



September 2011

Audit Recommendation Follow-up Report

*Status Update as of
July 1, 2011*



THE CITY OF SAN DIEGO

DATE: September 6, 2011

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 July 1, 2011. 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 September 2011 Audit Committee meeting.

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

cc: Honorable Mayor Jerry Sanders
Honorable City Councilmembers
Jay M. Goldstone, Chief Operating Officer
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. Any recommendations reported to the Comptroller's Office after July 1, 2011 will be incorporated into our December 2011 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 107 recommendations that were reported as implemented by departments and related entities. These submitted recommendations represent 107 of 295 (36 percent) of all open recommendations. The results of our review for this reporting cycle are as follows for the 295 outstanding recommendations:

- 79 recommendations were implemented;
- 25 recommendations were partly implemented;
- 176 recommendations were not implemented;
- 2 recommendations were not implemented – n/a; and
- 13 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 summarizes the status of open recommendations by audit report in chronological order.

Exhibit 1: Audit Reports and Recommendation Status

Report No.	Report	Implemented	Partly Implemented	Not Implemented ¹
08-010	CENTRAL STORES INVENTORY AUDIT - PURCHASING & CONTRACTING DEPARTMENT	4		
08-019	CASH COUNT AND BANK RECONCILIATION AUDIT - KROLL REMEDIATION OF THE CITY'S BANK RECONCILIATION PROCESS			1
08-020	AUDIT OF PERMITS ISSUED FOR THE BLACKWATER FACILITY			1
09-001	AUDIT OF THE INTERNAL CONTROL REMEDIATION RELATED TO THE SAN DIEGO CITY EMPLOYEES RETIREMENT SYSTEM	1	1	
09-005	AUDIT OF THE 2007 WILDFIRE DEBRIS REMOVAL PROJECT	7		
09-006	HOTLINE INVESTIGATION OF THE JUNIOR LIFEGUARD PROGRAM'S DEPOSITS OF FUNDRAISER MONIES			1
09-008	HOTLINE INVESTIGATION OF THE DUPLICATION OF WATER METER BOX REPLACEMENT WORK	1		
09-013	THE CITY OF SAN DIEGO FACES UNIQUE OPERATIONAL AND ADMINISTRATIVE CHALLENGES IN MANAGING QUALCOMM STADIUM		2	5
09-014	AUDIT OF SAN DIEGO DATA PROCESSING CORPORATION'S COMPENSATION AND BUDGETING PRACTICES	1		
09-015	AUDIT OF THE SAN DIEGO PUBLIC LIBRARY CASH HANDLING (CONFIDENTIAL)	9	4	5
09-016	AUDIT OF ACCOUNTS OF WENDI BRICK, FORMER CUSTOMER SERVICES DIRECTOR, ELMER HEAP, FORMER DEPUTY CHIEF OPERATING OFFICER, JILLANNE (JILL) OLEN, FORMER DEPUTY CHIEF OPERATING OFFICER, AND JOANNE SAWYERKNOLL, FORMER DEPUTY CHIEF OPERATING OFFICER		1	
09-017	PARK & RECREATION POOL AUDIT	4		3
09-021	HOTLINE INVESTIGATION OF PROMOTE LA JOLLA, INC.	1		
09-023	AUDIT OF THE CENTRAL STORES INVENTORY (FY08)	4		1
09-OA-001	SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION PERFORMANCE AUDIT OF OPERATIONS	2	3	3

¹ Includes Not Implemented, Not Implemented – Disagree and Not Implemented – N/A.

Report No.	Report	Implemented	Partly Implemented	Not Implemented
10-001	METROPOLITAN WASTEWATER DEPARTMENT CONTRACT COMPLIANCE AUDIT	6	1	2
10-002	PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART I		2	8
10-003	PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART II			7
10-006	OFFICE OF THE CITY ATTORNEY PROPOSITION 64 FUNDS AUDIT	2		
10-007	PERFORMANCE AUDIT OF THE CITY'S STREET MAINTENANCE FUNCTIONS		2	
10-008	HOTLINE INVESTIGATION OF A CITY COMPTROLLER EMPLOYEE			1
10-009	SAN DIEGO DATA PROCESSING CORPORATION FOLLOW-UP AUDIT			4
10-010	PERFORMANCE AUDIT OF THE CITY TREASURER'S DELINQUENT ACCOUNTS PROGRAM - DEVELOPMENT SERVICES DEPARTMENT		2	7
10-011	CITY CHARTER REQUIREMENTS FOR UNCLAIMED FUNDS	1		
10-013	BID TO GOAL: EFFICIENCIES HAVE BEEN ACHIEVED, BUT IMPROVEMENTS ARE NEEDED IN DOCUMENTATION, MANAGEMENT, AND INTERNAL REVIEW OF THE PROGRAM	1		
10-016	CITYWIDE REVENUE	7	1	5
10-018	PERFORMANCE AUDIT OF THE PURCHASING AND CONTRACTING DEPARTMENT - CITYWIDE OPEN PURCHASE ORDER PROGRAM	3		3
10-019	PERFORMANCE AUDIT OF THE SUBCONTRACTOR OUTREACH PROGRAM (SCOPE)	4		4
10-020	PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES			5
10-OA-001	PERFORMANCE AUDIT OF THE CENTRE CITY DEVELOPMENT CORPORATION	5		
10-OA-003	REVIEW OF THE HIRING PROCESS OF THE DIRECTOR OF PURCHASING AND CONTRACTING		2	
11-001	PERFORMANCE AUDIT OF RISK MANAGEMENT'S PUBLIC LIABILITY AND LOSS RECOVERY DIVISION	6	2	11
11-002	HOTLINE INVESTIGATION REPORT OF ABUSE FROM THE SALE OF SCRAP METAL	1		
11-006	PERFORMANCE AUDIT OF THE FIRE PREVENTION ACTIVITIES WITHIN THE CITY OF SAN DIEGO		1	19
11-007	PERFORMANCE AUDIT OF CITY TREASURER'S DELINQUENT ACCOUNTS PROGRAM			7

Report No.	Report	Implemented	Partly Implemented	Not Implemented
11-008	HOTLINE INVESTIGATION OF CONTRACT ADMINISTRATION WITH THE GREATER GOLDEN HILL COMMUNITY DEVELOPMENT CORPORATION	3		
11-009	STREET MAINTENANCE: CITY NEEDS TO IMPROVE PLANNING, COORDINATION, AND OVERSIGHT TO EFFECTIVELY MANAGE TRANSPORTATION ASSETS	1		11
11-011	AUDIT OF THE ENTERPRISE RESOURCE PLANNING SYSTEM IMPLEMENTATION	4		2
11-013	FOLLOW-UP AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES		1	1
11-017	PERFORMANCE AUDIT OF FIRE-RESCUE'S EMERGENCY MEDICAL SERVICES			11
11-020	PERFORMANCE AUDIT OF THE PARKING ADMINISTRATION PROGRAM			13
11-023	HOTLINE INVESTIGATION REPORT OF EMPLOYEE MALFEASANCE			2
11-024	PERFORMANCE AUDIT OF THE ANIMAL SERVICES AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO			10
11-026	PERFORMANCE AUDIT OF THE TAKE-HOME USE OF CITY VEHICLES			15
11-027	PERFORMANCE AUDIT OF THE CAPITAL IMPROVEMENT PROGRAM			24
	Grand Total	79 (27%)	25 (8%)	191 (65%)

As of July 1, 2011, the distribution of the 295 recommendations is as follows:

No. of recommendations outstanding	Department/Agency	No. of recommendations outstanding	Department/Agency
13	Chief Financial Officer	6	OneSD
4	City Planning and Community Investment Department	7	Park and Recreation
21	City Treasurer	1	Personnel
1	City Comptroller	10	Police Department/Fiscal
11	Development Services Department	10	Public Utilities - MWWD
5	Development Services Department and Public Utilities Department	1	Public Utilities - Water
24	Engineering & Capital Projects, Financial Management, Comptroller's Office, City Planning & Community Investment, and Purchasing & Contracting	15	Public Works Department's Fleet Services Division, the San Diego Police Department, the San Diego Fire-Rescue Department, the City Attorney's Office, and the City Administration
10	Environmental Services Department	4	Purchasing & Contracting/Central Stores
8	Equal Opportunity Contracting Program (EOCP)	11	Purchasing and Contracting Department
32	Fire-Rescue	7	Real Estate Assets
14	General Services/Street Division	20	Risk Management
1	Land Use & Economic Development	17	San Diego Housing Commission
2	Office of the City Attorney	18	San Diego Public Library
2	Office of the Mayor	2	San Diego City Employee Retirement System
5	Office of the Mayor/CCDC	1	San Diego Data Processing Corporation
8	Office of the Mayor/SEDC	4	San Diego Data Processing Corporation & Financial Management

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

Exhibit 2: Audit Recommendation Implementation Aging

Timeframe	Implemented	Partly Implemented	Not Implemented	Not Implemented-N/A	Not Implemented-Disagree	Total
0 - 3 Months	0	0	67	0	8	75
4 - 6 Months	4	1	3	0	0	8
6- 12 Months	11	3	46	0	2	62
1 to 2 Years	29	10	46	0	0	85
Over 2 Years	35	11	14	2	3	65
Total	79	25	176	2	13	295

² Timing is rounded to the month.

As of the current reporting cycle, departments and entities began reporting tentative implementation dates for audit recommendations. Most recommendations listed in Appendix B include self-reported implementation timelines developed by audited departments and entities. The timelines represent the target dates for when the department and/or entities believe each recommendation will be implemented. Exhibit 3 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 3 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 54 recommendations were scheduled to be implemented during January 2011 and June 2011. However, the City Auditor found that only 24 (44 percent) of scheduled recommendations were actually implemented within the anticipated timeframe.

Exhibit 3 City Reported Implementation Timelines and City Auditor’s Assessment of Recommendation Status

	Total	Implemented	Partly Implemented	Not Implemented	Not Implemented – Disagree	Not Implemented –N/A
Past Targets for January 2009 through December 2010	55	26	8	19	1	1
Target Implementation for current period of January through June 2011	54	24	6	23	1	0
Planned Implementation for July through December 2011	71	7	4	60	0	0
Planned Implementation for January 2012 and beyond	55	8	0	47	0	0
No Date Provided (N/A)	60	14	7	27	11	1
Totals	295	79	25	176	13	2

SUGGESTED RECOMMENDATIONS TO BE HEARD AT AUDIT COMMITTEE

The Audit Committee recommended the Office of the City Auditor identify audit reports of interest, so the Audit Committee could discuss at future meetings. Due to the nature of the recommendations or the length of time the recommendation has been outstanding with little progress, the Office of the City Auditor recommends the Audit Committee consider bringing the following reports before a future Audit Committee meeting to ascertain the updated status and implementation timeline for outstanding recommendations.

AUDIT OF THE SAN DIEGO PUBLIC LIBRARY CASH HANDLING (CONFIDENTIAL)

09-015

We will issue a memo to the Audit Committee in October 2011 with a status update on all recommendations related to this report.

FUTURE RECOMMENDATION FOLLOW-UP

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

ATTACHMENTS

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

Attachment B – Open Audit Recommendations includes a chronological listing of all open recommendations as of July 1, 2011, a recommendation status update, and the applicable implementation status. Where the administration did not track or provide an implementation, the recommendation implementation statuses are shown as **Not Implemented**.

Attachment C includes a chronological listing of recommendations that were categorized as **Not Implemented – N/A or Disagree** on the February 2011 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.

September 2011

ATTACHMENT A

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

ATTACHMENT A
RECOMMENDATIONS FOR THE AUDIT COMMITTEE'S ATTENTION

**09-006 HOTLINE INVESTIGATION OF THE JUNIOR LIFEGUARD
PROGRAM'S DEPOSITS OF FUNDRAISER MONIES
(AA)**

1 We recommend the Junior Lifeguard Program adhere to Department wide written policies and procedures for making deposits in a timely manner in accordance with Charter Section 86.

**Not
Implemented -
N/A** Fire-Rescue no longer accepts funds directly for the City's Junior Lifeguard program. A non-profit, San Diego Junior Lifeguard Foundation (SDJLF) was formed on June 3, 2009 to act as the fund raising arm for the Junior Lifeguard program. Information regarding the existence of this entity was obtained from the California Secretary of State.

Target Date: 3/12/2010

**09-017 PARK & RECREATION POOL AUDIT
(DK)**

6 Implement a sign-in sheet for all day swimmers and drop-in water fitness patrons (all patrons who do not fill out a registration form, swim pass or other document) and instruct cashiers and pool managers to reconcile the daily sign-in sheets to cash register transactions as part of cash station balancing.

**Not
Implemented -
Disagree** No change in status from previous reporting cycle. This recommendation has not been implemented, and the department does not intend to implement it. According to the department, they tried the sign-in sheet but felt it did not work since participants were writing false names. The Department stated the use of the sign-in sheets results in poor customer service. According to the department all day swimmer and drop-in water fitness patron fees are rung in the register and a register receipt is provided to the participant. However, the closing cashiers and pool manager do not have any documentation to reconcile the z-tape at closing. Without any reconciliation, there is a risk that not all cash fees collected are captured in the register and deposited into City accounts.

Target Date:

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

5 The City Administration should establish a risk management working group charged with coordinating Risk Management efforts with membership representation from all the major city departments and the City Attorney's Office. This committee should meet at least quarterly and be chaired by the Director of Risk Management or another senior city official.

Not Implemented - Disagree

Professional risk management standards or frameworks recommend the involvement of senior executives in risk management efforts through a working group or a committee. Such committees elevate discussions of risk in an organization, and are particularly important at a time when the City has no alternative structure for coordinating and sharing risk information. The County of Los Angeles and the University of California have both established such groups. The department will not implement the recommendation. Without such a group, the City may not be able to evaluate and respond to enterprise level risks.

Target Date: 8/13/2010

8 Develop additional Risk Management policy and departmental guidance to detail the steps for the proper reporting of claims compliant with Council Policy 000-009. This guidance should specify report contents to satisfy current reporting requirements and subsequently developed ones.

Not Implemented - Disagree

The department disagrees with the recommendation and will not implement the recommendation. The intent of this recommendation was to encourage Risk Management to enhance its reporting of claims to the City Council, City Administration, and City departments. Providing better information to City leaders will allow them to make more informed decisions. Decision makers cannot make informed decisions if they are not provided meaningful information.

Target Date: 3/31/2011

11-017 PERFORMANCE AUDIT OF FIRE-RESCUE'S EMERGENCY MEDICAL SERVICES (JT) (TT)

9 In addition to reporting on the contractual performance of San Diego Medical Services (SDMS), the City should immediately begin reporting actual response time results to the Mayor and City Council consistent with the response time standard specified in the Emergency Medical Services (EMS) agreement between the City and the County of San Diego to guide system improvements. This reporting should incorporate the impact of the City's dispatch process on the assignment of calls.

**Not
Implemented -
Disagree**

Management has indicated that they disagree with the recommendation since it is not consistent with County requirements. As a result, they will not implement this recommendation. The City Auditor's Office is currently conducting an audit of dispatch activities. The audit will address response time issues.

Target Date:

September 2011

ATTACHMENT B

Open Audit Recommendations

**ATTACHMENT B
OPEN AUDIT RECOMMENDATIONS**

**08-010 CENTRAL STORES INVENTORY AUDIT - PURCHASING &
CONTRACTING DEPARTMENT
(MW)**

1.B Ensure you maintain a file of authorization memos for those departments that permit the same individual to authorize the requisition and receive the goods

Implemented The department has moved to an electronic ordering system. According to the Comptroller's Office, the ordering system no longer requires paper authorization since SAP manages the permissions granted by the individual departments.

Target Date: 12/31/2010

2.B Ensure the surcharge percentage billed to Non-City Agencies is sufficient to recoup all of overhead costs incurred by the City to invoice and collect funds from outside Agencies for stock purchases.

Implemented The analysis provided by the department indicates that a study was conducted and a surcharge rate for Outside Agency purchases was established.

Target Date: 1/1/2011

3.B For items with pricing discrepancies due to unit of measure or differing brand name, require Central Stores staff to include descriptive notations in the FleetFocus system.

Implemented Management conducts a daily review of any changes to a stock items unit price to capture variances in inventory pricing. For items with a 15 percent variance, documentation is required and is given a code which is outlined in the Policy and Procedures Manual.

Target Date: 12/31/2010

5 Update the Central Stores' Policy and Procedure Manual.

Implemented Central Stores has completed a Storeroom Policy and Procedures Manual.

Target Date: 12/31/2010

**08-019 CASH COUNT AND BANK RECONCILIATION AUDIT - KROLL
REMEDATION OF THE CITY'S BANK RECONCILIATION PROCESS
(MW)**

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

Not Implemented No change in status from previous reporting cycle. The City Comptroller revised the target implementation date to March 31, 2012. We will continue to follow up on this recommendation during our next reporting cycle.

Target Date: 3/31/2012

**08-020 AUDIT OF PERMITS ISSUED FOR THE BLACKWATER FACILITY
(DM)**

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

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

Target Date: 4/1/2016

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

2 San Diego City Employee Retirement System (SDCERS) should modify their Investment Policy Statement to provide a requirement for all contracts with investment consultants and fund managers to include a clause requiring an annual written disclosure of all financial and personal relationships that may give rise to an actual or perceived conflict of interest and any failure or delay in filing the annual disclosure will result in a penalty, including termination of services.

Implemented San Diego Employee Retirement System updated its Investment Policy Statement in January 2011 which included the requirements identified in the recommendation.

Target Date: 12/31/2010

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

09-005 AUDIT OF THE 2007 WILDFIRE DEBRIS REMOVAL PROJECT (JT)

2 Environmental Services Department (ESD) should invoice Granite Construction Company \$2,223 for weigh tickets that were overbilled to the City.

Implemented

This recommendation has been resolved through a Settlement Agreement and Mutual Release between the City of San Diego and Granite Construction dated April 20, 2011. As a result, this recommendation will be considered implemented.

Target Date: 6/30/2012

3 Environmental Services Department (ESD) should review all of Granite's weight tickets involving debris disposed of at Lakeside Land Company and determine if the City was overbilled because the type of material was inaccurately described.

Implemented

This recommendation has been resolved through a Settlement Agreement and Mutual Release between the City of San Diego and Granite Construction dated April 20, 2011. As a result, this recommendation will be considered implemented.

Target Date: 6/30/2012

4 If the review yields an over billing due to inaccurate material types, the City should invoice Granite Construction Company the amount of the over billings.

Implemented This recommendation has been resolved through a Settlement Agreement and Mutual Release between the City of San Diego and Granite Construction dated April 20, 2011. As a result, this recommendation will be considered implemented.

Target Date: 6/30/2012

5 Environmental Services Department (ESD) should determine if the City should have been billed for the weight ticket that was also charged to the County. If the billing was not applicable to the City's debris removal, ESD should invoice Granite \$678 for the duplicate billing.

Implemented This recommendation has been resolved through a Settlement Agreement and Mutual Release between the City of San Diego and Granite Construction dated April 20, 2011. As a result, this recommendation will be considered implemented.

Target Date: 6/30/2012

6 Environmental Services Department (ESD) staff should work with A.J. Diani staff to determine the best course of action pertaining to the potential under billings for 336.65 tons of debris and for the questionable billings of 85.52 tons of debris. If this determination results in additional payments to A.J. Diani, ESD staff should request timing from FEMA for the additional amount.

Implemented This recommendation has been resolved through a Settlement Agreement and Mutual Release between the City of San Diego and A.J. Diani Construction dated April 22, 2011.

Target Date: 6/30/2012

7 Environmental Services Department (ESD) staff should invoice AJ. Diani Construction Company for \$8,442 in net over billings pertaining to billing discrepancies for a site sign and for street sweeping.

Implemented This recommendation has been resolved through a Settlement Agreement and Mutual Release between the City of San Diego and A.J. Diani Construction dated April 22, 2011.

Target Date: 6/30/2012

14 Environmental Services Department (ESD) staff should ensure that all remaining insurance proceeds received are accurate based on insurance settlement statements.

Implemented The City has received insurance proceeds from related to debris removal services from 108 of the 112 property owners and verified two property owners did not have insurance coverage at the time. With the ongoing assistance of the Office of the City Attorney, the City Administration will continue to pursue insurance proceed repayments from the two remaining respective homeowners.

Target Date: 11/1/2012

09-006 HOTLINE INVESTIGATION OF THE JUNIOR LIFEGUARD PROGRAM'S DEPOSITS OF FUNDRAISER MONIES (AA)

1 We recommend the Junior Lifeguard Program adhere to Department wide written policies and procedures for making deposits in a timely manner in accordance with Charter Section 86.

Not Implemented - N/A Fire-Rescue no longer accepts funds directly for the City's Junior Lifeguard program. A non-profit, San Diego Junior Lifeguard Foundation (SDJLF) was formed on June 3, 2009 to act as the fund raising arm for the Junior Lifeguard program. Information regarding the existence of this entity was obtained from the California Secretary of State.

Target Date: 3/12/2010

09-008 HOTLINE INVESTIGATION OF THE DUPLICATION OF WATER METER BOX REPLACEMENT WORK (AA)

1 We recommend the Water Department recover the cost of the unnecessary duplicate replacements from the contractor and implement more thorough procedures to monitor the project to prevent unnecessary meter box replacements in the future. In addition, we recommend the Department monitor the project to ensure that complete meter boxes (lid and box) are not being replaced when repairs are sufficient to mitigate box problems.

Implemented In our last report, we asked the City Attorney's office to determine the feasibility of collecting the costs from the contractor. The City Attorney's office has determine that it is not feasible to collect the costs of the water meter box replacement from the contractor.

Target Date:

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

**09-014 AUDIT OF SAN DIEGO DATA PROCESSING CORPORATION'S
COMPENSATION AND BUDGETING PRACTICES
(SG)**

2 Develop additional controls over the agency budgeting process to ensure that the required budget approvals are obtained.

Implemented

The City and San Diego Data Processing Corporation (SDDPC) have sufficiently implemented the recommendation. The City and SDDPC have: (1) implemented appropriate controls over the annual budget approval process by updating policies and procedures; and (2) defined the responsibilities and requirements for creating, approving, executing, and monitoring the annual budget.

Target Date: 6/30/2011

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

We will work with the Library to prepare a memo reporting the status of all 09-015 report recommendations. We anticipate issuing this memo in October 2011.

**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
(EN)**

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 provided a draft Administrative Regulation (AR) for Employee Separation with a checklist to be used when employees check in or separate from the City to ensure that all items are returned, including City identification cards and procurement cards (P-Cards). The AR is expected to be finalized in September 2011.

Target Date: 9/30/2011

**09-017 PARK & RECREATION POOL AUDIT
(DK)**

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

**Not
Implemented**

No change in status from previous reporting cycle. The department provided a target implementation date of December 31, 2011. We will continue to follow up on this recommendation during our next reporting cycle.

Target Date: 12/31/2011

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

**Not
Implemented**

No change in status from previous reporting cycle. The department encountered implementation delays; however, the department anticipates implementation around December 31, 2011. We will continue to follow up on this recommendation during our next reporting cycle.

Target Date: 12/31/2011

3 When feasible, eliminate cashiering from staff rotation and limit register use to one staff person for an entire shift. Ensure cashiers balance the cash station according to City Treasurer cash handling procedures at the end of the shift. Instruct pool managers to verify and initial each cashier's balancing documents, and continue to prepare and make deposits. Ensure cashiering staff and pool managers attend Treasurer's Cash Handling Training.

Implemented

The department has limited the register use to one employee during the winter and two employees during the summer. The department's cashiers and pool managers attended the City Treasurer's Cash Handling Training. The department is balancing the cash station as required in the City Treasurer's Cash Handling Manual.

Target Date: 12/31/2010

5 Turn on and use the register receipting function at all sites for all transactions and require staff issue a register receipt to all patrons in addition to the existing forms receipt. Consider adding preprinting on the existing forms receipt that states "not valid without cash register receipt."

Implemented

The Department successfully completed the implementation of the recommendation. The application form contains the recommended verbiage and the receipt function for all transactions are used and attached to the form.

Target Date: 7/31/2011

6 Implement a sign-in sheet for all day swimmers and drop-in water fitness patrons (all patrons who do not fill out a registration form, swim pass or other document) and instruct cashiers and pool managers to reconcile the daily sign-in sheets to cash register transactions as part of cash station balancing.

Not Implemented - Disagree

No change in status from previous reporting cycle. This recommendation has not been implemented, and the department does not intend to implement it. According to the department, they tried the sign-in sheet but felt it did not work since participants were writing false names. The Department stated the use of the sign-in sheets results in poor customer service. According to the department all day swimmer and drop-in water fitness patron fees are rung in the register and a register receipt is provided to the participant. However, the closing cashiers and pool manager do not have any documentation to reconcile the z-tape at closing. Without any reconciliation, there is a risk that not all cash fees collected are captured in the register and deposited into City accounts.

Target Date:

10 Instruct the Supervising Recreation Specialists (SRS) to perform monthly revenue forecasting for each site based on published schedules and historic attendance, and to perform a periodic comparison of forecasted revenue to actual revenue.

Implemented

The department provided sufficient evidence to demonstrate the implementation of the recommendation. The Division Analyst continues to prepare the revenue forecasting based on prior period revenue, with input from the Supervising Recreation Specialists (SRS) and the pool managers. Any variances in the information is discussed during the quarterly meetings.

Target Date:

16 Consider making all pool fees flat rates (by class or by month) and rounded to the nearest dollar.

Implemented The department considered and has rounded most fees to the nearest dollar, but stated the two outstanding fees will remain rounded to the nearest quarter. The department states since all fees are subject to Council Policy 100-05, which utilizes a Consumer Price Index (CPI) inflation estimate or other annually adjusted inflators for increases, these fees could increase from whole dollars to dollars and cents. As an example, if the current water fitness fee of \$3.50 were rounded up to \$4.00 it would be a CPI increase of about 15% resulting in a fee request increase of several dollars at one time. This will have more of an impact on the user than an annual CPI increase. Because the CPI estimates have been so low in the last few years, to reach that increase amount would take about 7 years. The department feels it is better to round fees to the nearest quarter to keep fee increases on track.

Target Date:

09-021 HOTLINE INVESTIGATION OF PROMOTE LA JOLLA, INC.
(AA)

4 Conduct on site visits and other additional oversight of Business Improvement District (BID) and other entities receiving City funds.

Implemented The department provided supporting evidence that substantiates the implementation of site visits which are documented in writing. The department instituted a policy that on-site visits of financial records will be conducted at least once per year. Department staff also provide appropriate and sufficient evidence that additional monitoring activities are conducted.

Target Date: 6/30/2011

09-023 AUDIT OF THE CENTRAL STORES INVENTORY (FY08)
(MW)

2 Develop a written policy requiring departments to notify Storerooms immediately when there are changes in inventory needs to minimize obsolete inventory. Work with departments to identify an effective procedure for this process.

Implemented Administrative Regulation 35.50 serves as the written policy for identification and disposition of Central Stores surplus stock. AR 35.50 requires the departments to promptly notify the Purchasing Agent of any major program change that will affect stock level requirements. Failure to notify the Purchasing Agent will result in the department absorbing the financial loss for any obsolete inventory.

Target Date: 12/31/2010

3 If manual requisitions are used after the implementation of ERP, use internal authorization cards for those employees using manual requisitions to request and receive supplies. If implemented, ensure controls, such as employee names on cards, an annual card expiration date and reports to departments, are put in place to prevent misuse.

Implemented The department has moved to an electronic ordering system. According to the Comptroller's Office, the ordering system no longer requires paper authorization since SAP manages the permissions granted by the individual departments.

Target Date: 12/31/2010

5 Ensure the Enterprise Resource Planning System (ERP) provides accurate inventory reports so Central Stores is able to reconcile beginning to ending inventory and provide this reconciliation to the Comptroller at year end. Ensure ERP provides accurate summary reports related to inventory accounting so Comptroller staff is able to reconcile beginning to ending inventory in the general ledger and ensure the general ledger activity matches inventory activity reports from Central Stores. Comptroller staff should review and document the reasons for variances, if any, between the inventory records and the accounting records.

Implemented Audit staff was provided with excel documents illustrating the reconciliation process between the beginning and ending inventory. In addition, confirmation was provided by Central Stores and Comptroller's staff that reconciliation is provided monthly.

Target Date: 12/31/2010

6 In conjunction with the Comptroller, revise the accounting for storeroom inventory to segregate storeroom purchases from city-wide purchases and consider establishing a clearance account for city-wide purchase orders.

Not Implemented - N/A The Citywide Open Purchase Order Program (CWOPO) has been discontinued and replaced with a Department Open Purchase Order, therefore, this recommendation is no longer applicable.

Target Date: 12/31/2010

7 Document storeroom policies and controls related to storeroom operational risks. Update storeroom procedures at the implementation of the ERP system.

Implemented Central Stores provided the updated Storeroom Policy and Procedures Manual.

Target Date: 3/31/2011

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

8 Southeastern Economic Development Corporation (SEDC) should immediately develop policies and procedures for ensuring proper recordkeeping and storage that include: (1) documentation of Board member opposition to agenda items; (2) preparation of the Board minutes should be accomplished within specific timeframes and posted on the Agency's web site; and (3) filing of tape recordings of SEDC Board minutes in locations fully accessible by the public.

Implemented Southeastern Economic Development Corporation (SEDC)'s Revised Bylaws (Article 13), Operating Agreement (2.05), and Corporate Policies (Chapter 5.0, Section 5.03) require Board minutes be written in addition, posted to the website in a timely manner. Although the policies do not provide a specific timeframe for posting the minutes, the recording of dissenting votes, or the filing of recorded minutes, the minutes are distributed and posted on SEDC's website when the entire meeting material is released to the Board of Directors, based on Robert's Rules of Order. In addition, SEDC has traditionally included any Board opposition and/or concerns as well as the final vote, and retained recordings of Board minutes at SEDC's offices, which are accessible to the public. The practices of SEDC reasonably meet the intent of the recommendation.

Target Date: 1/31/2011

13 Southeastern Economic Development Corporation (SEDC) should amend its merit pay policy and establish maximum amounts that can be awarded.

**Partly
Implemented**

Corporate Policies (6.02) establish guidelines for compensation and schedule, including requiring that merit pay increases greater than five percent of an employee's salary must be approved by the Board of Directors. In addition, employees who are transferred or promoted to a new position may be eligible for an increase of up to five percent of their current salary. Employees may also be awarded a one-time bonus based on individual performance. This recommendation is being marked "Partly Implemented" because, although bonuses must be approved by the Board, the Corporate Policies do not provide maximum amounts that can be awarded. Southeastern Economic Development Corporation (SEDC) considers this recommendation as being fully implemented because it is directed at merit pay which is addressed in Corporate Policies. The City Attorney's Office is reviewing this matter, and we will report an updated status upon its completion.

Target Date: 12/31/2010

18

Southeastern Economic Development Corporation (SEDC) should discontinue all forms of supplement income payments to SEDC staff, except for merit pay as described under current policies.

**Partly
Implemented**

Southeastern Economic Development Corporation (SEDC) Corporate Policies (6.02) establishes guidance and limitations for supplemental income, which includes merit pay salary increases. This is marked as partly implemented because Corporate Policies also allows one-time bonuses, which are not prohibited in the Revised Bylaws or Operating Agreement. The City Attorney's Office is reviewing whether bonuses are considered to be merit pay, and we will report an updated status upon its completion.

Target Date: 1/31/2011

25

Annual work plans should include timeframe for completion of work plan tasks.

**Partly
Implemented**

Annual work plans do not include timeframe for completion of work tasks, because they are part of the budget submission to the City and based on the City's budget format. This format does not include timeframes for task completion. Although Southeastern Economic Development Corporation (SEDC) is providing timelines at a strategic level in its Strategic Plan - which includes 10 strategies, steps for achievement, metrics for success, and timeframe for completion - to fully implement this recommendation, SEDC should include timelines for work plan tasks. According to SEDC, the work plans are prepared on a fiscal year basis and presented and adopted by the City Council as a part of budget discussions. The redevelopment process is an ongoing task, and the status of each task is included with the work plans highlighting which have been accomplished during the fiscal year, so SEDC considers this recommendation fully implemented. We do not believe this meets the intent of the recommendation to include timeframes for task completion.

Target Date: 1/31/2011

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**

According to the Southeastern Economic Development Corporation (SEDC) Director, SEDC has resolved certain matters through civil litigation; any matters related to this recommendation will be handled by the City. The City Attorney's Office is reviewing the feasibility of the City reclaiming supplemental compensation that was not properly authorized, and we will report an updated status upon its completion.

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**

According to the Southeastern Economic Development Corporation (SEDC) Director, SEDC is unclear of the impact of the 403(b) contributions to the City. SEDC is involved in litigation with certain entities; the City is not involved in these litigations. The City Attorney's Office is reviewing this matter, and we will report an updated status upon its completion.

Target Date:

32 The City's Internal Auditing function should conduct an audit within 18 months to review the status of Southeastern Economic Development Corporation (SEDC)'s efforts to implement the recommendations contained in this report.

Implemented The Office of the City Auditor conducts follow up of its recommendations biannually. This requirement is included in the Annual Risk Assessment and Audit Work Plan and reported in Audit Recommendation Follow Up Reports.

Target Date: 3/12/2010

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

Not Implemented According to Southeastern Economic Development Corporation (SEDC)'s Director, the recently adopted Corporate Policies and Procedures do not include guidelines and restrictions on charitable contributions and the City has not identified an Administration contact to complete the recommendation. The City Attorney's Office is reviewing this matter, and we will report an updated status upon its completion.

Target Date: 1/1/2009

10-001 METROPOLITAN WASTEWATER DEPARTMENT CONTRACT COMPLIANCE AUDIT (SH)

1 The Department should periodically review contracts for tax exempt chemicals to ensure that they are not paying unnecessary sales tax. As part of this review, the Department should ensure that Purchasing & Contracting is aware of the use of chemicals purchased for each purchase order.

Implemented The Public Utilities Department has adequately conducted an internal assessment of the purchase and use of tax exempt chemicals at its Wastewater facilities. In addition, Purchasing & Contracting puts the vendor on notice of the tax exempt status of chemicals that qualify for tax exemption.

Target Date: 6/30/2010

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

**Partly
Implemented**

The Public Utilities Department conducted an internal review of the tax-exempt chemical used at its treatment plants to determine the appropriate amount of its reimbursement request. Public Utilities staff has been in communication with the vendor as well as the California Board of Equalization in an effort to recover reimbursement for the City's overpayment of sales taxes on non-taxable chemical purchases identified in audit. As of March 2011, the vendor has provided a partial repayment of \$16,892. Public Utilities is actively working to recover the remainder of its estimated refund. However, the three-year statute of limitation for reimbursement for overpayment to the State will likely limit what the City is able to recover.

Target Date: 3/31/2010

3

Management should document and periodically review the success of the newly implemented procedures as it pertains to the effectiveness of the process in reducing the risk of inaccurate payments.

Implemented

The Public Utilities Department has sufficiently demonstrated its periodic review of vendor payments to determine the effectiveness of the Department's procedures, which reduce the risk of inaccurate payments.

Target Date: 6/30/2010

4

The Department should consider periodically reviewing a sample of purchase orders and invoices for its larger contracts to proactively identify and rectify issues in contracting, billing, and payments.

Implemented

The Public Utilities Department has sufficiently demonstrated its periodic reviews of a sample of its vendor contracts and applicable invoices to ensure appropriate contract, billing, and payments.

Target Date: 6/30/2010

8

Invoice approval staff should make unified written requests to AmeriPride for system adjustments for all active Purchase Orders requiring changes. This practice will prevent confusion and multiple inquiries and requests from the Department. Follow-up on these requests should also be conducted.

Not Implemented

The Public Utilities Department has determined that a centralized approach to addressing invoice errors is not feasible due to the decentralized nature of uniform delivery. However, the Department agreed to the recommendation in its response to the original audit in July 2009. In addition, the Department states that staff meets with a vendor customer service manager when inaccuracies occur and that they have noted improvement because of the meetings. Additional review of invoices received/paid found that the same type of inaccuracies identified in the audit report still existed during fiscal year 2011. We do not find sufficient reason to cease follow-up on the recommendation.

Target Date: 6/30/2010

9

In collaboration with AmeriPride's accounting unit and the City's Purchasing & Contracting Department, the Department's Accounts Payable staff should seek to review a number of invoices containing discrepancies and determine a clear method of invoice review and charge calculation.

Not Implemented

The Public Utilities Department has taken no action to address the numerous inaccuracies occurring in the AmeriPride invoices as it so agreed in the Department response to the original audit in July 2009. The Department feels that the relative immateriality of discrepancies noted in the audit report, in addition to the de-centralized use of AmeriPride's services at numerous facilities, requires no further action because the contract in question is currently out for bid. Additional review of invoices received/paid found that the same type of inaccuracies identified in the audit report still existed during fiscal year 2011. We do not find sufficient reason to cease follow-up on the recommendation.

Target Date: 6/30/2010

10

The Purchasing & Contracting Department should evaluate the benefits of negotiating a flat fee for services based on average expenditure.

Implemented

While the City's evaluation of a flat fee for services has indicated that a change to the current type of pricing schedule may not be appropriate for the City, the Purchasing & Contracting Department has included a flat fee proposal from proposers for its latest Request for Proposal (RFP) for uniform supply services, which it will consider amongst alternative pricing schedules.

Target Date: 8/31/2010

11 The City's Purchasing & Contracting Department should ensure that it maintains up-to-date pricing lists of all appropriate possible charges, updated in its files with each new pricing agreement or change to services rendered.

Implemented The Purchasing & Contracting Department adequately ensures the currency of its files and updates departments when changes are made to Purchase Agreements.

Target Date: 12/31/2010

12 Accounts Payable staff that review AmeriPride invoices should seek consistency in invoice review of charges prior to payment approval and follow procedures for invoice retention.

Implemented The Public Utilities Department has ensured accurate invoice approval in addition, retention through its implementation of a new process narrative. In the future, the City has ensured invoice review staff will be knowledgeable of potentially complex invoices by requiring its next uniform supply vendor to provide repeated staff training and a handbook regarding reading invoices.

Target Date: 6/30/2010

10-002 PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART I (JT) (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.

Target Date: 12/31/2010

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.

Target Date: 6/30/2011

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.

Target Date: 6/30/2011

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.

Target Date: 6/30/2011

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.

Target Date: 1/31/2010

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.

Target Date: 11/30/2010

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.

Target Date: 6/30/2012

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.

Target Date: 6/30/2012

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

10-006 OFFICE OF THE CITY ATTORNEY PROPOSITION 64 FUNDS AUDIT (DK)

1 Review and revise the current policies and procedures for the management of Proposition 64 funds. The policies and procedures should include details on how the funds will be properly recorded, tracked and expended.

Implemented

The City Attorney's Office updated its policies and procedures requiring checks be deposited within 24 hours of the judge signing the final judgment. The policies and procedures also include directives to ensure the safeguarding of the checks until deposits are made.

Target Date: 12/7/2010

6 Include a requirement that money received be deposited daily in your written policies and procedures or take action to amend the San Diego Municipal Code (SDMC) § 22.0706 to include an exception for the City Attorney's Office, so as to not violate the City Charter's requirement for daily deposits

Implemented

The City Treasurer's Office stated an exemption is not necessary since the City is not legally entitled to the funds until the Judge signs the final judgment. The City Attorney's Office updated its policies and procedures to provide direction for properly safeguarding the checks until they are legally deposited. The updated policies and procedures state the checks are to be deposited within 24 hours of the signed final judgment.

Target Date: 12/7/2010

10-007 PERFORMANCE AUDIT OF THE CITY'S STREET MAINTENANCE (AH)

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

**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. 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.

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

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.

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

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**

No change in status from previous reporting cycle. San Diego Data Processing Corporation has stated they will continue to provide City Departments with third party vendor contracts when requested as before. However, they are not providing view access to the contracts as required by the recommendation. We will continue to follow up on the recommendation.

Target Date: 11/30/2009

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

**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

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

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

**Not
Implemented**

No change in status from previous reporting cycle.

Target Date: 3/31/2011

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

**Not
Implemented**

No change in status from previous reporting cycle.

Target Date: 3/31/2011

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

**Not
Implemented**

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

Target Date: 4/30/2010

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

**Partly
Implemented**

No change in status from previous reporting cycle. Steps have been taken to automate this process within the Project Tracking System (PTS) system, and are expected to be completed in June 2011.

Target Date: 6/30/2011

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

**Not
Implemented**

No change in status from previous reporting cycle.

Target Date: 3/31/2011

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

**Not
Implemented**

No change in status from previous reporting cycle.

Target Date: 12/31/2011

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

**Not
Implemented**

No change in status from previous reporting cycle.

Target Date: 5/31/2011

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

**Not
Implemented**

No change in status from previous reporting cycle.

Target Date: 12/31/2011

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

**Partly
Implemented**

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

Target Date: 12/31/2010

**10-011 CITY CHARTER REQUIREMENTS FOR UNCLAIMED FUNDS
(CO)**

1 We recommend that the Office of the City Comptroller consult with the City Attorney to determine the legality of transferring the \$777,832 in unclaimed money to the general fund to be in compliance with the City Charter. If compliance with the City Charter supersedes the California Government Code, the Office of the City Comptroller should ensure appropriate processes and procedures are in place to ensure compliance.

Implemented

The Office of the City Comptroller consulted with and obtained a memorandum of law from the City Attorney's Office pertaining to the legality of transferring the unclaimed money. They also implemented a process narrative to advertise and escheat unclaimed money.

Target Date: 2/28/2011

**10-013 BID TO GOAL: EFFICIENCIES HAVE BEEN ACHIEVED, BUT
IMPROVEMENTS ARE NEEDED IN DOCUMENTATION,
MANAGEMENT, AND INTERNAL REVIEW OF THE PROGRAM
(TT) (EN)**

11 We recommend that the Department establish a structured system for involving all levels of employees in the goal-setting process, such as encouraging participation on goal-setting teams on a rotational basis to obtain ideas and input for improving the efficiency and effectiveness of operations and hold these employees accountable and responsible for each performance measure.

Implemented

Public Utilities has developed extensive processes for employee participation in goal-setting.

Target Date:

**10-016 CITYWIDE REVENUE
(DK) (DM)**

1 Develop a Memorandum of Understanding with the County of San Diego to ensure access to required information allowing the City Treasurer's Revenue Audit Division to review property tax allocations to the City and observe the next State audit of the County.

**Partly
Implemented**

No change in status from previous reporting cycle. The department conducted the study, but the department has not communicated that management completed its review. After management's review of the study, a determination will need to be made as to whether the City of San Diego and the County of San Diego will enter into a Memorandum of Understanding to allow the City Treasurer's Revenue Audit Division access to review property tax allocations and have the ability to observe the next State audit.

Target Date: 6/30/2011

2 The Financial Management Department should take steps to obtain State audits of County property tax allocations, and review any relevant findings/recommendations for purposes of follow up.

Implemented

Financial Management provided sufficient documentation to demonstrate the State Controller's Office report is reviewed, and any findings/recommendations that affect the City's interest are resolved.

Target Date: 10/13/2010

5 The City's Financial Management Department should evaluate the benefits of joining the Teeter Plan, and unless there is compelling information to suggest otherwise, take appropriate steps to become part of the Plan.

Implemented

City Management provided sufficient documentation to demonstrate a thorough analysis was conducted. Based on the analysis, City Management determined it was not currently advantageous for the City to enter into the Teeter Plan.

Target Date: 11/30/2010

6 Consider having the City Treasurer's Revenue Audit Division utilize the free audit training offered by MuniServices, LLC to reduce reliance on MuniServices for future sales and use tax audit services.

Implemented

Financial Management provided sufficient documentation supporting discussions with MuniServices regarding the training they would offer to the City Treasurer's Revenue Audit Division for sales and use tax audits. Additional documentation was provided supporting discussions with another agency, that conducts its own audit of sales and use taxes. After considering the conversations, the City decided it would not engage in sales and use tax audits at this time.

Target Date: 5/1/2011

7

Financial Management should review gross Safety Sales Tax revenues annually in order to verify the accuracy of Safety Sales Tax allocations to the City.

Implemented

Financial Management provided sufficient documentation showing its review of the Safety Sales Tax not only on an annual basis, but also on a monthly basis when the distributions are received.

Target Date: 10/13/2010

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.

Not Implemented

No change in status from previous reporting cycle. The department provided an implementation target date of June 30, 2011, but as of the issuance of this report it has not been reported as implemented.

Target Date: 6/30/2011

11

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

Not Implemented

No change in status from previous reporting cycle. The department provided an implementation target date of June 30, 2011, but as of the issuance of this report it has not been reported as implemented.

Target Date: 6/30/2011

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

Not Implemented

No change in status from previous reporting cycle. The department provided an implementation target date of June 30, 2011, but as of the issuance of this report it has not been reported as implemented.

Target Date: 6/30/2011

15 The City Treasurer's Revenue Audit Division should consider performing audits of court-distributed revenues.

Implemented

The City Treasurer's Revenue Audit Division conducted a cost benefit analysis and determined it was advantageous to complete an audit of County court fees. A county court fee audit is scheduled for FY12.

Target Date: 6/30/2011

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

Not Implemented

No change in status from previous reporting cycle.

Target Date: 1/31/2011

17 The Real Estate Assets Department should develop written policies/procedures for the verification of lease payments.

Not Implemented

No change in status from previous reporting cycle. The department provided an implementation target date of March 1, 2011; however, as of this report issuance, the recommendation remains outstanding. We will continue to follow up on this recommendation and provide a status update on the next reporting cycle.

Target Date: 3/1/2011

22 The Business Tax Compliance Program should develop written policies/procedures for the work it performs.

Implemented The Business Tax Compliance program drafted a process narrative as their policies and procedures document. After City Treasurer Management approved the process narrative, the document was submitted to the Comptroller's office, Internal Controls division for review and approval. The Comptroller's Office reviewed and approved the process narrative.

Target Date: 6/30/2011

23 The Business Tax Compliance Program should expand techniques used for ensuring compliance—including utilization of preventative measures such as informal employee audits—and determine an alternative method for ensuring accurate business size designation.

Implemented The Business Tax Compliance program developed and documented a process to verify that businesses are reporting an accurate employee count, which is used to compute the business taxes paid to the City.

Target Date: 12/31/2010

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

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

Not Implemented No change in status from previous reporting cycle. The department provided a target implementation date of September 30, 2011.

Target Date: 9/30/2011

2 City Management should institute a process and timeline for the elimination of the Citywide Blanket/Open Purchase Order program. Instead, citywide contracts should continue to be established and departments should procure goods and services using the newly revised Departmental Blanket program or some other method that is more efficient and incorporates effective controls.

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

Target Date: 7/31/2012

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

Not Implemented

No change in status from previous reporting cycle. The department provided a target implementation date of September 30, 2011.

Target Date: 9/30/2011

4 City Management should analyze the Stores Revolving fund balance of \$1.4 million to determine if this balance represents a surplus. If this analysis results in the determination of a surplus, it should be transferred back to the applicable funds (general, enterprise, etc.) per the annual appropriations ordinance.

Implemented

Central Stores analyzed its fund balance and operational needs to first identify a prudent reserve. Central Stores determined that its fund balance reserve should be set at \$392,000. The balance of the fund at the beginning of fiscal year 2010 was \$325,000 - less than the prudent reserve.

Target Date: 6/30/2011

5 Central Stores should conduct an annual analysis to ensure that all surcharges (storerooms, mailrooms, etc.) are set at an appropriate level to only recoup the cost of service. This analysis should also include a procedure to transfer any surplus at fiscal year end back to the applicable fund(s).

Implemented

Central Stores analyzed its surcharge, fund balance, and projected revenues and expenditures. Based on its analysis, Central Stores determined that the fiscal year 2011 surcharge should be 5 percent. Central Stores will analyze its surcharge annually and make adjustments if necessary.

Target Date: 2/1/2011

6 City Management should ensure that all departments are aware of discounts and have appropriate procedures in place to ensure that all discounts are taken advantage of for timely payment on City purchases in order to reduce costs.

Implemented The Purchasing and Contracting Department distributed a memo to departments in April 2011 that emphasized the importance of taking advantage of vendor discounts. The memo also reiterated the City's policy that departments submit purchase order requisition forms to Central Stores within 24 hours of receiving materials or services to ensure all vendor discounts are earned. The Purchasing and Contracting Department intends to distribute this memo quarterly as a reminder to departments.

Target Date: 1/31/2011

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

1 The City should collect accurate and comprehensive data that measures the contracting practices in the City.

Implemented The department provided documentation to support that the City is collecting necessary data that measures the contracting practices in the City.

Target Date: 1/21/2011

2 The City should perform a comprehensive disparity study.

Implemented In our last report, we asked the City Attorney's office to determine if a comprehensive disparity study would be beneficial in reducing potential legal challenges and liability. There is no legal requirement to conduct a disparity study.

Target Date:

8 Management should establish an annual goal for City-funded projects in order to measure the progress (or lack thereof) that prime contractors subcontract to the various historically underrepresented contractor groups.

Implemented The department provided documentation to support that management established an annual goal of five percent for City-funded projects in order to measure the progress (or lack thereof) of prime contractors in subcontracting to the various historically underrepresented contractor groups.

Target Date: 2/15/2011

- # 9 Management should provide both committed and actual achievement data like those found in the Final Summary Report when reporting to City Council the performance of Subcontractor Outreach Program.
- Implemented** The department submitted supporting documentation which supports that management is providing Subcontractor Outreach Program (SCOPE) achievement performance data in the Final Summary Report to City Council.
- Target Date: 1/12/2011
- # 10 Program Management should evaluate the extent to which change order work can feasibly be assigned to subcontractors on a per-project basis and require and enforce Subcontractor Outreach Program goals to apply to all feasible change order work to the fullest extent of the law.
- Not Implemented** No change in status from previous reporting cycle.
- Target Date: 2/15/2011
- # 11 Management should review the approaches to increasing contractor diversity outlined in nominations to SARA and continue to consult with other entities for best practice guidance on how to increase the diversity of subcontractors and document the communications.
- Not Implemented** No change in status from previous reporting cycle.
- Target Date: 2/15/2011
- # 12 Equal Opportunity Contracting Program, Engineering and Capital Projects and Purchasing & Contracting should discuss the distinct data Equal Opportunity Contracting Program needs to adequately manage Subcontractor Outreach Program.
- Not Implemented** No change in status from previous reporting cycle.
- Target Date: 8/1/2011
- # 13 Equal Opportunity Contracting Program should obtain direct access to the data it needs to effectively and efficiently administer Subcontractor Outreach Program.
- Not Implemented** No change in status from previous reporting cycle.
- Target Date: 9/15/2011

**10-020 PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES
DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES
(SM) (SH)**

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

**Not
Implemented**

No change in status from previous reporting cycle.

Target Date: 1/31/2011

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

**Not
Implemented**

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

Target Date: 6/15/2010

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

**Not
Implemented**

No change in status from previous reporting cycle. The department missed its revised implementation target date of May 1, 2011 and no additional dates have been provided.

Target Date: 5/1/2011

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

**Not
Implemented**

No change in status from previous reporting cycle.

Target Date: 1/31/2011

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

Not Implemented

No change in status from previous reporting cycle. The department provided a target date of September 30, 2011.

Target Date: 9/30/2011

10-OA-001 PERFORMANCE AUDIT OF THE CENTRE CITY DEVELOPMENT CORPORATION (TT)

1.3 Work with appropriate officials within the City and Agency to determine the feasibility and appropriateness of exploring the introduction of new revenue streams, such as a cost-recovery model for the design review process and imposition of additional Development Impact Fees (DIF).

Implemented

Center City Development Corporation (CCDC) has hired a consulting firm to assist in the analysis of a cost-recovery model for the design review process. The firm completed its study, and CCDC staff has conducted outreach to affected stakeholders and presented its findings to the CCDC Board.

Target Date: 4/30/2011

1.4 Assess and define Center City Development Corporation (CCDC)'s role in promoting economic development and social service delivery through redevelopment efforts. This could include realigning CCDC's service delivery framework to encourage additional activities that are commonly associated with redevelopment, including providing policy guidance regarding the inclusion of economic development and social service activities commonly employed by other successful redevelopment agencies. Examples include, but are not limited to: Facilitating the development of employment-oriented facilities, such as small business incubators, which provide low-cost opportunities for small businesses and other San Diego-based start-up companies; Incorporating covenants within development agreements whereby Agency financial assistance is contingent on the provision of services that advance the economic development goals of San Diego, such as creating a balance of employment and housing opportunities; and/or, Leveraging TIF resource with other funding streams, including grant funding through the United States Department of Housing and Urban Development, to encourage or facilitate additional economic development, blight mitigation, and social service activities.

Implemented

Center City Development Corporation (CCDC) has hired a consultant to assist the corporation in establishing a comprehensive economic development strategy for downtown. Additionally, staff obtained the approval of the CCDC Board to negotiate to acquire a parcel for business incubator space.

Target Date: 6/30/2011

2.1 Develop a comprehensive set of policies and procedures to provide guidance and increase internal controls over procurement, contracting, use of on-call agreements, accounts payable, payroll, and fiscal operations, and clarify roles and responsibilities of staff involved.

Implemented

The Center City Development Corporation (CCDC) Board adopted a comprehensive set of policies and procedures on November 17, 2010.

Target Date: 12/31/2010

2.2 Train staff on established procedures to ensure both staff and management share the same expectations.

Implemented

Staff committed to training employees on updated policies in a report to the Center City Development Corporation (CCDC) Audit Committee outlining the timeframe for updating policies. Additionally, the new Bylaws require that CCDC staff and board members receive training on policies, ethics, governance, and fiduciary duties.

Target Date: 6/30/2011

2.9 Consider developing a contract close-out procedure and/or checklist to better ensure necessary information is memorialized. Information could include: Contract start and end date; Expected completion date; Initial contract amount; Total change orders or amendments; Total expenditures; Deliverable schedules and deliverables; and, Key decisions surrounding change in scope.

Implemented Center City Development Corporation (CCDC) has created and filled a new position of Contracts Manager and has developed a contract close-out procedure.

Target Date: 1/31/2011

10-OA-003 REVIEW OF THE HIRING PROCESS OF THE DIRECTOR OF PURCHASING AND CONTRACTING (EB)

3 Direct the Chief Operating Officer to assign an appropriate City Department the responsibility to conduct the following steps in hiring upper-level officials. Lead unclassified higher-level official recruiting efforts, including creating, posting, and advertising job announcements and gathering resumes. Obtain candidate statements of authentication regarding qualifications and background in writing (use City application as a guide). Validate and verify education, experience, and professional credentials as well as conduct media/Internet background searches prior to conducting interviews. Screen applicants and forward to hiring departments the best-qualified candidates based on resume experience prior to formal interviews.

Partly Implemented No change in status from previous reporting cycle.

Target Date:

5 Assure that the Assistant Chief Operating Officer participates with the hiring department in the negotiation of salary, benefits and miscellaneous expense, such as moving costs, for all unclassified upper-level officials.

Partly Implemented No change in status from previous reporting cycle.

Target Date:

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

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

Not Implemented No change in status from the previous reporting cycle. The department has extended its target implementation target date to June 30, 2012.

Target Date: 6/30/2012

2 Risk Management should annually survey City departments about their informational needs and analyze historical claims data and provide departments with reports on a monthly or quarterly basis.

Partly Implemented No change in status from the previous reporting cycle. The department has extended its target implementation target date to August 31, 2011.

Target Date: 8/31/2011

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

Not Implemented No change in status from the previous reporting cycle. The department has extended its target implementation target date to October 30, 2011.

Target Date: 10/30/2011

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

Partly Implemented The City Attorney's Office has provided Risk Management with a memorandum on this matter. However, the City Administration has not yet taken up this issue for discussion by the City Council.

Target Date: 12/31/2010

5 The City Administration should establish a risk management working group charged with coordinating Risk Management efforts with membership representation from all the major city departments and the City Attorney's Office. This committee should meet at least quarterly and be chaired by the Director of Risk Management or another senior city official.

Not Implemented - Disagree

Professional risk management standards or frameworks recommend the involvement of senior executives in risk management efforts through a working group or a committee. Such committees elevate discussions of risk in an organization, and are particularly important at a time when the City has no alternative structure for coordinating and sharing risk information. The County of Los Angeles and the University of California have both established such groups. The department will not implement the recommendation. Without such a group, the City may not be able to evaluate and respond to enterprise level risks.

Target Date: 8/13/2010

6

Risk Management should develop a detailed safety training curriculum for City employees and deliver this training on a regular basis. The Public Liability and Loss Recovery Division should develop detailed informational material regarding its services and post it on the City website. Training and informational material should be targeted to areas and activities with high public liability losses and addressing frequently asked questions.

Implemented

Risk Management has posted safety training information on its website.

Target Date: 3/15/2011

7

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

Not Implemented

The department has extended its implementation target date to December 30, 2011.

Target Date: 12/30/2011

8

Develop additional Risk Management policy and departmental guidance to detail the steps for the proper reporting of claims compliant with Council Policy 000-009. This guidance should specify report contents to satisfy current reporting requirements and subsequently developed ones.

Not Implemented - Disagree

The department disagrees with the recommendation and will not implement the recommendation. The intent of this recommendation was to encourage Risk Management to enhance its reporting of claims to the City Council, City Administration, and City departments. Providing better information to City leaders will allow them to make more informed decisions. Decision makers cannot make informed decisions if they are not provided meaningful information.

Target Date: 3/31/2011

- # 9 Risk Management should formalize and document the claim reserving approach and periodically review it with the City's actuary.
- Implemented** Risk Management has documented its claims reserving approach.
- Target Date: 12/31/2010
- # 10 Risk Management should properly document and maintain each annual marketing effort in relation to insurance premiums to retain historical self-insured retention limits, excess liability coverage's and available premiums.
- Implemented** Risk Management is now retaining documentation of marketing efforts.
- Target Date: 6/30/2011
- # 11 Risk Management should prepare formalized annual reviews of historical premiums, actual losses and reimbursements. These reviews would include the self-insured retention limit, excess liability limits, and related premiums on an annual basis to assess the best limits to maintain and validate the reasonableness of insurance costs. This is typically done in conjunction with the preparation of the City's annual budget and the city's annual renewal of its insurance. Risk Management will continue its practice of annual insurance reviews an in conjunction with the FY2012 budget development will document this process by the fourth quarter of FY2012.
- Not Implemented** No change in status from the previous reporting cycle. The department has provided an implementation target date of June 30, 2012. We will continue to follow up on the recommendation.
- Target Date: 6/30/2012
- # 12 Risk Management should develop additional policy, procedure and departmental guidance to detail the process and expectations related to the periodic internal and external reviews of insurance coverage's and premiums, and the documentation thereof.
- Not Implemented** No change in status from the previous reporting cycle. The department has extended its implementation target date to June 30, 2012. We will continue to follow up on the recommendation.
- Target Date: 6/30/2012

- # 13 Risk Management should review documented and undocumented processes for current reporting, practices, roles and responsibilities to ensure that Risk Management has a strong documented loss recovery function in compliance with Administrative Regulation 45.80 and best practices. These processes should incorporate formalized communication about and advertisement of the loss recovery function, including on the internal and external Risk Management websites.
- Not Implemented** No change in status from the previous reporting cycle. The department has provided an implementation target date of December 31, 2011. We will continue to follow up on the recommendation during our next reporting cycle.
- Target Date: 12/31/2011
- # 14 Risk Management should seek additional actuarial analysis or reviews for risk control, cost allocations, and claims reviews to assist with loss management processes and the implementation of loss prevention programs. Any newly created and existing actuarial analysis should be incorporated into the proposed annual reporting that we separately recommended Risk Management prepare.
- Not Implemented** No change in status from the previous reporting cycle. The department has extended its implementation target date to October 30, 2011. We will continue to follow up on the recommendation during our next reporting cycle.
- Target Date: 10/30/2011
- # 16 Risk Management should review and update claim-related City Council Policies, Administrative Regulations and forms to ensure consistency with current processes, organizational structure and overall expectations, and periodically perform ongoing reviews of those documents for accuracy.
- Not Implemented** No change in status from previous reporting cycle. In Management's original response they anticipate implementation by the end of the first quarter in fiscal year 2012.
- Target Date: 3/31/2012
- # 17 Risk Management should resolve the discrepancy between the CA Government Code and Section 110 of the City Charter regarding the time limit for submitting claims against the City.
- Implemented** Risk Management has obtained an analysis from the City Attorney's Office regarding this issue.
- Target Date: 6/30/2011

19 Risk Management should obtain or develop formalized staffing and workload benchmarking to monitor workload levels, measure staff performance and substantiate future budgetary requests.

Implemented Public Liability has developed a process for reviewing claims adjuster workloads biannually.

Target Date: 8/31/2010

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

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

Target Date: 12/31/2011

23 The City Administration should transfer the responsibility for vehicle post-storage hearings being performed by Risk Management to the San Diego Police Department.

Implemented The Police Department is now conducting all post storage hearing requests.

Target Date: 1/31/2011

11-002 HOTLINE INVESTIGATION REPORT OF ABUSE FROM THE SALE OF SCRAP METAL

(AA)

1 Based on our observations during this investigation we recommend that the General Services Department implement a process to manage and monitor scrap metal, especially for the more valuable metals of copper, brass, and aluminum. The process should include: All proceeds from the sale of scrap metal should be deposited with the City's General Fund; Affirmation by top management that recycling of appropriate materials is an integral part of all employee's duties; Utilize the citywide contract for all scrap metal recycling transactions; Establishment of a log or other procedures to track scrap metal and other recyclables as they are returned to the division's headquarters; the scrap inventory log should be reconciled with vendor records to ensure that scrap metal and other recycling proceeds are properly deposited; Utilize the In-Town Reimbursable Expense procedures detailed in Administrative Regulation 95.40 to fund the Safety Awards dinner and other employee recognition events.

Implemented Facilities Maintenance has joined the City-wide contract for scrap metal recycling. On 2/25/2011 the department notified us that a vendor pickup was made at 20th and B Streets and the proceeds for recycled metal picked up from the bins totaled \$3,089.86.

Target Date: 9/30/2010

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

(CO)

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

Not Implemented No change in status from previous reporting cycle. The department has 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

- # 3 The Fire Prevention Bureau should replace its practice of canceling CEDMAT inspections with a justifiable prioritization schedule that varies the frequency of inspections according to risk.
- Not Implemented** No change in status from previous reporting cycle. The department has 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
- # 4 The San Diego-Fire Rescue Department should ensure that the Fire Prevention Bureau maintains adequate documentation and data systems which provide reliable and accurate information on the universe of inspections, inspections performed, cancelled, and overdue. The Fire Prevention Bureau should use this information to appropriately plan inspection activities.
- Not Implemented** No change in status from previous reporting cycle. The department has provided an implementation target date of September 30, 2011. We will continue to follow up on the recommendation.
- Target Date: 9/30/2011
- # 5 The Fire Prevention Bureau should increase the time inspectors spend on direct inspection activity to match established department goals.
- Not Implemented** No change in status from previous reporting cycle. The department has provided an implementation target date of September 30, 2011. We will continue to follow up on the recommendation during our next reporting cycle.
- Target Date: 9/30/2011
- # 6 The San Diego Fire-Rescue Department should assess the adequacy of their inspection related performance measure for its Fire Company Inspection Program (FCIP) unit to ensure the measure tracks compliance with the annual inspection requirements.
- Partly Implemented** No change in status from previous reporting cycle. The San Diego Fire-Rescue Department informed us that it changed the Fire Company Inspection Program (FCIP) unit performance measure to: 1. Percentage of annual inspections initiated within 30 days of annual inspection date. Baseline 90% 2. Percentage of annual inspections completed within 90 days of annual inspection date. Baseline 90% However, we will need to obtain a copy of the updated Tactical Plan when it is finalized to consider this recommendation fully implemented.
- Target Date:

- # 7 The San Diego Fire-Rescue Department should assess current staffing requirements for providing inspection services that are fully cost recoverable, and as part of the assessment consider the use of alternatives services to supplement and/or enhance inspection activity.
- Not Implemented** No change in status from previous reporting cycle. The department has 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
- # 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.
- Not Implemented** No change in status from previous reporting cycle. The department has 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
- # 9 The Fire Prevention Bureau should update policies and procedures making database completeness and accuracy a high priority.
- Not Implemented** No change in status from the previous reporting cycle. The department has provided an implementation target date of September 30, 2011. We will continue to follow up on the recommendation during our next reporting cycle.
- Target Date: 9/30/2011
- #10 The Fire Prevention Bureau should develop policies and procedures and implement controls addressing the following areas: Defining the process for obtaining, maintaining, entering, and modifying inspection status information in the management information system; Clarifying responsibilities for communication of inspection status between inspectors and data personnel; Establishing the manner in which the information system is managed; Discussing employees’ roles and responsibilities related to internal controls and data management.
- Not Implemented** No change in status from previous reporting cycle. The department revised the implementation date to September 30, 2011. We will continue to follow up during our next reporting cycle.
- Target Date: 9/30/2011

- # 11 The Fire Prevention Bureau should work closely with the consultant hired to install the new data management system to ensure critical fields are only accessible by appropriate personnel, or if this is impractical establish mitigating controls to monitor the appropriateness of data access and modification.
- Not Implemented** No change in status from the previous reporting cycle. The department has provided an implementation target date of September 30, 2012. We will continue to follow up on the recommendation.
- Target Date: 9/30/2012
- # 12 The Fire Prevention Bureau should work closely with its Field Collection Unit consultant and IT staff to ensure that information transferred to the new system is corrected as soon as possible.
- Not Implemented** No change in status from previous reporting cycle. The department revised the implementation date to September 30, 2011. We will continue to follow up during our next reporting cycle.
- Target Date: 9/30/2011
- # 13 The Fire Prevention Bureau should retroactively invoice for the inspections that were not invoiced at the time they were performed due to data errors.
- Not Implemented** No change in status from previous reporting cycle. The department revised the implementation date to September 30, 2011. We will continue to follow up during our next reporting cycle.
- Target Date: 9/30/2011
- # 14 The Fire Prevention Bureau should develop a systemic and documented approach towards billing for, and recovering, unpaid inspection fees related to high rise inspections.
- Not Implemented** No change in status from previous reporting cycle. The department revised the implementation date to September 30, 2011. We will continue to follow up during our next reporting cycle.
- Target Date: 9/30/2011
- # 15 The Fire Prevention Bureau should resume and retroactively bill for inspections performed on high rises once the City Council approves the new fee structure.

Not Implemented

No change in status from previous reporting cycle. The department revised the implementation date to September 30, 2011. We will continue to follow up during our next reporting cycle.

Target Date: 9/30/2011

16

The Fire Prevention Bureau should bring before City Council a recommended policy and protocol for future fee deferral that determines when the Mayor has the discretion to grant approval for discontinuing billing for services rendered.

Not Implemented

No change in status from previous reporting cycle. The department revised the implementation date to September 30, 2011. We will continue to follow up during our next reporting cycle.

Target Date: 9/30/2011

17

The Fire Prevention Bureau should identify the capabilities and resources necessary to maintain a brush management tracking system which is up to date, retains relevant inspection information, and is used to efficiently and effectively deploy inspection resources.

Not Implemented

No change in status from previous reporting cycle. The department revised the implementation date to September 30, 2011. We will continue to follow up during our next reporting cycle.

Target Date: 9/30/2011

18

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

Not Implemented

No change in status from previous reporting cycle. The department revised the implementation date to September 30, 2011. We will continue to follow up during our next reporting cycle.

Target Date: 9/30/2011

19

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

Not Implemented

No change in status from previous reporting cycle. The department revised the implementation date to September 30, 2011. We will continue to follow up during our next reporting cycle.

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.

Not Implemented

No change in status from previous reporting cycle. The department revised the implementation date to September 30, 2011. We will continue to follow up during our next reporting cycle.

Target Date: 9/30/2011

23 The Park and Recreation Department Open Space Division should conduct a new cost benefit analysis for future contracts and determine the most cost effective option to provide brush management services.

Not Implemented

No change in status from previous reporting cycle. The department has provided an implementation target date of September 30, 2011. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 9/30/2011

11-007 PERFORMANCE AUDIT OF CITY TREASURER'S DELINQUENT ACCOUNTS PROGRAM (CO)

1 The Delinquent Accounts Program should assess the benefit of using a third-party collection agency to supplement its in-house collection efforts and report the results of the assessment to the Chief Financial Officer in order to take the appropriate action.

Not Implemented

No change in status from previous reporting cycle. The department revised the implementation date to July 31, 2011.

Target Date: 7/31/2011

2 The Delinquent Accounts Program, in consultation with the City Attorney, should publish a list of top debtors on the City's public website and update the list at a set interval, such as monthly or quarterly to the extent allowable by law.

Not Implemented

No change in status from previous reporting cycle.

Target Date: 4/30/2011

3 The Delinquent Accounts Program should actively pursue inclusion in the federal offset program.

Not Implemented

No change in status from previous reporting cycle. The department provided an implementation date of September 30, 2011. We will continue to follow up during our next reporting cycle.

Target Date: 9/30/2011

4 The Delinquent Accounts Program should determine if additional government databases are accessible including, but not limited to, State of California Employment Development Department and court bankruptcy records.

Not Implemented

No change in status from previous reporting cycle.

Target Date: 6/30/2011

5 The Delinquent Accounts Program should assess if there are other City Departments with customer data available that could be used to enhance collection efforts. This assessment should ensure the Program has maximized its access to all available City databases and systems containing customer information, such as the customer data within the Water Utilities billing system.

Not Implemented

No change in status from previous reporting cycle.

Target Date: 6/30/2011

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

Not Implemented

No change in status from previous reporting cycle. The department provided an implementation date of September 30, 2011. We will continue to follow up during our next reporting cycle.

Target Date: 9/30/2011

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

Not Implemented

No change in status from previous reporting cycle. The department provided an implementation date of September 30, 2011. We will continue to follow up during our next reporting cycle.

Target Date: 9/30/2011

11-008 HOTLINE INVESTIGATION OF CONTRACT ADMINISTRATION WITH THE GREATER GOLDEN HILL COMMUNITY DEVELOPMENT CORPORATION (AA)

1 We recommend that the Office of Small Business (OSB) establish policies and procedures to require written documentation of all on-site inspections required by maintenance agreements with the City and non-profit corporations retained to provide services. The report or checklist should include but not be limited to date and time of visit, list of participants, records reviewed, specific topics of discussion, observations made by the OSB staff member, and list of any follow-up actions as a result of the visit.

Implemented

The agreements and San Diego Municipal Code require on-site visits. The department provided evidence that demonstrate on-site visits are documented using a checklist that was created for the inspections.

Target Date: 7/1/2011

2 We recommend that the Office of Small Business establish policies and procedures to verify that procurement policy guidelines are being followed by recipients when payments to an individual vendor exceed any threshold amounts that require the contracting agency to seek multiple bids prior to award. This may include periodically reviewing recipient's procedures used to ensure compliance with the procurement policy guidelines during on-site visits.

Implemented

Although staff does review the monthly expenditures and reviews the amounts paid to vendors, staff ultimately relies on the Non-profit Corporation and the independent year-end audit statement to show proof of compliance. It may be appropriate for the audit provision in the MAD agreement to be amended to require the independent auditor to also test for compliance with procurement requirements.

Target Date: 7/1/2011

3

We recommend that the Office of Small Business determine what actions should be taken regarding the Greater Golden Hill Community Development Corporation (GGHCDC) not following the City’s contract (or procurement guidelines) in its transactions with a vendor by not receiving three price proposals for expenditures between \$5,000 and \$25,000.

Implemented

Per the Office Small Business (OSB) staff, they believe the Greater Golden Hill Community Development Corporation (GGHCDC) complied with the Competitive Bidding Requirements for contracts awarded by Non-profit Corporations listed in the MAD Ordinance/San Diego Municipal Code Division 2, Article 5, Chapter VI (amended 06-08-1998). As a result, no additional actions will be conducted, however, general adherence to the procurement requirements could be tested as part of the annual independent audit.

Target Date: 7/1/2011

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

8 Establish written policies and procedures and internal controls for inspections of work performed by private entities to ensure compliance with permit requirements.

Implemented The department provided standard operating procedures to show that they implemented the recommendation.
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

11-011 AUDIT OF THE ENTERPRISE RESOURCE PLANNING SYSTEM IMPLEMENTATION (SG)

1 Implement targeted security monitoring over Enterprise Resource Planning (ERP) support staff access in the production environment. Specifically, management should:

- A. Perform a risk assessment/cost benefit analysis over the access and system functions that pose the greatest risks to determine which controls merit the associated expense of generating logs or using personnel's time to regularly review. Automated review, such as the use of scripts to identify certain unauthorized or high risk activity should be used wherever possible to cut back on personnel time and log retention requirements.
- B. Critical controls should have an automated trigger or alert such as an email generated from the use of a critical transaction, and sent to the appropriate party for review.
- C. Risks, controls implemented/mitigated risk, method of implementation, and frequency of review should be documented in the monitoring portion of the SAP Security Policy.
- D. Documented reviews of monitoring controls should be performed at least semi-annually over the implemented monitoring to ensure that the monitoring defined through this exercise are adequate, effective and consistently in place.

**Not
Implemented**

The department revised the target implementation date to March 31, 2012.

Target Date: 3/31/2012

2

We recommend the security group clearly document technical roles within the SAP environments and enforce Segregation of Duties between technical roles wherever possible. Specifically, we recommend:

- A. Access for each Enterprise Resource Planning (ERP) support department staff should be restricted to only the access that user requires to perform their day to day functions.
- B. ERP support department staff access should be reviewed at defined regular intervals on a semi-annual basis at a minimum.
- C. Additional access beyond standardized support staff roles must be approved by management external to the ERP support department staff, and should be provided through a monitored account such as a Firefighter account.
- D. Unmonitored generic accounts should not exist in the production (live financial) environment.
- E. Logs generated from monitored accounts (such as firefighter accounts) should be reviewed at defined points and signed off by the supervising manager when they are in use. Simplified automation can be employed such as automating the generation and sending of the log to the manager via email, whose reply can serve as his auditable electronic sign-off.
- F. Security logs should be stored in a location where the SAP IT teams do not have access to modify the logs.

Implemented

The SAP Security and Support team have sufficiently implemented all six components (a-f) of this recommendation. Specifically, they have appropriately restricted access to SAP support personnel, implemented the required monitoring policies, secured the audit logs, and implemented annual user review policies and procedures.

Target Date: 7/1/2011

3

Ensure that production client authentication settings meet and continue to meet the City Standard authentication requirements defined in the City Security Policy (Section 2.5.1).

Implemented

The SAP Security and Support team have sufficiently implemented the recommendation. The team has modified SAP's authentication configurations to require strong passwords for local accounts. Additionally, the team has included the continuing requirement in the SAP Security Policy for SAP to match the authentication requirements defined in City IT Security Policy.

Target Date: 1/31/2011

4

Management should take precautions to ensure that no user can increase or modify their own access . If it is not feasible to limit this capability to users required to provision access, controls such as monitoring their account permissions for modifications using a standardized methodology should be implemented to mitigate this security risk.

Implemented

The SAP Security and Support team have sufficiently implemented the recommendation. They have removed all access within the live SAP environment for any standard user to modify user access. Support users must use a restricted account for any emergency access. Additionally, they have further defined privileged user access restrictions in the ERP Security Policy.

Target Date: 7/1/2011

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.

Not Implemented

No change in status from previous reporting cycle. The department provided a revised target date of June 30, 2012.

Target Date: 6/30/2012

6

Complete an evaluation for providing centralized continuing education, and ensure that at a minimum, classes addressing the core functions of SAP should be provided on a periodic basis, and made available to the appropriate departments. Specifically, management should:

- A. Develop a training schedule for specific requirements based on the results of the survey they conducted.
- B. Make the training schedule available to City Employees, using means such as email or the OneSD intranet site. Further a method for feedback after each training should be provided, such as a survey, to ensure the trainings remain effective.
- C. Ensure enough resources are dedicated to provide on-going training.
- D. Ensure that skilled employees have scheduled dedicated time to train users in their respective proficiency.

Implemented

The SAP training team has sufficiently implemented all four components (a-d) of the recommendation. They have implemented on-going centralized classes addressing the core functions of SAP, which are provided on a periodic basis, and made available to the appropriate City departments.

Target Date: 6/30/2012

11-013

**FOLLOW-UP AUDIT OF THE DEVELOPMENT SERVICES
DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES
(SM) (SH)**

1

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

**Partly
Implemented**

Development Services Department (DSD) has made an attempt to notify all outstanding account holders identified in the original audit report. It has received payment from seven of the 14 outstanding accounts. Seven remaining accounts still have an outstanding balance. DSD and the Public Utilities Department (PUD) have both indicated they are working together on a process to send these accounts to collections. On August 10, 2011, PUD stated that DSD will be sending these accounts to collections. We will show the recommendation as Implemented when we verify accounts were sent to collections.

Target Date: 2/25/2011

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

Not Implemented

No change in status from previous reporting cycle. The department has provided an implementation date of September 30, 2011. 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
(JT) (TT)

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

Not Implemented

The department has provided an implementation target date of March 31, 2012.

Target Date: 3/31/2012

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

Not Implemented

The department has provided an implementation target date of March 31, 2012. We will continue to follow up on the recommendation.

Target Date: 3/31/2012

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

Not Implemented

The department has provided an implementation target date of August 5, 2011. The targeted implementation date is passed the cutoff period. Therefore, this recommendation we will continue the follow up during the next reporting period.

Target Date: 8/5/2011

4

The City should immediately evaluate the appropriateness of the contractual terms defined in any related Emergency Medical Services (EMS) agreements for alignment with current practices.

Not Implemented

The department has provided an implementation target date of August 5, 2011. The targeted implementation date is passed the cutoff period. Therefore, this recommendation we will continue the follow up during the next reporting period.

Target Date: 8/5/2011

5

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

Not Implemented

The department has provided an implementation target date of August 5, 2011. The targeted implementation date is passed the cutoff period. Therefore, this recommendation we will continue the follow up during the next reporting period.

Target Date: 8/5/2011

6

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

Not Implemented

The department has provided an implementation target date of August 5, 2011. The targeted implementation date is passed the cutoff period. Therefore, this recommendation we will continue the follow up during the next reporting period.

Target Date: 8/5/2011

- # 7 The City Administration should immediately include the costs for Priority 1 Advanced Life Support services in its monthly request for reimbursement from San Diego Medical Services (SDMS).
- Not Implemented** The department has provided an implementation target date of August 5, 2011. The targeted implementation date is passed the cutoff period. Therefore, this recommendation we will continue the follow up during the next reporting period.
- Target Date: 8/5/2011
- # 8 The City should review, analyze and update its current definition of “unusual system overload”. The Emergency Medical Services (EMS) Program Manager should review all dispatches submitted for exemption to determine the appropriateness of exempting them and ensure penalties for non-compliance are assessed when applicable.
- Not Implemented** The department has provided an implementation target date of December 31, 2012. We will continue to follow up on the recommendation.
- Target Date: 12/31/2012
- # 9 In addition to reporting on the contractual performance of San Diego Medical Services (SDMS), the City should immediately begin reporting actual response time results to the Mayor and City Council consistent with the response time standard specified in the Emergency Medical Services (EMS) agreement between the City and the County of San Diego to guide system improvements. This reporting should incorporate the impact of the City’s dispatch process on the assignment of calls.
- Not Implemented - Disagree** Management has indicated that they disagree with the recommendation since it is not consistent with County requirements. As a result, they will not implement this recommendation. The City Auditor’s Office is currently conducting an audit of dispatch activities. The audit will address response time issues.
- Target Date:
- # 10 San Diego Medical Services (SDMS) should review the adequacy of the existing Priority categories, specifically: a. The appropriateness of the current Priority 2 calls definition, treatment, and compliance reporting; b. The use of Priority 3 in providing ALS transports and their appropriate response time, or obtain written authority to allow Priority 3 calls to respond to calls within 15 minutes rather than 12 minutes.

Not Implemented

The department has provided an implementation target date of August 5, 2011. The targeted implementation date is passed the cutoff period. Therefore, this recommendation we will continue the follow up during the next reporting period.

Target Date: 8/5/2011

11

SDMS should continue to segregate the reporting on Priority 1 and 2 calls consistent with the Emergency Medical Services (EMS) agreement. If this is not practical, an amendment to the agreement should be added to combine reporting for Priority 1 and 2 or restructure the call priority designations.

Not Implemented

The department has provided an implementation target date of August 5, 2011. The targeted implementation date is passed the cutoff period. Therefore, this recommendation we will continue the follow up during the next reporting period.

Target Date: 8/5/2011

11-020 PERFORMANCE AUDIT OF THE PARKING ADMINISTRATION PROGRAM (CO) (SH)

1

We recommend that the Parking Administration Program send all eligible delinquent citations to collection.

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: 6/30/2011

2

We recommend that the Parking Administration Program ensure that the responsible staff understands all applicable Department of Motor Vehicles status codes pertaining to the transfer of delinquent citations to collections, and provide updated criteria to its data system vendor.

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: 2/25/2011

- # 3 We recommend that the Parking Administration Program develop policies and procedures to ensure that it regularly audits its parking citations data system to ensure that eligible delinquent accounts are timely sent to collection.
- Not Implemented** New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of October 31, 2011. We will continue to follow up on the recommendation.
- Target Date: 10/31/2011
- # 4 We recommend that the Parking Administration Program work in conjunction with their vendor to adjust the erroneous programming and capture all of the Department of Motor Vehicles status codes to send open accounts into collection.
- Not Implemented** New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of October 31, 2011. We will continue to follow up on the recommendation.
- Target Date: 10/31/2011
- # 5 We recommend that the Office of the City Treasurer establish a process to distribute the appropriate revenue to its contracted agencies on a monthly basis as required by contract agreement and State Law or cease contractual agreements where the City Treasurer is unable to perform in compliance with its contracts.
- Not Implemented** New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of April 30, 2012. We will continue to follow up on the recommendation.
- Target Date: 4/30/2012
- # 6 We recommend that the Parking Administration Program ensure that the process of review of the rejected citations fully corrects the errors that resulted in the distribution of revenues for citations with unidentifiable agency codes.
- Not Implemented** New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of October 31, 2011. We will continue to follow up on the recommendation.
- Target Date: 10/31/2011

- # 7 We recommend that the Parking Administration Program modify its appeals timelines and procedures to comply strictly with State Law. Specifically, the Parking Administration Program should ensure that appeals are not accepted after the State Mandate deadline of 21 days from the date of the citation issuance or 14 days from the date on the Notice of Illegal Parking.
- Not Implemented** New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of April 30, 2012. We will continue to follow up on the recommendation.
- Target Date: 4/30/2012
- # 8 We recommend that the Parking Administration Program develop clear performance metrics for its appeal unit to guide process improvements.
- Not Implemented** New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of April 30, 2012. We will continue to follow up on the recommendation.
- Target Date: 4/30/2012
- # 9 We recommend that the Storm Water Division of the Transportation Department, and the San Diego Police Department draft process narratives regarding the issuance, voidance, record keeping and referrals of parking citations. This could provide a standardized model for the issuance, record keeping, voiding, and referrals of citations for every department and agency.
- Not Implemented** New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of March 31, 2012. We will continue to follow up on the recommendation.
- Target Date: 3/31/2012
- # 10 We recommend that the Parking Administration Program set a time requirement for delivery of manual citations for those City and non-City agencies for which the Parking Administration Program processes citations.
- Not Implemented** New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of April 30, 2012. We will continue to follow up on the recommendation.
- Target Date: 4/30/2012

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

Not Implemented

New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of April 30, 2012. We will continue to follow up on the recommendation.

Target Date: 4/30/2012

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

Not Implemented

New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of March 31, 2012. We will continue to follow up on the recommendation.

Target Date: 3/31/2012

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

Not Implemented

New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of October 31, 2012. We will continue to follow up on the recommendation.

Target Date: 10/31/2012

**11-023 HOTLINE INVESTIGATION REPORT OF EMPLOYEE MALFEASANCE
(AA)**

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

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2011. The department reported a target implementation date of September 30, 2011. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 9/30/2011

2 Issue a reminder to all Environmental Services staff regarding their responsibility to notify and obtain approval from the Department Director for any outside employment or business activity per Personnel Manual index Code G-6, Council Policy 000-4, and Administrative Regulation 95.60 §3.5.

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:

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

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.

Not Implemented New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a targeted implementation date of August 31, 2011. We will continue to follow up on the recommendation.

Target Date: 8/31/2011

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

Not Implemented

New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of August 31, 2011. We will continue to follow up on the recommendation.

Target Date: 8/31/2011

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

Not Implemented

New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of August 31, 2011. We will continue to follow up on the recommendation.

Target Date: 8/31/2011

4 The City Administration should request that Animal Services send "failure to license" citations to each resident who does not inform Animal Services of a change in the status of their dog or does not submit a renewal license application following the second delinquency notice.

Not Implemented

New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of August 31, 2011. We will continue to follow up on the recommendation.

Target Date: 8/31/2011

5 The City Administration should request the County to identify opportunities to increase dog license compliance through other points of animal contact.

Not Implemented

New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of August 31, 2011. We will continue to follow up on the recommendation.

Target Date: 8/31/2011

Not Implemented

New recommendation, not enough time for the department to implement before June 30, 2011. The department provided a target implementation date of January 1, 2012. We will continue to follow up on the recommendation.

Target Date: 1/1/2012

10

The City Administration should consider requiring cats residing in the City be properly vaccinated against rabies and negotiate with the County for the addition of cat registration services to the portfolio of services provided to the City. The City Administration should bring before the appropriate City Council committee reports and actions to implement these vaccination and registration requirements.

Not Implemented - Disagree

The department disagrees with the recommendation and will not be implementing. This recommendation has been discussed at Audit Committee and will be forwarded to the City Council for their review.

Target Date:

11-026 PERFORMANCE AUDIT OF THE TAKE-HOME USE OF CITY VEHICLES (CO) (SM)

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.

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: 1/1/2012

2

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

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: 1/1/2012

3

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

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: 1/1/2012

4

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

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: 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

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: 1/1/2012

6

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

Not Implemented

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: 1/1/2012

7

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

Not Implemented

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: 1/1/2012

8

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

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: 9/1/2011

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

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: 1/1/2012

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

Not Implemented

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: 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

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: 8/1/2012

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

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: 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

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: 1/1/2012

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

Not Implemented

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: 9/1/2011

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.

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: 9/1/2011

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:

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:

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:

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:

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:

- # 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:
- # 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:
- # 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:
- # 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:

- # 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:
- # 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:
- # 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:
- # 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:
- # 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:

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:

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:

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:

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:

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:

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:

September 2011

ATTACHMENT C

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

ATTACHMENT C
RECOMMENDATIONS DISAGREED OR NO LONGER APPLICABLE

08-020 **AUDIT OF PERMITS ISSUED FOR THE BLACKWATER FACILITY**

4 The City should add regulations for law enforcement and security training facilities in the Municipal Code. (DM)

Not Implemented
- Disagree

This audit objective was to assess if DSD staff properly issued a permit for the Blackwater facility. Per the Municipal Code cited, the audit found that while DSD staff had the authority under Municipal Code Section 111.0205 to classify Blackwater's use of the building as a vocational / trade school, the concern was warranted because the Municipal Code does not specify specifically how security training should be classified. DSD Management responded to the audit recommendation with neither agree nor disagree. DSD agreed to bring the recommendation to the Code Update team and Code Monitoring Team for their consideration (this is an outside advisory group created by the Land Use and Housing Committee). The Code Monitoring Team holds the position that no further code amendments are necessary. (Target date: April 30, 2009)

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

9 Implement a policy that would prohibit applicants with an existing deficit account to open another Deposit Account until the existing deficit is paid in full. (SH)

Not Implemented
- N/A

In another recommendation, the City Auditor recommended that these type of delinquent accounts be referred to collections. Additionally, subsequent to issuance of the audit, the City Attorney advised that the City should not inhibit an applicant's ability to open new accounts based on the delinquent status of a previous account. As such, this recommendation is no longer applicable. (Target Date: March 27, 2010)

11-001

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

15 Risk Management should develop, document and implement policy, procedure and departmental guidance to detail the actuarial process and expectations to include the following: a. Receipt and analysis of the results of the annual actuarial review, including any impact on the recommended annual Risk Management reporting; b. Any internally or externally developed reports or analysis including, but not limited to, risk control cost allocations and claims reviews; and, c. Claim reserving practices developed, formalized and implemented. (TT) (JT)

Not Implemented
- Disagree Risk Management is not utilizing the actuarial report for risk management purposes such as the compilation of an annual risk management report. Its sole use appears to be related to the preparation of the City's CAFR. Upon the eventual implementation of risk control, cost allocation, and formalized claims review practices, departmental guidance documentation for those processes would be an essential internal control. (Target Date: N/A)

18 Risk Management staff should also document, formalize and implement detailed policies and related procedures and departmental instructions to specify the current process and documentation requirements regarding the receipt, handling and resolution of public liability claims. (TT) (JT)

Not Implemented
- Disagree The California Government Code establishes general requirements for filing claims against public entities and sets various deadlines for filing and processing claims. It does not, however, provide detailed guidance on claims administration or other procedural concerns that are internal to Public Liability and for which there are currently no formal guidelines. (Target Date: N/A)

20 Risk Management should develop and implement legally defensible documentation standards for claimants that would permit the rapid evaluation and/or rejection of claims lacking sufficient evidence. Documentation requirements should be included on the City's claim form and / or Risk Management's external website. (TT) (JT)

Not Implemented
- Disagree Currently, Risk Management uses questions on its Liability Claims form to prompt claimants to submit the documentation necessary for Risk Management to fully process different type of claims. However, our recommendation is geared towards having Public Liability communicate more clearly the required documentation for commonly encountered claims, so adjusters reduce the lag time between receiving information and making liability judgments. While the City's claim form requests the inclusion of bills, invoices, and estimates, Risk Management does not adequately communicate to claimants the specific information needed to form an appropriate

judgment as to the City's liability. Obtaining such information at the onset of a claim filing will provide better customer service to claimants and streamline the work of claims adjusters. (Target Date: N/A)

- # 22 Risk Management should deny or reject all tow and impound related claims that have not been reviewed and substantiated by the San Diego Police Departments' Internal Affairs. (TT) (JT)

**Not Implemented
- Disagree**

Tow claims currently represent the single largest category of claims processed by Public Liability. While tow claims are less complex than other claims, and while most are ultimately denied, claims adjusters spend a considerable portion of their time handling them. According to Risk Management staff, the claims adjusters work with the San Diego Police Department's Internal Affairs division to request the relevant police tow report. The San Diego Police Department forwards the report, but does not provide any advice regarding the City's liability for the tow nor insight regarding the appropriateness of the tow.

The San Diego Police Department is in a much better position to determine whether or not a tow was legitimate than a claims adjuster with no training in police procedures or the California Vehicle Code. Therefore, the process for adjusting tow claims should be reconfigured so that the responsibility for evaluating their merit is shifted to the Police Department, after which they can be forwarded to Public Liability with a recommendation to pay or not pay. (Target Date: N/A)

11-006

Performance Audit of the Fire Prevention Activities Within the City of San Diego

20

The Fire Prevention Bureau should take the following items to Council for action:

- a. Commission an assessment to determine whether the current standards for creating an adequate defensible space buffering the Wildland/Urban Interface properly address: slope, fire intensity and environmental conditions, existing non-conforming rights, and other outstanding issues. The assessment should also evaluate the need to hire an Urban Forester and a GIS specialist to increase brush management efficiency and effectiveness.
- b. Based on the results of the assessment, prepare an ordinance with additional standards to address the deficiencies identified and present to the City Council justification for any additional staffing requests. (CO)

**Not Implemented
- Disagree**

The Department disagrees because it believes that major revisions to the City's brush management program and building codes were made following the 2003 and 2007 wildfires. Our review indicates that even though the City has developed several regulatory enhancements since 2003 and 2007 wildfires, certain regulatory items that would increase the bureau's ability to mitigate fires remain unaddressed. These items include addressing whether the current standards for creating an adequate defensible space buffering the Wildland Urban Interface properly address: 1) slope as it relates to fire intensity and environmental conditions; 2) existing non-conforming rights; 3) increased clarity over brush management regulations including what can be thinned and at what height.

In addition, the City has not performed a review to determine whether 100 feet of defensible space is sufficient even in areas affected by slope and high intensity winds. We surveyed four jurisdictions regarding their defensible space requirements and found that all four jurisdictions have higher defensible space standards than San Diego. As a result, the City still faces uncertainty when it comes to enforcing brush management regulations and achieving a sufficient defensible space buffer. (Target Date: October 6, 2010)