THE CITY OF SAN DIEGO

DATE: November 3, 2011

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **Informational Recommendation Follow-Up Report – Abridged for Audit Committee Agenda Item – 3**

During the October 3, 2011 Audit Committee Meeting, the Audit Committee requested that auditees from six issued audit reports provide an implementation update at the November 7, 2011 meeting. To facilitate your discussions with the auditee, we provide a report on the six requested reports and the 61 associated outstanding recommendations as of our period ending July 1, 2011 report. We will continue reporting on open recommendations semiannually for periods ending around June 30th and December 31st.

We provide a short summary of data and attach the status updates for the 61 outstanding recommendations from our July 1, 2011 report. While certain auditees continue to provide evidence to support the implementation of outstanding audit recommendations, we will follow our existing process of evaluating this evidence semiannually. Our next reporting cycle closes December 30, 2011 and we expect to issue our semiannual recommendation follow up report in March 2012.

cc: Honorable Mayor Jerry Sanders
        Honorable City Councilmembers
        Jay M. Goldstone, Chief Operating Officer
        Mary Lewis, Chief Financial 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 July 1, 2011. At the October 3, 2011 Audit Committee Meeting, the Audit Committee requested certain department officials come before the Audit Committee to discuss why implementation efforts are lacking in six issued audit reports. As a result, we have received an influx of recommendations reported as completed and evidentiary documentation. However, any recommendations reported to the Comptroller's Office after July 1, 2011 will be incorporated into our December 2011 report. We will follow our normal process and provide a status update on all outstanding recommendations for the period July 2, 2011 through December 30, 2011 in March 2012.

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.

This memo provides the status on 61 outstanding recommendations for the six audits identified by the Audit Committee. These audits include:

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

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

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

- **10-007**   PERFORMANCE AUDIT OF THE CITY'S STREET MAINTENANCE

- **11-009**   STREET MAINTENANCE: CITY NEEDS TO IMPROVE PLANNING, COORDINATION, AND OVERSIGHT TO EFFECTIVELY MANAGE TRANSPORTATION ASSET

- **11-027**   PERFORMANCE AUDIT OF THE CAPITAL IMPROVEMENT PROGRAM

These submitted recommendations represent 61 of 295 (21 percent) of all open recommendations as of July 1, 2011. The results of our review for this reporting cycle are as follows for the 61 outstanding recommendations:

- 6 recommendations were partly implemented;
- 49 recommendations were not implemented; and
- 6 recommendations were not implemented - disagree.

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 July 1, 2011 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 breaks down open recommendations by their status and the length of time a recommendation remains open from the original audit report date.[1]

Exhibit 1: Audit Recommendation Implementation Aging

Timeframe	Partly Implemented	Not Implemented	Not Implemented-Disagree	Total
0 - 3 Months	0	18	6	24
4 - 6 Months	0	11	0	11
6- 12 Months	0	0	0	0
1 to 2 Years	4	15	0	19
Over 2 Years	2	5	0	7
Total	**6**	**49**	**6**	**61**

As of the reporting cycle ending July 1, 2011, departments and entities began reporting tentative implementation dates for audit recommendations. Most recommendations listed in Appendix A 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 2 presents a breakdown of the number of recommendations scheduled for implementation for each of the City Auditor's semiannual Recommendation Follow-up periods.

Exhibit 2: City Reported Implementation Timelines and City Auditor's Assessment of Recommendation Status

	Total	Partly Implemented	Not Implemented	Not Implemented – Disagree
Past Targets for January 2009 through December 2010	16	3	13	0
Target Implementation for January through June 2011	6	1	5	0
Planned Implementation for July through December 2011	8	2	6	0
Planned Implementation for January 2012 and beyond	21	0	21	0
No Date Provided (N/A)	10	0	4	6
Totals	**61**	**6**	**49**	**6**

We provide a more detailed breakdown of timeline implementation periods for each report in Exhibit 3.

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[1] Timing is rounded to the month.

Exhibit 3   City Reported Implementation Timelines and City Auditor's Assessment of Recommendation Status by Report

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

Total Number of Recommendations Originally Issued	**9**		
Outstanding Recommendations as of July 1, 2011	**7**		
	Recommendation Status		
	Partly Implemented	**Not Implemented**	**Not Implemented - Disagree**
Past Targets for January 2009 through December 2010	# 3, pg.13* # 4, pg.13*	#1, pg.12 #2, pg.12 #5, pg.14 #6, pg.14* #7, pg.14*	
Target Implementation for current period of January through June 2011			
Planned Implementation for July through December 2011			
Planned Implementation for January 2012 and beyond			
No Date Provided			

*   Recommendations reported to Comptroller's as implemented. However, our review found that the auditee did not provide sufficient and appropriate evidence to substantiate an implemented status.

Total Number of Recommendations Originally Issued	19		
Outstanding Recommendations as of July 1, 2011	10		
	Recommendation Status		
	Partly Implemented	**Not Implemented**	**Not Implemented - Disagree**
Past Targets for January 2009 through December 2010	#7, pg.15	#6, pg.15 #15, pg.17* #16, pg.17	
Target Implementation for current period of January through June 2011	#4, pg.15	#11, pg.16 #12, pg.16 #14, pg.16	
Planned Implementation for July through December 2011			
Planned Implementation for January 2012 and beyond		#17, pg.17 #18, pg.17	
No Date Provided			

*   Recommendations reported to Comptroller's as implemented. However, our review found that the auditee did not provide sufficient and appropriate evidence to substantiate an implemented status.

Total Number of Recommendations Originally Issued	12		
Outstanding Recommendations as of July 1, 2011	7		
	Recommendation Status		
	Partly Implemented	**Not Implemented**	**Not Implemented - Disagree**
Past Targets for January 2009 through December 2010		#1, pg.18 #2, pg.18 #8, pg.19 #11, pg.19 #12, pg.20	
Target Implementation for current period of January through June 2011		#9, pg.19 #3, pg.18	
Planned Implementation for July through December 2011			
Planned Implementation for January 2012 and beyond			
No Date Provided			

Total Number of Recommendations Originally Issued	**4**		
Outstanding Recommendations as of July 1, 2011	**2**		
	Recommendation Status		
	Partly Implemented	**Not Implemented**	**Not Implemented - Disagree**
Past Targets for January 2009 through December 2010			
Target Implementation for current period of January through June 2011			
Planned Implementation for July through December 2011	#1, pg.20 #2, pg.21		
Planned Implementation for January 2012 and beyond			
No Date Provided			

11-009   STREET MAINTENANCE: CITY NEEDS TO IMPROVE PLANNING, COORDINATION, AND OVERSIGHT TO EFFECTIVELY MANAGE TRANSPORTATION ASSETS

Total Number of Recommendations Originally Issued	**14**		
Outstanding Recommendations as of July 1, 2011	**11**		
	Recommendation Status		
	Partly Implemented	**Not Implemented**	**Not Implemented - Disagree**
Past Targets for January 2009 through December 2010			
Target Implementation for current period of January through June 2011			
Planned Implementation for July through December 2011		#7, pg.23 #14, pg.24	
Planned Implementation for January 2012 and beyond		#3, pg.22 #4, pg.22 #5, pg.22 #6, pg.22 #9, pg.23 #10, pg.23 #11, pg.23 #12, pg.24 #13, pg.24	
No Date Provided			

	Partly Implemented	Not Implemented	Not Implemented - Disagree
Total Number of Recommendations Originally Issued	24		
Outstanding Recommendations as of July 1, 2011	24		
Recommendation Status			
Past Targets for January 2009 through December 2010			
Target Implementation for current period of January through June 2011			
Planned Implementation for July through December 2011		#7, pg.29 #12, pg.30 #15, pg.31 #23, pg.32	
Planned Implementation for January 2012 and beyond		#8, pg.29 #13, pg.30 #16, pg.31 #17, pg.31 #18, pg.31 #19, pg.32 #20, pg.32 #22, pg. 32 #24, pg.33	
No Date Provided		#1, pg.25 #9, pg.29 #11, pg.30 #14, pg.31 #21, pg.32	#2, pg.25 #3, pg.25 #4, pg.27 #5, pg.28 #6, pg.29 #10, pg.30

November 2011

ATTACHMENT A

Open Audit Recommendations

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

1

The Administration should proactively create a financing plan to pay down the City's Stadium Renovation Bond obligation regardless of the Chargers' tenancy at the Stadium, The plan should detail the financial strategy that the City will follow to maintain the solvency of the Stadium Fund should the Chargers terminate its agreement with the City after 2010. The Administration should continuously update the financing plan throughout the liquidation of the Stadium Renovation Bond principal.

Not Implemented

No change in status from previous reporting cycle. On June 6, 2011, the Stadium Administration indicated to the Audit Committee that all the recommendations have been implemented. A firm was hired to conduct a study to address the recommendations presented in this report. The City Auditor indicated a review of the report by his staff was required to determine if the intent of the recommendations have been satisfied. The Stadium Administration has not provided a copy of the report; therefore, implementation of the recommendation cannot be verified.

Target Date: 6/1/2010

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.

Not Implemented

No change in status from previous reporting cycle. The administration has not provided any documentation to show how they are ADA compliant; nor has it provided documentation to demonstrate how the stadium plans to ensure future compliance to any changes or additions to ADA regulations. In order t to change the status of this recommendation to "implemented," the stadium administration needs to provide sufficient and appropriate documentation that address the current ADA regulations and future plans to proactively ensure compliance to ADA changes or additions.

Target Date: 6/1/2010

# 3	To decrease its dependence on Transient Occupancy Tax (TOT) funding, the Stadium should aggressively pursue agreements with legitimate event producers to help offset its operational costs and the City's outstanding Stadium Renovation Bond principal.
Partly Implemented	No change in status from previous reporting cycle. On June 6, 2011, the Stadium Administration indicated to the Audit Committee that all the recommendations have been implemented. A firm was hired to conduct a study to address the recommendations presented in this report. The City Auditor indicated a review of the report by his staff was required to determine if the intent of the recommendations have been satisfied. The Stadium Administration has not provided a copy of the report; therefore, implementation of the recommendation cannot be verified.

Target Date: 5/8/2009

# 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	No change in status from previous reporting cycle. On June 6, 2011, the Stadium Administration indicated to the Audit Committee that all the recommendations have been implemented. A firm was hired to conduct a study to address the recommendations presented in this report. The City Auditor indicated a review of the report by his staff was required to determine if the intent of the recommendations have been satisfied. The Stadium Administration has not provided a copy of the report; therefore, implementation of the recommendation cannot be verified.

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.
Not Implemented	No change in status from previous reporting cycle. In August 2010, stadium administration issued a memorandum, stating that they now have staff that creates, retains, and approves stadium files on a daily basis. However, the stadium did not provide written policies and procedures to ensure standardized processes are in place to address the recommendation. In order to change the status of this recommendation to "implemented," Stadium Administration must provide sufficient and appropriate documentation to show standardized policies and procedures, which will then have to verify by inspecting process outcomes.

Target Date: 6/1/2010

# 6	In order to avoid delays and inaccuracies of the revenue amounts collected on behalf of the Stadium by the City Treasurer, Stadium management should request that the City Treasurer's Revenue Audit Division complete audits of major Stadium tenants on a timelier basis. If the City Treasurer does not have sufficient staff resources to perform these audits on a timelier basis, then Stadium management should consider having its own staff responsible for ensuring all Stadium revenues are properly billed and received.
Not Implemented	No change in status from previous reporting cycle. The Stadium staff provided email communication from the Revenue Audit manager showing a schedule of audits to be performed in the future. Qualcomm does not have appropriate staff to perform audits. On the other hand, the Office of the City Treasurer conducts audits within their constraints. According to City Treasurer personnel, they conduct audits based on magnitude of revenue every two to three years. In order to implement this, the Treasurer's office needs to take a more active role in Qualcomm audits.

Target Date: 12/3/2010

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

Not Implemented	No change in status from previous reporting cycle. According to Qualcomm staff, they do not forward delinquencies to the City Treasurer's Office. They mentioned that City Treasury staff receives automatic referrals once an account is 30-days past due via an interface file. However, City Treasury staff mentioned that the automatic notifications are contingent upon stadium staff inputting all invoices into SAP.

Target Date: 12/3/2010

10-002	**PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART I** (CO) (MW)

# 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.

<div align="right">Target Date: 12/31/2010</div>

# 11	San Diego Housing Commission (SDHC) should review employee job descriptions and identify; quantifiable and generally applicable criteria for all employees, such as performance evaluation completion, timing and compliance. San Diego Housing Commission should consider the creation of a performance appraisal template for use by all levels of personnel, to include universal evaluation criteria such as the timely completion of the performance evaluations.
Not Implemented	No change in status from previous reporting cycle.

<div align="right">Target Date: 6/30/2011</div>

# 12	San Diego Housing Commission (SDHC) should develop uniform and quantifiable management performance evaluation criteria as an objective measure to aid in the performance evaluations of executive management service (EMS) of subordinate staff (e.g. track the percentage of subordinate staff evaluations that are delinquent or still outstanding by EMS employee and use this metric to objectively compare EMS employee to one another).
Not Implemented	No change in status from previous reporting cycle.

<div align="right">Target Date: 6/30/2011</div>

# 14	City Administration and San Diego Housing Commission (SDHC) should finalize the fiscal year 2008 and 2009 Community Development Block Grants (CDBG) service agreements as soon as possible. The City Administration should consider disbursing the CDBG program specific funding totaling $1,277,478 to SDHC upon receipt of adequate supporting documentation, and expediting the review and disbursement approval for the remaining $648,404.
Not Implemented	No change in status from previous reporting cycle.

<div align="right">Target Date: 6/30/2011</div>

# 15	In collaboration with San Diego Housing Commission (SDHC) personnel, City Planning & Community Investment staff should clearly document the process and reporting expectations to facilitate the efficient and timely submission of reimbursement requests from SDHC. These should be in the form of formalized procedures or departmental guidelines.
Not Implemented	No change in status from previous reporting cycle.

<div align="right">Target Date: 1/31/2010</div>

# 16	As part of the negotiations and communications to clarify the documentation supporting reimbursement requests, San Diego Housing Commission and City Planning and Community Investment staff should assess and correct any documentation inaccuracies or inconsistencies. The contract with the outside consulting firm (ICF) should clearly outline these expectations to develop appropriate and comprehensive internal controls to monitor these types of funding activities.
Not Implemented	No change in status from previous reporting cycle.

<div align="right">Target Date: 11/30/2010</div>

# 17	To ensure compliance with Department of Housing and Urban Development (HUD) terms, San Diego Housing Commission should make the progress of the 350 required housing units a standing agenda item for discussion by the Board, which should include regular reporting from the responsible members of San Diego Housing Commission management.
Not Implemented	No change in status from previous reporting cycle.

<div align="right">Target Date: 6/30/2012</div>

# 18	San Diego Housing Commission (SDHC) should continue to make progress on new development to meet the 350-unit goal, within a five year timeline, and utilize existing undeveloped SDHC owned assets if necessary to accomplish that objective. These expectations should be clearly outlined in future budgetary and business planning documents, and should be included as a defined goal for the responsible members of management and staff as applicable.
Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of June 30, 2012. We will continue to follow up on the recommendation.

<div align="right">Target Date: 6/30/2012</div>

10-003	PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART II (CO) (MW)

# 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

# 8	A new San Diego Housing Commission (SDHC) policy should be drafted, approved, and implemented to accurately reflect the SDHC "Responsibilities Related to the Inclusionary Housing Fund" (similar to P0300.501 and including any updates thereof).
Not Implemented	No change in status from previous reporting cycle.
	Target Date: 12/31/2010
# 9	The existing policy P0300.501 (and the new Inclusionary Housing Fund policy recommended separately) should be updated to include the requirements to account for and report separately both the Inclusionary Housing Fund and the Housing Trust Fund in the audited financial statements as well as the audit for compliance with the AHF Ordinances and any related policies and regulations.
Not Implemented	No change in status from previous reporting cycle.
	Target Date: 3/31/2011
# 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

10-007	**PERFORMANCE AUDIT OF THE CITY'S STREET MAINTENANCE** (EM)
# 1	Expedite the performance of a complete citywide street assessment survey prior to the selection of streets for future citywide resurfacing contracts. If resources are not sufficient for this purpose, the Street Division should expedite its budget request so that resources will be available for a complete citywide assessment as soon as practicable. Data obtained from this survey should be analyzed comprehensively prior to the execution of future street resurfacing contracts, and maintained as a baseline for performance metrics when future assessments are performed.
Partly Implemented	No change in status from previous reporting cycle. According to the department, the assessment survey was approved by City Council on January 11, 2011. The consultant is expected to begin the survey work in February 2011 and be completed by August 2011. The final overall condition index (OCI) report is expected in September 2011. We will continue to follow up on the recommendation during the next reporting cycle.

Target Date: 9/30/2011

2   Ensure that the condition ratings for recently resurfaced streets are effectively updated within the pavement management system in a timely manner. If the Street Division does not have the staff, resources, or expertise necessary to perform field surveys of street conditions, then the Street Division should establish baseline condition ratings for streets that have been recently resurfaced. (e.g. overall condition index (OCI) of 90 for streets that have been recently overlaid with new asphalt) These baseline values should be updated within the pavement management system shortly after the completion of street resurfacing activity.

Partly Implemented

No change in status from previous reporting cycle. The Transportation and Storm Water Department provided data showing that the department has begun updating the pavement management system; however, the department has yet to formalize this updating process in documented policies and procedures. The importance and ongoing nature of this process necessitates documenting and enforcing their updating practices. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 9/30/2011

11-009	STREET MAINTENANCE: CITY NEEDS TO IMPROVE PLANNING, COORDINATION, AND OVERSIGHT TO EFFECTIVELY MANAGE TRANSPORTATION ASSETS
	(EM) (EN)

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

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

Target Date: 12/31/2012

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

Not Implemented   No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2012. We will continue to follow up on the recommendation.

Target Date: 7/1/2012

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

Not Implemented   No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2012. We will continue to follow up on the recommendation.

Target Date: 7/1/2012

 # 6   Develop suggested changes to the San Diego Municipal Code for holding nonlinear cuts into pavement or the use of trenchless technologies to the same requirements as linear trench cuts during the moratorium period.

Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2012. We will continue to follow up on the recommendation.

Target Date: 7/1/2012

# 7	Establish one Citywide subscription and email account for Underground Service Alert notifications within City limits that can be accessed by all relevant departments.

Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2011. The implementation is outside our reporting cycle for this report. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 7/1/2011

# 9	Revise City standards for trench restoration to establish more stringent requirements and ensure that public and private entities restore streets to an acceptable level, such as resurfacing curb to curb.

Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2012. We will continue to follow up on the recommendation.

Target Date: 7/1/2012

# 10	Enforce the formal, specific trench repair requirements and establish stringent penalties for unpermitted work, which: fully cover the cost of current and future degradation, are based on current costs and updated annually, incentivize public and private entities to coordinate street excavations.

Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2012. We will continue to follow up on the recommendation.

Target Date: 7/1/2012

# 11	Require written and complete records of in lieu warranties and moratorium waivers and other information that is needed by Engineering and Capital Projects (E&CP)/Field Engineering to effectively inspect, monitor, and enforce contracts, including tracking this information in Project Tracking System (PTS).

Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of January 1, 2012. We will continue to follow up on the recommendation.

Target Date: 1/1/2012

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

Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of January 1, 2012. We will continue to follow up on the recommendation.

Target Date: 1/1/2012

# 13	Revise current policies and procedures for pavement management and contracts to include conducting thorough and timely site assessments to ensure that cost estimates are as accurate as possible.

Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of July 1, 2012. We will continue to follow up on the recommendation.

Target Date: 7/1/2012

# 14	Define roles and responsibilities for managing resurfacing contracts and providing construction management services and establish a mechanism for internal control and oversight of resurfacing contracts.

Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of December 31, 2011. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 12/31/2011

11-027	PERFORMANCE AUDIT OF THE CAPITAL IMPROVEMENT PROGRAM
(EN) (DM)	

# 1	Develop an effective methodology for identifying the City's deferred maintenance and capital needs.
Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.
	Target Date: N/A

# 2	Include deferred maintenance and capital needs in future capital plans so that the City can make wise investments over time to address them.
Not Implemented - Disagree	We understand that funding priorities driven by federal and state funding sources are resulting in underinvestment for some critical asset types. This underscores the need for identifying these assets and beginning to plan for how to address deficiencies. We note tight financial constraints in the City throughout the report; however, the lack of resources is not an excuse for continuing ineffective processes. The Administration needs to recognize the risks involved by continuing business as usual and place a high priority on beginning to address the issues so that the City can make wise investment over time to address deferred maintenance and capital needs.
	Target Date: N/A

# 3	Assess the best organizational structure for establishing a capital program office to provide key leadership, authority, oversight, and coordination for the Capital Improvement Project (CIP). A. Considering tight financial constraints, identify how the necessary oversight can be provided on an interim basis, for example, by expanding Capital Improvement Project Review and Advisory Committee (CIPRAC)'s roles and responsibilities and providing necessary working level staff, including planners. B. Link key offices related to the CIP with the capital program office, such as CIPRAC and Enterprise Asset Management.

Not Implemented - Disagree

This is a key recommendation to address the needed leadership, authority, oversight, and coordination for the Capital Improvement Project (CIP). We recognize limitations in the General Fund, but oversight of the CIP process and better planning are critical to the City's infrastructure and CIP investments. These funding limitations underscore the importance of ensuring that your investments are spent on the right projects. Further, the Administration should be creative, such as charging the funds needed for a new leader and office to CIP overhead.

Target Date: N/A

4   Assign the following responsibilities to the capital program office. In the interim until the office can be established and is fully functional, assign these responsibilities to appropriate departments or offices to take steps to improve the effectiveness of the Capital Improvement Project (CIP). A. Identify, leverage, and optimize funding sources. B. Streamline and improve coordination and functionality of CIP related processes. Review and assess efficiency of required processes, such as historical and environmental reviews.• Work with the Independent Budget Analyst to identify ways to streamline the docketing process and the number of times that projects are required to obtain City Council approval. C. Improve the interface between SAP and the CIP process. D. Provide administrative support to Capital Improvement Project Review and Advisory Committee (CIPRAC). E. Coordinate various responsibilities of service departments, such as working with Engineering and Capital Projects (E&CP) to monitor and report on capital project activity on a regular basis. Provide coordination of various service department systems for managing various aspects of CIP projects, such as establishing a common project identifier and systems with the capability to interface. F. Develop a multi-year CIP plan that provides transparency over future CIP investments and:• Includes projects beginning in future years; Includes estimates of the impact of projects on the City's operating budget, such as the number of additional positions required and tax or fee implications; and Connects the policies and strategies of the General Plan with the CIP plan and funding sources, and includes specific references to assist the Planning Commission's review for conformance. G. Work with City planning officials and community planning groups to ensure that projects are reviewed for conformance with the General Plan and community plans. H. Obtain input and approval of the CIP plan from stakeholders, including community-planning groups, the Planning Commission and the City Council. I. Incorporate the first year of the plan into the annual CIP budget with a detailed scope and after E&CP's review, including: A schedule for completion for each project, including specific phases and estimated funding. A description of the impact the project will have on the current or future operating budget.• Estimated costs of the project, based on recent and accurate sources of information.• Identified funding sources and personnel for all aspects of the project. J. Communicate with client departments and other stakeholders regarding the CIP process and projects. K. Monitor and report on the status of CIP projects, such as by providing semi-annual updates to the City Council.

Not Implemented - Disagree	We recognize limitations in the General Fund, but oversight of the Capital Improvement Project (CIP) process and better planning are critical to the City's infrastructure and CIP investments. As we have already noted, tight budgetary constraints are not an excuse for continuing with ineffective processes. The current process of using the CIP budget as a plan places a burden on staff that must annually develop a list of projects, rather than going through this process every five years. Further, the budget process takes several months to complete, so the contracting process is delayed. In previous comments, the Administration raised the issue that SAP has impacted the management of CIP projects, but disagrees with our recommendation to improve the interface of SAP and the CIP process.
	Target Date: N/A
# 5	Update financing plans to ensure that appropriate fees are charged. A. Assess whether the scope of financing plans should be expanded to include potential funding sources beyond Developer Impact Fees (DIF), so communities have a mechanism
Not Implemented - Disagree	This recommendation does not suggest fees are increased but suggests financing plans are updated. As a result of the update, some financing plans may either decrease or increase. It is important that the financing plans adequately reflect the current economic rates in order to provide the most benefit to each planning community.
	In previous comments, the Administration states that it is more appropriate to have near-to-mid term CIP priorities in the financing plans but is disagreeing with updating these plans, many of which are well out-of-date.
	As explained in the report, financing plans are currently only used to assess Developer Impact Fees (DIF) and Facilities Benefits Assessment (FBA) monies. While the plans list other potential funding sources available for financing public facilities, it does not specify using those funding sources for specific improvements. As a result, communities are not able to effectively plan for all projects. For example, expensive projects will not be funded unless DIF can cover the cost, which is frequently not the case. Without the change, these projects may never be funded.
	Target Date: N/A

# 6	Effectively prioritize Americans with Disabilities Act (ADA) projects by identifying funding sources and requiring the office to monitor and report progress made on the ADA Transition Plan.
Not Implemented - Disagree	The Administration should make Americans with Disabilities Act (ADA) projects a priority by identifying funds for these projects. Further, we do not believe that the Administration has effectively identified funding sources. The Administration has not dedicated funds for ADA-specific projects for fiscal year 2011. The City has had 14 years to complete projects in the Transition Plan, and 60 or about 28 percent of the 212 projects identified have not yet been initiated. By not sufficiently making ADA projects a priority and ensuring they are fully funded, the City risks noncompliance with Department of Justice ADA requirements.

Target Date: N/A

# 7	Establish a policy for implementing a Citywide asset management program to include a schedule and significant milestones.
Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

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	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

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	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: N/A

# 10	Establish a timeframe and provide needed resources over time for client departments to develop master plans to provide a guide for their contribution to the Citywide Capital Improvement Project (CIP) plan.
Not Implemented - Disagree	We recognize funding limitations, but particularly considering the City's decentralized process for identifying capital needs, departments need to begin to plan for future years, especially if the City continues to use the annual Capital Improvement Project (CIP) budget as its plan. Further, this will provide opportunities for departments to leverage resources and potentially conduct joint projects.

Target Date: N/A

# 11	Revise the charter for Capital Improvement Project Review and Advisory Committee (CIPRAC) to update its mission, authority, and objectives. A. Require that CIPRAC review department projects and priority scores and prioritize projects from a citywide perspective.
Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

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.A. 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	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: 12/31/2011

# 13	Establish department-level performance goals and performance measures and the tools needed, including project delivery cost and timeliness, project quality, and customer satisfaction and feedback systems to monitor and report results and promote continuous improvement.
Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: 3/31/2012

# 14	Develop updated agreements with all client departments to establish project implementation expectations and requirements.
Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: N/A

# 15	Require that client departments assign and maintain a primary point of contact for each project throughout project implementation.
Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: 9/31/2011

# 16	Integrate project scope, budget, and schedule, potentially using the Department's new Project Portfolio Management Integrator, to provide the needed data so that project managers can use EVM or another tool to effectively measure project performance and identify problems in a timely manner. A. Provide detailed information to the client departments on the impact of changes in scope on the budget and schedule of the project.
Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: 3/31/2012

# 17	Develop a uniform procedure for updating project data in Primavera 6 and establish an effective internal review process and accountability for accuracy and timeliness of data. A. Formalize processes to update project content and ensure common criteria used to update data. B. Implement procedures to perform regular inspections of Primavera data to ensure accuracy.
Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: 3/31/2012

# 18	Identify client department reporting needs and provide project update reports to ensure that departments have accurate, up-to-date, and needed information to make sound decisions about projects. A. Solicit feedback from client departments and revise project update content to be specific and pertinent to the need of the asset holder.

Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: 3/31/2012

# 19	Revise the current project closeout process to ensure that tasks are executed and completed in a timely manner.
Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: 3/31/2012

# 20	Conduct project-level post-construction reviews to identify lessons learned and develop recommendations on how to improve future performance. A. Include the frequency of reviews for non-repetitive projects in existing policy on conducting post-construction reviews.
Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: 3/31/2012

# 21	Develop and maintain a database of best management practices resulting from lessons learned and make information available to project managers working on projects of a similar scope and nature.
Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: N/A

# 22	Organize and consolidate Standard Operating Procedures into a standardized Project Delivery Manual and establish oversight and enforcement mechanisms to improve consistency and accountability.
Not Implemented	New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: 3/31/2012

# 23	Require that client departments assign and maintain a primary point of contact for each project throughout project implementation.

Not Implemented   New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: 8/31/2011

24   Develop and formalize an internal process to identify and document the in-service date of capital assets, including initiation and documentation of the process by the Resident Engineer and confirmation by appropriate Engineering and Capital Projects (E&CP) officials.

Not Implemented   New recommendation, not enough time for the department to implement before June 30, 2011. We will continue to follow up on the recommendation.

Target Date: 3/31/2012