THE CITY OF SAN DIEGO

M E M O R A N D U M

DATE: January 23, 2024

TO: Department Directors

FROM: Eric Dargan, Chief Operating Officer
            Andy Hanau, City Auditor

SUBJECT: Process and Guidance for Providing Status Updates for Office of the City Auditor
            Recommendations

The purpose of this joint memorandum is to provide Department Directors and their teams with guidance on the scope, format, and content of the status updates for open audit recommendations, which departments provide to the Office of the City Auditor (OCA) and the Audit Committee twice yearly as part of OCA's Recommendation Follow-up process.

OCA's recommendations are intended to improve the efficiency, effectiveness, equity, and transparency of City government. The goal of the Recommendation Follow-up process is to provide the Audit Committee and OCA, as well as the Mayor, City Council, and the public with key information on the implementation status of OCA recommendations.

The purpose of this revised guidance is 1) to provide more consistency in how departments update OCA and the Audit Committee on the status of open recommendations, including progress made and obstacles encountered, and 2) to simplify the process for departments to provide updates to OCA and the Audit Committee. These changes are the result of ongoing process improvement discussions between OCA and the Compliance Department.

First, the Recommendation Implementation Work Plans (RIWPs) will no longer be required, effective immediately. The RIWP process was established in April 2021 in response to Audit Committee requests for departments to have a planning document setting forth the key steps, timeframes, and process owners outlining how a department intended to implement an agreed-upon audit recommendation. The RIWPs also required OCA to input information regarding the types of evidence the department would need to provide in order to demonstrate that the recommendation, or the intent of the recommendation, had been implemented, to ensure clarity on what information and documentation will be needed. Although this effort was well-intentioned and responsive to the Audit Committee's request, it resulted in departments having to provide updates in both the RIWPs and in the City Auditor's audit recommendation platform, MKInsight. Removing this requirement is intended to lessen

the administrative burden on departments and consolidate recommendation status updates in the MKInsight platform.

Second, departments' implementation status updates for open audit recommendations should be entered only in MKInsight and should follow a consistent format. To simplify the process for providing recommendation implementation updates, MKInsight will be the sole system of record going forward. However, to ensure consistency in the scope and content of updates, and to be responsive to the needs of the Audit Committee and other stakeholders, departments should follow a consistent format that includes the following basic elements: 1) a summary of the key steps or tasks required to implement an agreed-upon recommendation; 2) the status of each step, including whether the step has been completed, or any information on the progress in completing the step; and 3) target timeframes for completing the remaining steps. The updates can and should identify any factors or steps that may be outside of the department's control. For example, an implementation step may be dependent on Council action, or on a budget allocation for additional resources; those factors should be outlined in the updates.

OCA will provide a summary of the evidence required to demonstrate the implementation of an audit recommendation in the Required Documents field within the MKInsight Recommendation Details window. Although the type and scope of information will vary from department to department, the revised format will help ensure that the updates are more consistently presented to OCA, and the Audit Committee, as well as the Mayor, City Council, and other stakeholders.

Attachment 1 provides guidance on the structure, including the suggested level of detail, for how updates should be formatted going forward and effective immediately. In addition, **Attachment 2** provides work instructions for entering recommendation status updates into MKInsight.

Thank you for your attention to this matter. OCA and the Compliance Department are available to answer any questions you have regarding the recommendation follow-up process. Please contact your OCA liaison or the Compliance Department Program Manager Luis Briseño at (619) 629-9073 or LBriseno@sandiego.gov. In addition, OCA staff are always available to provide training to your teams as needed on using the MKInsight platform. Contact your OCA liaison or Danielle Knighten, Deputy City Auditor at (619) 533-3032 or dknighten@sandiego.gov to schedule a training.

Updates for the current recommendation follow-up cycle are due in MKInsight by February 9, 2024. As described in **Attachment 2**, Department Directors are responsible for reviewing the staff members assigned to enter updates into MKInsight and notifying OCA to update the assigned staff as needed to ensure that updates are provided. **Updates are required for all open recommendations, even if they are not yet due.**

For quick access to the open recommendations assigned to your department, OCA's Recommendation Follow-up Dashboard is available here.

Eric Dargan
Chief Operating Officer

Andy Hanau
City Auditor

Attachments: 1. Required Format for Recommendation Follow-Up Updates
               2. MKInsight Instructions for Entering Recommendation Status Updates

cc: Audit Committee
        Matt Vespi, Chief Financial Officer
        David Nisleit, Chief, Police Department
        Colin Stowell, Chief, Fire-Rescue Department
        Deputy Chief Operating Officers

Attachment 1: Required Format for Recommendation Follow-Up Updates

The following requirements are intended to ensure consistency in the scope and content of the updates that departments provide to the Office of the City Auditor (OCA) for audit recommendations they have agreed to implement and to be responsive to the needs of the Audit Committee and other stakeholders. In addition, by following the required format, it is intended that departments will address the following questions commonly asked by the Audit Committee and OCA:

- What key steps are required to implement the recommendation, and what is the status of each step?

- What progress has been made since the last follow-up cycle, and what is the current target implementation date?

- What obstacles has the department encountered that have delayed implementation (additional resources needed, turnover, etc.), and how does the department plan to overcome those obstacles?

Therefore, when entering updates into MKInsight, **departments should follow a consistent format that includes two parts**:

1. A summary of the key steps or tasks necessary to implement the recommendation. This should include:
   a. The status of each step, including the progress made towards completing the step, whether the step has been completed, and/or a target date for completing the step;
   b. Target timeframes for completing the remaining steps; and
   c. Any changes to the steps since the previous follow up cycle, such as if a task was added or if a task was dropped because it was no longer necessary.
2. As needed, a narrative that expands on the summary steps to provide additional context and details. For example, this would include:
   a. A brief explanation as to *why* the step or task needs to be accomplished, *why* the projected date was chosen, *why* a delay in the timing for task completion occurred, or *why* other changes to the original list of tasks or timelines were made.

The updates can and should identify any factors or steps that may be outside of the department's control. For example, an implementation step may be dependent on Council action, or on a budget allocation for additional resources; those factors should be outlined in the updates.

An example of an acceptable update is provided on the following page.

Example:

Recommendation: Parks and Recreation should propose an update to Council Policy XX-XXX.

In "New Update Note" in MKInsight, entered every 6 months, the department enters the update in the following standard format:

Task 1: Council Policy XX-XXX is to be updated by Parks and Recreation but affects the work of several City departments including departments X, Y, and Z. Therefore, Parks and Recreation met with Departments X, Y, Z prior to drafting changes to gather input on policy revision.
Status: Completed September 2023

Task 2: Parks and Recreation takes department input, drafts proposed policy revision, and submits it to City Attorney's Office for review.
Status: Parks and Recreation submitted the draft policy to the City Attorney's Office for the first review in November 2023.

Task 3: Parks and Recreation works with City Attorney's Office to revise draft policy to address feedback.
Status: Planned completion and final draft of policy ready for Council review: December 2023

Task 4: Parks and Recreation presents draft policy to the Community and Neighborhood Services Committee.
Status: Planned for February 2024

Task 5: Parks and Recreation revises the proposed policy as needed, and presents draft policy to Council for final approval.
Status: Planned for March 2024

Parks and Recreation met with the City's Executive Team, as well as departments X,Y,Z to gather information and perspectives on the proposed policy revisions. Parks and Recreation drafted a revised policy and submitted it to the City Attorney's Office for review in November 2023, and a final revision is anticipated by December 2023. Once the revision is finalized, we plan to submit it for the February 2024 Community and Neighborhood Services Committee docket. Parks and Recreation will then revise the draft policy, if necessary, after the C&NS meeting and plans to present the policy for final approval at Council in March 2024.

Parks and Recreation notes that implementing the new policy will require an additional 2 FTE, which Parks and Recreation will request during the FY 2025 budget process.

Notes:
1. The last paragraph of the update is the optional narrative section, which departments should include when providing additional context and/or to explain information from the summary section in greater detail.

2. If departments identify additional resource needs in their update, OCA will highlight those resource needs in its Recommendation Follow-Up Report.

Attachment 2: Instructions for Providing Recommendation Status Updates via MKInsight

This document provides instructions on updating all recommendations assigned to you and your department. It is the department's responsibility to determine which staff should be assigned to each recommendation and are responsible for providing the updates. All recommendations are mutually exclusive, and staff are assigned to each recommendation separately. OCA creates an MKInsight account for each user. Each MKInsight account is linked with the user's City AD account. Users do not enter any credentials, as the credentials will pre-populate for each user; however, the user must be connected to the City's Network to gain access.

When you or your staff click the link http://csdpdcvmkapp01.ad.sannet.gov/11_1/default.aspx? It takes you to the log-on window shown below. To enter the portal, click the "Login to my account" button.

It is OCA's policy to assign each recommendation to the following staff:

- Department Director
- Chief Compliance Officer
- Compliance Department Staff
- Additional Department Director(s) (as necessary – when a recommendation includes the collaboration of two or more departments)
- Departmental staff (as designated by Department Director(s)
- Auditor 1 (OCA Liaison)
- Auditor 2 (OCA Liaison)

Once you enter the portal, you will see all the recommendations assigned to you (and your selected staff).

If you do not see any recommendations displayed, you can select the My Recommendations button to show all recommendations assigned to you. If you still have trouble seeing them, ensure you are connected to the City's Network. If you are and the recommendations are still not there and should be, then contact Danielle Knighten, DKnighten@sandiego.gov, to help you troubleshoot your issue.

If your assigned recommendations are visible, then to access your recommendation, click on "Select" to open your recommendation.

The **Details** tab shows the report from which the recommendation was made.

It also shows the following:

- **Recommendation**
- **Required documents** (the Office of the City Auditor staff will complete this field). This field indicates the documentation OCA requires as evidence that the recommendation has been fully implemented. OCA will be available to discuss any requested revisions with departmental staff to ensure that deliverables are reasonable and understood. As the recommendation is being implemented, management can request updates to required deliverables if alternative means are identified to demonstrate that the intent of the recommendation has been met.
- **Status** – you and your staff will provide OCA with the current status of the recommendation. The drop-down provides the following status options:

When you report a recommendation as **Implemented** after you change the status to implemented, you must upload the supporting documentation as described on page 7. This triggers OCA to take an in-depth look at your update and supporting documentation to determine if the recommendation is implemented. The Auditor reviewing the documentation will reach out to your department contact should they have any questions or need additional information.

Additionally, on the *Details* tab, OCA asks that departments, when appropriate, to **Revise their Target Implementation Date** if they feel they have missed or know they will miss their original/current target date. OCA also documents **Management's Original Response** (Agree or Disagree) and **Management's Response** (management's narrative on their plan to implement the recommendation) from the report's response memo attached to the issued report.

Priority:
| 1 | ▼ |

Management Original Response:
| Management Agrees | ▼ |

Recommendation Benefit:
| Policy Development | ▼ |

Issue Date:
| 7/17/2023 | ▼ |

Target Implementation Date:
| 6/30/2025 | ▼ |

Revised Target Implementation Date:
| < n/a > | ▼ |

Department:
City Administration/ Chief Operating Officer

Management's Responses:
Agree, contingent upon the availability of resources. Fire-Rescue has already been working towards developing an annual Community Risk Assessment Report and has begun collaborating with other City departments to do the work outlined in recommendation 1.1.a. To fulfill all parts of this recommendation, however, the department has preliminarily identified the following staffing needs:
1. 1.00 Program Manager position to lead the Community Risk Assessment Report work that includes oversight of staff and establishing the needed policies, procedures, work plans, and a report of outcomes;

☑ Agreed with Auditee:

You and your department staff can add your updates in the *Update Notes* tab by selecting the **New Update Note** button at the bottom left corner. The Recommendation and Required Documents information are displayed to help ensure your update is recorded for the appropriate recommendation.

Update

| Details | Update Notes | Attachments | Audit Trail | Auditor Support | Staff Assignments |

Unique Reference:

780

Finding:*

24-01: Performance Audit of the City's Brush Management on City-Owned L

Recommendation:*

1.1 To improve accountability for brush management on City-owned land, the Chief Operating Officer should adopt and implement an Administrative Regulation that:

a. Requires the Fire-Rescue Department (Fire-Rescue) to identify and maintain information on the location of lands managed by City departments subject to brush management regulations, and to distribute this information to the relevant City departments; and

Required Documents:

Identification of City-owned lands managed by City departments which are subject to brush management regulations and some way to update this identification information;
Evidence to show that the information in Step 1 was distributed to relevant City departments.
Evidence to show that Fire-Rescue is in some way monitoring whether departments have a plan and capabilities to address areas for which they have brush management responsibilities
Evidence to show that Fire-Rescue evaluated brush management work performed on City-owned land identified in Step 1. This could include spot-checking, asking departments to report that relevant work was performed, or another operationally feasible method.
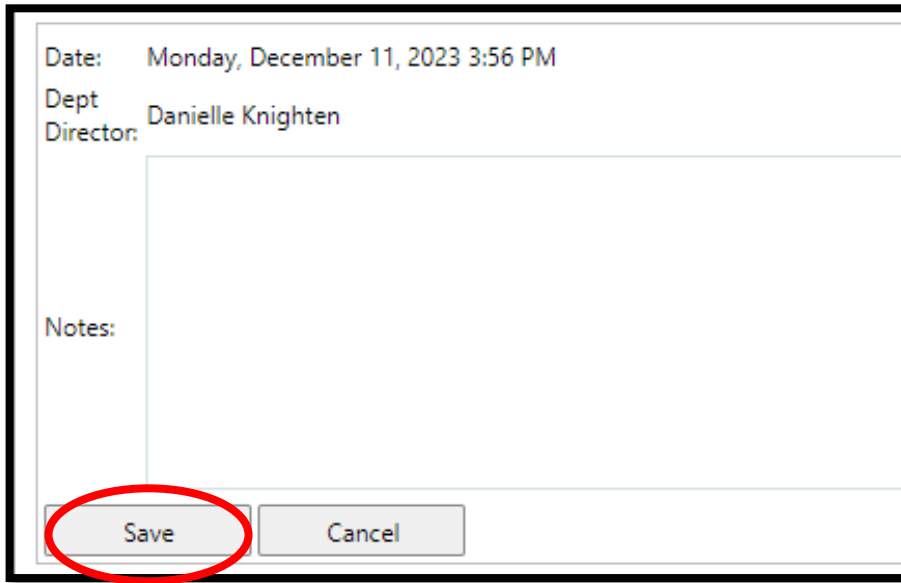Evidence to show that information on Steps 3 and 4 are publicly available.

Update Notes:
There are no update notes found.

| New Update Note | Send Update Request |

When you select the **New Update Note** button, a screen will open, as shown below. You and your department staff will provide your update in this field. Your update should be written in the format described in **Attachment 1**. The update should describe to the reader what steps to implement the recommendation have been completed, what steps are still remaining, and what obstructions have impacted the department's ability to implement the recommendation.

We suggest that all updates are drafted outside of MKInsight, and once it is finalized/approved, then enter your update here. Once the update is entered, it cannot be deleted or modified. OCA publishes the department's updates to the bi-annual Recommendation Follow-up report and the Recommendation Follow-up dashboard. A department's update should be publish-ready.

Once the update is entered, select the **Save** button.

When your department reports a recommendation as **Implemented,** you must attach all supporting documentation for OCA to review. To do this, you go to the **Attachments** tab.

- Enter a file description/name (providing enough details for the auditor to understand the file).
- **Browse Files** to find the supporting document(s) to attach. A separate dialog box will display your file explorer so you can search for your supporting documents to upload.
- Select your supporting document(s) to upload and follow the file explorer prompts.
- Your supporting document(s) will display in the box under **Browse Files** when they are successfully uploaded.
- Select the **Upload** button to complete the upload of your supporting documentation.

Update

| Details | Update Notes | Attachments | Audit Trail | Auditor Suppor~ | Staff Assignments |

Unique Reference:
780

Finding:*
24-01: Performance Audit of the City's Brush Management on City-Owned L

Recommendation:*
1.1 To improve accountability for brush management on City-owned land, the Chief Operating Officer should adopt and implement an Administrative Regulation that:

a. Requires the Fire-Rescue Department (Fire-Rescue) to identify and maintain information on the location of lands managed by City departments subject to brush management regulations, and to distribute this information to the relevant City departments; and

b. Establishes policies and procedures (e.g., requiring the development of periodic workplans with relevant brush management goals, and submittal of these workplans to FireRescue) for Fire-Rescue to proactively monitor City-owned land for compliance with brush management regulations, evaluate the work performed, and provide a publicly-available report of the outcomes to

Required Documents:
Identification of City-owned lands managed by City departments which are subject to brush management regulations and some way to update this identification information;
Evidence to show that the information in Step 1 was distributed to relevant City departments.
Evidence to show that Fire-Rescue is in some way monitoring whether departments have a plan and capabilities to address areas for which they have brush management responsibilities
Evidence to show that Fire-Rescue evaluated brush management work performed on City-owned land identified in Step 1. This could include spot-checking, asking departments to report that relevant work was performed, or another operationally feasible method.
Evidence to show that information on Steps 3 and 4 are publicly available.

Auditor 2:
Kayla Edwards

Dept Director 2:
< n/a >

Dept Director 3:
< n/a >

Dept Director 4:
< n/a >

Dept Supervisor 2:
Luis Briseno

Point of Contact 1:
Tony Tosca

Point of Contact 2:
Colin Stowell

Point of Contact 3:
< n/a >

Point of Contact 4:
< n/a >

Point of Contact 5:
< n/a >

Auditor:
Ofelia Sanchez

Dept Director:
Eric Dargan

Dept Supervisor:
Christiana Gauger

On the **Staff Assignments** tab, you can see who has access to the recommendation from your department and the assigned auditors.

It is the department's responsibility to determine which staff should be assigned to each recommendation. All recommendations are mutually exclusive, and staff are assigned to each recommendation separately.

We recommend that you review your assigned staff periodically to ensure they are accurate. If you need to change your assigned staff, please contact Danielle Knighten (Dknighten@sandiego.gov) to update the assignment.

Once all **Update Notes and the Revised Implementation Date** (if necessary) are entered, the **Status** is changed (if necessary), and **Supporting Documentation is** uploaded for the reported Implemented recommendation, you MUST select the **Update** button (directly above the Details tab) to sync all these changes to the server. If you do not select the Update button, your changes will not be saved, and you will have to re-enter them. Before logging off, verify that **"Successfully saved changes"** is displayed at the top of the screen. If it does, you have successfully updated the recommendation.

The auditors will review the recommendation updates and supporting documentation in preparation for the bi-annual report. They will contact your staff listed here if they have any questions about the updates or supporting documentation.