



May 2013

Audit Recommendation Follow-up Report

*Status Update as of
December 31, 2012*



THE CITY OF SAN DIEGO

DATE: May 30, 2013

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 December 31, 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 June 2013 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 Bob Filner
Honorable City Councilmembers
Scott Chadwick, Interim 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 December 31, 2012. Any recommendations reported to the Comptroller's Office after December 31, 2012 will be incorporated into our June 2013 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 82 recommendations that were reported as implemented by departments and related entities. These submitted recommendations represent 82 of 194 (42 percent) of all open recommendations. The results of our review for this reporting cycle are as follows for the 82 recommendations:

- 37 recommendations were implemented;
- 35 recommendations were partly implemented;
- 6 recommendations were not implemented;
- 4 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.

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
08-020	AUDIT OF PERMITS ISSUED FOR THE BLACKWATER FACILITY			2
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		4	
09-015	AUDIT OF THE SAN DIEGO PUBLIC LIBRARY CASH HANDLING (CONFIDENTIAL)		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-OA-001	SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION PERFORMANCE AUDIT OF OPERATIONS			3
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	
10-010	PERFORMANCE AUDIT OF THE CITY TREASURER’S DELINQUENT ACCOUNTS PROGRAM - DEVELOPMENT SERVICES DEPARTMENT		2	7
10-016	CITYWIDE REVENUE	2	1	1
10-018	PERFORMANCE AUDIT OF THE PURCHASING AND CONTRACTING DEPARTMENT - CITYWIDE OPEN PURCHASE ORDER PROGRAM	1	1	
10-020	PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT’S COLLECTION OF WATER AND SEWER FEES	2	2	
11-001	PERFORMANCE AUDIT OF RISK MANAGEMENT'S PUBLIC LIABILITY AND LOSS RECOVERY DIVISION		10	

Report No.	Report Title	Implemented	Partly Implemented	Not Implemented
11-006	PERFORMANCE AUDIT OF THE FIRE PREVENTION ACTIVITIES WITHIN THE CITY OF SAN DIEGO	2		1
11-009	STREET MAINTENANCE: CITY NEEDS TO IMPROVE PLANNING, COORDINATION, AND OVERSIGHT TO EFFECTIVELY MANAGE TRANSPORTATION ASSETS	6	1	
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
11-017	PERFORMANCE AUDIT OF FIRE-RESCUE'S EMERGENCY MEDICAL SERVICES		1	
11-020	PERFORMANCE AUDIT OF THE PARKING ADMINISTRATION PROGRAM	2	1	1
11-024	PERFORMANCE AUDIT OF THE ANIMAL SERVICES AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO	3	1	1
11-026	PERFORMANCE AUDIT OF THE TAKE-HOME USE OF CITY VEHICLES	4	2	5
11-027	PERFORMANCE AUDIT OF THE CAPITAL IMPROVEMENT PROGRAM			7
12-001	PERFORMANCE AUDIT OF PUBLIC UTILITIES CAPITAL IMPROVEMENT PROGRAM	6		
12-002	PERFORMANCE AUDIT OF THE SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM	1		2
12-003	HOTLINE INVESTIGATION REPORT OF FALSE REQUEST FOR REIMBURSEMENT			1
12-004	PERFORMANCE AUDIT OF THE SAN DIEGO POLICE DEPARTMENT'S PERMITS AND LICENSING UNIT	1		4
12-007	PERFORMANCE AUDIT OF THE FIRE-RESCUE DEPARTMENT'S EMERGENCY MEDICAL DISPATCH PROCESS			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		

Report No.	Report Title	Implemented	Partly Implemented	Not Implemented ¹
12-013	HOTLINE INVESTIGATION REPORT OF EMPLOYEE CONFLICT OF INTEREST WITH RECREATION CENTER CONTRACTUAL PROGRAMS	1	1	
12-015	PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S PROJECT TRACKING SYSTEM			13
13-003	PERFORMANCE AUDIT OF THE PROCUREMENT CARD PROGRAM			11
13-004	HOTLINE INVESTIGATION REPORT OF SAN DIEGO CONVENTION CENTER STATISTIC REPORTING			2
13-005	HOTLINE INVESTIGATION REPORT OF CASH HANDLING AT RECREATION CENTERS		6	5
13-006	PERFORMANCE AUDIT OF THE ECONOMIC DEVELOPMENT PROGRAM			4
13-007	PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S CHEMICAL PURCHASES	1	1	2
13-008	PERFORMANCE AUDIT OF THE GENERAL SERVICES DEPARTMENT - FACILITIES MAINTENANCE DIVISION	2		5
13-009	PERFORMANCE AUDIT OF THE REAL ESTATE ASSETS DEPARTMENT			4
13-010	PERFORMANCE AUDIT OF THE CITY'S OVERTIME CONTROLS			3
13-011	PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S VALVE MAINTENANCE PROGRAM			12
Grand Total		37 (19%)	43 (22%)	114 (59%)

¹ This column includes any recommendations deemed Not Implemented – N/A and Not Implemented – Disagree.

Exhibit 2 summarizes the distribution of the 194 open recommendations by Department/Agency as of December 31, 2012.

Exhibit 2: Number of Outstanding Recommendations by Department/Agency

No. of recommendations outstanding	Department/Agency	No. of recommendations outstanding	Department/Agency
2	City Attorney	3	Public Utilities - EPM
11	City Comptroller	10	Public Utilities - Water Operations
1	City Comptroller & Purchasing and Contracting	4	Public Utilities - WWTD
1	City Personnel	7	Public Works
2	City Treasurer - Collections	7	Public Works - Facilities
27	Development Services Department (DSD)	11	Purchasing and Contracting
1	DSD & Public Utilities	5	Real Estate Assets
6	Economic Development	11	Risk Management
1	Financial Management	2	San Diego Convention Center
1	Fire-Rescue and City Attorney	1	San Diego Housing Commission
1	Fire-Rescue - EMS	2	San Diego Housing Commission and Mayor's Office
4	Fire-Rescue	5	San Diego Police and Fire-Rescue Departments
4	General Services - Fleet Services	5	San Diego Police Department
1	Human Resources	5	San Diego Police Department - Fiscal
1	San Diego Public Library	4	San Diego City Employee Retirement System (SDCERS)
5	Mayor's Office	3	SEDC & Mayor's Office
4	Office of the COO	4	Stadium
16	Park & Recreation	8	Transportation & Storm Water
3	Public Utilities	1	Transportation & Storm Water and San Diego Police
3	Public Utilities - EMTS	1	Water

Exhibit 3 breaks down open recommendations by their status and the length of time a recommendation remains open from the original audit report date.²

Exhibit 3: Audit Recommendation Implementation Aging

Timeframe	Implemented	Partly Implemented	Not Implemented	Not Implemented-N/A	Not Implemented-Disagree	Total
0 - 3 Months	3	7	35	0	0	45
4 - 6 Months	0	0	13	0	0	13
6- 12 Months	4	1	16	0	7	28
1 to 2 Years	17	6	21	1	0	45
Over 2 Years	13	29	18	3	0	63
Total	37	43	103	4	7	194

As of the current reporting cycle, departments and entities began reporting tentative implementation dates for audit recommendations. Most recommendations listed in Appendix C 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 43 recommendations were scheduled to be implemented during July 2012 through December 2012. However, the City Auditor found that only 18 (42 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 -N/A	Not Implemented - Disagree
Past Targets for January 2009 through December 2010	15	1	8	5	1	0
Past Targets for January through June 2011	13	2	5	6	0	0
Past Targets for July through December 2011	20	8	7	5	0	0
Past Targets for January 2012 through June 2012	23	1	9	13	0	0
Planned Implementation for July 2012 through December 2012	43	18	5	19	1	0
Planned Implementation for January 2013 and beyond	35	0	0	35	0	0
No Date Provided (N/A)	45	7	9	20	2	7
Totals	194	37	43	103	4	7

² 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 – Recommendations Reported by Management as Implemented includes all recommendations the Office of the City reviewed for the reporting period ending December 31, 2012.

Attachment C – Open Audit Recommendations includes a chronological listing of all open recommendations as of December 31, 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 D includes a chronological listing of recommendations that were categorized as **Not Implemented – N/A or Disagree** on the June 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.

May 2013

ATTACHMENT A

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

ATTACHMENT A
RECOMMENDATIONS FOR THE AUDIT COMMITTEE’S ATTENTION

11-026 **PERFORMANCE AUDIT OF THE TAKE-HOME USE OF CITY VEHICLES**
(AH)

#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 No change in status from previous reporting cycle. In our previous report, we determined that Fire-Rescue implemented this recommendation. However, SDPD has indicated that they do not intend to implement the following portions of this recommendation: a) establish a maximum commute distance; b) seek to recover excessive commute costs from employees with take-home vehicles who do not regularly respond to callbacks and whose commutes exceed guidelines. It was noted in SDPD’s response that recovering costs would require going through the meet and confer process.

SDPD has established a maximum response time expectation of one hour. However, distance should be established for employees with take-home vehicles who do not regularly respond to emergencies. SDPD assigns take-home vehicles to 42 motorcycle officers and 26 canine officers that rarely respond to callbacks. Motorcycle officers only responded to one callback between Jan. 1, 2012 and April 27, 2012, while canine officers only responded to two callbacks. The combined annual commuting costs for these two groups is approximately \$581,000. For example, during the course of our audit we identified one motorcycle officer whose daily round trip commute of 138 miles was estimated to cost the City \$30,000 per year.

We recommend the Audit Committee review this recommendation, and determine if it should be removed as “**Not Implemented – Disagree**” or other action should be taken.

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 from previous reporting cycle. We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist with the implementation of this recommendation.

Target Date: 1/1/20012

#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.

Partly Implemented Fire-Rescue has eliminated all take-home vehicles for employees who do not routinely respond to callbacks. We agree with Fire-Rescue that this renders calculation of commuting costs unnecessary, and Fire-Rescue is considered to have implemented this recommendation. SDPD reported that they have worked with Fleet Services to develop a formula to calculate commute costs. However, Fleet Services did not respond to requests for information.

We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist in coordinating the efforts to obtain the necessary documents for our review.

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. Fleet Services did not respond to requests for information on this recommendation. We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist in coordinating the efforts to obtain the necessary documents for our review.

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. Fleet Services did not respond to requests for information on this recommendation. We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist in coordinating the efforts to obtain the necessary documents for our review.

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. Fleet Services did not respond to requests for information on this recommendation. We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist in coordinating the efforts to obtain the necessary documents for our review.

Target Date: 1/1/2012

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

(SM)

#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.

**Partly
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-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
– N/A**

This recommendation is no longer applicable as the Redevelopment Agencies are no longer in existence. This recommendation will be removed from any further reports.

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
– N/A**

This recommendation is no longer applicable as the Redevelopment Agencies are no longer in existence. This recommendation will be removed from any further reports.

Target Date:

#33

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

**Not
Implemented
– N/A**

This recommendation is no longer applicable as the Redevelopment Agencies are no longer in existence. This recommendation will be removed from any further reports.

Target Date: 1/1/2009

May 2013

ATTACHMENT B

**Recommendations Reported by Management
as Implemented**

ATTACHMENT B
RECOMMENDATIONS REPORTED BY MANAGEMENT AS IMPLEMENTED

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

(SM)

#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. 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

This recommendation remains partly implemented. As previously reported, the department has developed a satisfactory business plan and preformed a 10-year CIP forecast along with the forecast methodology. And although, the Stadium has made significant strides in implementing this recommendation, we were not able to obtain documentation that the forecast reviewed by the Mayor and City Council was presented to the Stadium Advisory Board. Until the Stadium can provide documentation that the forecast was presented to the Advisory Board, the recommendation will remain partly implemented.

Target Date: 6/1/2010

#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.

**Partly
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)

#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

The Department states that the recommendation cannot be addressed until the completion of current contract negotiations with labor organizations. The Department also notes that negotiations normally conclude around May/June. However if an agreement is not reached with or more labor organizations, the process could be prolonged until August. The recommendation should be marked fully implemented:

- 1) Once the AR is finalized and codified; and
- 2) When the Office of the City Auditor receives samples of completed checklists showing Departments abiding by the regulations.

Target Date: 10/31/2012

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
– N/A

This recommendation is no longer applicable as the Redevelopment Agencies are no longer in existence. This recommendation will be removed from any further reports.

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
– N/A

This recommendation is no longer applicable as the Redevelopment Agencies are no longer in existence. This recommendation will be removed from any further reports.

Target Date:

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

Not Implemented – N/A This recommendation is no longer applicable as the Redevelopment Agencies are no longer in existence. This recommendation will be removed from any further reports.

Target Date: 1/1/2009

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 No change in status from previous reporting period. 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 No change in status from previous reporting period. 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

#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 No change in status from previous reporting period. 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

10-016 CITYWIDE REVENUE

(DK)

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

Partly Implemented No change in status from previous reporting cycle. 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 The City Comptroller Office has not started the process, but anticipated it will be completed by June 30, 2013.

Target Date: 6/30/2011

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

Implemented According to the department, local governments are not charged Federal Excise Tax which primarily appears on fuel, oils/lubricants and tires products. The department provided evidence to demonstrate implementation of the recommendation.

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.

Implemented Council Policy 700-10 was revised and established the appropriate audit authority as the City Treasurer's Office. The revised policy was effective as of December 18, 2012.

Target Date: 1/31/11

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

(SM)

#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.

Implemented Departmental open purchase orders require a 3-way match in order to process an invoice for payment in SAP. The first component of the three way match is the fully funded purchase order, the second is a goods receipt and the third is the vendor invoice. Each one of these functions requires a specific assigned role within SAP. Per SAP's best business practices and internal controls, each of these roles are to assigned and performed by different individuals within each department. The pending revised Administrative Regulation 35.15, Department Open Purchase Order, will reference this segregation of duties requirement.

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.

Partly Implemented Purchasing and Contracting (P&C) has made efforts to modify the Administrative Regulation; however, at this time the modifications are not completed or finalized. P&C indicated that it will continue to work on these modifications.

Target Date: 9/30/2011

10-020

**PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES
DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES**

(SM)

#4

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

Implemented

Development Services Department (DSD) and Public Utilities Department (PUD) have established a memorandum of understanding (MOU) related to the Water and Sewer fees plan and processing. This MOU defines the roles and responsibilities of the departments with respect to several activities including determining and collecting fees for water/sewer capacity. The MOU outlines responsibilities for referral to City collections and monitoring recovery related to delinquent accounts.

Target Date: 6/15/2010

#5

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

**Partly
Implemented**

Development Services Department (DSD) and Public Utilities Department (PUD) have established a memorandum of understanding (MOU) related to the water and sewer fees plan and processing. This MOU defines the roles and responsibilities of the departments with respect to several activities including determining and collecting fees for water/sewer capacity. The MOU requires that a common electronic repository of rules and procedures be established. The department revised the completion of the recommendation to August 31, 2013.

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 (ISO) fees and yearly training sessions in conjunction with Public Utilities Department.

**Partly
Implemented**

Development Service Department (DSD) has not reported to the Comptroller's Office that it has begun ISO audits. However, per the memorandum of Understanding between DSD and Public Utilities Department (PUD), the departments are responsible for training its staff at initially and no less than annually. Although each department is responsible for its staffs training, the MOU also indicates that PUD will provide training to DSD staff when or if significant changes are made to the processes required by ISO fees.

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 (DSD) 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.

Implemented Public Utilities Department (PUD) has indicated that completion of this recommendation occurred with the completion of the PTS interface with the PUD water fees database (SAP-CCS) in 12/31/11. PUD further stated that automation of business processes and data transfer between interfacing systems was optimized in the project implementation, but is also an ongoing effort associated with the continuing improvement of the system and related processes. All post implementation enhancements/improvement occurs through normal business process coordinator recommendation/request, technical evaluation and development and ERP system change control processes. The purpose of the interface is to allow SAP-CCS to hold up the issuance of approvals (permits) for which fees have not been paid in SAP-CCS. To that end, PTS is notified by SAP-CCS that fee payment will be required for an approval and subsequently that fees have been paid on an approval. The interface achieves this through a daily data batch transfer.

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.

Partly Implemented This recommendation is resource driven and Risk Management is not adding personnel or contract expenditures, but is trying to implement the spirit of the recommendation with existing internal resources.

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.

- Partly Implemented** This recommendation is resource driven and Risk Management is not adding personnel or contract expenditures, but is trying to implement the spirit of the recommendation with existing internal resources.
- 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** As of 8/6/2012, AB 2231 has been suspended by the Senate Appropriations Committee. We will reassess the feasibility of this recommendation.
- 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.
- Partly Implemented** A draft of the revised Council Policy 000-009 has been drafted and reviewed by the City Attorney's Office. It awaits Mayoral review prior to obtaining Council approval.
- 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.
- Partly Implemented** Reviews are in process and are in line with the annual budget preparation. As the review is completed it will be submitted to the COO/CFO for review.
- 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.

- Partly Implemented** Reviews are in process, as the review is completed it will be submitted to the CFO for review.
- 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.
- Partly Implemented** Reviews are in process and undocumented processes will be drafted and follow the AR process.
- 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.
- Partly Implemented** This recommendation is resource driven and Risk Management is not adding personnel or contract expenditures, but is trying to implement the spirit of the recommendation with existing internal resources.
- 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.
- Partly Implemented** Reviews are in process and undocumented or revisions of processes will be drafted and follow the AR process.
- 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.

Partly Implemented A draft of the revised Council Policy 000-009 has been drafted and reviewed by the City Attorney's Office. It awaits Mayoral review prior to obtaining Council approval.

Target Date: 12/31/2011

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

(MH)

#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.

Implemented The Fire Prevention Bureau informed us that the City department that is now responsible to complete this recommendation is the Office of the City Treasurer. According to the Treasurer's office, It has been proposed that the City replace its current Business Tax Certificate with a regulatory business license. Fire's relevant permits have been recommended to be incorporated into this process, which currently scheduled to go live July 1, 2014. Although the system is not fully interfaced, the Treasurer's Business Tax Program currently provides a weekly file to Fire Prevention, which includes new Business tax accounts opened with the Business Tax Office. The file also includes the responses to the Fire Survey included on the Business Tax application. In this regard, the regularized sharing of information satisfies the basic intent of the recommendation.

Target Date: 12/31/2011

#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 Prior administration determined that a policy was not necessary. Fire-Rescue Management to address the recommendation with the current administration.

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.

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 status of any complaints and violations.

Target Date: 9/30/2011

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.

Implemented Subsequent this Streets Maintenance audit report, a Transportation Department was created to improve management, operations and maintenance of the transportation assets. Performance measures have been established for all divisions within the department, and are presented annually in the City budget. Additionally, a 24-month resurfacing plan has been developed and is posted on the Streets Division website. Transportation CIP projects are scheduled and the status of CIP projects and resurfacing plans is also posted on the CIP and Street Division websites. Finally, transportation projects are prioritized and reported annually to Council through the budget process.

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.

Implemented Transportation & Storm Water Department has developed a 24-month street resurfacing plan for the City. This plan, and planned CIP projects for the next 24-months have been posted at the Streets Division and CIP websites. These plans, as well as the status of the projects can be viewed by the public and by private utilities at any time. Further, in compliance with the new Street Preservation Ordinance signed by the Mayor on January 2, 2013, Streets Division is requesting the private utilities to submit their 24-month excavation plans to the City by April 1, 2013. Also all planned projects within the public right of way are now being coordinated through the use of Interactive Mapping Coordination Action Tool (IMCAT).

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.

Partly Implemented The department states that this recommendation is expected to be completed by March 30, 2013. The department indicates that it is in the process of finalizing an Administrative Regulation that outlines the coordination process, compliance requirement and responsibilities of each department, and conflict resolutions related to trench cuts by private entities.

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.

Implemented The Street Preservation Ordinance passed by Council and signed by the Mayor on January 2, 2013 fully implements this recommendation by amending sections of the San Diego Municipal Code related to specific types of trench cuts. The amendments are intended to improve the City's management of right-of-way by enhancing cooperation between City departments and clarifying responsibilities of entities that excavate in the right-of-way.

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.

- Implemented** This recommendation was implemented through the Street Preservation Ordinance (SPO) that was approved by the City Council and signed by the Mayor on January 2, 2013. The SPO revises standards for trench restoration to require full depth asphalt pavement instead of the use of concrete for trench restoration.
- 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.
- Implemented** The newly passed Street Preservation Ordinance, among other things, requires all that pavement damaged by trench cuts be repaired using material that matches the surface and structural strength of the adjacent pavement surface. Additionally, City Council voted to increase excavation fees by 25% effective July 1, 2013 and an additional 25% effective July 1, 2014 with the intention to have full cost recovery by July 1, 2015. Penalties for unpermitted work are established by the San Diego Municipal Code.
- Target Date: 7/1/2012
- #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 Storm Water Department in future years.
- Implemented** The Transportation & Storm Water Department (TSW) completed a reconciliation of Excavation Fees for the period fiscal year 2007 to 2010. Additionally, Development Services Department (DSD) staff will add an attribute in its data to indicate all permits containing trenching so TSW can audit those against the fees charged. TSW intends to audit the fees every three years. TSW and DSD are in the process of developing an SLA to outlines each department's responsibilities.
- 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**

No change in status from previous reporting period. As of our last report, the Comptrollers department has sufficiently addressed component “c” of this recommendation and have target completion dates for the remaining two components. The department expected these efforts to be completed in November of 2012. However, as of the publication of this report, the department did not provide any documentation to support the implementation of the remaining two components.

Target Date: 6/30/2012

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

(TT)

#8 The City should review, analyze and update its current definition of “unusual system overload”. The 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.

**Partly
Implemented**

All EMS calls are reviewed for applicable penalties. System Busy calls are exempted from Response Time penalties but are reviewed for Outlier penalties (none have met the criteria). Throughout May and June 2011, the EMS Program Manager worked with staff from Fire Information Services, Fire EMS, and First Watch to analyze CAD data from the prior year for average number of responses by hour of day and develop a new formula based on current data. On 6/29/11, the EMS Program Manager e-mailed the Rural/Metro General Manager of the City's intent to apply an update to the formula and the contractor's response was to object until the parties could meet to agree on the new formula and its impacts. On 8/5/11, the parties met and discussed both a short-term update and a long-term change to the formula. Rural/Metro argued that new formula would require extensive changes to their current deployment plan and increased costs to the City's EMS system. The EMS Agreement required mutual consent of both parties to implement such a change. City Management was presented with the option to negotiate with Rural/Metro (i.e. how to pay for these costs and consideration of an APC increase). In addition, there would be an unbudgeted cost to re-program the online reporting tool in First Watch. Rather than try to implement a mid-contract change, the final decision was that since the EMS Agreement was a limited (2 year) sole source, the City would leave the current definition in place for remaining term and work to fix the provision in the next EMS RFP. In October 2011, the City hired an EMS Industry Consultant, Abaris Group, to help prepare the next EMS RFP document and to give recommendations about System Busy or Unusual System Overload provisions as well as overall structure for EMS Provider penalties. The recommendation was to eliminate any provision for System Busy or Unusual System Overload in the go-forward contract. This was because newer software on the market has greatly improved the ability for system status modeling and deployment planning to account for spikes that may occur. In the next EMS RFP, Contractors will be required to submit documentation of any unusual events that might adversely affect response times and make the case on each for exemption. Since there will be no such automatic exemptions in the next EMS RFP, Proposers will be able to take this in to account when developing their deployment plans and budget / pricing proposals. As of January 2013, the City's EMS RFP is being reviewed by the County and State EMS Authority for their required approval prior to release. It is due to be released in the next couple of months and this will become the basis of the next EMS Agreement.

Target Date: 12/31/2012

11-020

PERFORMANCE AUDIT OF THE PARKING ADMINISTRATION PROGRAM

(SP)

#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.

Implemented The Department provided sufficient evidence to demonstrate full implementation of the recommendation. The Department now has a Program Operations Manual that includes all of the recommended elements for implementing a standardized parking citation management program.

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.

Partly Implemented The Department has begun the Request for Proposal process to secure a vendor for the replacement of the City's parking meters. The City has also set aside parking meter revenue to fund the replacements. The recommendation should be marked fully implemented: 1) Once the Department provides evidence of a parking meter replacement schedule.

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.

Implemented The Department provided sufficient evidence to demonstrate full implementation of the recommendation. The Department periodically reviews parking related legislation through subscriptions to numerous parking related list servs.

Target Date: 10/31/2012

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

(SA)

#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.

Implemented The City attempted to negotiate with the County for a new cost allocation formula. However, the County has stated that any contract term renegotiation may include expenses not previously charged to the City, which may increase costs. In addition, the negotiations could have added complexity because the agreement is shared with other cities. The Police Department determined that any changes would not benefit the City financially or operationally. The Police Department did attempt to renegotiate the cost allocation formula, thus fulfilling the intent of the recommendation.

Target Date: 8/31/2012

#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.

Implemented The City attempted to negotiate with the County. However, the County has stated that any contract term renegotiation may include expenses not previously charged to the City, which may increase costs. In addition, the negotiations could have added complexity because the agreement is shared with other cities. The Police Department determined that any changes would not benefit the City financially or operationally. The Police Department did attempt to negotiate, thus fulfilling the intent of the recommendation.

Target Date: 8/31/2012

#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.

Implemented The City attempted to renegotiate the Animal Services Agreement with the County upon completion of the audit. The County delayed talks until the Agreement was closer to expire. When talks commenced, the County communicated that costs may increase if the City negotiates, because the County would add in costs that they do not currently pass on to the City. In addition, other cities have the same agreement with the County for animal services, and any changes to the contract would bring in more complexities in renegotiated contracts with other cities. On March 14, 2013, The Office of the Chief of Police provided a letter to the Auditor stating that they would not pursue further negotiations with the County due to the possibility of increased costs for the City. The City did attempt to negotiate, thus fulfilling the intent of the recommendation.

Target Date: 10/31/2011

11-026 PERFORMANCE AUDIT OF THE TAKE-HOME USE OF CITY VEHICLES

(AH)

#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 No change in status from previous reporting cycle. In our previous report, we determined that Fire-Rescue implemented this recommendation. However, SDPD has indicated that they do not intend to implement the following portions of this recommendation: a) establish a maximum commute distance; b) seek to recover excessive commute costs from employees with take-home vehicles who do not regularly respond to callbacks and whose commutes exceed guidelines. It was noted in SDPD’s response that recovering costs would require going through the meet and confer process.

SDPD has established a maximum response time expectation of one hour. However, distance should be established for employees with take-home vehicles who do not regularly respond to emergencies. SDPD assigns take-home vehicles to 42 motorcycle officers and 26 canine officers that rarely respond to callbacks. Motorcycle officers only responded to one callback between Jan. 1, 2012 and April 27, 2012, while canine officers only responded to two callbacks. The combined annual commuting costs for these two groups is approximately \$581,000. For example, during the course of our audit we identified one motorcycle officer whose daily round trip commute of 138 miles was estimated to cost the City \$30,000 per year.

We recommend the Audit Committee review this recommendation, and determine if it should be removed as “**Not Implemented – Disagree**” or other action should be taken.

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 from previous reporting cycle. We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist with the implementation of this recommendation.

- Not Implemented** No change from previous reporting cycle. We request that responsibility for implementing this recommendation be transferred to the Assistant Chief Operating Officer.
- 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.
- Partly Implemented** Fire-Rescue has eliminated all take-home vehicles for employees who do not routinely respond to callbacks. We agree with Fire-Rescue that this renders calculation of commuting costs unnecessary, and Fire-Rescue is considered to have implemented this recommendation. SDPD reported that they have worked with Fleet Services to develop a formula to calculate commute costs. However, Fleet Services did not respond to requests for information.
- We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist in coordinating the efforts to obtain the necessary documents for our review.
- Target Date: 7/1/2012
- #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.
- Implemented** Both Fire-Rescue and SDPD have adopted policies and procedures governing take-home vehicle assignment and use. The adopted policies and procedures achieve the intent of the recommendation and it is considered implemented.
- Target Date: 7/1/2012
- #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.

- Implemented** Both SDPD and Fire-Rescue are now tracking callbacks for each position that is assigned a take-home vehicle. The recommendation is considered implemented.
- Target Date: 9/30/2011
- #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 – N/A** The City and Rural/Metro reached a global settlement in 2012 that resulted in the City releasing Rural/Metro from all existing claims. While the settlement does not specifically identify vehicle-related expenses incurred by the City on behalf of Rural/Metro, this release applies to claims for these expenses. As a result, the recommendation is no longer applicable.
- 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. Fleet Services did not respond to requests for information on this recommendation. We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist in coordinating the efforts to obtain the necessary documents for our review.
- 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. Fleet Services did not respond to requests for information on this recommendation. We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist in coordinating the efforts to obtain the necessary documents for our review.
- 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. Fleet Services did not respond to requests for information on this recommendation. We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist in coordinating the efforts to obtain the necessary documents for our review.
- 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.
- Implemented** The Office of the City Comptroller sends out a memorandum to all City departments requesting take-home vehicle information to be used for tax purposes. The memorandum identifies vehicle use that qualifies as a taxable fringe benefit under IRS requirements. This meets the intent of the regulation and it is considered implemented.
- 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.

Implemented SDPD and Fire-Rescue submitted documentation on take-home vehicle assignments to the Office of the City Comptroller to be used for calculating taxable fringe benefits. This meets the intent of the recommendation, and it is considered implemented.

Target Date: 12/31/2011

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.

Implemented The Public Utilities Asset Management Division had developed a process to log and track pending documents from DSD and Public Works/Engineering.

Target Date: 7/31/2012

#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.

Implemented Public Utilities has developed a condition assessment schedule for various asset classes.

Target Date: 7/31/2012

#3 Develop a schedule for implementation of SAP Enterprise Asset Management (EAM) and provide updates on progress to IROC and other stakeholders. To ensure that all City departments, including PUD, derive benefits from the Department's SAP EAM implementation, coordinate with ONESD's efforts to merge with the existing EAM system for streets and storm water.

Implemented Public Utilities is continuing to seek funding for SAP EAM, and it is briefing IROC on its plans and progress.

Target Date: 9/30/2012

#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 five years (or as-needed). Provide links to other plans or documents when best practice elements are excluded from master plans.

Implemented Public Utilities has updated is Municipal and Metropolitan Wastewater plans.

Target Date: 8/31/2012

#8 Conduct regular updates to master, CIP , and financing plans. Update water and wastewater master plans every three to five years.

Implemented Public Utilities has updated is Municipal and Metropolitan Wastewater plans, and plans to update the Water Master Plan in 2016.

Target Date: 7/31/2012

#11 Revise the service level agreement with the Public Utilities Department to describe specific requirements to monitor and report project delivery costs.

Implemented The SLA between Public Utilities and Public Works has been revised and now includes requirements for reporting on project delivery costs.

Target Date: 8/31/2012

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

(CK)

#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.

Implemented SDCERS has implemented the recommendation to allow members to obtain price estimates for service credit purchases through their website to reduce the workload of Benefit Administration staff.

Target Date: 12/31/2012

12-004 PERFORMANCE AUDIT OF THE SAN DIEGO POLICE DEPARTMENT'S PERMITS AND LICENSING UNIT

(MH)

#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.

Implemented The San Diego Police Department's Permits and Licensing Unit is collecting permits, penalties, and late fees in a manner consistent with the San Diego Municipal Code. Additionally, the Department has undertaken an effort to review and assess updating, upgrading, or replacing the GuardCard system. Although this is still in progress, the Department's efforts to date are sufficiently responsive to the intent of the recommendation.

Target Date: 7/31/2012

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

(AA) (AH)

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

Implemented The Park and Recreation Department expedited the review and approval of the revised Special Use Permit (SUP) which was issued to the Sunshine Little League (SLL) for activities on the fields located at 4402 Federal Boulevard.

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.

Implemented The Park and Recreation Department requires any sublease authorized by the revised SUP to be documented on a Park and Recreation Application and Permit for Use of City Athletic Area.

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.

Implemented The Park and Recreation Department requires the Permittee to provide a facilities plan to make improvements to the site during the term of the SUP to ensure that all sublease revenue is applied to operation, maintenance, and improvement of the premises.

Target Date: N/A

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

(AA) (AH)

#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.

Implemented An outside employment request has been obtained from the employee who worked at recreation centers for the entity that ran sports programs.

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.

Partly Implemented The annual outside employment memo has been 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. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established.

Target Date: N/A

13-005

HOTLINE INVESTIGATION REPORT OF CASH HANDLING AT RECREATION CENTERS

(AA) (AH)

#1

We recommend that Park and Recreation Department provide additional staff during high volume registration periods to ensure proper segregation of duties with respect to cash handling and cash reporting.

Partly Implemented

The Park and Recreation Department provided a copy of the training materials regarding proper segregation of duties with respect to cash handling and cash reporting. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established.

Target Date: N/A

#3

We recommend that Park and Recreation enforce their policy that checks are restrictively endorsed upon receipt to ensure that checks can only be deposited in the recreation center's bank.

Partly Implemented

The Park and Recreation Department provided a copy of their training materials and will enforce their policy that checks are restrictively endorsed upon receipt to ensure that checks can only be deposited in the recreation center's bank. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established.

Target Date: N/A

#4

We recommend that Park and Recreation enforce their policy that staff should provide a cash register receipt to each patron that pays a permit or registration form fee.

Partly Implemented

The Park and Recreation Department provided a copy of their training materials and will enforce their policy that staff should provide a cash register receipt to each patron that pays a permit or registration form fee. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established.

Target Date: N/A

#7

We recommend that Park and Recreation enforce their policy that the Area Manager or recreation council reconciles cash advances and document this review appropriately.

Partly Implemented The Park and Recreation Department will enforce their policy that the Area Manager or recreation council reconciles cash advances and will document this review appropriately. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established..

Target Date: N/A

#8 We recommend that Park and Recreation amend their procedures to require the logging by an independent staff of beginning and ending pre-numbered ticket numbers when tickets are utilized for patron receipts and revenue accounting.

Partly Implemented The Park and Recreation Department will require the logging by an independent staff of beginning and ending pre-numbered ticket numbers when tickets are utilized for patron receipts and revenue accounting. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established..

Target Date: N/A

#10 We recommend that Park and Recreation administer basic QuickBooks training to Recreation Center Directors who are transitioning from Quicken or a manual system to QuickBooks. Included in the training should be a standard chart of accounts with the basic accounts appropriate for a recreation center/council.

Partly Implemented The Park and Recreation Department has made Recreation Center Directors and staff aware of the availability of QuickBooks training and discussed how it would be provided. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established.

Target Date: N/A

13-007 PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S CHEMICAL PURCHASES

(AH)

#3 The Purchasing and Contracting Department should work in conjunction with the Office of the City Attorney to formulate legal contracts for the purchases of chemicals that include all the required signatures and the necessary legal language and to ensure that the City can have better control over its prices.

Partly Implemented	The Purchasing and Contracting Department and the Office of the City Attorney have developed a revised contract template that requires all signatures mandated by the City Charter, including the contractor, the Mayor (or designee), and the City Attorney (or designee). Once we receive a completed contract for chemical purchases using the revised contract template, the recommendation will be considered implemented.	Target Date: N/A
#4	The San Diego Fire Department should ensure that it performs all inspections required by law. If resources are not available to ensure that all inspections are performed, the San Diego Fire Department should ensure that the appropriate systems of inspections prioritizations are in place.	
Implemented	The Fire-Rescue Department has adopted an Industrial Inspection procedure establishing a system of inspection prioritization to be used when department resources are not sufficient to complete all required inspections. Under this procedure, sites and businesses with high hazard levels should be prioritized for inspection.	Target Date: N/A
13-008	PERFORMANCE AUDIT OF THE GENERAL SERVICES DEPARTMENT-FACILITIES MAINTENANCE DIVISION	
	(SA)	
#2	Facilities should plan and perform regular inventory for the facilities list to ensure accuracy.	
Implemented	Management updated the facilities inventory and sought out updates from affected departments. They produced an updated facilities inventory list.	Target Date: N/A
#3	Facilities management should identify opportunities to refocus its operation from a costly breakdown maintenance model to one that prioritizes preventative maintenance.	
Implemented	The Facilities division completed much preventive maintenance (PM) work in the short period from the issuance of the audit report to the deadline for the current reporting period. The PM work was spread across different types of equipment and facilities. The auditee communicated to me that while they can demonstrate PM activity for the period in question; they are in addition developing a report to show percentage of PM work out of total work.	Target Date: N/A

May 2013

ATTACHMENT C

Open Audit Recommendations

**ATTACHMENT C
OPEN AUDIT RECOMMENDATIONS**

08-020 AUDIT OF PERMITS ISSUED FOR THE BLACKWATER FACILITY

(SP)

#8a Development Services Department (DSD) should take additional steps to locate missing records.

**Not
Implemented** No change in status from previous reporting cycle. The Development Services Department did not response to a request for a status update.

Target Date: 4/1/2016

#8b Development Services Department (DSD) should review controls over records retention to ensure they are adequate.

**Not
Implemented** No change in status from previous reporting cycle. The Development Services Department did not response to a request for a status update.

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.

Target Date: 12/31/2010

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

This recommendation remains partly implemented. As previously reported, the department has developed a satisfactory business plan and preformed a 10-year CIP forecast along with the forecast methodology. And although, the Stadium has made significant strides in implementing this recommendation, we were not able to obtain documentation that the forecast reviewed by the Mayor and City Council was presented to the Stadium Advisory Board. Until the Stadium can provide documentation that the forecast was presented to the Advisory Board, the recommendation will remain partly implemented.

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

#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.

Partly 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)

#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**

The Department states that the recommendation cannot be addressed until the completion of current contract negotiations with labor organizations. The Department also notes that negotiations normally conclude around May/June. However, if an agreement is not reached with one or more labor organizations, the process could be prolonged until August. The recommendation should be marked 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-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
– N/A**

This recommendation is no longer applicable as the Redevelopment Agencies are no longer in existence. This recommendation will be removed from any further reports.

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
– N/A**

This recommendation is no longer applicable as the Redevelopment Agencies are no longer in existence. This recommendation will be removed from any further reports.

Target Date:

#33

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

**Not
Implemented
– N/A**

This recommendation is no longer applicable as the Redevelopment Agencies are no longer in existence. This recommendation will be removed from any further reports.

Target Date: 1/1/2009

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**

No change in status from previous reporting period. 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**

No change in status from previous reporting period. 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

#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**

No changes in status from previous reporting period. 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. No evidence has been provided to demonstrate full implementation.

Target Date: 6/30/2011

#5 Reinstate 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 No change in status from previous reporting cycle. 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 The Office of the City Comptroller has not started the original due date was June 30, 2011.

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.

Implemented According to the department, local governments are not charged Federal Excise Tax which primarily appears on fuel, oils/lubricants and tires products. The department provided evidence to demonstrate implementation of the recommendation.

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.

Implemented Council Policy 700-10 was revised and established the appropriate audit authority as the City Treasurer's Office. The revised policy was effective as of December 18, 2012.

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.

Implemented Departmental open purchase orders require a 3-way match in order to process an invoice for payment in SAP. The first component of the three way match is the fully funded purchase order, the second is a goods receipt and the third is the vendor invoice. Each one of these functions requires a specific assigned role within SAP. Per SAP's best business practices and internal controls, each of these roles are to assigned and performed by different individuals within each department. The pending revised Administrative Regulation 35.15, Department Open Purchase Order, will reference this segregation of duties requirement.

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.

Partly Implemented Purchasing and Contracting (P&C) has made efforts to modify the Administrative Regulation; however, at this time the modifications are not completed or finalized. P&C indicated that it will continue to work on these modifications.

Target Date: 9/30/2011

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

(SM)

#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.

Implemented

Development Services Department (DSD) and Public Utilities Department (PUD) have established a memorandum of understanding (MOU) related to the Water and Sewer fees plan and processing. This MOU defines the roles and responsibilities of the departments with respect to several activities including determining and collecting fees for water/sewer capacity. The MOU outlines responsibilities for referral to City collections and monitoring recovery related to delinquent accounts.

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.

Partly Implemented

Development Services Department (DSD) and Public Utilities Department (PUD) have established a memorandum of understanding (MOU) related to the water and sewer fees plan and processing. This MOU defines the roles and responsibilities of the departments with respect to several activities including determining and collecting fees for water/sewer capacity. The MOU requires that a common electronic repository of rules and procedures be established. The department revised completion of the recommendation to August 31, 2013.

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.

**Partly
Implemented**

Development Service Department (DSD) has not reported to the Comptroller's Office that it has begun ISO audits. However, per the memorandum of Understanding between DSD and Public Utilities Department (PUD), the departments are responsible for training its staff at initially and no less than annually. Although each department is responsible for its staffs training, the MOU also indicates that PUD will provide training to DSD staff when or if significant changes are made to the processes required by ISO fees.

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.

Implemented

Public Utilities Department (PUD) has indicated that completion of this recommendation occurred with the completion of the PTS interface with the PUD water fees database (SAP-CCS) in 12/31/11. PUD further stated that automation of business processes and data transfer between interfacing systems was optimized in the project implementation, but is also an ongoing effort associated with the continuing improvement of the system and related processes. All post implementation enhancements/improvement occurs through normal business process coordinator recommendation/request, technical evaluation and development and ERP system change control processes. The purpose of the interface is to allow SAP-CCS to hold up the issuance of approvals (permits) for which fees have not been paid in SAP-CCS. To that end, PTS is notified by SAP-CCS that fee payment will be required for an approval and subsequently that fees have been paid on an approval. The interface achieves this through a daily data batch transfer.

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.

**Partly
Implemented**

This recommendation is resource driven and Risk Management is not adding personnel or contract expenditures, but is trying to implement the spirit of the recommendation with existing internal resources.

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.

Partly Implemented This recommendation is resource driven and Risk Management is not adding personnel or contract expenditures, but is trying to implement the spirit of the recommendation with existing internal resources.

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 As of 8/6/2012, Assembly Bill 2231 has been suspended by the Senate Appropriations Committee. We will reassess the feasibility of this recommendation.

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.

Partly Implemented A draft of the revised Council Policy 000-009 has been drafted and reviewed by the City Attorney's Office. It awaits Mayoral review prior to obtaining Council approval.

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 in conjunction with the FY2012 budget development will document this process by the fourth quarter of FY2012.

Partly Implemented Reviews are in process and are in line with the annual budget preparation. As the review is completed it will be submitted to the COO/CFO for review.

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.
- Partly Implemented** Reviews are in process, as the review is completed it will be submitted to the CFO for review.
- 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.
- Partly Implemented** Reviews are in process and undocumented processes will be drafted and follow the AR process.
- 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.
- Partly Implemented** This recommendation is resource driven and Risk Management is not adding personnel or contract expenditures, but is trying to implement the spirit of the recommendation with existing internal resources.
- 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.
- Partly Implemented** Reviews are in process and undocumented or revisions of processes will be drafted and follow the AR process.
- 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.

Partly Implemented A draft of the revised Council Policy 000-009 has been drafted and reviewed by the City Attorney's Office. It awaits Mayoral review prior to obtaining Council approval.

Target Date: 12/31/2011

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

(CO)

#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.

Implemented The Fire Prevention Bureau informed us that the City department that is now responsible to complete this recommendation is the Office of the City Treasurer. According to the Treasurer's office, It has been proposed that the City replace its current Business Tax Certificate with a regulatory business license. Fire's relevant permits have been recommended to be incorporated into this process, which currently scheduled to go live July 1, 2014. Although the system is not fully interfaced, the Treasurer's Business Tax Program currently provides a weekly file to Fire Prevention, which includes new Business tax accounts opened with the Business Tax Office. The file also includes the responses to the Fire Survey included on the Business Tax application. In this regard, the regularized sharing of information satisfies the basic intent of the recommendation.

Target Date: 12/31/2011

#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 Prior administration determined that a policy was not necessary. Fire-Rescue Management to address the recommendation with the current administration.

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.

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 status of any complaints and violations.

Target Date: 9/30/2011

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.

Implemented Subsequent to this Streets Maintenance audit report, a Transportation Department was created to improve management, operations and maintenance of the transportation assets. Performance measures have been established for all divisions within the department, and are presented annually in the City budget. Additionally, a 24-month resurfacing plan has been developed and is posted on the Streets Division website. Transportation CIP projects are scheduled and the status of CIP projects and resurfacing plans is also posted on the CIP and Street Division websites. Finally, transportation projects are prioritized and reported annually to Council through the budget process.

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.

Implemented Transportation & Stormwater Department has developed a 24-month street resurfacing plan for the City. This plan, and planned CIP projects for the next 24-months have been posted at the Streets Division and CIP websites. These plans, as well as the status of the projects can be viewed by the public and by private utilities at any time. Further, in compliance with the new Street Preservation Ordinance signed by the Mayor on January 2, 2013, Streets Division is requesting the private utilities to submit their 24-month excavation plans to the City by April 1, 2013. Also all planned projects within the public right of way are now being coordinated through the use of Interactive Mapping Coordination Action Tool (IMCAT).

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.

Partly Implemented The department states that this recommendation is expected to be completed by March 30, 2013. The department indicates that it is in the process of finalizing an Administrative Regulation that outlines the coordination process, compliance requirement and responsibilities of each department, and conflict resolutions related to trench cuts by private entities.

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.

Implemented The Street Preservation Ordinance passed by Council and signed by the Mayor on January 2, 2013 fully implements this recommendation by amending sections of the San Diego Municipal Code related to specific types of trench cuts. The amendments are intended to improve the City's management of right-of-way by enhancing cooperation between City departments and clarifying responsibilities of entities that excavate in the right-of-way.

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.

- Implemented** This recommendation was implemented through the Street Preservation Ordinance (SPO) that was approved by the City Council and signed by the Mayor on January 2, 2013. The SPO revises standards for trench restoration to require full depth asphalt pavement instead of the use of concrete for trench restoration.
- 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.
- Implemented** The newly passed Street Preservation Ordinance, among other things, requires all that pavement damaged by trench cuts be repaired using material that matches the surface and structural strength of the adjacent pavement surface. Additionally, City Council voted to increase excavation fees by 25% effective July 1, 2013 and an additional 25% effective July 1, 2014 with the intention to have full cost recovery by July 1, 2015. Penalties for unpermitted work are established by the San Diego Municipal Code.
- Target Date: 7/1/2012
- #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.
- Implemented** The Transportation & Stormwater Department (TSW) completed a reconciliation of Excavation Fees for the period fiscal year 2007 to 2010. Additionally, Development Services Department (DSD) staff will add an attribute in its data to indicate all permits containing trenching so TSW can audit those against the fees charged. TSW intends to audit the fees every three years. TSW and DSD are in the process of developing an SLA to outlines each department's responsibilities.
- 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**

No change in status from previous reporting period. As of our last report, the Comptrollers department has sufficiently addressed component “c” of this recommendation and have target completion dates for the remaining two components. The department expected these efforts to be completed in November of 2012. However, as of the publication of this report, the department did not provide any documentation to support the implementation of the remaining two components.

Target Date: 6/30/2012

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

(SM)

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)

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.

**Partly
Implemented**

All EMS calls are reviewed for applicable penalties. System Busy calls are exempted from Response Time penalties but are reviewed for Outlier penalties (none have met the criteria). Throughout May and June 2011, the EMS Program Manager worked with staff from Fire Information Services, Fire EMS, and First Watch to analyze CAD data from the prior year for average number of responses by hour of day and develop a new formula based on current data. On 6/29/11, the EMS Program Manager e-mailed the Rural/Metro General Manager of the City's intent to apply an update to the formula and the contractor's response was to object until the parties could meet to agree on the new formula and it's impacts. On 8/5/11, the parties met and discussed both a short-term update and a long-term change to the formula. Rural/Metro argued that new formula would require extensive changes to their current deployment plan and increased costs to the City's EMS system. The EMS Agreement required mutual consent of both parties to implement such a change. City Management was presented with the option to negotiate with Rural/Metro (i.e. how to pay for these costs and consideration of an APC increase). In addition, there would be an unbudgeted cost to re-program the online reporting tool in First Watch. Rather than try to implement a mid-contract change, the final decision was that since the EMS Agreement was a limited (2 year) sole source, the City would leave the current definition in place for remaining term and work to fix the provision in the next EMS RFP. In October 2011, the City hired an EMS Industry Consultant, Abaris Group, to help prepare the next EMS RFP document and to give recommendations about System Busy or Unusual System Overload provisions as well as overall structure for EMS Provider penalties. The recommendation was to eliminate any provision for System Busy or Unusual System Overload in the go-forward contract. This was because newer software on the market has greatly improved the ability for system status modeling and deployment planning to account for spikes that may occur. In the next EMS RFP, Contractors will be required to submit documentation of any unusual events that might adversely affect response times and make the case on each for exemption. Since there will be no such automatic exemptions in the next EMS RFP, Proposers will be able to take this in to account when developing their deployment plans and budget / pricing proposals. As of January 2013, the City's EMS RFP is being reviewed by the County and State EMS Authority for their required approval prior to release. It is due to be released in the next couple of months and this will become the basis of the next EMS Agreement.

Target Date: 12/31/2012

11-020 PERFORMANCE AUDIT OF THE PARKING ADMINISTRATION PROGRAM

(AH)

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

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.

Implemented The Department provided sufficient evidence to demonstrate full implementation of the recommendation. The Department now has a Program Operations Manual that includes all of the recommended elements for implementing a standardized parking citation management program.

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.

Partly Implemented The Department has begun the Request for Proposal process to secure a vendor for the replacement of the City's parking meters. The City has also set aside parking meter revenue to fund the replacements. The recommendation should be marked fully implemented: 1) Once the Department provides evidence of a parking meter replacement schedule.

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.

Implemented The Department provided sufficient evidence to demonstrate full implementation of the recommendation. The Department periodically reviews parking related legislation through subscriptions to numerous parking related list servs.

Target Date: 10/31/2012

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

(SA)

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.

Implemented The City attempted to negotiate with the County for a new cost allocation formula. However, the County has stated that any contract term renegotiation may include expenses not previously charged to the City, which may increase costs. In addition, the negotiations could have added complexity because the agreement is shared with other cities. The Police Department determined that any changes would not benefit the City financially or operationally. The Police Department did attempt to renegotiate the cost allocation formula, thus fulfilling the intent of the recommendation.

Target Date: 8/31/2012

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.

Implemented The City attempted to negotiate with the County. However, the County has stated that any contract term renegotiation may include expenses not previously charged to the City, which may increase costs. In addition, the negotiations could have added complexity because the agreement is shared with other cities. The Police Department determined that any changes would not benefit the City financially or operationally. The Police Department did attempt to negotiate, thus fulfilling the intent of the recommendation.

Target Date: 8/31/2012

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 No change in status from previous reporting cycle. 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.

Implemented The City attempted to renegotiate the Animal Services Agreement with the County upon completion of the audit. The County delayed talks until the Agreement was closer to expire. When talks commenced, the County communicated that costs may increase if the City negotiates, because the County would add in costs that they do not currently pass on to the City. In addition, other cities have the same agreement with the County for animal services, and any changes to the contract would bring in more complexities in renegotiated contracts with other cities. On March 14, 2013, The Office of the Chief of Police provided a letter to the Auditor stating that they would not pursue further negotiations with the County due to the possibility of increased costs for the City. The City did attempt to negotiate, thus fulfilling the intent of the recommendation.

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)

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**

No change in status from previous reporting cycle. In our previous report, we determined that Fire-Rescue implemented this recommendation. However, SDPD has indicated that they do not intend to implement the following portions of this recommendation: a) establish a maximum commute distance; b) seek to recover excessive commute costs from employees with take-home vehicles who do not regularly respond to callbacks and whose commutes exceed guidelines. It was noted in SDPD's response that recovering costs would require going through the meet and confer process.

SDPD has established a maximum response time expectation of one hour. However, distance should be established for employees with take-home vehicles who do not regularly respond to emergencies. SDPD assigns take-home vehicles to 42 motorcycle officers and 26 canine officers that rarely respond to callbacks. Motorcycle officers only responded to one callback between Jan. 1, 2012 and April 27, 2012, while canine officers only responded to two callbacks. The combined annual commuting costs for these two groups is approximately \$581,000. For example, during the course of our audit we identified one motorcycle officer whose daily round trip commute of 138 miles was estimated to cost the City \$30,000 per year.

We recommend the Audit Committee review this recommendation, and determine if it should be removed as "**Not Implemented – Disagree**" or other action should be taken.

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 from previous reporting cycle. We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist with the implementation of this recommendation.

Not Implemented	No change from previous reporting cycle. We request that responsibility for implementing this recommendation be transferred to the Assistant Chief Operating Officer.	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.	
Partly Implemented	Fire-Rescue has eliminated all take-home vehicles for employees who do not routinely respond to callbacks. We agree with Fire-Rescue that this renders calculation of commuting costs unnecessary, and Fire-Rescue is considered to have implemented this recommendation. SDPD reported that they have worked with Fleet Services to develop a formula to calculate commute costs. However, Fleet Services did not respond to requests for information.	
	We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist in coordinating the efforts to obtain the necessary documents for our review.	Target Date: 7/1/2012
# 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.	
Implemented	Both Fire-Rescue and SDPD have adopted policies and procedures governing take-home vehicle assignment and use. The adopted policies and procedures achieve the intent of the recommendation and it is considered implemented.	Target Date: 7/1/2012
# 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.	

- Implemented** Both SDPD and Fire-Rescue are now tracking callbacks for each position that is assigned a take-home vehicle. The recommendation is considered implemented.
- Target Date: 9/30/2011
- # 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 – N/A** The City and Rural/Metro reached a global settlement in 2012 that resulted in the City releasing Rural/Metro from all existing claims. While the settlement does not specifically identify vehicle-related expenses incurred by the City on behalf of Rural/Metro, this release applies to claims for these expenses. As a result, the recommendation is no longer applicable.
- 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. Fleet Services did not respond to requests for information on this recommendation. We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist in coordinating the efforts to obtain the necessary documents for our review.
- 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. Fleet Services did not respond to requests for information on this recommendation. We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist in coordinating the efforts to obtain the necessary documents for our review.
- 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. Fleet Services did not respond to requests for information on this recommendation. We have forwarded this recommendation to the Assistant Chief Operating Officer, and he has agreed to assist in coordinating the efforts to obtain the necessary documents for our review.
- 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.
- Implemented** The Office of the City Comptroller sends out a memorandum to all City departments requesting take-home vehicle information to be used for tax purposes. The memorandum identifies vehicle use that qualifies as a taxable fringe benefit under IRS requirements. This meets the intent of the regulation and it is considered implemented.
- Target Date: 12/31/2011
- #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.

Implemented SDPD and Fire-Rescue submitted documentation on take-home vehicle assignments to the Office of the City Comptroller to be used for calculating taxable fringe benefits. This meets the intent of the recommendation, and it is considered implemented.

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

#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

#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

#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

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.

Implemented The Public Utilities Asset Management Division had developed a process to log and track pending documents from DSD and Public Works/Engineering.

Target Date: 7/1/2012

- #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.

Implemented Public Utilities has developed a condition assessment schedule for various asset classes.

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.

Implemented Public Utilities is continuing to seek funding for SAP EAM, and it is briefing IROC on its plans and progress.

Target Date: 9/30/2012

#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.

Implemented Public Utilities has updated is Municipal and Metropolitan Wastewater plans.

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.

Implemented Public Utilities has updated is Municipal and Metropolitan Wastewater plans, and plans to update the Water Master Plan in 2016.

Target Date: 7/31/2012

#11 Revise the service level agreement with the Public Utilities Department to describe specific requirements to monitor and report project delivery costs.

Implemented The SLA between Public Utilities and Public Works has been revised and now includes requirements for reporting on project delivery costs.

Target Date: 8/31/2012

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

(CK)

#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

#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.

Implemented SDCERS has implemented the recommendation to allow members to obtain price estimates for service credit purchases through their website to reduce the workload of Benefit Administration staff.

Target Date: 12/31/2012

#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)

#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.

Implemented The San Diego Police Department's Permits and Licensing Unit is collecting permits, penalties, and late fees in a manner consistent with the San Diego Municipal Code. Additionally, the Department has undertaken an effort to review and assess updating, upgrading, or replacing the GuardCard system. Although this is still in progress, the Department's efforts to date are sufficiently responsive to the intent of the recommendation.

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

#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

#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** No change in status from previous reporting cycle.

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** No change in status from previous reporting cycle.

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** No change in status from previous reporting cycle.

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 No change in status from previous reporting cycle.

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 No change in status from previous reporting cycle.

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 No change in status from previous reporting cycle.

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 No change in status from previous reporting cycle.

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 No change in status from previous reporting cycle.

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 No change in status from previous reporting cycle.

Target Date: N/A

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

#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 No change in status from previous reporting cycle.

Target Date: N/A

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

(AA) (AH)

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

Implemented The Park and Recreation Department expedited the review and approval of the revised Special Use Permit (SUP) which was issued to the Sunshine Little League (SLL) for activities on the fields located at 4402 Federal Boulevard.

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.

Implemented The Park and Recreation Department requires any sublease authorized by the revised SUP to be documented on a Park and Recreation Application and Permit for Use of City Athletic Area.

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.

Implemented The Park and Recreation Department requires the Permittee to provide a facilities plan to make improvements to the site during the term of the SUP to ensure that all sublease revenue is applied to operation, maintenance, and improvement of the premises.

Target Date: N/A

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

(AA) (AH)

#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.

Implemented An outside employment request has been obtained from the employee who worked at recreation centers for the entity that ran sports programs.

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.

Partly Implemented The annual outside employment memo has been 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. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established.

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**

The Mayor's Office is reviewing the DSD recommendations.

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

The Mayor's Office is reviewing the DSD recommendations.

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

The Mayor's Office is reviewing the DSD recommendations.

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

No change in status from previous reporting cycle.

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** No change in status from previous reporting cycle.
- 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** No change in status from previous reporting cycle.
- 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** No change in status from previous reporting cycle.
- 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** The Mayor’s Office is reviewing the DSD recommendations.
- 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

The Mayor's Office is reviewing the DSD recommendations.

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

No change in status from previous reporting cycle.

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**

The Mayor's Office is reviewing the DSD recommendations.

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**

The Mayor's Office is reviewing the DSD recommendations.

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 No change in status from previous reporting cycle.

Target Date: N/A

13-003 PERFORMANCE AUDIT OF THE PROCUREMENT CARD PROGRAM

(DK) (SM)

#1 The Purchasing & Contracting Department should establish guidance and criteria for departments to use in determining whether employees have a true operational need for a P-card.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#2 The Purchasing & Contracting Department should periodically evaluate cardholders' actual spending and monthly credit limits. The Purchasing & Contracting Department should either adjust cardholder limits as appropriate or recommend that departments make the adjustment.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#3 The Purchasing & Contracting Department should develop a system to track or monitor how much departments purchase from vendors that do not have contracts with the City.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#4 Once established, the Purchasing & Contracting Department should utilize the information to ensure departments comply with City regulations and use the most appropriate method, i.e., P-cards versus purchase orders, to purchase items from vendors.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#5 The Purchasing & Contracting Department should develop a formal methodology for selecting departments to audit, and an audit cycle to ensure all departments are audited at least once during the established timeframe.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#6 The Purchasing & Contracting Department should:

- a) Develop a tracking system to ensure all participants complete annual training, as required.
- b) Ensure internal training policies and Administrative Regulation 95.55 reflect the same training requirements for the program.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#7 The Purchasing & Contracting Department should establish guidelines on the number of cardholders and transactional volume that can be reviewed by the Approver to ensure adequate time is devoted to reviewing cardholder transactions.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#8 The Comptroller's Office along with Purchasing & Contracting should evaluate and consider changing the P-card payment process from a "confirm and pay" method to "pay and confirm" to maximize prompt-payment cash rebates.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

- #9 The Purchasing & Contracting Department should seek opinion determination from the City Attorney's Office on whether the current cooperative procurement agreement between the General Services Department-Fleet Services and the identified tire vendor is valid.
- Not Implemented** New recommendation, not enough time for the department to implement before December 31, 2012.
- Target Date: N/A
- #10 The Purchasing & Contracting Department should ensure that departments obtain appropriate approvals for contracts.
- Not Implemented** New recommendation, not enough time for the department to implement before December 31, 2012.
- Target Date: N/A
- #11 The General Services Department—Fleet Services should ensure employees regularly update Fleet Focus to ensure the status of purchases is current.
- Not Implemented** New recommendation, not enough time for the department to implement before December 31, 2012.
- Target Date: N/A
- 13-004** **HOTLINE INVESTIGATION REPORT OF SAN DIEGO CONVENTION CENTER STATISTIC REPORTING**
- (AA) (AH)
- #1 We recommend that any post-event attendance or hotel room-night figure that does not have a source document from the client verifying the statistic published be marked as an estimated figure.
- Not Implemented** New recommendation, not enough time for the department to implement before December 31, 2012.
- Target Date: N/A

#2 We recommend that sections be added to forecasts and annual reports that describe the calculations for direct attendee spending, hotel tax and total tax revenues, and economic impact. It should be made clear that these totals are calculated from direct attendee spending and all assumptions and formulas be disclosed.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

13-005 HOTLINE INVESTIGATION REPORT OF CASH HANDLING AT RECREATION CENTERS

(AA) (AH)

#1 We recommend that Park and Recreation Department provide additional staff during high volume registration periods to ensure proper segregation of duties with respect to cash handling and cash reporting.

Partly Implemented The Park and Recreation Department will provide additional staff, trained in cash handling, during high volume registration periods to ensure proper segregation of duties with respect to cash handling and cash reporting. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established.

Target Date: N/A

#2 We recommend that Park and Recreation continue to aggressively implement online functionality at recreation centers that cannot adequately segregate the cashiering function. The online registration and permitting will provide tighter controls of registration and permitting forms, participant rosters, attendance sheets, and fee waivers.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#3 We recommend that Park and Recreation enforce their policy that checks are restrictively endorsed upon receipt to ensure that checks can only be deposited in the recreation center's bank.

Partly Implemented	The Park and Recreation Department provided a copy of their training materials and will enforce their policy that checks are restrictively endorsed upon receipt to ensure that checks can only be deposited in the recreation center's bank. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established.	Target Date: N/A
#4	We recommend that Park and Recreation enforce their policy that staff should provide a cash register receipt to each patron that pays a permit or registration form fee.	
Partly Implemented	The Park and Recreation Department provided a copy of their training materials and will enforce their policy that staff should provide a cash register receipt to each patron that pays a permit or registration form fee. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established.	Target Date: N/A
#5	We recommend that Park and Recreation revise their procedures to require recreation councils to receive copies of cancelled checks that cleared the bank and require the Parks and Recreation area manager to review copies of cancelled checks in the verification of the monthly bank statement reconciliation process.	
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2012.	Target Date: N/A
#6	<p>We recommend that Park and Recreation:</p> <ul style="list-style-type: none"> • adopt one format for permit logs that lists all permits in numerical order instead of by location. • adopt one format for registration form logs that lists all registration forms in numerical order. 	
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2012.	Target Date: N/A
#7	We recommend that Park and Recreation enforce their policy that the Area Manager or recreation council reconciles cash advances and document this review appropriately.	

- Partly Implemented** The Park and Recreation Department will enforce their policy that the Area Manager or recreation council reconciles cash advances and will document this review appropriately. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established.
- Target Date: N/A
- #8 We recommend that Park and Recreation amend their procedures to require the logging by an independent staff of beginning and ending pre-numbered ticket numbers when tickets are utilized for patron receipts and revenue accounting.
- Partly Implemented** The Park and Recreation Department will require the logging by an independent staff of beginning and ending pre-numbered ticket numbers when tickets are utilized for patron receipts and revenue accounting. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established.
- Target Date: N/A
- #9 We recommend that Park and Recreation implement online registrations for registrations and permits in order to reduce consistency errors in recordkeeping required of the Recreation Center Directors.
- Not Implemented** New recommendation, not enough time for the department to implement before December 31, 2012.
- Target Date: N/A
- #10 We recommend that Park and Recreation administer basic QuickBooks training to Recreation Center Directors who are transitioning from Quicken or a manual system to QuickBooks. Included in the training should be a standard chart of accounts with the basic accounts appropriate for a recreation center/council.
- Partly Implemented** The Park and Recreation Department has made Recreation Center Directors and staff aware of the availability of QuickBooks training and discussed how it would be provided. The Office of the City Auditor needs to perform additional follow up work before full implementation can be established.
- Target Date: N/A
- #11 We recommend that Park and Recreation revise their procedures to require the Area Manager to ensure that the reconciled balance for the monthly bank statement is reconciled with the total asset balance on the monthly financial statement.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

13-006 PERFORMANCE AUDIT OF THE ECONOMIC DEVELOPMENT PROGRAM

(MH)

#1 The City Council's Economic Development and Strategies Committee should review existing City Council policies to 1) clarify when and how frequently the City should submit the Economic Development Strategic Plan to the City Council and the timing for any interim reviews; and 2) establish guidelines for the content of the Economic Development Strategic Plan that requires inclusion of the elements necessary for a robust and comprehensive economic development effort.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#2 The City should immediately undertake an effort to engage in an internal and external coordination process to develop a clear and comprehensive statement of economic development mission and associated goals, objectives, actions, and measures. The City should ensure that the revised strategy addresses the elements set forth in City Council policies, and General Plan guidance, including those elements described in this report. This effort can and should build upon the department-level goals and measures that the City included in its Fiscal Year 2013 Proposed Budget but should be expanded to encompass other City efforts related to economic development. This effort should include regular reporting to City Council's Economic Development and Strategies Committee.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#3 As part of an ongoing strategic planning process, the City should determine necessary points of alignment with the General Plan and other relevant comprehensive city plans to determine how and to what extent those efforts should be formulated in the next version of the economic development strategic plan.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#4 The City should establish and further develop formal and ongoing internal and external coordinating mechanisms specifically related to the City's economic development strategy. This effort should occur in consultation with City Council's Economic Development and Strategies Committee to take advantage of the Committee's oversight and coordinating role with regard to economic development.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

13-007 PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S CHEMICAL PURCHASES

(AH)

#1 The Purchasing and Contracting Department evaluate all market strategies presented above and identify which, if any, would allow the City to achieve further savings for chemical purchases. Additionally, if any of the market strategies require a change in the San Diego Municipal Code, the Purchasing and Contracting Department should work closely with the Office of the City Attorney to present those revisions to City Council for approval in order to ensure that the City can take advantage of these additional processes.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 7/1/2013

#2 The Public Utilities Department in conjunction with the Purchasing and Contracting Department should develop policies and procedures that establish a systematic tracking system of information on chemical prices and availability over time and a system to periodically share this information.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 7/1/2013

- #3 The Purchasing and Contracting Department should work in conjunction with the Office of the City Attorney to formulate legal contracts for the purchases of chemicals that include all the required signatures and the necessary legal language and to ensure that the City can have better control over its prices.
- Partly Implemented** The Purchasing and Contracting Department and the Office of the City Attorney have developed a revised contract template that requires all signatures mandated by the City Charter, including the contractor, the Mayor (or designee), and the City Attorney (or designee). Once we receive a completed contract for chemical purchases using the revised contract template, the recommendation will be considered implemented.
- Target Date: N/A
- #4 The San Diego Fire Department should ensure that it performs all inspections required by law. If resources are not available to ensure that all inspections are performed, the San Diego Fire Department should ensure that the appropriate systems of inspections prioritizations are in place.
- Implemented** The Fire-Rescue Department has adopted an Industrial Inspection procedure establishing a system of inspection prioritization to be used when department resources are not sufficient to complete all required inspections. Under this procedure, sites and businesses with high hazard levels should be prioritized for inspection.
- Target Date: N/A
- 13-008** **PERFORMANCE AUDIT OF THE GENERAL SERVICES DEPARTMENT – FACILITIES MAINTENANCE DIVISION**
- (SA)
- #1 The Department of Public Works should determine the desired level of facilities maintenance for City assets based on the replacement value of those assets, and Facilities’ budget requests should reflect that desired level.
- Not Implemented** New recommendation, not enough time for the department to implement before December 31, 2012.
- Target Date: 6/30/2013
- #2 Facilities should plan and perform regular inventory for the facilities list to ensure accuracy.
- Implemented** Management updated the facilities inventory and sought out updates from affected departments. They produced an updated facilities inventory list.

Target Date: N/A

#3 Facilities management should identify opportunities to refocus its operation from a breakdown maintenance model to one that prioritizes preventative maintenance.

Implemented The Facilities division completed much preventive maintenance (PM) work in the short period from the issuance of the audit report to the deadline for the current reporting period. The PM work was spread across different types of equipment and facilities. The auditee communicated to me that while they can demonstrate PM activity for the period in question; they are in addition developing a report to show percentage of PM work out of total work.

Target Date: N/A

#4 Facilities Maintenance should work with City departments to identify the most effective and efficient operating model and funding structure for facilities maintenance Citywide.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 6/30/2013

#5 Facilities should improve the RIME system as necessary to include all relevant criteria and use the objective system to prioritize maintenance requests.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 12/31/2013

#6 Facilities should develop general controls within iMaint to ensure data reliability.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#7 Facilities should work with the City's OneSD team to determine the best method of integrating the data in Facilities' computerized maintenance management system with other City IT systems, including SAP.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 12/31/2013

13-009 PERFORMANCE AUDIT OF THE REAL ESTATE ASSETS DEPARTMENT

(TT)

#1 The Real Estate Assets Department should update its Portfolio Management Plan to insure that it meets the City's changing needs.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 7/1/2013

#2 The Real Estate Assets Department should prepare a market and financial analysis for the City Administration and City Council to reduce leased office space and move a portion of the City's workforce out of downtown to less expensive office space.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#3 The Real Estate Assets Department (READ) should improve its performance goals by establishing measures, targets, outcomes and outputs for each goal. READ should also annually report its performance and achievements to the City Administration and City Council.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

#4 The Real Estate Assets Department should work with the City Administration and the City Council to draft a policy on rent subsidies to nonprofit organizations that establishes eligibility criteria for recipients, recovers the City's facilities maintenance and upkeep costs for the subsidized space, and fee to recover the costs of preparing, processing, and monitoring leases.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: N/A

13-010 PERFORMANCE AUDIT OF THE CITY'S OVERTIME CONTROLS

(SP)(ML)

#1 The Personnel Department should work in consultation with the City Administration, the Comptroller's Office and the City Attorney's Office to review and revise, as needed, Personnel Regulation, Index Code H-4 to ensure that the regulations are clearly communicated and are not subject to various interpretations.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 7/31/2013

#2 The City Administration should train city employees on the provisions of H-4 and the entry of allowable overtime hours into the City's payroll system.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 7/31/2013

#3 The City Administration should ensure City Departments revise overtime approval forms to provide guidance for employees and the supervisors approving overtime.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 7/31/2013

13-011 PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S VALVE MAINTENANCE PROGRAM

(AH)

#1 Public Utilities Department management should prioritize oversight and training of the valve preventive maintenance scheduler program to ensure that the program is executed effectively. Policies and procedures should be revised to designate responsibility for management-level review of completed work orders on a regular basis to ensure compliance with policy. In addition, the Public Utilities Department should revise existing policies and procedures to ensure that:

- a) Appurtenances are not scheduled for unnecessary preventive maintenance;
- b) All appurtenances requiring preventive maintenance in each grid/area receive it before crews move to another area of the City; and
- c) Preventive maintenance activities are cycled through all areas of the City.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 6/30/2013

#2 The Public Utilities Department should develop performance measurement reports to facilitate effective oversight of and accountability of the valve maintenance program and ensure compliance with the five year maintenance policy. Performance measures to be included in these reports should include:

- a) The number of unique valves and hydrants that have received preventive maintenance during the current maintenance cycle.
- b) The number and percentage of unique valves and hydrants that have been maintained in each geographic area (for example, each Field Book Page) during the reporting period.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 6/30/2013

#3 The Public Utilities Department should develop a procedure to record in the Sewer/Water Infrastructure Management (SWIM) system when crews in the field discover that preventive maintenance could not be performed on an appurtenance. This procedure should ensure that work orders are not recorded as 'complete' in the SWIM system when maintenance work is not actually performed.

Not Implemented

New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 6/30/2013

#4

The Public Utilities Department should implement a risk-based approach to valve and hydrant maintenance. This implementation should entail:

- The development of criteria to determine which valves and hydrants are the most critical. Criteria to be considered should include type of area served, potential for the associated main to break, potential for damage and injury resulting from appurtenance failure, and the water shut-off area if the valve fails to operate.
- The recording of this information in the Sewer and Water Infrastructure Management (SWIM) and System Planning and Locator Application for Sewer and Hydrographics (SPLASH) systems so it is easily accessible to PUD's valve maintenance group when scheduling maintenance activities.
- The development of policies and procedures to schedule maintenance according to the criticality tiers developed. These policies and procedures should be developed in conjunction with other audit recommendations.
- An analysis to determine if the valve maintenance section is properly staffed to meet requirements of the risk based approach.

Not Implemented

New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 12/31/2013

#5

Upon implementation of a risk-based approach to valve and hydrant maintenance, the Public Utilities Department should work with the City's Information Technology provider to produce reports for each maintenance priority cycle. For example, one report should identify maintenance progress made for valves and hydrants on a one-year high priority maintenance cycle, while another report would identify progress made for valves and hydrants on a ten-year low priority maintenance cycle.

These reports should include the number of unique valves and hydrants maintained during the reporting period and should detail maintenance progress made by geographic area, consistent with Recommendation #2, above.

Not Implemented

New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 12/31/2013

#6 The Public Utilities Department should conduct a formal study to determine the most efficient organizational structure and deployment of valve and hydrant maintenance crews. This study should consider whether operational efficiency would be increased by reducing the number of three-person crews. The study should also consider the total number of crews needed to complete all maintenance tasks within the timeframe established by the department. The results of this study should be documented in formal policies and procedures to provide guidelines for appropriate crew size and to ensure that appurtenance maintenance activities are completed in the most efficient and effective manner.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 9/30/2013

#7 Upon completion of the study in Recommendation #7, the Public Utilities Department should work with the Labor Relations Office to present a formal proposal for the restructuring of valve and hydrant maintenance activities to the affected labor unions should reductions in FTE occur as a result.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 12/31/2013

#8 The Public Utilities Department should develop a procedure for crews to note when they encounter a covered valve, and to use the SWIM database to maintain information on valves found covered so that appropriate action can be taken.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 12/31/2013

#9 To prevent future valves from being covered, the Public Utilities Department should provide an up-to-date copy of the Water Field Book to inspectors and to contractors. The Field Engineering Division of Engineering and Capital Projects should ensure that inspectors have access to the Water Field Books and use them effectively when conducting inspections of contractor work to ensure that gate caps remain uncovered.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2012.

Target Date: 4/30/2013

- #10 The Field Engineering Division of Engineering and Capital Projects should formalize the current guidelines for the inspection of capital improvement projects for asphalt overlay by transforming the guidelines into a Standard Operating Procedure.
- Not Implemented** New recommendation, not enough time for the department to implement before December 31, 2012.
- Target Date: 4/30/2013
- #11 The Public Utilities Department develop a procedure to track water loss time and calculate the amount of water loss from hydrant knock overs on a case by case basis.
- Not Implemented** New recommendation, not enough time for the department to implement before December 31, 2012.
- Target Date: 6/15/2013
- #12 The Public Utilities Department should work with the Risk Management Department to develop policies and procedures that ensure water loss cost recovery is based on the current cost of water and the actual amount of water lost.
- Not Implemented** New recommendation, not enough time for the department to implement before December 31, 2012.
- Target Date: 6/15/2013

May 2013

ATTACHMENT D

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

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

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

#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

**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