technology projects.

Partly Implemented In January 2012, the responsibility for IT procurement was transferred to the Purchasing and Contracting (P&C) Department. The Department stated that they had completed the recommendations; however, due to a change in management the documentation could not be provided for verification for this reporting cycle. We will follow-up on this recommendation during our next reporting cycle.

Target Date: 1/1/2012

#11 Either San Diego Data Processing Corporation should permit view access by City employees to their contract, invoice, and vendor payment history for procured goods and services in order to verify the accuracy of San Diego Data Processing Corporation billings, or the procurement of these goods and services should be made directly through the City's procurement process in consultation with San Diego Data Processing Corporation staff. The selected process should ensure the best operational efficiencies for the City that incorporate strong internal controls.

Not Implemented San Diego Data Processing Corporation no longer exists as a service provider to the City of San Diego; therefore, this recommendation is no longer applicable.
– N/A

Target Date: 11/30/2009

#12 The City should establish encumbrances for Information Technology Business Leadership Group (ITBLG) approved new project costs procured through San Diego Data Processing Corporation to ensure actual costs do not exceed approved budgeted costs.

Partly Implemented In January 2012, the responsibility for IT procurement was transferred to the Purchasing and Contracting (P&C) Department. The Department stated that they had completed the recommendations but documentation could not be provided for verification due to changes in management. We will follow-up on this recommendation during our next reporting cycle.

Target Date: 1/1/2012

10-010 PERFORMANCE AUDIT OF THE CITY TREASURER'S DELINQUENT ACCOUNTS PROGRAM - DEVELOPMENT SERVICES DEPARTMENT (SG)

#1 Review current deficit account balances and immediately refer existing past due accounts to the Treasurer's Delinquent Accounts Program.

Not Implemented No change in status from previous reporting cycle.

Target Date: 3/31/2011

#2 Establish appropriate criteria and timelines that will trigger Development Services Department (DSD) Financial Services generate an Accounts Receivable Information System (ARIS) invoice with automatic referral to the Treasurer's Delinquent Accounts Program of unpaid invoices after the invoice due date. If the timeline for referral exceeds 30 days past due, request approval for a more appropriate time frame from the City Treasurer per City regulations. Centralize the deficit account invoicing process in Development Services Department (DSD)'s Financial Services and eliminate courtesy and collection letters as well as Project Tracking System (PTS) invoices.

Not Implemented No change in status from previous reporting cycle.

Target Date: 3/31/2011

#3 Establish procedures for Development Services Department (DSD) cashiers to coordinate with financial services to ensure payments received on Accounts Receivable Information System (ARIS) invoices are properly applied to the invoice so paid accounts are not referred to the Treasurer's Delinquent Accounts Program in error.

Not Implemented No change in status from previous reporting cycle. Development Services Department (DSD) has not provided evidence showing implementation of this recommendation. Development Services Department should provide an official written procedure regarding cashiers coordination with financial services to ensure payments received on Accounts Receivable Information System (ARIS) invoices are properly applied to the invoice for review.

Target Date: 4/30/2010

#4 Establish procedures and strengthen controls in Project Tracking System (PTS) that prevent Development Services Department (DSD) cashiers from accepting payment on past due ARIS invoices (those referred to Treasurer's Delinquent Accounts Program). Instruct applicants with referred accounts to make payment at Treasurer's Delinquent Accounts Program.

Partly Implemented No change in status from previous reporting cycle. Steps have been taken to automate this process within the Project Tracking System (PTS) system, and are expected to be completed in June 2011; however, as of the time of this report we have not received any evidence that this recommendation if fully implemented.

Target Date: 6/30/2011

#5 Reinstated monthly statements, for all applicants, which contain enough detail regarding charges (staff person name, description of work performed, hours spent and amount, etc.), as well as language stating that applicants have a limited amount of time to dispute any charges. Monthly statements for accounts in deficit should also contain a remittance advice, the deficit amount, the minimum positive balance required, a due date and language that clearly states that unpaid amounts will be referred to Treasurer's Delinquent Accounts Program (based on the established criterion and timeline from #2 above).

Not Implemented No change in status from previous reporting cycle.

Target Date: 3/31/2011

#6 Implement a late penalty fee to ensure more timely payments on deficit accounts.

Not Implemented No change in status from previous reporting cycle.

Target Date: 12/31/2011

#7 Require Development Project Managers (DPMs), as well as any other City staff person acting as lead on deposit account projects, to review labor charges on all relevant projects at least biweekly to help identify and correct potentially erroneous charges prior to the issuance of monthly statements.

Not Implemented No change in status from previous reporting cycle.

Target Date: 5/31/2011

#8 Evaluate the adequacy of Deposit Account initial deposit amounts as well as minimum required balance amounts to help minimize the frequency and speed at which Deposit Accounts fall into deficit.

Not Implemented No change in status from previous reporting cycle.

Target Date: 12/31/2011

#10 Implement system interfaces between Project Tracking System (PTS) and the current and future SAP modules to increase the automation of manual billing and collection tasks.

Partly Implemented No change in status from the previous reporting cycle. Interfaces from SAP to Project Tracking System (PTS) have been created to import current account status as well as the amount to notify PTS users when an account is in deficit. However, relevant PTS information regarding collection of past due accounts must still be manually invoiced in SAP.

Target Date: 12/31/2010

10-016 CITYWIDE REVENUE

(DK)

#9 The City Comptroller's Office should continue identifying the necessary sub processes and prepare written policies/procedures for verifying the accuracy of TransNet revenues.

Partly Implemented Financial Management completed a process narrative entitled Annual TransNet budgeting process. However, of the six process narrative documents previously identified by the Office of the City Comptroller and Financial Management three remain outstanding. We will continue to follow up on the recommendation during the next reporting cycle.

Target Date: 6/30/2011

#11 The Office of the City Comptroller should develop written policies/procedures for verifications of gas tax revenues performed by the City.

Not Implemented No change in status from previous reporting cycle. The department provided an implementation target date of June 30, 2011, but as of the issuance of this report it has not been reported as implemented, nor has a revised target been provided.

Target Date: 6/30/2011

#12 The Office of the City Comptroller should ensure the City is not paying federal gas taxes by verifying that the payments to fuel vendors do not include federal excise tax.

Not Implemented No change in status from previous reporting cycle. The department provided an implementation target date of June 30, 2011, but as of the issuance of this report it has not been reported as implemented, nor has a revised target been provided.

Target Date: 6/30/2011

#16 The Office of the Independent Budget Analyst (IBA) should work in consultation with the Real Estate Assets Department to revise Council Policy 700-10 to clarify who has the appropriate auditing authority.

Not Implemented No change in status from previous reporting cycle.

Target Date: 1/31/2011

10-018 PERFORMANCE AUDIT OF THE PURCHASING AND CONTRACTING DEPARTMENT - CITYWIDE OPEN PURCHASE ORDER PROGRAM

(MH)

#1 Incorporate the use of a requisition form similar to a form 2610 in the Departmental Blanket/Open Purchase Order program to reduce the risk of misappropriation.

Not Implemented No change in status from previous reporting cycle. The department provided a target implementation date of September 30, 2011; however, at the time of this report we have not received any evidence to demonstrate the implementation of the recommendation, nor has a revised target been provided.

Target Date: 9/30/2011

#3 Modify Administrative Regulation 35.15 to adequately reflect the new policies as a result of the actions taken from Recommendations one and two above. Additionally, the Administrative Regulation should include a requirement for departments to document and retain a reconciliation of the requisition forms, similar to the form 2610, on a quarterly basis.

Not Implemented No change in status from previous reporting cycle. The department provided a target implementation date of September 30, 2011; however, at the time of this report we have not received any evidence to demonstrate the implementation of the recommendation, nor has a revised target been provided.

Target Date: 9/30/2011

10-019 PERFORMANCE AUDIT OF THE SUBCONTRACTOR OUTREACH PROGRAM (SCOPE)

(MH)

#13 Equal Opportunity Contracting Program should obtain direct access to the data it needs to effectively and efficiently administer Subcontractor Outreach Program.

Implemented Equal Opportunity Management Program (EOCP) management has implemented the recommendation by taking the necessary steps to have direct access to contract information needed to efficiently and effectively manage the Subcontractor Outreach Program.

Target Date: 9/15/2011

10-020 PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES

(SM)

#2 Development Services Department and Public Utilities should create and maintain either a Service Level Agreement or a Memorandum of Understanding that formally defines the agreed level of service between the two departments.

Implemented A memorandum of understanding (MOU) between Development Services Department (DSD) and Public Utilities Department (PUD) was created which defines the roles and responsibilities of DSD and PUD.

Target Date: 1/31/2011

#4 Development Services Department should continue implementation of the newly developed recovery practices, including how unpaid fees will be referred to Collections, in order to recoup unpaid fees while sharing monitoring and recovery information of delinquent accounts with Public Utilities' Installation Order System (IOS) Section.

Not Implemented No change in status from previous reporting cycle. The Department has not provided a written copy of its recovery practices, including referral to Collections. Development Services Department needs to provide an official written recovery procedure to have this recommendation deemed implemented.

Target Date: 6/15/2010

#5 Development Services Department management, in conjunction with the Public Utilities' Installation Order System (IOS) Section, should create a common repository that is updated as rules or procedures for the assessment of IOS permit fees are created or changed.

Not Implemented No change in status from previous reporting cycle. The department missed its revised implementation target date of May 1, 2011 and no additional dates have been provided.

Target Date: 5/1/2011

#6 Development Services Department should implement a periodic review of plans in Supervisory Clusters that regularly assess Installation Order System (IOS) fees and yearly training sessions in conjunction with Public Utilities.

Not Implemented No change in status from previous reporting cycle.

Target Date: 1/31/2011

#7 Public Utilities should work with implementation consultants as planned to ensure maximum efficiencies are gained through interfacing with all process-related applications, including Development Services Department's (Development Services Department) Project Tracking System (PTS). Development Services Department should be included on the relative interfaces and facilitate automated data interfacing as recommended and required by the implementing consultant.

Not Implemented No change in status from previous reporting cycle. The department provided a target date of September 30, 2011; however, at the time of this report, we have not received any documentation to support implementation of the recommendation, nor has a revised target been provided.

Target Date: 9/30/2011

11-001 PERFORMANCE AUDIT OF RISK MANAGEMENT'S PUBLIC LIABILITY AND LOSS RECOVERY DIVISION

(TT)

#1 Risk Management should adopt public sector practices for collection, analysis, and reporting of risk information, and prepare and distribute an annual Risk Management Report.

Not Implemented No change in status from the previous reporting cycle. The department has extended its target implementation target date to June 30, 2012; however, at the time of this report no documentation has been provided to support implementation of the recommendation.

Target Date: 6/30/2012

#3 Risk Management, with the assistance of an actuarial consultant, should develop and implement cost allocation methodology for City departments to assess the costs of general liability claims.

Not Implemented No change in status from the previous reporting cycle. The department has extended its target implementation target date to October 30, 2011; however, at the time of this report, we have not received any documentation to support implementation of the recommendation, nor has a revised target date been provided.

Target Date: 10/30/2011

#4 The City Administration should consider actions taken by other cities to limit sidewalk repair responsibility and to take appropriate action to limit the City's liability related to sidewalks.

Partly Implemented The status of this recommendation is pending the disposition of California Assembly Bill 2231, which would impose a duty on municipalities to repair sidewalks and prohibit them from assessing property owners any fees for repairing sidewalks adjacent to their properties.

Target Date: 12/31/2010

#7 Risk Management and the City Attorney should solicit feedback from the City Council on the adequacy and completeness of current public liability claims-related reporting and, as appropriate, facilitate the updating of Council Policy 000-009 to be consistent with agreed-upon reporting.

Not Implemented The department has extended its implementation target date to December 30, 2011; however, at the time of this report, we have not received any documentation to support implementation of the recommendation, nor has a revised target date been provided.

Target Date: 12/30/2011

- #11 Risk Management should prepare formalized annual reviews of historical premiums, actual losses and reimbursements. These reviews would include the self-insured retention limit, excess liability limits, and related premiums on an annual basis to assess the best limits to maintain and validate the reasonableness of insurance costs. This is typically done in conjunction with the preparation of the City's annual budget and the city's annual renewal of its insurance. Risk Management will continue its practice of annual insurance reviews an in conjunction with the FY2012 budget development will document this process by the fourth quarter of FY2012.
- Not Implemented** No change in status from the previous reporting cycle. The department has provided an implementation target date of June 30, 2012; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up on the recommendation.
- Target Date: 6/30/2012
- #12 Risk Management should develop additional policy, procedure and departmental guidance to detail the process and expectations related to the periodic internal and external reviews of insurance coverage's and premiums, and the documentation thereof.
- Not Implemented** No change in status from the previous reporting cycle. The department has extended its implementation target date to June 30, 2012; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up on the recommendation.
- Target Date: 6/30/2012
- #13 Risk Management should review documented and undocumented processes for current reporting, practices, roles and responsibilities to ensure that Risk Management has a strong documented loss recovery function in compliance with Administrative Regulation 45.80 and best practices. These processes should incorporate formalized communication about and advertisement of the loss recovery function, including on the internal and external Risk Management websites.
- Not Implemented** No change in status from the previous reporting cycle. The department has provided an implementation target date of December 31, 2011; however, at the time of this report, we have not received any documentation to support implementation of the recommendation, nor did we receive a revised target implementation date. We will continue to follow up on the recommendation during our next reporting cycle.
- Target Date: 12/31/2011

#14 Risk Management should seek additional actuarial analysis or reviews for risk control, cost allocations, and claims reviews to assist with loss management processes and the implementation of loss prevention programs. Any newly created and existing actuarial analysis should be incorporated into the proposed annual reporting that we separately recommended Risk Management prepare.

Not Implemented No change in status from the previous reporting cycle. The department has extended its implementation target date to October 30, 2011; however, at the time of this report, we have not received any documentation to support implementation of the recommendation, nor did we receive a revised target implementation date. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 10/30/2011

#16 Risk Management should review and update claim-related City Council Policies, Administrative Regulations and forms to ensure consistency with current processes, organizational structure and overall expectations, and periodically perform ongoing reviews of those documents for accuracy.

Not Implemented No change in status from previous reporting cycle. In Management's original response they anticipate implementation by the end of the first quarter in fiscal year 2012; however, at the time of this report, we have not received any documentation to support implementation of the recommendation, nor did we receive a revised target implementation date.

Target Date: 3/31/2012

#21 Risk Management should review and where appropriate request and update of the authorization limits indicated in section IV of Council Policy 000-009 as appropriate to allow greater efficiency in claims handling as well as consistency with the jurisdiction of the small claims court (claims up to \$7,500) and the organizational structure of the Public Liability & Loss Recovery Division.

Not Implemented No change in status from previous reporting cycle. The department has extended its implementation target date to December 31, 2011; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 12/31/2011

**11-006 PERFORMANCE AUDIT OF THE FIRE PREVENTION ACTIVITIES
WITHIN THE CITY OF SAN DIEGO**

(CO)

#1 The San Diego-Fire Rescue Department should further evaluate the resource requirements of the Fire Prevention Bureau and identify options for augmenting inspection staff. This may include, but is not limited to, assigning light duty personnel to help inspections or augment inspection staffing with qualified return retirees.

Implemented The San Diego Fire Department (SDFD) was sent a certification list from Personnel for the eight new fire positions that were approved for SDFD FY2013 Budget. According to SDFD, these positions will be filled by the six existing New Construction inspectors. The remaining two fire inspector positions will be filled by new hired inspectors.

Target Date: 12/31/2011

#5 The Fire Prevention Bureau should increase the time inspectors spend on direct inspection activity to match established department goals.

Implemented The Fire Prevention Bureau adjusted employees work schedule and hours to meet their direct and indirect inspection work hours ratio. The Fire Prevention Bureau created internal order numbers to capture the hours spent on direct and indirect inspection hours. These internal order numbers demonstrate an increase in direct inspection hours.

Target Date: 9/30/2011

#6 The San Diego Fire-Rescue Department should assess the adequacy of their inspection related performance measure for its Fire Company Inspection Program (FCIP) unit to ensure the measure tracks compliance with the annual inspection requirements.

Implemented In the previous reporting cycle we stated that this recommendation was partly implemented because we did not received the Tactical Plan that contains information regarding staffing and performance measures. We received and reviewed the Tactical Plan and decided that language in the tactical plan meets the intent of the recommendation.

Target Date:

#8 The Fire Prevention Bureau should work with other City departments such as the City Treasurer's Business Tax Office and the Development Services Department, to electronically interface the Fire Prevention Bureau's database with other relevant City systems to ensure the timely capture of new business information.

Partly Implemented	The City Treasurer's Business Office is now the lead on this project. Discussions and collaborative efforts between Treasurer's, Fire, Police, and Development Services Departments are underway but the implementation date is not expected until Fiscal Year 2014. The recommendation is still partially implemented.	Target Date: 12/31/2011
#13	The Fire Prevention Bureau should retroactively invoice for the inspections that were not invoiced at the time they were performed due to data errors.	
Implemented	The Fire Prevention Bureau worked in conjunction with its stakeholders to develop a new and more appropriate square footage and rate calculation to bill for its high-rise inspection. During June 2011, the Fire Prevention Bureau obtained City Council approval to bill high-rises using the newly developed square footage and fee structure. After City Council approval, the Fire Prevention Bureau performed a review of its retroactive high-rise inspections and it started billing for unpaid inspections performed during fiscal years 2010 and 2011. As of this reporting period, the Fire Prevention Bureau has billed all unpaid inspections.	Target Date: 9/30/2011
#15	The Fire Prevention Bureau should resume and retroactively bill for inspections performed on high rises once the City Council approves the new fee structure.	
Implemented	The Fire Prevention Bureau worked in conjunction with its stakeholders to develop a new and more appropriate square footage and rate calculation to bill for its high-rise inspection. During June 2011, the Fire Prevention Bureau obtained City Council approval to bill high-rises using the newly developed square footage and fee structure. After City Council approval, the Fire Prevention Bureau performed a review of its retroactive high-rise inspections and it started billing for unpaid inspections performed during fiscal years 2010 and 2011. As of this reporting period, the Fire Prevention Bureau has billed all unpaid inspections.	Target Date: 9/30/2011
#16	The Fire Prevention Bureau should bring before City Council a recommended policy and protocol for future fee deferral that determines when the Mayor has the discretion to grant approval for discontinuing billing for services rendered.	
Not Implemented	No change in status from previous reporting cycle. The department revised the implementation date to September 30, 2011; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up during our next reporting cycle.	

Target Date: 9/30/2011

#18 The Fire Prevention Bureau should conduct periodic benchmarking of fire prevention activities with other jurisdictions to identify and implement best practices.

Implemented The department communicated that periodic benchmarking (once yearly) is conducted with the following agencies: Phoenix, San Jose and San Francisco Fire Departments to determine what are the best management practices other jurisdictions are using to manage their bureaus. Additionally, every three years a report will be provided in writing to the Assistant Chief of Support Services.

The department indicated phone interviews were conducted, but a more formal assessment/form will be created for FY14 when the formal report is issued to the Asst. Chief of Support Services in FY14. That report will be shared with staff and changes will be made when needed.

Target Date: 9/30/2011

#19 The Fire Prevention Bureau should reconcile its workload capabilities with the 2007 After Action Report and report the results to City Council.

Implemented San Diego Fire Department provided evidence that demonstrates a reconciliation of the Fire Prevention Bureau's (FPB) workload capabilities with the 2007 After Action report. This reconciliation was presented to the AD HOC Committee on Fire, during that presentation it was discussed that the FPB is understaffed and requests for the necessary staffing levels resulted in the request being denied. Without approval for additional staffing the FPB cannot meet the recommended staff levels addressed in the 2007 After Action report.

Target Date: 9/30/2011

#21 The Fire Prevention Bureau should establish policies and procedures that require City departments to report back to the Fire Prevention Bureau the status of complaints and the steps taken to address the violation. These policies and procedures should establish a process to inform the Mayor and/or the Chief Operating Officer of non complying City departments.

**Partly
Implemented**

The Fire-Rescue Department provided documentation that demonstrates notification was sent to each City department with a list of parcels for which they may have brush management responsibilities. The memo informed departments that Fire-Rescue's referral notification process was establishing a more efficient methodology and required City departments to identify a single point of contact. This point of contact is responsible for responding back to the Fire-Rescue Department regarding the status of complaints and violations. Additionally, information was provided to demonstrate the step by step procedures for generating referrals and reporting the statuses of any complaints and violations. At the time of this report, evidence to demonstrate a process is in place for informing the Administration of non complying departments was not provided. We will continue to follow up during the next reporting cycle.

Target Date: 9/30/2011

11-007

**PERFORMANCE AUDIT OF CITY TREASURER'S DELINQUENT
ACCOUNTS PROGRAM**

(CO)

#6

The Delinquent Accounts Program should draft process narratives on billing and collection to replace Administrative Regulation 63.30. This newly crafted regulation should standardize the billing and referral of delinquent accounts across City departments and should state that departures from these standards need to be approved by the City Treasurer.

Implemented

The Delinquent Accounts Program developed a Process Narrative to standardize the billing and referral of delinquent accounts across City departments.

Target Date: 6/30/2012

#7

The Delinquent Account Program should establish a comprehensive Program Operations Manual that incorporates all existing policies and procedures, newly developed policies, procedures, training materials and resources, as well as the Delinquent Account Program's purpose, values, and mission.

Implemented

The Delinquent Account Program established a comprehensive Program Operations Manual that incorporates all existing policies and procedures, training materials and resources, as well as the Delinquent Account Program's purpose, value, and mission.

Target Date: 6/30/2012

11-009

STREET MAINTENANCE: CITY NEEDS TO IMPROVE PLANNING, COORDINATION, AND OVERSIGHT TO EFFECTIVELY MANAGE TRANSPORTATION ASSETS

(SM)

#3

Begin to take steps to implement transportation asset management, including: a. setting well-defined policies and goals; b. establishing and reporting on performance measures; c. developing short- and long-term plans for transportation assets where the City lacks plans—such as for resurfacing, clarifying and enhancing existing plans, integrating all transportation-related plans, and making these available to the public, for example via the Department’s website; d. annually reporting the City’s various investments in transportation, including capital projects and maintenance.

Not Implemented

No change in status from the previous reporting cycle. The administration has provided a targeted implementation date of December 31, 2012. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 12/31/2012

#4

Develop a 24-month Citywide excavation plan for all maintenance work and share this plan with other departments and relevant private entities to prevent and/or resolve to the extent possible conflicts involving planned projects.

Not Implemented

No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2012. This target date is outside this reporting period, so we will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 7/1/2012

#5

Develop and implement a documented process for ensuring that City departments and private entities comply with trench cut requirements and identify conflicts in a more timely manner, including establishing policies and procedures and internal controls.

Not Implemented

No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2012. This target date is outside this reporting period, so we will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 7/1/2012

- #6 Develop suggested changes to the San Diego Municipal Code for holding nonlinear cuts into pavement or the use of trenchless technologies to the same requirements as linear trench cuts during the moratorium period.
- Not Implemented** No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2012. This target date is outside this reporting period, so we will continue to follow up on the recommendation during our next reporting cycle.
- Target Date: 7/1/2012
- #9 Revise City standards for trench restoration to establish more stringent requirements and ensure that public and private entities restore streets to an acceptable level, such as resurfacing curb to curb.
- Not Implemented** No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2012. This target date is outside this reporting period, so we will continue to follow up on the recommendation during our next reporting cycle.
- Target Date: 7/1/2012
- #10 Enforce the formal, specific trench repair requirements and establish stringent penalties for unpermitted work, which: fully cover the cost of current and future degradation, are based on current costs and updated annually, incentivize public and private entities to coordinate street excavations.
- Not Implemented** No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2012. This target date is outside this reporting period, so we will continue to follow up on the recommendation during our next reporting cycle.
- Target Date: 7/1/2012
- #11 Require written and complete records of in lieu warranties and moratorium waivers and other information that is needed by Engineering and Capital Projects (E&CP)/Field Engineering to effectively inspect, monitor, and enforce contracts, including tracking this information in Project Tracking System (PTS).

Implemented The Transportation & StormWater Department has developed procedures to monitor, inspect, track and ensure that excavators follow the Excavation Ordinance, and apply and receive waivers to the Street Moratorium when required. These procedures implement the recommendation to require written and complete records of in lieu warranties and moratorium waivers and other information that is needed by Engineering and Capital Projects (E&CP)/Field Engineering.

Target Date: 1/1/2012

#12 Reconcile right-of-way permits issued with excavation fees collected for fiscal years 2007 through 2010 and identify an effective method of reporting this information to the new Transportation and StormWater Department in future years.

Not Implemented No change in status from previous reporting cycle. We will continue to follow up on the recommendation.

Target Date: 1/1/2012

11-011 AUDIT OF THE ENTERPRISE RESOURCE PLANNING SYSTEM IMPLEMENTATION

(SG)

5 To mitigate the control weaknesses related to the vendor database, we have made the following recommendations:

- A. Create and run a periodic report across non PO invoices looking for duplicate payments similar to the previous mitigating controls report that was in place prior to the implementation of SAP.
- B. Analyze the City's vendor database and remove all duplicate vendor data.
- C. Implement a required "unique identifier" for a vendor/business, such as the tax ID, for new vendors and create a process for adding the unique identifier to existing vendors.

Partly Implemented The Comptrollers department has sufficiently addressed component "c" of this recommendation and have target completion dates for the remaining two components. Specifically, they have created a unique identifier for each vendor to reduce duplicates, and they have contracts in place to clean any remaining duplicate vendors from the database and perform an audit for duplicate payments. The department expects these efforts to be completed in November of 2012.

Target Date: 6/30/2012

11-013 FOLLOW-UP AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES

(SM)

1 The Development Services Department should notify customers of the fees due and take appropriate actions to resolve these unpaid accounts.

Implemented During the last recommendation follow-up reporting period, 13 of the 14 identified outstanding accounts had either been collected, or sent to the collections. The last outstanding account was sent to collections in September 2012.

Target Date: 2/25/2011

2 The Public Utilities Department in conjunction with the Development Services Department should examine and document the controls over the assessment, recording, collection and monitoring of water and sewer capacity fees, including credits issued in lieu of capacity fees. Design processes in SAP to automate and facilitate the assessment, tracking and monitoring of capacity credits.

Not Implemented No change in status from previous reporting cycle. We will continue to follow up during our next reporting cycle.

Target Date: 9/30/2011

11-017 PERFORMANCE AUDIT OF FIRE-RESCUE'S EMERGENCY MEDICAL SERVICES

(TT)

1 The City should engage forensic experts to conduct a review of previous and current San Diego Medical Services (SDMS) revenues and expenses to ensure all revenues were properly accounted for and reimbursements to Rural/Metro are appropriate, reasonable, and substantiated by sufficient documentation.

Implemented The City and Rural/Metro retained a private firm to audit SDMS's accounts. This firm published a report concluding all outstanding issues between the City and Rural Metro.

Target Date: 3/31/2012

2 The City should demand that all outstanding revenue related transactions not directly deposited into the San Diego Medical Services (SDMS) bank account be immediately deposited, unless Rural/Metro can immediately prove that it has already made expense credits in the same amount.

Not Implemented – N/A The City and San Diego Medical Services (SDMS) entered into a settlement at the conclusion of the independent audit, which addresses all outstanding issues between the City and Rural Metro. Therefore, this recommendation is no longer applicable.

Target Date: 3/31/2012

8 The City should review, analyze and update its current definition of “unusual system overload”. The Emergency Medical Services (EMS) Program Manager should review all dispatches submitted for exemption to determine the appropriateness of exempting them and ensure penalties for non-compliance are assessed when applicable.

Not Implemented The department has provided an implementation target date of December 31, 2012. We will continue to follow up on the recommendation.

Target Date: 12/31/2012

11-020 PERFORMANCE AUDIT OF THE PARKING ADMINISTRATION PROGRAM

(CO)

5 We recommend that the Office of the City Treasurer establish a process to distribute the appropriate revenue to its contracted agencies on a monthly basis as required by contract agreement and State Law or cease contractual agreements where the City Treasurer is unable to perform in compliance with its contracts.

Implemented The Office of the City Treasurer’s Parking Administration Program developed a Process Narrative that establishes how to distribute parking citation revenue from the Parking Citation Fund to the General Fund and non-City agencies on a monthly basis.

Target Date: 4/30/2012

7 We recommend that the Parking Administration Program modify its appeals timelines and procedures to comply strictly with State Law. Specifically, the Parking Administration Program should ensure that appeals are not accepted after the State Mandate deadline of 21 days from the date of the citation issuance or 14 days from the date on the Notice of Illegal Parking.

Implemented On March 14, 2012, the Parking Administration Program obtained City Council approval to modify its parking citation payment and appeal timeline to conform to the California Vehicle Code. The Parking Administration Program changed all due dates (payments and appeals) for parking citations, effective July 1st, 2012 and in addition it rolled out a new online parking citation appeal process which blocks all late appeals.

Target Date: 6/30/2012

8 We recommend that the Parking Administration Program develop clear performance metrics for its appeal unit to guide process improvements.

Implemented Using the City Standard Performance Metrics Selection, the Parking Administration Program established performance metrics for its Appeal Unit, which includes the desired performance levels for staff and the desired level of performance for the entire unit.

Target Date: 6/30/2012

9 We recommend that the Storm Water Division of the Transportation Department, and the San Diego Police Department draft process narratives regarding the issuance, voidance, record keeping and referrals of parking citations. This could provide a standardized model for the issuance, record keeping, voiding, and referrals of citations for every department and agency.

Not Implemented No change in status from previous reporting cycle. We will continue to follow up on the recommendation.

Target Date: 3/31/2012

10 We recommend that the Parking Administration Program set a time requirement for delivery of manual citations for those City and non-City agencies for which the Parking Administration Program processes citations.

Implemented The Parking Administration Program collaborated with their partner enforcement agencies to establish standardized process and timeline for manual citations. The San Diego Police Department (SDPD) took the lead on drafting a standardized process since they issue the vast majority of manual citations. Their Departmental Procedure (DP) 7.01 was updated, effective May 16, 2012, to reflect the daily processing of manual citations. SDPD is the lead agency for all other City enforcement agencies.

Target Date: 6/30/2012

11 We recommend that the Parking Administration Program establish a comprehensive Program Operations Manual that incorporates all existing policies and procedures, newly developed policies, procedures, training materials, and resources, as well as the Parking Administration Program's purpose, values, and mission.

Not Implemented No change in status from previous reporting cycle. We will continue to follow up on the recommendation.

Target Date: 4/30/2012

#12 We recommend that the City Administration develop an effective and appropriate replacement schedule for the City's parking meters. In addition, the City Administration should ensure that an appropriate portion of the parking meter revenue is set aside to fund this program.

Not Implemented No change in status from previous reporting cycle. We will continue to follow up on the recommendation.

Target Date: 3/31/2012

13 We recommend that the Office of the City Treasurer develop an internal process for periodic review of parking related legislation by which it would identify upcoming surcharges, and their impact on parking citations. Further, in the future, the Office of the City Treasurer should take immediate action to pass through all State-mandated parking surcharges onto violators in a timely manner.

Not Implemented No change in status from previous reporting cycle. The department provided a target implementation date of October 31, 2012. We will continue to follow up on the recommendation.

Target Date: 10/31/2012

11-023 HOTLINE INVESTIGATION REPORT OF EMPLOYEE MALFEASANCE

(AA)

1 Conduct an independent fact-finding to take appropriate disciplinary action based on the results of the fact-finding; determine the extent to which the employee used City emails for outside employment activities; and determine the extent to which the employee inappropriately charged the City for time worked while away from the City job site and recoup all payments made for time not worked; determine the extent to which the employee performed outside employment activities that were not approved by Department management;

Implemented The Fact-Finding panel issued its confidential final report on 1/30/2012.

Target Date: 9/30/2011

**11-024 PERFORMANCE AUDIT OF THE ANIMAL SERVICES AGREEMENT
BETWEEN THE CITY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO**

(AL)

1 The City Administration should enter into negotiations with the County for a new cost allocation formula that reflects the City’s actual use of services.

**Partly
Implemented** The City has requested a meeting to renegotiate the Animal Services Agreement with the County, including possible changes to the formula used to allocate cost to the client jurisdictions. At this point, informal meetings have occurred. However, the County has stated that any contract term renegotiation may include expenses not previously charged to the City, which may increase costs. Formal negotiations will begin as the contract termination date draws near. We will continue to follow up on this recommendation during our next reporting cycle.

Target Date: 8/31/2011

2 The Police Department should obtain an opinion from the City Attorney’s Office regarding the feasibility of recovering surplus payments and seek full reimbursement from the County for the City’s overpayment during fiscal years 2008 through 2010.

Implemented The Police Department submitted a request for the City Attorney’s opinion regarding the feasibility of recovering surplus payments through full reimbursement from the County. As of September 21, 2012, the City Attorney’s Office released an opinion that stated that there was no legal basis for recovery of surplus payments.

Target Date: 8/31/2011

3 The City Administration should renegotiate the Animal Services Agreement to ensure the Agreement clearly delineates the allocation of actual savings based on the same formula to allocate cost to contract jurisdictions.

**Partly
Implemented** The City has requested a meeting to renegotiate the Animal Services Agreement with the County, including possible changes to the formula used to allocate cost to the client jurisdictions. At this point, informal meetings have occurred. However, the County has stated that any contract term renegotiation may include expenses not previously charged to the City, which may increase costs. Formal negotiations will begin as the contract termination date draws nearer.

Target Date: 8/31/2011

7 If clinics are permissible on City recreation lands, the Police Department should communicate the availability of that public space to County Animal Services.

**Partly
Implemented**

According to the City Attorney's memo, vaccination clinics can be held on dedicated parkland. The Police Department claims there is one non-dedicated park where the clinics can be held, but has not pursued this opportunity.

Target Date: N/A

8

The City Administration should review the Animal Services Agreement and negotiate changes to bring the Agreement into compliance with the General Fund User Fee Policy. This should include: providing analysis and justification for not recovering 100% of the Animal Services Agreement, establishing a standardized and regular fee review to ensure fees match applicable costs, increasing cost recovery targets each year to maintain or improve the cost recovery rate, and providing analysis and justification for not increasing revenue when costs increase.

**Partly
Implemented**

The City surveyed other Animal Services providers in the region for information about how they provide services and what they charge for those services. Since the City has elected to work with the County to change its fees rather than establish separate City rates, the City will need to receive analysis conducted by the County regarding cost recovery targets, standardized fee review, and why Animal Services does not recover 100% of cost. According to communication with the City Administration, should contract renegotiations commence, City representatives will be directed to use the Cost and Fee study to include contract language for increasing cost recovery targets and establishing a regular fee review.

Target Date: 10/31/2011

9

The Police Department should instruct contract management staff to conduct more in-depth analysis related to Animal Services' performance, including: conducting testing to verify the County is accurately reconciling the City's revenue account on the second quarter bill, working with the County to verify the annual license and shelter revenue figures, requesting reports on the number and value of fee waivers/adjustments granted by Animal Services staff, and requesting reports on the number and value of accounts sent to the County Auditor and Controller for discharge.

**Not
Implemented**

No change in status from previous reporting cycle. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 1/1/2012

11-026

PERFORMANCE AUDIT OF THE TAKE-HOME USE OF CITY VEHICLES

(AH) (CO)

1

To reduce the commuting costs the City incurs for vehicles assigned on a permanent basis to City employees, we recommend that the San Diego Police Department and the San Diego Fire-Rescue Department develop policies and procedures establishing guidelines for a maximum one-way commute distance and develop a process to recover the costs associated with commutes that exceed the guidelines.

**Partly
Implemented**

Both San Diego Police Department (SDPD) and Fire-Rescue agreed to establish a maximum callback response time expectation in lieu of a maximum commute distance. In addition, both Departments agreed that maximum commute distances should be established for employees with take-home vehicles who are not expected to regularly respond to callbacks. The Departments agreed that a process should be established to recover excessive commute costs for employees with no routine expectation of a callback response.

Fire-Rescue has established a maximum response time expectation of one hour and has eliminated take-home vehicles from all employees who do not have a routine callback expectation. As a result, the establishment of a maximum commute distance is not necessary. This meets the intent of the recommendation and Fire-Rescue is considered to have implemented the recommendation.

SDPD has also established a maximum response time expectation of one hour. SDPD has not established a maximum commute distance or a process to recover excessive commute costs from employees who do not have a routine callback expectation. In addition, 42 motorcycle officers and 26 canine officers have take-home vehicles, yet are very rarely required to respond to callbacks. Motorcycle officers only responded to one callback between January 1, 2012 and April 27, 2012, while canine officers only responded to two callbacks. Combined, these two groups cost the City approximately \$581,000 for commuting each year. Because SDPD has not established a maximum commute distance or established a procedure to recover excessive commute costs from employees who do not have a routine callback expectation, SDPD has only partly implemented this recommendation.

Target Date: 1/1/2012

2 To reduce the costs associated with take-home vehicles while maintaining an adequate level of emergency responders, we recommend that the San Diego Police Department and the San Diego Fire-Rescue Department identify opportunities to eliminate take-home vehicles not regularly needed in emergency responses. This review should take into consideration the number of actual emergency responses, types of special equipment needed and response time. In addition, the San Diego Police Department and the San Diego Fire--Rescue Department should identify additional strategies to reduce take-home vehicles assignments by creating stand-by rotational assignments, increase the use of pooled vehicles, and ensure that the justification for each take-home assignment is well documented.

Implemented Both San Diego Police Department (SDPD) and Fire-Rescue developed policies and procedures governing the assignment of take-home vehicles and reached labor agreements with represented groups which reduced the number of take-home vehicles. The Fire-Rescue Department eliminated all take-home vehicles for employees who do not have a routine callback expectation. In addition, Fire-Rescue established rotational assignments for units that require take-home vehicles. These changes reduced the number of Fire-Rescue take-home vehicles from 53 to 27 - a 49% reduction. The estimated savings the City will realize as a result of this reduction is \$153,000. While SDPD did not reduce or eliminate take-home vehicle use in some units that respond to very few callbacks, SDPD did establish duty rotations which reduced the number of take-home vehicles from 277 to 230 - a 17% reduction. The estimated savings resulting from this reduction is \$267,000.

Target Date: 1/1/2012

3 To reduce the costs associated with take-home vehicles while maintain an adequate level of emergency responders, we recommend that the San Diego Police Department and the San Diego Fire-Rescue Department to the extent possible, consider inserting into the fleet the vehicles eliminated as take-home vehicles, reducing the need to purchase some vehicles during fiscal year 2012.

Implemented Both San Diego Police Department (SDPD) and Fire-Rescue indicated that returning vehicles to the City fleet was considered. Ultimately, however, the vehicles remained in SDPD and Fire-Rescue because they are needed during the work day.

Target Date: 1/1/2012

4 To ensure that take-home vehicles utilization remains optimal, we recommend that the San Diego Police Department and the San Diego Fire-Rescue Department establish policies and procedures to annually review take-home vehicle utilization and identify opportunities to increase the use of pooled vehicles and/or reduce the number of vehicles taken home nightly.

Implemented Both San Diego Police Department (SDPD) and Fire-Rescue have implemented policies and procedures to annually review take-home vehicle use, ensure that take-home assignments are justified, and maintain appropriate documentation.

Target Date: 1/1/2012

5 To ensure that the City establishes a uniform and effective process to review the public safety needs and justification of take-home vehicle assignments, we recommend that the City Administration work in consultation with the San Diego Police Department and the San Diego Fire-Rescue Department to revise Council Policy 200-19 regarding the use of City vehicles by City employees. The revised policy should require that a complete listing of take-home vehicles be provided by each City department yearly with a justification for those assignments. In addition, the revised policy should clearly define the purpose of take-home vehicles and restrict their assignment to the greatest extent possible.

Not Implemented No change in status from previous reporting cycle. The department provided an implementation target date of January 1, 2012; however, we have not received any indications that this recommendation is implemented. We will continue to follow up on this recommendation during our next reporting cycle.

Target Date: 1/1/2012

6 To increase oversight of the costs associated with take-home vehicles, we recommend the San Diego Police Department and the San Diego Fire-Rescue Department work with the Fleet Services Division to calculate the cost of commuting in department vehicles. These costs should be calculated and reported to the City Administration on an annual basis by the Fleet Services Division.

Not Implemented Fire-Rescue did not report any progress toward implementing this recommendation. San Diego Police Department (SDPD) submitted documentation to the Fleet Division but that work is still in progress to calculate commute costs. At the time of this issuance, we did not receive a response from the Fleet Division. We will continue to follow up on this recommendation during our next reporting period.

Target Date: 1/1/2012

7 To increase oversight of the costs associated with take-home vehicles, we recommend the San Diego Police Department and the San Diego Fire-Rescue Department should draft respective process narratives providing guidance pertaining to take-home vehicle assignments. This newly drafted regulation should require City departments to maintain and review yearly take-home vehicle assignments, their justification, call back reports, response time, and costs.

Not Implemented No change in status from previous reporting cycle. We will continue to follow up on this recommendation during our next reporting cycle.

Target Date: 1/1/2012

8 To ensure that take-home vehicle assignments include consideration of call-back needs and to ensure that the rationale for these assignments can be independently justified, we recommend that the San Diego Police Department and the San Diego Fire-Rescue Department establish a process to maintain accurate and updated records on the number of call-backs for individuals, positions, and units with take-home vehicles.

Partly Implemented San Diego Police Department (SDPD) has developed a reporting and tracking system for callbacks and provided us with this report for the period from January 1, 2012 to April 27, 2012. This recommendation remains partly implemented since Fire-Rescue has not developed its own reporting and tracking system for callbacks. Once this reporting and tracking system is developed the recommendation will be deemed fully implemented.

Target Date: 9/1/2011

9 To improve the efficiency and effectiveness of take-home vehicle assignments and to reduce costs associated with take-home vehicles that are assigned unnecessarily, we recommend that the San Diego Police Department and the San Diego Fire-Rescue Department develop policies and procedures establishing a maximum one-way commute distance and response time by unit for City employees that are assigned a take-home vehicle. For those job functions for which the maximum response time is unspecified, City employees should be required to pick up a City vehicle in response to a call-back rather than driving a take-home vehicle.

Implemented San Diego Police Department (SDPD) and Fire-Rescue have implemented policies and procedures establishing a maximum response time in lieu of establishing a maximum commute distance.

Target Date: 1/1/2012

10 To ensure that the City recovers the full costs associated with the maintenance, fueling, and insurance of vehicles operated by San Diego Medical Services, we recommend that the Office of the City Attorney work with the San Diego Fire-Rescue Department to immediately seek reimbursement for all maintenance, fueling, and accident claim cost incurred by the City for non-City vehicles used for San Diego Medical Services business, as well as acquisition costs of City-owned vehicles used for San Diego Medical Services business.

Not Implemented No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2012. This target date is outside this reporting period; therefore, we will continue to follow up on this recommendation during our next reporting cycle.

Target Date: 7/1/2012

11 In addition, to ensure that adequate data is available to enable the City to track, and where applicable, seek reimbursement for vehicle-related costs, we recommend that the Public Works Department's Fleet Services Division maintain backup files of all data on vehicle maintenance and fuel costs according to Internal Revenue Service records retention regulations.

Not Implemented No change in status from previous reporting cycle. The department provided a target implementation date of August 1, 2012. This target date is outside this reporting period; therefore, we will continue to follow up on this recommendation during our next reporting cycle.

Target Date: 8/1/2012

12 To strengthen the internal controls over the use of the City's fuel cards, we recommend that the Public Works Department's Fleet Services Division modify its Service Level Agreements with customer departments specifically requiring that all fuel card transactions be reviewed by customer departments on a monthly basis. The Service Level Agreements should also describe situations in which use of fuel card is acceptable, such as emergencies or in cases where personnel are conducting official City business outside of San Diego.

Not Implemented No change in status from previous reporting cycle. We will continue to follow up on this recommendation during our next reporting cycle.

Target Date: 1/1/2012

13 In addition, to ensure that all information pertaining to the use of the City's fuel cards is maintained and that effective oversight is possible, we recommend that the Public Works Department's Fleet Services Division collect identification information on all fuel purchases.

Not Implemented No change in status from previous reporting cycle. We will continue to follow up on this recommendation during our next reporting cycle.

Target Date: 1/1/2012

#14 To ensure that the City strengthens its internal controls pertaining to the reporting of taxable fringe benefits, we recommend that the City Administration draft a process narrative requiring that each City department submit documentation on each take-home vehicle assignment and on an annual basis afterwards. This documentation should include all information necessary to determine the taxable nature of the vehicle, the reason the vehicle is assigned for take-home use, and the job duties and law enforcement qualifications of the assigned driver. These documents should be made available to the Office of the City Comptroller as necessary.

Not Implemented San Diego Police Department (SDPD) and Fire-Rescue reported that those employees with taxable take-home vehicles had been advised and taxes would be applied accordingly. We will continue to follow up on this recommendation during the next reporting cycle and verify documentation, specifically the process narrative, regarding the handling of taxable fringe benefits with respect to take-home vehicles.

Target Date: 12/31/11

#15 In addition, to ensure that the value of the personal use of City vehicles is reported accurately, the San Diego Police Department and the San Diego Fire-Rescue Department should require all employees with taxable take-home vehicles to complete mileage forms documenting trips made for personal use, consistent with Internal Revenue Service regulations. This documentation should be submitted to the Office of the City Comptroller on an annual basis.

Not Implemented San Diego Police Department (SDPD) and Fire-Rescue reported that those employees with taxable take-home vehicles had been advised and taxes would be applied accordingly. However, we did not receive any supporting documentation. We will continue to follow up on this recommendation.

Target Date: 12/31/2011

11-027

PERFORMANCE AUDIT OF CAPITAL IMPROVEMENT PROGRAM

(TT)

#1

Develop an effective methodology for identifying the City's deferred maintenance and capital needs.

Not Implemented

No change in status from previous reporting cycle.

Target Date: N/A

#7

Establish a policy for implementing a Citywide asset management program to include a schedule and significant milestones, and potentially linking the Enterprise Asset Management program with the capital planning office.

Not Implemented

No change in status from previous reporting cycle.

Target Date: 12/31/2011

#8

Complete the development of standard criteria and processes for collecting asset information and assessing the condition of assets, including moving toward the use of a standard database for a Citywide inventory.

Not Implemented

No change in status from previous reporting cycle. The department provided an implementation target date of December 31, 2012. This target date is outside this reporting period; therefore, we will continue to follow up on this recommendation during our next reporting cycle.

Target Date: 12/31/2012

#9

Require that all client departments evaluate alternatives to appropriate projects based on desired outcomes, such as including conducting risk/criticality assessments and lifecycle cost analysis and assessing maintenance/ rehabilitation and non-construction options.

Not Implemented

No change in status from previous reporting cycle.

Target Date: N/A

#11	Revise the charter for Capital Improvement Project Review and Advisory Committee (CIPRAC) to update its mission, authority, and objectives.
	A. Require that CIPRAC review department projects and priority scores and prioritize projects from a citywide perspective.
	B. Link CIPRAC and its role of prioritizing and approving projects with the capital program office.
Implemented	Capital Improvement Project Review and Advisory Committee (CIPRAC) has updated its governance document.
	Target Date: 3/31/2012
#12	Assess the current priority scoring process, including obtaining input from service and client departments and other stakeholders, and develop suggested changes, if needed, to City Council Policy 800-14. Require that officials with relevant experience, such as planning and redevelopment staff, be consulted as appropriate when client departments develop priority scores for projects.
Not Implemented	No change in status from previous reporting cycle.
	Target Date: 12/31/2011
#13	Establish department-level performance goals and performance measures and the tools needed, including project delivery cost and timeliness, project quality, and customer satisfaction and feedback systems to monitor and report results and promote continuous improvement.
Implemented	The Department has established 21 performance goals with appropriate measures and targets.
	Target Date: 3/31/2012
#14	Develop updated agreements with all client departments to establish project implementation expectations and requirements.
Not Implemented	No change in status from previous reporting cycle.
	Target Date: N/A

- #15 Require that client departments assign and maintain a primary point of contact for each project throughout project implementation.
- Implemented** Liaisons are now identified in the Service Level Agreements (SLAs) between Engineering and Capital Projects (E&CP) and the client departments.
- Target Date: 9/30/2011
- #16 Integrate project scope, budget, and schedule, potentially using the Department's new Project Portfolio Management Integrator, to provide the needed data so that project managers can use EVM or another tool to effectively measure project performance and identify problems in a timely manner. Provide detailed information to the client departments on the impact of changes in scope on the budget and schedule of the project.
- Implemented** The Department has issued a new Standard Operating Procedures (SOP) on using Earned Value Management (EVM).
- Target Date: 3/31/2012
- #17 Develop a uniform procedure for updating project data in Primavera 6 and establish an effective internal review process and accountability for accuracy and timeliness of data.
- A. Formalize processes to update project content and ensure common criteria used to update data.
- B. Implement procedures to perform regular inspections of Primavera data to ensure accuracy.
- Implemented** The Department has issued an new Standard Operating Procedures (SOP) on updating the project schedule in Primavera.
- Target Date: 3/31/2012
- #18 Identify client department reporting needs and provide project update reports to ensure that departments have accurate, up-to-date, and needed information to make sound decisions about projects. Solicit feedback from client departments and revise project update content to be specific and pertinent to the need of the asset holder.
- Implemented** The Department is now providing reports to client departments that request them.
- Target Date: 3/31/2012
- #19 Revise the current project closeout process to ensure that tasks are executed and completed in a timely manner.

- Implemented** Revise the current project closeout process to ensure that tasks are executed and completed in a timely manner.
Target Date: 3/31/2012
- #20 Conduct project-level post-construction reviews to identify lessons learned and develop recommendations on how to improve future performance. Include the frequency of reviews for non-repetitive projects in existing policy on conducting post-construction reviews.
- Not Implemented** No change in status from previous reporting cycle.
Target Date: 3/31/2012
- #21 Develop and maintain a database of best management practices resulting from lessons learned and make information available to project managers working on projects of a similar scope and nature.
- Implemented** The Department has established a SharePoint site to facilitate the exchange of project information.
Target Date: 3/31/2012
- #22 Organize and consolidate Standard Operating Procedures into a standardized Project Delivery Manual and establish oversight and enforcement mechanisms to improve consistency and accountability.
- Implemented** The Department has created a Capital Improvement Project (CIP) Delivery Manual.
Target Date: 3/31/2012
- #23 We recommend that the Chief Operating Officer: Require that client departments assign and maintain a primary point of contact for each project throughout project implementation.
- Implemented** Liaisons are now identified in the Service Level Agreements (SLAs) between Engineering & Capital Projects (E&CP) and client departments.
Target Date: 8/31/2011

#24 To improve the efficiency and accuracy of capitalizing fixed assets, we recommend that the City Comptroller, in conjunction with the Director of Engineering and Capital Projects (E&CP): Develop and formalize an internal process to identify and document the in-service date of capital assets, including initiation and documentation of the process by the Resident Engineer and confirmation by appropriate E&CP officials.

Implemented The Department has implemented three Standard Operating Procedures (SOPs) to address the completion of Capital Improvement Projects (CIPs).

Target Date: 3/31/2012

12-001 PERFORMANCE AUDIT OF PUBLIC UTILITIES CAPITAL IMPROVEMENT PROGRAM

(TT)

#1 Work with Public Works/Engineering and Development Services to develop a documented process that ensures all information and documents on completed projects are provided to Public Utilities in a timely manner and include this in service level agreements with these departments.

- The process should include a control for Public Utilities to ascertain that Public Works/Engineering and Development Services are providing all information within the agreed upon timeframe.

Not Implemented No change in status from previous reporting cycle. The department stated recommendation implementation is on track for June 30, 2012 completion; however, at the time of this report no documentation was submitted to indicate implementation of the recommendation.

Target Date: 6/30/2012

#2 Determine the frequency of which the condition of appropriate assets should be assessed and establish a schedule for these assessments, particularly for water transmission mains.

- Reassess the most cost effective approach for assessing the condition of and prioritizing water distribution pipes as the Department develops its replacement program for asbestos cement pipes, such as the use of predictive software to forecast asset condition.

Not Implemented No change in status from previous reporting cycle. The targeted implementation date was revised for July 31, 2012. This target date is outside this reporting period; therefore, we will continue to follow up during our next reporting cycle.

Target Date: 7/31/2012

- #3 Develop a schedule for implementation of SAP Enterprise Asset Management (EAM) and provide updates on progress to Independent Rates Oversight Committee (IROC) and other stakeholders.
- To ensure that all City departments, including Public Utilities, derive benefits from the Departments SAP EAM implementation, coordinate with the Enterprise Resource Planning Department's efforts to merge with the existing EAM system, which the Transportation and Storm Water Department currently uses.

Not Implemented No change in status from previous reporting cycle. The department stated recommendation implementation is on track for September 30, 2012 completion. This target date is outside this reporting period, so we will continue to follow up during our next reporting cycle.

Target Date: 9/30/2012

- #6 Complete a consolidate asset management plan and ensure it is in line with best practices and includes a schedule for implementation with a combination of short-, mid-, and long-range initiatives to ensure that funds and staff availability are not barriers to successful implementation.
- Ensure that the plan includes:
 - measurable goals and objectives;
 - clear, numeric goals for the target level of condition the Department wants to achieve for appropriate assets; and
 - performance measures that are linked with these goals.
 - Monitor and report out performance measures to the Independent Rates Oversight Committee (IROC), City Council, customers and other stakeholders.

Implemented The Public Utilities Department has updated its Enterprise Asset Management Plan.

Target Date: 6/30/2012

- #7 Develop a comprehensive Wastewater Master Plan based on a full assessment of the wastewater system's needs and best practices when it updates this plan in three to five years.
- Provide links to other plans or documents when best practice elements are excluded from master plans.
- Not Implemented** No change in status from previous reporting cycle. The department stated recommendation implementation is on track for August 31, 2012 completion.
- Target Date: 8/31/2012
- #8 Conduct regular updates to master, Capital Improvement Projects (CIP), and financing plans.
- Update water and wastewater master plans every three to five years.
- Not Implemented** No change in status from previous reporting cycle. The department stated recommendation implementation is on track for August 31, 2012 completion.
- Target Date: 8/31/2012
- #10 Improve the Department's strategy for communicating capital needs to stakeholders, including providing estimated deferred maintenance and unfunded needs if needed rate increases are not secured and implications of deferring projects.
- Implemented** The department stated Public Utilities has established an External Communications unit to carry out this recommendation.
- Target Date: N/A
- #11 Revise the service level agreement with the Public Utilities Department to describe specific requirements to monitor and report project delivery costs.
- Not Implemented** No change in status from previous reporting cycle. The department stated recommendation implementation is on track for August 31, 2012 completion.
- Target Date: 8/31/2012
- #12 Develop project-level delivery costs progress reports from the Project Portfolio Management Integrator or other sources to track, monitor, and report planned versus actual costs on a monthly basis for all active projects.

- Implemented** Public Utilities Department (PUD) started tracking project-level delivery costs for active projects. In the meantime, Engineering and Capital Projects (E&CP) issued a new Statement Operating Procedures (SOP) on using Earned Value Management (EVM) and is providing project cost information to PUD.
- Target Date: 6/30/2012
- #13 Report final project delivery costs versus total construction costs at the completion of each project. Annually, compile, consolidate, and analyze performance data of completed projects to identify inefficiencies and enhance performance and value, such as by developing a Process Improvement Plan as recommended by the project management guides and standards.
- Implemented** The Department has improved its reporting final project delivery costs versus total construction costs at the completion of each project.
- Target Date: 6/30/2012
- #14 Develop a regulation process narrative that outlines charges that are appropriate direct expenses.
- Implemented** The City Comptroller has developed a process narrative that outlines charges that are appropriate direct expenses.
- Target Date: 6/30/2012
- #18 Develop an effective methodology for developing overhead rates and make retroactive adjustments if needed to ensure that departments correctly receive overhead funds as budgeted and billed in fiscal year 2012.
- Implemented** The City Comptroller has updated the methodology used for developing overhead rates.
- Target Date: 11/30/2011

12-002 PERFORMANCE AUDIT OF THE SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM

(CK)

#1 San Diego City Employee Retirement Systems' management and trustees should work with its legal counsel to identify alternatives to fiduciary insurance, including, for example:

- a) Investigating the feasibility and cost-effectiveness of self-insuring for trustee defense and indemnification costs.
- b) Working with the City Attorney's Office to develop a mutually satisfactory agreement for City Council consideration to defend and indemnify trustees for acts or omissions that arise of out the scope of their responsibilities. Such an agreement should provide greater assurance to trustees than what is currently afforded under California Code 995, but provide prudent exceptions, such as if a trustee acts fraudulently.
- c) Using an independent third party to validate the City's determination if it finds that trustees were not acting within the scope their responsibilities.
- d) Evaluating the current risk and coverage level, and, if prudent, adjust to lower annual premiums.

Implemented San Diego City Employee Retirement System (SDCERS) management explained why recommendations 1 (a) through (c) are not feasible in a memorandum dated December 2, 2011. SDCERS rebid their insurance coverage, resulting in new contracts that are slightly higher in cost, but provide better coverage.

Target Date: 12/31/2011

#2 San Diego City Employee Retirement Systems should consider that its current actuary costs are high compared to peers when they evaluate proposals received in response to its Fall 2011 Request for Proposal (RFP) for actuarial services and negotiate fees with the selected firm.

Implemented San Diego City Employee Retirement System entered into a new contract for valuation services that will provide an estimated cost savings of \$125,000 in FY2013.

Target Date: 6/30/2012

#3 San Diego City Employee Retirement Systems should designate an individual, possibly its Internal Auditor, to ensure the business process recommendations made by its consultant are implemented.

Implemented San Diego City Employee Retirement System designated the project manager for the new Pension Administration System (IRIS) as the individual to ensure the business process recommendations are implemented.

Target Date: 12/31/2011

#4 San Diego City Employee Retirement Systems should reassess its staffing level once the new pension administration system is implemented and eliminate unnecessary positions to reduce personnel costs.

Not Implemented No change in status from previous reporting cycle.

Target Date: N/A

#5 San Diego City Employee Retirement Systems' board should periodically reassess its asset allocation and rate of return versus investment management costs to identify if its mix of active and passive investments is still appropriate.

Implemented The San Diego City Employee Retirement System Board has implemented this recommendation by clarifying the Investment Policy Statement requirement to conduct periodic reassessments and by periodically reassessing its asset allocation and rate of return versus investment management costs.

Target Date: N/A

#6

The Risk Management Department should request the City Attorney's Office to:

a) Determine whether the City is legally obligated to reimburse current retirees' IRMAA expenses under the San Diego Municipal Code section 24.1202(a)(5). If the City Attorney's Office determines that the City is not legally obligated to reimburse IRMAA under the Municipal Code language, it should determine whether the City can discontinue reimbursing current retirees on a go-forward basis, or whether it is now considered a vested benefit. If the City Attorney's Office determines that it is not a vested benefit, Risk Management should work with the City Attorney's Office to identify the steps necessary to discontinue reimbursing current high-income retirees' Medicare Part B IRMAA premiums, and present options to City Council and City administration for consideration.

b) Review the retiree health care tentative agreement and make a legal determination about whether Medicare Part B premiums, including IRMAA, are eligible to be reimbursed from the health care allowance. Risk Management should work with the City Attorney's Office to clarify the eligibility of this benefit in the upcoming Memorandums of Understanding with labor groups. In addition, if the City Attorney's Office determines that Medicare Part B and/or IRMAA are not reimbursable expenses, Risk Management should work with the City Attorney's Office to revise the Municipal Code after July 2014 to explicitly exclude this benefit and present the revised Municipal Code language to City Council for adoption.

Implemented

The City Attorney opined in a report to City Council dated January 31, 2012. The City of San Diego municipal code requires city to reimburse Medicare Part B premiums including IRMAA adjustments. Eligible employees who have already retired most likely have a vested right to the full amount and for those employees hired before July 1, 2005 who retire after after April 1, 2012, reimbursements are subject to annual limits.

Target Date: N/A

#7

The Risk Management Department should request the City Attorney's Office to review the permissibility of offsetting IDR benefits by income from outside employment and/or Workers' Compensation awards. If the City Attorney's Office determines that an IDR benefit offset policy is feasible, Risk Management should work with the City Attorney's Office to identify and present implementation options to City Council for consideration.

Implemented The City Attorney opined in a report to City Council on February 1, 2012 that the Industrial Disability Retirement (IDR) benefit offset was eliminated and to reinstate would require meet and confer with the labor organizations, agreement with them or imposition after impasse, and a Charter section 143.1 vote. Further, the IDR offset could only be applied prospectively to active and new employees, and could not apply to retirees.

Target Date: N/A

#8 San Diego City Employee Retirement Systems should allow members to obtain price estimates for service credit purchases through Member Counselors and/or their website to reduce the workload on Benefit Administration staff.

Not Implemented No change in status from previous reporting cycle. The department provided a implementation date of December 31, 2012.

Target Date: 12/31/2012

#9 San Diego City Employee Retirement Systems (SDCERS) should require department managers to identify costs from contractor invoices that can be directly attributable to particular plan sponsors as part of their routine review and approval process. The department managers should clearly indicate for the Finance Department the total costs that can be assessed to a plan sponsor.

Implemented The San Diego City Employee Retirement System CFO issued a memorandum on December 8, 2011, directing managers to identify costs on contractor invoices that can be directly attributable to particular plan sponsors.

Target Date: 12/31/2011

#10 San Diego City Employee Retirement Systems (SDCERS) should assess the current City and board policy that requires experience studies to be conducted at least every five years to determine if this timeframe is still appropriate, particularly since the actual timeframe is closer to three years. If SDCERS' management and trustees determine that a more frequent timeframe is more appropriate, they should consider revising the Board Rule and working with the City Council to revise the Municipal Code.

Implemented The San Diego City Employee Retirement System's (SDCERS) actuary, Cheiron, assessed the current City and Board policy that requires experience studies to be conducted at least every five years and determined that this timeframe was still appropriate. The SDCERS Board approved the Cheiron recommendation to conduct the studies every five years.

Target Date: 06/30/2012

#11 San Diego City Employee Retirement Systems should draft the Request for Proposals for its actuarial and actuarial audit services and present it to the Board for approval within the next three months to ensure the firms are selected prior to expiration of the current contract.

Implemented The San Diego City Employee Retirement System released Request for Proposals for Actuarial Consulting and Actuarial Audit services and now has contracts in place for both services.

Target Date: 12/31/2011

#12 San Diego City Employee Retirement Systems (SDCERS) should demonstrate that it corrected the Corbett and monthly benefit calculations for the retirees identified in the 2005 audit. In addition, SDCERS should work with its legal counsel to determine the feasibility of collecting overpayments and reimbursing members who were underpaid, if applicable.

Not Implemented No change in status from previous reporting cycle.

Target Date: 6/30/2012

12-003 HOTLINE INVESTIGATION REPORT OF FALSE REQUEST FOR REIMBURSEMENT

(AA)

#1 We recommend the Economic Development Division issue a demand letter for return of the CDBG funds that were paid to the non-profit organization for work that appears to have been completed before the reimbursement agreement was authorized.

Not Implemented No change in status from previous reporting cycle.

Target Date: 6/30/2012

12-004

PERFORMANCE AUDIT OF THE SAN DIEGO POLICE DEPARTMENT'S PERMITS AND LICENSING UNIT

(MH)

#1

The San Diego Police Department should conduct an annual review of the City's police-regulated activities to: 1. Assess the effectiveness of existing regulations in reducing crime and vice-related activity, 2. Identify emerging threats, which may be best addressed through additional regulation, 3. Identify regulatory activities of other levels of government or organizations and assess their benefit for implementation in San Diego, 4. Propose modification and/or elimination of regulations which do not effectively encourage public safety, and 5. Present a completed assessment of the four areas above for the City Council's consideration.

Implemented

The San Diego Police Department took several steps to compile and periodically internally report analytical data on unit activity in order to better identify emerging or diminishing threats. Additionally, the Department conducted assessments of other municipalities' permits and licensing operations. Lastly, the department provided recommendations to City Council regarding revisions to City Ordinances based on a review of existing provisions in the San Diego Municipal Code.

Target Date: 7/31/2012

#2

The San Diego Police Department review its permits and licensing mission to enhance public safety, assess operational requirements to achieve the Units goals, and adjust Unit activities, types and levels of staffing, and methods to deliver services cost effectively.

Implemented

The San Diego Police Department has added specific mission, goals, and specific operational objectives for Permits and Licensing. Additionally the Department has developed and assessed analytics to determine appropriate staffing and requirements that connect to the unit's overall mission.

Target Date: 7/31/2012

#3

The San Diego Police Department review and revise its fee and activity methodology to reflect current operating conditions.

Implemented

The San Diego Police Department has implemented this recommendation by conducting an analysis of its operating environment and proposing specific ordinance changes to City Council. The Department has also developed and is currently using a database to monitor operational tempo and inspection goals.

Target Date: 7/31/2012

#4 The San Diego Police Department establish a formalized training program which prepares new Permits and Licensing Unit employees to perform effectively and consistently. Further, the San Diego Police Department should evaluate conditions leading to frequent turnover and take immediate steps to increase employee tenure.

Implemented The San Diego Police Department has established training procedures and documented training protocols. The issue of turnover and retention and staff progression is evaluated on an ongoing basis under the purview of the Chief of Police.

Target Date: 4/30/2012

#5 The San Diego Police Department's Permits and Licensing Unit should establish and utilize a performance measurement system which allows for continuous monitoring and operational adjustment to maximize performance.

Implemented The Police Department conducts an ongoing review of the Permits & Licensing Unit on a quarterly basis in an internal report titled "Quarterly Management Report." This report has been changed to add information related to the permits issued. This information is used to compare the activity in this unit to the same quarter of the previous fiscal year, with a focus on the number of regulatory inspections, the number of new permits, fees and penalties, issues related to the command and ongoing goals.

Target Date: 7/31/2012

#6 The San Diego Police Department work with the City Attorney's Office to determine how the City Council can modify the San Diego Municipal Code to ensure alarm companies and/or subcontractors are held accountable for: 1. Ensuring all monitored alarm systems operate with proper City permits, and 2. Reducing instances of false alarms from repeat offenders. Further, the SDPD and the City Attorney should evaluate and develop appropriate actions for City Council approval to hold alarm companies and/or subcontractors responsible for unpaid permit fees and/or penalties or to require alarm companies and/or subcontractors to collect fees and penalties on the City's behalf.

Implemented The San Diego Police Department has implemented this recommendation by conducting analysis on alarm issues and developing and refining in-house operational procedures for tracking alarm permit fees. Additionally, the Department has recommended ordinance changes that would help ensure cost recovery for false alarms.

Target Date: 7/31/2012

#7 The San Diego Police Department work with the City Attorney's Office to develop San Diego Municipal Code changes for the City Council's approval which: 1. Adopt national strategies to reduce false alarms 2. Establish a more effective penalty program to recover false alarm costs from false alarm offenders, and 3. Reduce the inclusion of false alarms costs from the calculation of an alarm permit fee.

Implemented The San Diego Police Department has taken several actions to implement this recommendation, including refining in-house procedures related alarm permitting and providing suggested revisions to relevant City ordinances that will potentially approve cost recovery for false alarms.

Target Date: 7/31/2012

#8 The San Diego Police Department assess the capabilities of current alarm-data systems and departmental process to ensure accurate tracking and collection of false-alarm expenses, timely collection of permit and penalty fees, and remitting unpaid fees to the City Treasurer for collections.

Implemented The San Diego Police Department has implemented this recommendation by conducting an assessment of current capabilities and has presented options for revisions to the current alarm administration system. In the interim, the Department has established procedures to ensure accurate tracking and collection of false-alarm expenses, timely collection of permit and penalty fees, and remitting unpaid fees to the City Treasurer for collections.

Target Date: 7/31/2012

#9 The San Diego Police Department (1) ensure the collection of permit payments adheres to fees established by the City Council and can be reconciled to specific records and (2) review the City's accounting and GuardCard systems and assess the best way to update, upgrade, or replace systems to ensure records can be reconciled and tracked correctly.

Partly Implemented According to the San Diego Police Department, the Permit and Licensing Unit is collecting permit, penalty and late fees in accordance with the Municipal code. However, a future date will be set for an auditor's on-site comparison of records and receipts. Additionally, GuardCard is not scheduled to be replaced as no funding source has been identified.

Target Date: 7/31/2012

#10 The City Administration proceed with its plans to integrate and align the administrative components of police permits within the Office of the City Treasurer. Establish clear regulatory language, policies, and procedures to divide administrative, enforcement, and regulatory roles and duties between the Office of the City Treasurer and the San Diego Police Department.

Not Implemented No change in status from previous reporting cycle.

Target Date: 6/30/2012

#11 In light of Recommendation 10, the Office of the City Treasurer ensure that the expiration of all new police permits and corresponding business tax certificates occur on the same date and develop appropriate procedures to follow-up on expired permits and collect on businesses or individuals found to be operating without a permit.

Not Implemented No change in status from previous reporting cycle.

Target Date: 6/30/2012

#12 The San Diego Police Department establish appropriate guidance for the Permits and Licensing Unit which 1. Outlines requirements for conducting permit reviews in a consistent and complete manner, 2. Establishes a documentation trail for all required documentation, 3. Requires the maintenance of evidence and completion of sufficient background checks, and Requires managerial oversight and review of the Unit to ensure effective internal operations.

Implemented The San Diego Police Department has implemented this recommendation by developing and documenting policies for permit applications and background checks. The policies also provide for supervisory review and oversight.

Target Date: 7/31/2012

#13 The San Diego Police Department or Office of the City Treasurer establish an automated system to process permit applications and ensure that it automatically assigns permit expiration dates and notifies staff to collect penalties and background check fees from the applicant.

Not Implemented No change in status from previous reporting cycle.

Target Date: 6/30/2012

#14 The San Diego Police Department enforce San Diego Municipal Code section §33.0307 and ensure to conduct and charge applicants for all permit application criminal background investigations.

Implemented The San Diego Police Department has established appropriate guidelines to ensure sufficient background checks and brought forward a proposal to City Council to charge applicants appropriate fees, consistent with Proposition 26.

Target Date: 7/31/2012

#15 The San Diego Police Department automate the reporting of pawn shop sales records and create policies and procedures to ensure processes are in compliance with State laws.

Not Implemented No change in status from previous reporting cycle.

Target Date: N/A

12-007 PERFORMANCE AUDIT OF THE FIRE-RESCUE DEPARTMENT'S EMERGENCY MEDICAL DISPATCH PROCESS

(TT)

#1 The Fire-Rescue Department should implement the pre-notification and deployment order option (option two) to reduce the overall response time for medical calls.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#2 The Fire-Rescue Department should strengthen its monthly measurement and reporting of dispatch data, analyze data to identify trends, and utilize the results of the analysis to identify opportunities to streamline and improve overall performance.

Implemented The Fire-Rescue Department has improved its measurement, reporting and analysis of dispatch data.

Target Date: N/A

12-008 PERFORMANCE AUDIT OF THE PURCHASING AND CONTRACTING DEPARTMENT

(CC)

#1 The Office of the City Attorney should issue a written legal opinion to the City Council and the City Administration to clarify the current San Diego Municipal Code as it relates to the maximum allowable amount that the City can expend on the same vendor for the same or very similar services within the same fiscal year without City Council review. Additionally, the written legal opinion should address whether the City can use purchase orders to continue services on contracts that exceeded the maximum allowable duration of five years. See Appendix C for a detailed list of questions that the written legal opinion should address.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#2 Based on the written legal opinion provided by the Office of the City Attorney, if the City Council believes the San Diego Municipal Code needs modification, it should instruct the City Administration to take immediate steps to: (1) establish clear and specific San Diego Municipal Code language, which prescribes thresholds for nonprofit and agency service contracts, (2) specifically state when and whether purchase orders can be used to extend nonprofit and agency service contracts beyond the maximum allowable duration of five years without City Council review, (3) describe when and whether a purchase order can be considered a new contract, and (4) redress any current practices that do not comply with that understanding.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#3 The Office of the City Attorney should review the 11 nonprofit and agency contracts and all purchase orders we identified in this report to determine whether purchasing practices complied with all City, State, and Federal laws and regulations. Additionally, in the case their review identifies any issues or opportunities for improving purchasing practices, they should submit a written report to the City Council for their review.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#4 The City Administration should conduct a full review of purchasing practices and design a purchasing process with appropriate internal controls to ensure full compliance with any changes the City Council makes to the San Diego Municipal Code provisions and with the written legal opinion issued by the Office of the City Attorney.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

12-009 PERFORMANCE AUDIT OF THE MISSION BAY IMPROVEMENT FUND FY10

(DK)

#1 In conjunction with the Park and Recreation Department and Development Services Facilities Financing Division, the Financial Management Department should continue to deappropriate the unfunded and abandoned projects in the Mission Bay Improvement Fund and San Diego Regional Parks Fund to eliminate the negative balances. The appropriate Oversight Committee should approve any projects using funding received subsequent to fiscal year 2010.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#2 The City Comptroller should establish a methodology to separately account for the financial transactions within the Mission Bay Improvement Fund and San Diego Regional Parks Fund that are required by the City Charter effective July 1, 2009.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#3 The City Comptroller should establish comprehensive process narrative procedures, process flow diagrams and departmental guidance to properly document the processes specific to the unique nature of Mission Bay Park lease revenues. These procedures should include but are not limited to: • How the requirements outlined in the City Charter will be administered • Procedures to reconcile SAP and REportfolio records • The methodology used for year-end accruals, which should be based on an analysis of actual payment received after year end • The methodology used for budgeting revenue • The methodology used by the Oversight Committees for budgeting specific projects based on prior year's distributions

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

12-010 HOTLINE INVESTIGATION REPORT OF EMPLOYEE INTERNET ABUSE

(AA)

#1 Public Utilities Department conduct a Fact-Finding or other appropriate administrative inquiry to determine if the Internet usage on the work computers identified violated City Administrative Regulations and/or the City Code of Conduct. Take appropriate action based on the outcome of the review.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

12-011 PERFORMANCE AUDIT OF FACILITIES' PURCHASES UNDER THE MRO AGREEMENTS

(AL)

#1 We recommend that the Purchasing & Contracting Department work with the City Attorney's Office to immediately review the terms of the Maintenance, Repair, and Operation (MRO) Cooperative Agreements and identify a solution to ensure the City purchases its MRO supplies at the most economical price and does not continue to pay high mark-ups over the remaining four years of the agreements.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

12-012 HOTLINE INVESTIGATION REPORT OF LACK OF SPECIAL USE PERMIT OVERSIGHT

(AA)

#1 The Park and Recreation Department should expedite the review and approval of the revised Special Use Permits (SUPs) for Sunshine Berardini Fields.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#2 The Park and Recreation Department should require any sublease authorized by the revised SUP to be documented on a Park and Recreation Application and Permit for Use of City Athletic Area in order to comply with the City-approved fee schedule. The permit form should also be signed by a Park and Recreation official.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#3 The Park and Recreation Department should require the Permittee to provide a facilities plan to make improvements to the site including structures, fencing, rest rooms, etc. during the term of the SUP to ensure that all sublease revenue is applied to operation, maintenance, and improvement of the premises.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

12-013 HOTLINE INVESTIGATION REPORT OF EMPLOYEE CONFLICT OF INTEREST WITH RECREATION CENTER CONTRACTUAL PROGRAMS

(AA)

#1 We recommend that an outside employment request be obtained from the employee who worked at recreation centers for the entity that ran sports programs.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#2 We recommend that the annual outside employment memo be expanded to prohibit the situation in which a City employee who works under an ICA or for an entity that rents field or gym space from doing so at the employee's work location.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

12-015 PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S PROJECT TRACKING SYSTEM

(SG)

#1 The Development Services Department (DSD) must immediately implement controls in the Project Tracking System (PTS) Production Environment to prevent inappropriate modifications to PTS. Specifically, DSD should instruct the Database Administrator to:

a) Remove the IT Program Manager position's programmer account and ability to directly log into the system's database.

b) Remove programmer access to the Production Environment.

c) Remove programmer access to privileged accounts, except those used by the database administrators and for emergency fixes, by locking the accounts and changing the passwords. Where privileged accounts are required for emergency fixes, DSD should limit programmer access through a restricted number of highly monitored accounts. In addition, the permissible use of these accounts should be governed through formal policies.

d) Ensure that programmers do not have access to modify or disable system triggers in the Production Environment.

e) Ensure PTS records a detailed audit trail of key information, including the prior data entries, the username of the person who changed the data and the timestamp noting when the change Occurred.

DSD should also direct the System Administrator to comprehensively document the Software Change Management processes, and associated risks and controls for each environment.

**Not
Implemented -
Disagree**

New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#2

In order to reduce the risk of inappropriate system use by an employee, DSD should perform a Separation of Duties (SOD) assessment to ensure that employees only have the access they need to perform their functions, complying with the principle of least privilege. Specifically, DSD should:

a) Review all PTS user roles and limit the capabilities for roles that provide broad access to PTS' functions.

b) Review current user access to PTS' roles and restrict access to only those roles necessary and appropriate for each user's function. This includes restricting the DSD Director's access to a more appropriate level, such as "read-only."

c) Review current role combinations to ensure that no combination grants excessive or inappropriate access, and immediately remove any conflicting combinations.

d) Create a comprehensive policy that identifies all prohibited role combinations and documents compensating controls to mitigate any risk when a segregation of duty conflict must exist for business purposes.

**Not
Implemented -
Disagree**

New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#3

DSD should restructure its organizational arrangement so that the DSD IT Program Manager position no longer oversees both the IT function and the individuals who collect and reconcile fees and transmit that information to the City Treasurer and Comptroller's Office.

- Not Implemented - Disagree** New recommendation, not enough time for the department to implement before June 30, 2012.
- Target Date: N/A
- #4 The Development Services Department (DSD) should immediately begin comprehensively documenting PTS and facilitate the transition of Application Development and Maintenance (ADM) functions to the ADM vendor as soon as feasible. Further, DSD must ensure that the vendor takes over management and monitoring of all privileged accounts in the production environment.
- Not Implemented** New recommendation, not enough time for the department to implement before June 30, 2012.
- Target Date: N/A
- #5 The Development Services Department should:
- a) Review its current staffing model for the Submittal and Issuance Groups;
 - b) Determine if the “generalist” approach is the most effective option to meet operational needs and accommodate staff skills; and if not,
 - c) Identify and implement an alternative staffing structure.
- Not Implemented** New recommendation, not enough time for the department to implement before June 30, 2012.
- Target Date: N/A
- #6 The Development Services Department should consider available options to reduce workloads in the submittal and issuance groups, including re-allocating staff resources to this function.
- Not Implemented** New recommendation, not enough time for the department to implement before June 30, 2012.
- Target Date: N/A

#7 The Development Services Department should continue to conduct and document regular audits of fees at project submittal and resume conducting and documenting audits of fees during structural engineering review and at permit issuance. DSD should develop a written policy that establishes a minimum level of projects to be audited each month.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#8 DSD's IT staff should work with supervisors over the Submittal Group and Structural Engineering to identify and create reports that would help them review fees charged by staff.

Not Implemented - Disagree New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#9 The Development Services Department (DSD) should strengthen Project Tracking System (PTS) controls over assessing fees by implementing:

- a) Logic checks to ensure that fees are entered accurately and alert reviewers when apparent errors have been made in charging fees. For example, logic checks should alert reviewers if the square footage used to charge the Building Permit and the Construction and Demolition Debris Deposit fees does not match; if separate fees are charged for different project components when they should be combined; or if the type of construction used to charge different fees does not match.
- b) Auto-populating features to reduce the necessity for repetitive data entry by staff. For example, if the project is being charged a Building Permit fee for 4,000 square feet of new single-family construction, the Project Tracking System should automatically add the Construction and Demolition Debris Recycling Deposit fee for a new 4,000 square foot single-family home.
- c) Predictive controls to reduce staff fee choices based on prior data input, making accurate fee selection easier and quicker and reducing customer waiting times. For example, if the reviewer indicates that the project is for new single-family construction, the list of available fees should be limited to only those fees that may apply to a new single-family construction project.

Not Implemented - Disagree New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#10 The Development Services Department (DSD) should ensure that the Project Tracking System (PTS) caps the Construction and Demolition Debris Recycling Deposit at the maximum level established by the City Council. DSD should also ensure that PTS limits all fees to the correct maximum amounts to prevent overcharging customers.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#11 The Development Services Department should work with all departments that require custom reports to identify their reporting requirements and the most cost-effective way to generate all necessary reports. This recommendation pertains to the reporting requirements of the Transportation and Storm Water Department, the Environmental Services Department, and the Public Works Department, as well as any other City departments that require custom reports to increase productivity and efficiency.

Not Implemented - Disagree New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#12 The Development Services Department should establish formal agreements, such as Service Level Agreements, with each of its client departments that require custom reports, including the Transportation and Stormwater Department, the Environmental Services Department, and the Public Works Department, as well as any other City departments that require custom reports to increase productivity and efficiency. These agreements should establish clear responsibilities for report generation, including:

- a) Specific procedures for client departments to request custom reports from the Project Tracking System, including the information required in the report and the format of the report (electronic or hard-copy);
- b) Timelines for the Development Services Department to respond to report requests with an estimated cost and completion date;
- c) Funding sources that will be used to pay for the creation of the report; and
- d) Procedures that allow client departments to generate reports on demand from the Project Tracking System.

Not Implemented - Disagree New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

#13 The Development Services Department should develop a formal, written five-year information technology strategic plan. This plan should include, but not be limited to, an analysis and identification of:

- a) Current and anticipated business needs;
- b) Internal and external customer requirements;
- c) Current trends in system functionalities and security, including services that can be offered via the internet;
- d) Options to meet business and customer requirements cost-effectively, including a cost benefit analysis of retaining PTS over the long term or replacing it with a new system—either developed in-house or a customized commercial software system; and
- e) Anticipated funding needs and source of funds.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2012.

Target Date: N/A

November 2012

ATTACHMENT C

**Not Implemented – N/A or
Disagree Recommendations**

**ATTACHMENT C
RECOMMENDATIONS DISAGREED OR NO LONGER APPLICABLE**

**09-015 AUDIT OF THE SAN DIEGO PUBLIC LIBRARY CASH HANDLING
(CONFIDENTIAL)
(DK)**

4 Ensure supervisors or designee control register keys during operations.

**Not
Implemented -
Disagree** Library staff disagrees with the recommendation that only a supervisor or designee have control over the register keys during operations. Staff states, based on current staffing levels, a supervisor or person in charge is not readily available to provide a register override.

According to the Library, updates to their manual include the following -
Remove cash from cash register and turn off cash register. Hide all cash and keys in specified location. Principal staff including Library Clerks, Library Assistants, Librarians, Substitutes, and Branch Managers have access to the specified locations, all of which are locked. However, this does not address the internal control weakness contained in the report since all circulation staff continues to have access to register keys.

Target Date: N/A

8 Revise procedures to require two persons be present when cash is counted, if two persons or more are on staff. Once cash is counted, place in a self sealing bag prior to placing it in locked transport bags.

**Not
Implemented -
Disagree** Library Management states, while the intent of this recommendation is understood, the Library is not able to agree with requiring two people to be present for the counting, unless additional staff is funded for each library. There are too many other functions needed at opening and closing to have two staff members devoted to this activity for the amount of time required.

The Cash Handling Training Manual states, “the cash reconciliation sheet, receipts, and start-up cash must be verified by a second person, in the presence of the cash handler.” Having two persons present when cash is counted is an important and necessary internal control to ensure cash is properly counted and deposited. Management did not provide any evidence to demonstrate it discussed alternative control procedures with City Treasurer staff. For example, the Library may consider having staff count cash earlier in order to avoid closing duties conflicts.

Target Date: N/A

#13 Require staff to lock unattended trucks holding cash.

Not Implemented - Disagree Management stated that although the Library indicated in its 2008 response that delivery trucks would be locked, this proved unworkable. On 8-5-11, the Library stated that it is not practical to lock trucks as staff moves books and materials in and out of the trucks and need too much access with loading and unloading.

Target Date: N/A

11-017 PERFORMANCE AUDIT OF FIRE-RESCUE'S EMERGENCY MEDICAL SERVICES

(TT) (MW)

3 The City and Rural/Metro should establish procedures to submit detailed invoices and appropriately supporting documentation to the other partner to justify expense reimbursements. Further, each partner should require the other's approval of disbursements before receiving reimbursement through the San Diego Medical Services (SDMS) "lockbox" bank account.

Not Implemented - N/A The City changed their relationship with Rural/Metro, the City's ambulance provider. As a result, the controls suggested in this recommendation are no longer applicable.

Target Date: 8/5/2011

5 The City should develop a comprehensive program for monitoring San Diego Medical Services (SDMS)'s financial performance, update and sufficiently detail job descriptions and responsibilities for oversight positions, and provide the staff with appropriate training to effectively monitor its contract with SDMS.

Not Implemented - N/A The City changed their relationship with Rural/Metro, the City's ambulance provider. As a result, the controls suggested in this recommendation are no longer applicable.

Target Date: 8/5/2011

6 The City should review and modify the current governance for Emergency Medical Services (EMS) operations to ensure adequate oversight and allows for compliance with applicable agreements.

**Not
Implemented**
– N/A

The City has entered into a new agreement with Rural/Metro to deliver emergency medical services through a standard vendor relationship. This agreement calls for an annual operating fee from Rural/Metro instead of monthly reimbursements for costs.

Target Date: 8/5/2011

7

The City Administration should immediately include the costs for Priority 1 Advanced Life Support services in its monthly request for reimbursement from San Diego Medical Services (SDMS).

**Not
Implemented**
– N/A

The City has entered into a new agreement with Rural/Metro to deliver emergency medical services through a standard vendor relationship. This agreement calls for an annual operating fee from Rural/Metro instead of monthly reimbursements for costs.

Target Date: 8/5/2011