THE CITY OF SAN DIEGO

SENT TO
AKT 3/30/09

March 30, 2009

Mr. Andrew Maffia, AKT LLP
5946 Priestly Drive, Suite 200
Carlsbad, CA 92008

Dear Mr. Maffia:

Subject: Audit Response – Pay for Performance – Fiscal Year 2008

This is our response to your audit report dated January 20, 2009 for the Water Operations Division FY2008 Bid to Goal Program.

Finding 1
Facility Information Management Section's goal number one was to Map Drawings into GIS within Sixty Days of Receipt. This goal was reported as fully achieved; your audit found it was not achieved. Several drawings were updated after 60 days and some documentation was missing.

Response: We agree and will consider all of the procedural changes recommended.

Finding 2
Part A of System Operations' goal number two was to Inspect and Prepare Reports for 15 Pump Stations and 3 Pressure Zones. The goal was reported as fully achieved; your audit found it was not achieved because the reports were not signed by a supervisor as required in the goal criteria.

Response: We agree and will communicate the importance of following the goal criteria precisely.

Finding 3
The Plants and Labs' goal number two was to Implement Jar Testing by Plant Operators. The goal was reported as fully achieved; your audit found that it was not. Part of this goal required that all Operators be trained by 01/01/08. The audit found that several Operators were trained after that date.

Response: We agree and have communicated the importance of following procedures precisely to these staffs.

DIVERSITY

Operations Division
Water Department • 2797 Caminito Chollas • San Diego, CA 92105-5097
Tel (619) 527-7470 Fax (619) 527-8098

Finding 4
System Operations' goal 3A was to Perform PM Services on Generators and Pump Motors. The goal was reported as fully achieved; your audit found that it was achieved at the 75% level due to errors identified in the database.

Response: We agree and will require more detailed reviews of the SWIM reports prior to audit in the future.

Finding 5
Constructions' goal number one was to Investigate Distribution Leaks within Two Days. The goal was reported as met at the 75% achievement level; your audit found that it was achieved at the 50% level due to errors in the SWIM database and data entry errors.

Response: We agree and will implement your recommendation to conduct internal audits.

Finding 6
The Plants and Lab's goal number one was to Maintain Costs of Certain Tests At or Below Costs at Private Labs. The goal was reported as fully achieved; your audit found that it was achieved at the 75% level due to comparable costs for one test not being collected at the time required by the goal criteria.

Response: We agree. Our goal criteria were modified for FY09 after receiving similar feedback in the FY07 audit.

Finding 7
FIMS and Admin each had one shared goal that was based on the achievements of the programs supported. The achievement level was recalculated based on the audit results.

Response: We agree.

Findings 8 – 13
There were six additional findings where errors and/or omissions were found that did not result in changes to the percents of goals met. The recommendations included:

- Better communication between IT staff and the person responsible for goals
- Conduct internal audits of results prior to the external audit
- Various recommendations for improved procedures and better internal controls

Response: We agree with all findings and recommendations and are taking steps to implement all of them.

Recommendations 1 – 4
One of the deliverables on your contract is to make recommendations for improvements to the Pay for Performance Program. To that end you provided four recommendations, including:

- Improve accountability for tracking goal achievement
- Reduce data entry errors
- Produce results in an Excel worksheet to be sorted and reviewed in an internal audit
- Reconcile summary reports to data worksheets

Response: We agree with all recommendations and plan to implement all of them.

We appreciate your thorough review and constructive findings and recommendations and would like to thank you for your support of our Pay for Performance Program. We found your team to be very thorough and efficient in conducting their field work for this audit.

Sincerely,

Jim Fisher
Deputy Director

SW/ah