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April 2012

Audit Recommendation Follow-up Report

Status Update as of December 31, 2011

THE CITY OF SAN DIEGO

DATE: April 5, 2012

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **Recommendation Follow-Up Report**

Attached is the Office of the City Auditor's Recommendation Follow-Up Report, which provides the status of open recommendations as of December 31, 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 April 2012 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
Ken Whitfield, Comptroller

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IMPLEMENTATION STATUS OF OPEN RECOMMENDATIONS

This report is reflective of recommendations that departments and related entities reported as implemented to the Office of the Comptroller as of December 31, 2011. Any recommendations reported to the Comptroller's Office after December 31, 2011 will be incorporated into our June 2012 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 99 recommendations that were reported as implemented by departments and related entities. These submitted recommendations represent 99 of 250 (40 percent) of all open recommendations. The results of our review for this reporting cycle are as follows for the 250 outstanding recommendations:

- 66 recommendations were implemented;
- 28 recommendations were partly implemented;
- 145 recommendations were not implemented;
- 4 recommendations were not implemented – n/a; and
- 7 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 December 31, 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 Title	Implemented	Partly Implemented	Not Implemented
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	0
09-013	THE CITY OF SAN DIEGO FACES UNIQUE OPERATIONAL AND ADMINISTRATIVE CHALLENGES IN MANAGING QUALCOMM STADIUM	2	4	1
09-015	AUDIT OF THE SAN DIEGO PUBLIC LIBRARY CASH HANDLING (CONFIDENTIAL)	4	1	4
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	0
09-017	PARK & RECREATION POOL AUDIT			2
09-OA-001	SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION PERFORMANCE AUDIT OF OPERATIONS	3		3
10-001	METROPOLITAN WASTEWATER DEPARTMENT CONTRACT COMPLIANCE AUDIT	2	1	0
10-002	PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART I	7	2	1
10-003	PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART II	2		5
10-007	PERFORMANCE AUDIT OF THE CITY'S STREET MAINTENANCE FUNCTIONS	2		0
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
10-016	CITYWIDE REVENUE	2	1	3

Report No.	Report Title	Implemented	Partly Implemented	Not Implemented
10-018	PERFORMANCE AUDIT OF THE PURCHASING AND CONTRACTING DEPARTMENT - CITYWIDE OPEN PURCHASE ORDER PROGRAM	1		2
10-019	PERFORMANCE AUDIT OF THE SUBCONTRACTOR OUTREACH PROGRAM (SCOPE)	3		1
10-020	PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES			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	1	1	9
11-006	PERFORMANCE AUDIT OF THE FIRE PREVENTION ACTIVITIES WITHIN THE CITY OF SAN DIEGO	10	7	3
11-007	PERFORMANCE AUDIT OF CITY TREASURER'S DELINQUENT ACCOUNTS PROGRAM	5		2
11-009	STREET MAINTENANCE: CITY NEEDS TO IMPROVE PLANNING, COORDINATION, AND OVERSIGHT TO EFFECTIVELY MANAGE TRANSPORTATION ASSETS	3		8
11-011	AUDIT OF THE ENTERPRISE RESOURCE PLANNING SYSTEM IMPLEMENTATION	1		1
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	3		8
11-020	PERFORMANCE AUDIT OF THE PARKING ADMINISTRATION PROGRAM	5		8
11-023	HOTLINE INVESTIGATION REPORT OF EMPLOYEE MALFEASANCE	1	1	0
11-024	PERFORMANCE AUDIT OF THE ANIMAL SERVICES AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO	3	5	1
11-026	PERFORMANCE AUDIT OF THE TAKE-HOME USE OF CITY VEHICLES			15
11-027	PERFORMANCE AUDIT OF THE CAPITAL IMPROVEMENT PROGRAM			18
12-001	PERFORMANCE AUDIT OF PUBLIC UTILITIES CAPITAL IMPROVEMENT PROGRAM	4		14
12-002	PERFORMANCE AUDIT OF THE SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM			12

Report No.	Report Title	Implemented	Partly Implemented	Not Implemented
12-003	HOTLINE INVESTIGATION REPORT OF FALSE REQUEST FOR REIMBURSEMENT			1
12-004	PERFORMANCE AUDIT OF THE SAN DIEGO POLICE DEPARTMENT'S PERMITS AND LICENSING UNIT			15
Grand Total		66 (26%)	28 (11%)	156 (63%)

Exhibit 2 summarizes the distribution of the 250 open recommendations by Department/Agency as of December 31, 2011.

Exhibit 2: Number of Outstanding Recommendations by Department/Agency

No. of recommendations outstanding	Department/Agency	No. of recommendations outstanding	Department/Agency
6	Chief Financial Officer (CFO)	**2**	Park and Recreation
21	City Treasurer	**1**	Personnel
5	Development Services Department and Public Utilities Department (DSD/PUD)	**18**	Public Utilities
11	Development Services Department (DSD)	**3**	Public Utilities Department/MWWD
1	Economic Development	**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
18	Engineering & Capital Projects, Financial Management, Comptroller's Office, City Planning & Community Investment, and Purchasing & Contracting	**3**	Purchasing and Contracting
2	Environmental Services Department	**7**	Real Estate Assets
4	Equal Opportunity Contracting Program (EOCP)	**12**	Risk Management
30	Fire-Rescue	**13**	San Diego City Employee Retirement System (SDCERS)
2	General Services	**17**	San Diego Housing Commission
11	General Services/Street Division	**15**	San Diego Police Department
1	Land Use & Economic Development	**9**	San Diego Police Department/Fiscal
2	Office of the Mayor	**9**	San Diego Public Library
6	Office of the Mayor/SEDC	**4**	SDDPC & Financial Management
2	OneSD		

Exhibit 3 breaks down open recommendations by their status and the length of time a recommendation remains open from the original audit report date.[1]

Exhibit 3: Audit Recommendation Implementation Aging

Timeframe	Implemented	Partly Implemented	Not Implemented	Not Implemented-N/A	Not Implemented-Disagree	Total
0 - 3 Months	4	0	40	0	2	**46**
4 - 6 Months	4	6	34	0	0	**44**
6- 12 Months	9	1	13	4	0	**27**
1 to 2 Years	25	9	32	0	1	**67**
Over 2 Years	24	12	26	0	4	**66**
Total	**66**	**28**	**145**	**4**	**7**	**250**

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 4 presents a breakdown of the number of recommendations scheduled for implementation for each of the City Auditor's semiannual Recommendation Follow-up periods. Additionally, Exhibit 4 provides the City Auditor's determination of the implementation status for each recommendation reported by departments and entities as implemented.

For the current period, City departments and entities reported that 66 recommendations were scheduled to be implemented during July 2011 and December 2011. However, the City Auditor found that only 26 (39 percent) of scheduled recommendations were actually implemented within the anticipated timeframe.

Exhibit 4 City Reported Implementation Timelines and City Auditor's Assessment of Recommendation Status

	Total	Implemented	Partly Implemented	Not Implemented	Not Implemented – Disagree	Not Implemented –N/A
Past Targets for January 2009 through December 2010	27	8	9	10	0	0
Target Implementation for current period of January through June 2011	30	15	4	11	0	0
Planned Implementation for July through December 2011	66	**26**	**12**	**23**	**1**	**4**
Planned Implementation for January 2012 and beyond	56	6	0	50	0	0
No Date Provided (N/A)	71	11	3	51	6	0
Totals	**250**	**66**	**28**	**145**	**7**	**4**

[1] Timing is rounded to the month.

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.

The Office of the City Auditor will be conducting an annual risk assessment for the purposes of selecting FY2013 audits. During the risk assessment, audit staff will review all outstanding recommendations based on this December 2011 report and increasing risk scores for auditees with overdue, outstanding recommendations. As such, it is very likely that certain entities may be selected for audit in FY2013. As a result, we do not recommend any specific recommendations at this time.

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 December 31, 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 September 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.

April 2012

ATTACHMENT A

Recommendations For The Audit Committee's Attention

ATTACHMENT A
RECOMMENDATIONS FOR THE AUDIT COMMITTEE'S ATTENTION

09-015	**AUDIT OF THE SAN DIEGO PUBLIC LIBRARY CASH HANDLING (CONFIDENTIAL)** (DK)
# 4	Ensure supervisors or designee control register keys during operations.
Not Implemented - Disagree	Library staff disagrees with the recommendation that only a supervisor or designee have control over the register keys during operations. Staff states, based on current staffing levels, a supervisor or person in charge is not readily available to provide a register override. According to the Library, updates to their manual include the following - Remove cash from cash register and turn off cash register. Hide all cash and keys in specified location. Principal staff including Library Clerks, Library Assistants, Librarians, Substitutes, and Branch Managers have access to the specified locations, all of which are locked. However, this does not address the internal control weakness contained in the report since all circulation staff continues to have access to register keys. Target Date: N/A
# 8	Revise procedures to require two persons be present when cash is counted, if two persons or more are on staff. Once cash is counted, place in a self sealing bag prior to placing it in locked transport bags.
Not Implemented - Disagree	Library Management states, while the intent of this recommendation is understood, the Library is not able to agree with requiring two people to be present for the counting, unless additional staff is funded for each library. There are too many other functions needed at opening and closing to have two staff members devoted to this activity for the amount of time required. The Cash Handling Training Manual states, "the cash reconciliation sheet, receipts, and start-up cash must be verified by a second person, in the presence of the cash handler." Having two persons present when cash is counted is an important and necessary internal control to ensure cash is properly counted and deposited. Management did not provide any evidence to demonstrate it discussed alternative control procedures with City Treasurer staff. For example, the Library may consider having staff count cash earlier in order to avoid closing duties conflicts. Target Date: N/A
#13	Require staff to lock unattended trucks holding cash.

Not Implemented - Disagree	Management stated that although the Library indicated in its 2008 response that delivery trucks would be locked, this proved unworkable. On 8-5-11, the Library stated that it is not practical to lock trucks as staff moves books and materials in and out of the trucks and need too much access with loading and unloading.
	Target Date: N/A

11-017	**PERFORMANCE AUDIT OF FIRE-RESCUE'S EMERGENCY MEDICAL SERVICES**
	(TT) (MW)
# 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 – N/A	The City changed their relationship with Rural/Metro, the City's ambulance provider. As a result, the controls suggested in this recommendation are no longer applicable.
	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 – N/A	The City changed their relationship with Rural/Metro, the City's ambulance provider. As a result, the controls suggested in this recommendation are no longer applicable.
	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 – N/A	The City has entered into a new agreement with Rural/Metro to deliver emergency medical services through a standard vendor relationship. This agreement calls for an annual operating fee from Rural/Metro instead of monthly reimbursements for costs.

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 – N/A	The City has entered into a new agreement with Rural/Metro to deliver emergency medical services through a standard vendor relationship. This agreement calls for an annual operating fee from Rural/Metro instead of monthly reimbursements for costs.

Target Date: 8/5/2011

April 2012

ATTACHMENT B

Open Audit Recommendations

ATTACHMENT B
OPEN AUDIT RECOMMENDATIONS

08-019 **CASH COUNT AND BANK RECONCILIATION AUDIT - KROLL REMEDIATION 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)

#6 The Office of Appointments to Boards and Commissions should incorporate into their Board selection policies/procedures, language requiring that all applications for final candidates to serve on the San Diego City Employee Retirement System' Board be forwarded to the San Diego City Employee Retirement System Business and Governance Committee.

Partly Implemented No change in status from previous reporting cycle. The Office of Appointments to Boards and Commissions has partly addressed the recommendation. While the Office did forward the résumés of final board member candidates to San Diego Employee Retirement System, the practice has not been codified in formal policies and procedures, as recommended.

Target Date: 12/31/2010

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

(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.

Implemented The Stadium provided a financial plan for generating operating revenues based on recommendations provided by the consultant, AECOM. Additionally, the City Administration refinanced three bonds collectively by issuing the Lease Revenue Bond, Series 2010A. The interest rate related to the Stadium obligations reduced from a range of 6.2 – 7.45 percent in fiscal year 2009 to a range of 3.0 – 5.25 percent in fiscal year 2010.

However, based on the information provided by the consultant and the Stadium, the Stadium will still operate at a deficit regardless of the Chargers tenancy at the Stadium. The fixed costs for the maintenance and upkeep of the Stadium for the other events appear the major contributor for the deficit.

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.

Partly Implemented Qualcomm's Management, the City Administration, City Attorney's Office, and City Auditor discussed the issues that arose out of the Beverly Walker case. Our office is continuing to work with the City Administration and City Attorney to resolve any outstanding issues. We anticipate implementation by our next recommendation follow-up report.

Target Date: 6/1/2010

#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.

Implemented The Stadium provided a business plan, which provides guidance on pursuing more revenue options. However, the stadium is already performing above average on holding annual events in comparison to other stadiums in similar markets. While the stadium is also pursuing more events, its dependence on TOT will not be significantly impacted because its current bond agreements will still force it to operate at a deficit.

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 The Stadium provided evidence to demonstrate the creation of a business plan that identified market trends and potential revenue opportunities. The business plan identified strengths, opportunities, weaknesses, and threats facing the Stadium, currently and long term. The plan also provided an analysis of the Stadium's major agreements and responsibilities. A strategic plan was recommended to show potential revenue increases and ongoing expenses. Lastly, an assessment of the Capital Improvement Projects is detailed in the plan; however, the City Administration is uncertain whether it will undertake significant capital improvements. The administration wants to conduct their own review to determine whether capital improvements are cost effective or whether other options are more viable. We anticipate implementation by our next recommendation follow-up report.

Target Date: 6/1/2010

#5 To help alleviate the effects of administrative staff turnover at the Stadium, Stadium management should create a policy and procedure manual specific to Stadium operations. At a minimum, the Stadium should ensure that written policies and procedures are established for the following administrative functions: a. Policies for the creation, content, retention, and approval of Stadium event files. b. Procedures that

ensure accurate and timely billings for stadium events and periodic reconciliations of all accounts within the Stadium Fund.

Partly Implemented

The Stadium provided evidence for its retention policy, which is on file with the City Clerk's Office; however, the Stadium is still missing relevant policies and procedures:

- for the creation, content and approval of Stadium event files;
- for accurate and timely billings for stadium events; and
- for periodic reconciliations of all accounts within the Stadium Fund.

We will continue to follow up on the recommendation during the next reporting cycle.

Target Date: 6/1/2010

#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.

Partly Implemented

The Stadium provided evidence that demonstrates an audit schedule for current and upcoming audits of the Stadium events. The City Treasurer's Revenue Audit Division confirmed the audit schedule and confirmed it audits ongoing contracted percentage rent based tenants. According to the Revenue Audit Division Manager, Revenue Audit is available to perform additional audits upon special request. We will deem this recommendation as implemented after verifying substantial progress on currently planned revenue 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. We tested a small sample of invoices issued in fiscal year 2011. Our limited review revealed that Qualcomm staff does not forward delinquencies to the City Treasurer's Collections Office.

Qualcomm issues single use permit for events, at which time a flat fee is negotiated prior to the event. The permit agreements state, all event payments are due 10 days after the event. We found the stadium does not comply with its own requirements for payment. Qualcomm staff admitted that they do not enforce the 10 day requirement and invoice the event holders when appropriate.

Stadium's procedure is not to input invoices into SAP , the City's Financial Management System, until they receive payment. In doing so, it gives the appearance

that event holders are never late on payments, which results in late invoices not being forwarded to City Treasurer's Collections Division and the City not collecting any late fees or penalties.

This procedure presents a risk that City receivables may not be reported, late fees or penalties are not assessed, and the potential for fraud to occur.

Target Date: 12/3/2010

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

(DK)

4 Ensure supervisors or designee control register keys during operations.

Not Implemented - Disagree Library staff disagrees with the recommendation that only a supervisor or designee have control over the register keys during operations. Staff states, based on current staffing levels, a supervisor or person in charge is not readily available to provide a register override.

According to the Library, updates to the manual include the following - Remove cash from cash register and turn off cash register. Hide all cash and keys in specified location. Principal staff including Library Clerks, Library Assistants, Librarians, Substitutes, and Branch Managers have access to the specified locations, all of which are locked. However, this does not address the internal control weakness contained in the report since all circulation staff continues to have access to register keys.

Target Date: N/A

5 Ensure void receipts are signed by the staff making the void and the supervisor.

Implemented The updated Clerks manual states staff and supervisor must sign off on all voids. The voided receipt must be attached with the daily cash count and deposit form.

Target Date: N/A

8 Revise procedures to require two persons be present when cash is counted, if two persons or more are on staff. Once cash is counted, place in a self sealing bag prior to placing it in locked transport bags.

Not Implemented - Disagree Library Management states, while the intent of this recommendation is understood, the Library is not able to agree with requiring two people to be present for the counting, unless additional staff is funded for each library. There are too many other functions needed at opening and closing to have two staff members devoted to this activity for the amount of time required.

The Cash Handling Training Manual states, "the cash reconciliation sheet, receipts, and

start-up cash must be verified by a second person, in the presence of the cash handler." Having two persons present when cash is counted at the end of the day is an important and necessary internal control to ensure cash is properly counted and deposited. Management did not provide any evidence to demonstrate it discussed alternative control procedures with City Treasurer staff.

Target Date: N/A

10 Record the current and prior day Z-tape numbers on the Daily Cash Count and Deposit Form (DCCD). Confirm the numbers are sequential when the Business Office processes the forms and obtain an explanation from the branches if Z-tapes are not sequential. Instruct staff to submit all Z-tapes, including zero value Z-tapes, so all tapes are accounted for.

Implemented The Library provided documentation to support implementation of the recommendation. The revised policy explains the process for preparing deposits and the Daily Cash Count and Deposit (DCCD) form. The Library's Department Instruction states the Business Office will notify Branch Managers and Supervising Librarians of any discrepancies in deposit amounts, any missing deposits, or if any Z tape numbers are not sequential. The Clerks manual also states staff will record the current and prior day Z tape on the DCCD form. Additionally, the policy states a library supervisor will provide a complete explanation of any discrepancy greater than $1.00. Lastly, the policy requires branch managers to explain any instance when the Z-tape is not in sequential order.

Target Date: N/A

#13 Require staff to lock unattended trucks holding cash.

Not Implemented - Disagree Management stated although the Library indicated in its 2008 response that delivery trucks would be locked, this proved unworkable. On 8-5-11, the Library stated that it is not practical to lock trucks as staff moves books and materials in and out of the trucks and need too much access with loading and unloading.

Target Date: N/A

#14 Keep cash in a locked area at Serra Mesa prior to transport to Central.

Implemented The Library provided evidence to support the implementation of the recommendation. A safe has been installed for all deposits at the Serra Mesa delivery.

Target Date: N/A

#15 Send notification, at least weekly, to branch Librarians confirming that the deposit amount received by Central match cash transferred from the branch. If branches do not receive a confirmation or receive a confirmation with discrepant amounts, reports should be made to the supervisor of the Business Office and appropriate steps taken to

investigate and document the circumstances.

Partly Implemented

The recommendation is partly implemented. The Library policy states the Business Office will notify Branch Managers and Supervising Librarians only if there is a discrepancy in the deposit amounts, missing deposits, or non-sequential Z tape. According to the Library, to implement a regularly-published report that shows all deposits received would adversely impact their ability to thoroughly investigate all discrepancies and overload the Branch Managers with unnecessary information to sift through each day. By highlighting only the discrepancies the department is able to resolve them more efficiently.

The department stated that the Business Office would reformat their current report and email or post the report so library supervisors can confirm the amount received by the Business Office matches what they sent. Library policy recommends copies of the deposits be retained for the branch file; however, no reconciliation is made to ensure deposits sent match the deposits received by the Library Business Office.

Target Date: N/A

16

Discontinue the practice of Library staff selling materials and collecting cash for the Friends of the Library.

Not Implemented - Disagree

Management stated Friends of the Library handle and secure their own money. However, Council Policy 100-07 allows staff to be involved in Friends of the Library sales. Library staff must work closely with community organizations such as Friends of the Library for the betterment of community libraries. Library staff may assist in the book sales, so long as these activities do not interfere with assigned duties. The Library discourages handling Friends of the Library money but the Library acknowledges that it may happen from time to time as allowed by Council Policy.

Target Date: N/A

18

Develop procedures to ensure staff has adequate City change funds on hand and prohibit the use of other cash for change.

Implemented

The Library updated the policies and procedure manual to ensure staff has adequate change. The policy explicitly states they are prohibited from using other cash for change. As an additional measure, Library staff can no longer access the Friends of the Library cash boxes, which was previously used as a change fund. Only Friends of the Library members have keys to those lock boxes.

Target Date: N/A

09-016 **AUDIT OF ACCOUNTS OF WENDI BRICK, FORMER CUSTOMER SERVICES DIRECTOR, ELMER HEAP, FORMER DEPUTY CHIEF OPERATING OFFICER, JILLANNE (JILL) OLEN, FORMER DEPUTY CHIEF OPERATING OFFICER, AND JOANNE SAWYERKNOLL, FORMER DEPUTY CHIEF OPERATING OFFICER**

(MW)

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

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; however, we did not receive any additional documentation by the end of this reporting period. 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 did not receive any additional documentation by the end of this reporting period. We will continue to follow up on this recommendation during our next reporting cycle

Target Date: 12/31/2011

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

(MH)

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

Implemented SEDC's amended Corporate Policy 6.02 regarding "Compensation and Schedule" incorporates Auditor recommendations and adequately addresses the issue of merit pay.

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.

Implemented SEDC's amended Corporate Policy 6.02 regarding "Compensation and Schedule" incorporates Auditor recommendations and adequately addresses the issue of merit pay as it pertains to supplemental income payments to staff.

Target Date: 1/31/2011

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

Implemented SEDC's amended Fiscal Year Work Plan includes milestone dates and timeframes, as appropriate, for individual projects and tasks.

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 No change in status from previous reporting cycle. Given the February 1, 2012 dissolution of state redevelopment agencies and the resulting effects on the San Diego's non-profit redevelopment entities, including SEDC, we are not updating the status for this recommendation at this time. We will continue to monitor this recommendation as needed during the dissolution process.

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 No change in status from previous reporting cycle. Given the February 1, 2012 dissolution of state redevelopment agencies and the resulting effects on the San Diego's non-profit redevelopment entities, including SEDC, we are not updating the status for this recommendation at this time. We will continue to monitor this recommendation as needed during the dissolution process.

Target Date:

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

Not Implemented No change in status from previous reporting cycle. Given the February 1, 2012 dissolution of state redevelopment agencies and the resulting effects on the San Diego's non-profit redevelopment entities, including SEDC, we are not updating the status for this recommendation at this time. We will continue to monitor this recommendation as needed during the dissolution process.

Target Date: 1/1/2009

10-001 METROPOLITAN WASTEWATER DEPARTMENT CONTRACT COMPLIANCE AUDIT

(SH)

#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 (PUD) is actively working with the San Diego City Treasurer's Collection Division to collect the remaining $82,307 of the estimated $99,289 overpaid tax from the State of California. The State advised an audit was started to review the taxes that were paid to determine the amount, if any, of overpaid taxes. The City Treasurer's Collection Division has filed a claim with the State Government Claims Board. We will continue to follow up on this recommendation until overpaid taxes are collected.

Target Date: 3/31/2010

#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.

Implemented The Public Utilities Department provided documentation to support the implementation of the process narrative documenting the newly adopted procedure for invoice review and approval.

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.

Implemented The Public Utilities Department (PUD) provided documentation to support AmeriPride’s invoices were revamped for ease of review and verification by PUD Accounts Payable staff. The newly revamped invoices along with the newly adopted procedures provide a clear method for review and charge calculations.

Target Date: 6/30/2010

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

(MH) (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.
Implemented	San Diego Housing Commission (SDHC) has implemented the recommendation by adequately reviewing positions and implementing a performance evaluation system for use by all personnel that sets forth evaluation criteria and review timelines.

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).
Implemented	San Diego Housing Commission (SDHC) has implemented a performance evaluation system that sets forth evaluation criteria and review timelines for EMS performance appraisals of subordinate staff.

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.

Implemented The City and San Diego Housing Commission (SDHC) have implemented the recommendation by executing the required service level agreements. Further, the City has disbursed the required Community Development Block Grant funding to the Commission.

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.

Implemented The City has successfully documented its reimbursement process to ensure efficient and timely processing and reporting.

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.

Implemented The City and San Diego Housing Commission have implemented the recommendation by clarifying procedures and internal controls related to reimbursement processes.

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.

Implemented As of 2011, the Housing Commission has met and surpassed HUD's requirement to produce an additional 350 affordable rental housing units as required by the 2008 HUD disposition agreement.

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.

Implemented As of 2011, the Housing Commission has met and surpassed HUD's requirement to produce an additional 350 affordable rental housing units as required by the 2008 HUD disposition agreement.

Target Date: 6/30/2012

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

(MH) (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).

Implemented San Diego Housing Commission (SDHC) drafted, approved, and implemented policy (PO-BEF-301.08) to accurately reflect the SDHC "Responsibilities Related to the Inclusionary Housing Fund."

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.

Implemented San Diego Housing Commission (SDHC) drafted, approved, and implemented policy (PO-BEF-301.09) to accurately address reporting and accounting requirements.

Target Date: 3/31/2011

#11 San Diego Housing Commission (SDHC) and City Administration should review San Diego Municipal Code (SDMC) §142.1310(e) and have the applicable SDMC sections updated to reflect the current fees or make reference to the source document or department for the updated fees, a change that would require City Council action.

Not Implemented No change in status from previous reporting cycle.

Target Date: 11/30/2010

#12 City Administration should draft, approve, and implement departmental guidelines (across multiple departments as needed) to accurately identify and document the process roles and responsibilities for City departments, including the Treasurer, Comptroller, Facilities Financing and Development Services Department (DSD) in Affordable Housing Fund-related processes. These processes should include the reporting of quarterly and annual Housing Trust Fund and Inclusionary Housing Fund activity by Facilities Financing and DSD to SDHC and the Comptroller. The Comptroller should reconcile fund levels and make disbursements based upon mutually

agreed upon amounts from that reporting on a consistent and timely basis.

Not Implemented No change in status from previous reporting cycle.

Target Date: 9/30/2010

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

(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.

Implemented The Transportation and Storm Water department provided a letter from the consultant, MGIS, dated October 20, 2011, stating that the Citywide street survey had been completed and all data uploaded into the City's PavementView street management system. To verify this, Transportation and Storm Water also provided data from PavementView on all 31,569 street segments in the City's street network. This dataset showed that 30,833 street segments (97.7%) were surveyed and Overall Condition Indexes (OCIs) were updated in PavementView by the consultant between February and August 2011. Approximately 736 (2.3%) of the City's street segments were not surveyed by the consultant. Transportation and Storm Water stated that most of these street segments are either designated streets not yet built or were inaccessible to the consultant during the survey period due to construction. Transportation and Storm Water also provided an email from the consultant stating that most of these streets were inaccessible during the survey period.

The recommendation also requires Transportation and Storm Water to begin using the updated OCI's to analyze street resurfacing needs prior to executing street resurfacing contracts. Transportation and Storm Water provided a Standard Operating Procedure (SOP) entitled 'Process for Selecting Streets for the Resurfacing Program.' The SOP became effective October 1, 2010 and was updated October 21, 2011. The SOP stipulates that streets are selected for the resurfacing program based on a number of different criteria based on a 100-point scale. Of these 100 points, 50 points are allocated based on the current OCI of the street.

Based on the documentation provided, it appears that the street condition assessment and data upload have been successfully completed, and the updated OCI's in the PavementView system are being used to select streets for resurfacing. Therefore, the recommendation has been fully implemented.

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.

Implemented The Transportation and Storm Water Department provided a Standard Operating Procedure (SOP) entitled 'Process for Selecting Streets for the Resurfacing Program.' The SOP became effective October 1, 2010 and was updated October 21, 2011. The SOP stipulates that the Overall Condition Indexes (OCIs) of streets should be updated by Street Division staff within 30 days of the completion of resurfacing or slurry work, or upon receipt of as-built plans are received from Field Engineering.

The Transportation and Storm Water Department also provided data on all City street segments from the City's PavementView street management system. This data shows that 329 streets have been resurfaced since the Citywide street survey was completed in August 2011. Based on the data provided, Transportation and Storm Water has updated OCI's for resurfaced streets within 30 days 77% of the time, and within 60 days 92% of the time. Transportation and Storm Water stated that they have not received as-built plans for approximately 8% of the streets resurfaced and will update the OCI's as soon as as-built plans are received.

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; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 10/1/2011

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

(SG)

#8 City management should consider establishing policies and regulations specific to procurement of long-term system maintenance contracts.

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

Target Date: 1/1/2012

#9 The City and San Diego Data Processing Corporation should develop policies and procedures to ensure compliance with competitive standards applicable to federally funded technology projects.

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

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. This target date is outside this reporting cycle. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 1/1/2012

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

(SH) (SG)

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

Not Implemented No change in status from previous reporting cycle.

Target Date: 3/31/2011

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

Not Implemented No change in status from previous reporting cycle.

Target Date: 3/31/2011

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

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

Target Date: 4/30/2010

#4	Establish procedures and strengthen controls in Project Tracking System (PTS) that prevent Development Services Department (DSD) cashiers from accepting payment on past due ARIS invoices (those referred to Treasurer's Delinquent Accounts Program). Instruct applicants with referred accounts to make payment at Treasurer's Delinquent Accounts Program.
Partly Implemented	No change in status from previous reporting cycle. Steps have been taken to automate this process within the Project Tracking System (PTS) system, and are expected to be completed in June 2011; however, as of the time of this report we have not received any evidence that this recommendation if fully implemented.

Target Date: 6/30/2011

#5	Reinstate monthly statements, for all applicants, which contain enough detail regarding charges (staff person name, description of work performed, hours spent and amount, etc.), as well as language stating that applicants have a limited amount of time to dispute any charges. Monthly statements for accounts in deficit should also contain a remittance advice, the deficit amount, the minimum positive balance required, a due date and language that clearly states that unpaid amounts will be referred to Treasurer's Delinquent Accounts Program (based on the established criterion and timeline from #2 above).
Not Implemented	No change in status from previous reporting cycle.

Target Date: 3/31/2011

#6	Implement a late penalty fee to ensure more timely payments on deficit accounts.
Not Implemented	No change in status from previous reporting cycle.

Target Date: 12/31/2011

#7	Require Development Project Managers (DPMs), as well as any other City staff person acting as lead on deposit account projects, to review labor charges on all relevant projects at least biweekly to help identify and correct potentially erroneous charges prior to the issuance of monthly statements.
Not Implemented	No change in status from previous reporting cycle.

Target Date: 5/31/2011

#8	Evaluate the adequacy of Deposit Account initial deposit amounts as well as minimum required balance amounts to help minimize the frequency and speed at which Deposit Accounts fall into deficit.
Not Implemented	No change in status from previous reporting cycle.

Target Date: 12/31/2011

#10	Implement system interfaces between Project Tracking System (PTS) and the current and future SAP modules to increase the automation of manual billing and collection tasks.
Partly Implemented	No change in status from the previous reporting cycle. Interfaces from SAP to Project Tracking System (PTS) have been created to import current account status as well as the amount to notify PTS users when an account is in deficit. However, relevant PTS information regarding collection of past due accounts must still be manually invoiced in SAP.

Target Date: 12/31/2010

10-016 **CITYWIDE REVENUE**

(DK) (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.
Implemented	The Treasury Department conducted a survey to determine the expected costs and benefits to the City if a property audit were performed. As a result of the survey, Management determine that the expected actual cost of performing property tax audits will exceed likely returns.

Target Date: 6/30/2011

#9	The City Comptroller's Office should continue identifying the necessary sub processes and prepare written policies/procedures for verifying the accuracy of TransNet revenues.
Partly Implemented	The Comptroller's Office developed and finalized two process narratives to ensure the accuracy of TransNet revenues. The Office of the City Comptroller and Financial Management have identified six separate TransNet process narrative documents. The other process narratives are not completed.

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

#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.

Implemented The department provide evidence to demonstrate the implementation of the recommendation.

Target Date: 3/1/2011

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; however, at the time of this report we have not received any evidence to demonstrate the implementation of the recommendation.
	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.
Implemented	The Purchasing and Contracting Department officially closed the Citywide Blanket/Open Purchase Order program as of June 30, 2011.
	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; however, at the time of this report we have not received any evidence to demonstrate the implementation of the recommendation.
	Target Date: 9/30/2011
10-019	**PERFORMANCE AUDIT OF THE SUBCONTRACTOR OUTREACH PROGRAM (SCOPE)**
	(DM)
#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.

Implemented Equal Opportunity Contracting Program (EOCP) management met with Field Engineering management to review the change order process. Supporting documentation provides support that EOC staff (1) evaluated the change order process, (2) is ensuring that change order work is being assigned to subcontractors on a per-project basis, and (3) is ensuring that Subcontractor Outreach Program Goals apply to all feasible change order work.

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.

Implemented Documentation provides support that Equal Opportunity Contracting Program (EOCP) management reviewed the approaches to increase contractor diversity outlined in the State Agency Recognition Awards (SARA) program and consulted with other entities for best practice guidance on how to increase the diversity of subcontractors. One of the EOC fiscal year 2012 goals is to design, develop and implement a Contractor (prime and sub) Awards Program.

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.

Implemented Documentation provides support that Equal Opportunity Contracting (EOC) program management discussed data needs with Engineering Capital Projects, Purchasing and Contracting, Office of the City Comptroller, and OneSD to adequately manage the Subcontractor Outreach Program (SCOPe).

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; however, at the time of this report, we have not received any documentation to support implementation of the recommendation.
	Target Date: 9/30/2011

10-OA-003 **REVIEW OF THE HIRING PROCESS OF THE DIRECTOR OF PURCHASING AND CONTRACTING**

(SM)

#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.
Implemented	Administrative Regulation (AR) 96.05 implements this recommendation through standardizing the procedures for the recruitment and appointment of unclassified officers and employees. As required by the recommendation, the AR assigns roles to various participants involved in the hiring process of unclassified officers. The AR does order the procedure steps slightly differently than the original recommendation, but we believe that it fully addresses the oversight gap that was identified in the audit report. Labor Relations indicated that it choose to have the verification of educational and professional experience, along with other background checks, performed after the candidates' interview(s), and before a conditional offer is made, to control costs incurred by the City. Labor Relations stated that verifications and background checks do carry costs, and thus it wants to limit the number of candidates for whom the City performs such verifications. Therefore, Labor Relations will only perform authentications and background checks for candidates which the hiring department want to extend a conditional employment offer.
	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.
Implemented	Administrative Regulation 96.05 fully implements this recommendation by requiring that the Chief Operating Officer participates in the negotiation of salary, benefits, and other miscellaneous costs during the hiring of unclassified upper-level officials.
	Target Date:

11-001 **PERFORMANCE AUDIT OF RISK MANAGEMENT'S PUBLIC LIABILITY AND LOSS RECOVERY DIVISION**

(TT)

#1	Risk Management should adopt public sector practices for collection, analysis, and reporting of risk information, and prepare and distribute an annual Risk Management Report.
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.
Implemented	Public Liability is providing claims reports to some city departments; it will not be conducting an annual survey absent additional resources. However, Risk Management has commissioned an actuarial firm to perform annual analyses of claims and report on their findings.
	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; however, at the time of this report, we have not received any documentation to support implementation of the recommendation.
	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	This matter is now under consideration by the City Administration, which is also evaluating the impact of proposed state legislation on any sidewalk repair ordinance.
	Target Date: 12/31/2010
#7	Risk Management and the City Attorney should solicit feedback from the City Council on the adequacy and completeness of current public liability claims-related reporting and, as appropriate, facilitate the updating of Council Policy 000-009 to be consistent with agreed-upon reporting.
Not Implemented	The department has extended its implementation target date to December 30, 2011; however, at the time of this report, we have not received any documentation to support implementation of the recommendation.
	Target Date: 12/30/2011
#11	Risk Management should prepare formalized annual reviews of historical premiums, actual losses and reimbursements. These reviews would include the self-insured retention limit, excess liability limits, and related premiums on an annual basis to assess the best limits to maintain and validate the reasonableness of insurance costs. This is typically done in conjunction with the preparation of the City's annual budget and the city's annual renewal of its insurance. Risk Management will continue its practice of annual insurance reviews an in conjunction with the FY2012 budget development will document this process by the fourth quarter of FY2012.
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; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up on the recommendation during our next reporting cycle.
	Target Date: 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; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up on the recommendation during our next reporting cycle.
	Target Date: 10/30/2011
#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
#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; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 12/31/2011

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; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 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.

Implemented The Fire Prevention Bureau implemented Policy C-11-15 “Industrial Inspection (CEDMAT) Priority Policy”. This policy is intended to provide information on how the CEDMAT section should prioritize inspections and ensure that the high hazard sites are inspected annually. The policy establishes criteria to guide in the prioritization of inspections for high hazard sites and or sites that have a poor compliance history and repeated violations.

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.

Implemented	The San Diego Fire-Rescue Department Inspector Reference Guide provides the appropriate guidance to inspectors on how to fill out an electronic inspection information sheet. This should ensure that the Fire Prevention Bureau can maintain 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 be able to use this information to appropriately plan inspection activities. Additionally, the Fire Prevention Bureau data system now permits the alteration of information to only restricted groups within the bureau.
	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.
Partly Implemented	The Fire Prevention Bureau adjusted employees work schedule and hours to meet their direct and indirect inspection work hours ratio. We asked for evidence to that would demonstrate an increase of direct inspection activity; however, at the time of this report, we have not received any documentation to support full implementation of the recommendation. We anticipate implementation by our next recommendation follow-up report.
	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 alternative services to supplement and/or enhance inspection activity.

Implemented The Fire Prevention Bureau performed an assessment of the total number of inspections that it is required to conduct yearly. Based on this assessment, the available number of inspectors and the fees required to recover the cost of these inspections, it established a new ratio of inspection hours and number of inspections per year per inspector. The Fire Prevention Bureau provided a detailed description of the methodology used to calculate the ratio for each unit.

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.

Partly Implemented The Fire Prevention Bureau is working in conjunction with the Office of the City Treasurer and the Business Office to develop a system of information sharing that would facilitate capturing correctly and completely information on sites to be inspected. Additionally, the Fire Prevention Bureau and the Developmental Services Department (DSD) are working towards transferring the inspection building unit into DSD permanently. The Fire Prevention Bureau estimates that the recommendation will be fully implemented by June 2012.

Target Date: 12/31/2011

#9 The Fire Prevention Bureau should update policies and procedures making database completeness and accuracy a high priority.

Implemented The San Diego Fire-Rescue Department updated policies and procedures provide the appropriate guidance to maintain 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 be able to use this information to appropriately plan inspection activities. Additionally, the Fire Prevention Bureau data system now permits the alteration of information to only restricted groups within the bureau.

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.

Implemented The San Diego City Fire-Rescue Department provided its Inspector Reference Guide which sufficiently outlines the roles and responsibilities for inspectors related to obtaining, maintaining, entering, and modifying inspection status in the data system.

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.

Implemented The Fire Prevention Bureau data system now permits the alteration of information to only restricted groups within the bureau.

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.

Implemented The Fire Department Information Technology staff transferred all active occupancies and one year's worth of data from the Fire Incident Management System (FIMS) data to the new Field Collection Unit inspection tracking system. The remaining historical data was transferred to an Access data format and saved to a CD in case the data needs to be searched at a later time.

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.

Partly Implemented The Fire Prevention Bureau worked in conjunction with its stakeholders to develop a new and more appropriate square footage and rate calculation to bill for its high-rise inspection. During June 2011, the Fire Prevention Bureau obtained City Council approval to bill high-rises using the newly developed square footage and fee structure. After City Council approval, the Fire Prevention Bureau performed a review of its retroactive high-rise inspections, and it started billing for unpaid inspections performed during fiscal years 2010 and 2011. Currently, the Fire Prevention Bureau has billed all of the fiscal year 2010 unpaid inspections, and it is starting to bill for its fiscal year 2011 unpaid inspections. We expect the recommendation to be fully implemented shortly.

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.
Implemented	The Fire Prevention Bureau worked in conjunction with its stakeholders to develop a new and more appropriate square footage and rate calculation to bill for its high-rise inspection. During June 2011, the Fire Prevention Bureau obtained City Council approval to bill high-rises using the newly developed square footage and fee structure. After City Council approval, the Fire Prevention Bureau performed a review of its retroactive high-rise inspections and it started billing for unpaid inspections performed during fiscal years 2010 and 2011. Currently, the Fire Prevention Bureau has billed all of the fiscal year 2010 unpaid inspections and it is starting to bill for its fiscal year 2011 unpaid inspections.
	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.
Partly Implemented	The Fire Prevention Bureau worked in conjunction with its stakeholders to develop a new and more appropriate square footage and rate calculation to bill for its high-rise inspections. During June 2011, the Fire Prevention Bureau obtained City Council approval to bill high-rises using the newly developed square footage and fee structure. After City Council approval, the Fire Prevention Bureau performed a review of its retroactive high-rise inspections and it started billing for unpaid inspections performed during fiscal years 2010 and 2011. Currently, the Fire Prevention Bureau has billed all of the fiscal year 2010 unpaid inspections and it is starting to bill for its fiscal year 2011 unpaid inspections. We expect the recommendation to be fully implemented shortly.
	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; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up 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.
Implemented	The Fire Prevention Bureau (FPB) provided documentation that demonstrates a system has been implemented to efficiently and effectively deploy inspection resources. The FPB Brush Management Inspection Tracking and Mapping System pre-identifies all private and public parcels within the city requiring brush management. The inspection status of each parcel is accurately tracked and mapped. Reports track the total number of inspections needing to be conducted, number of inspections conducted, number of inspections where no violation was found, number of inspections where a violation notice was issued and the number of violations corrected. The Inspection Tracking and Mapping System has eliminated a manual system and created more real time, up-to-date accurate inspection records.
	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.
Partly Implemented	The department communicated that periodic benchmarking (once yearly) will be conducted with Phoenix, San Jose and San Francisco Fire Departments to determine what are the best management practices other jurisdictions are using to manage their bureaus. The report will be shared with staff and changes will be made when needed. Additionally, every three years a report will be provided in writing to the Assistant Chief of Support Services. To consider this implemented the Office of the City Auditor will need to review the benchmarking report, until then this recommendation remains partly implemented.
	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; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up 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.

Partly Implemented The Fire-Rescue Department provided documentation that demonstrates notification was sent to each City department with a list of parcels for which they may have brush management responsibilities. The memo informed departments that Fire-Rescue's referral notification process was establishing a more efficient methodology and required City departments to identify a single point of contact. This point of contact is responsible for responding back to the Fire-Rescue Department regarding the status of complaints and violations. Additionally, information was provided to demonstrate the step by step procedures for generating referrals and reporting the statuses of any complaints and violations. At the time of this report, evidence to demonstrate a process is in place for informing the Administration of non complying department was not provided. 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.

Implemented The Park and Recreation Department Open Space Division conducted a new cost benefit analysis to determine the most cost effective option to provide brush management services.

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.

Implemented The Office of the City Treasurer concluded that the use of a third-party collection agency is not a viable option and the City Attorney concurred with the assessment.

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.

Implemented The City Attorney concluded the Office of the City Treasurer's Collection Division could not make public a list of top debtors.

Target Date: 4/30/2011

#3	The Delinquent Accounts Program should actively pursue inclusion in the federal offset program.
Implemented	The Office of the City Treasurer has inquired about inclusion and received notification that only federal and state agencies are eligible to participate in the Federal Offset Program.

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.
Implemented	The Treasurer informed us that they found that they could obtain access to the Employment Development Department (EDD) for a monthly fee, if they fell into one of the exceptions listed in the California Insurance Code section 1095, which they do. However, the Treasurer determined that the monthly costs would exceed any benefit they would obtain by gaining access since they have few cases with court ordered restitution. Thus, the Treasurer determined that their current subscription services are more cost effective.

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.
Implemented	The City Treasurer's Office provided documentation to demonstrate an assessment of City databases was conducted. Collections Division is waiting for authorization to access systems within the Development Services, Real Estate Assets, Special Events and Police Departments.

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; however, at the time of this report, we

have not received any documentation to support implementation of the recommendation. We will continue to follow up 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; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up during our next reporting cycle.

Target Date: 9/30/2011

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

(EM)

#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.
Implemented	The Transportation and Storm Water Department maintains only one subscription for Underground Service Alerts.
	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. This target date is after this reporting cycle closed. We will continue to follow up on the recommendation during our next reporting cycle.
	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.
Implemented	The Transportation and Storm Water Department provided standard operating procedures that show that Street staff will consult with an outside vendors every 4 years to obtain an assessment of street conditions. Additionally, they will review streets 30 days before a resurfacing project is set to commence to ensure the condition is properly estimated within the departments pavement management system.
	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.

Implemented The Transportation and Storm Water Department provided operating procedures, which define the roles and responsibilities of the project manager and field engineer. These procedures establish a mechanism for internal control and oversight of resurfacing contracts.

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.

Implemented The SAP Security and Support team have sufficiently implemented all four components (a-d) of this recommendation. Specifically, they have performed a risk assessment, which resulted in removing all advanced access from standard IT users, allowing no unmitigated Segregation of Duty conflicts within the system, and using only highly monitored accounts for privileged access. The SAP Security team has further implemented a continuous self-assessment process, managed by City IT Security.

Target Date: 3/31/2012

# 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

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. Six of the seven remaining accounts have been sent to collections. DSD has taken steps to send the last remaining account to collections; however, as of the end of the reporting period, this account had not yet been 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, 2011l; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up during our next reporting cycle.
	Target Date: 9/30/2011

11-017	**PERFORMANCE AUDIT OF FIRE-RESCUE'S EMERGENCY MEDICAL SERVICES**
	(TT) (MW)
# 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 – N/A	The City changed their relationship with Rural/Metro, the City's ambulance provider. As a result, the controls suggested in this recommendation are no longer applicable.
	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.
Implemented	The City has entered into a new agreement with Rural/Metro to deliver emergency medical services through a standard vendor relationship.
	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 – N/A	The City changed their relationship with Rural/Metro, the City's ambulance provider. As a result, the controls suggested in this recommendation are no longer applicable.

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 – N/A	The City has entered into a new agreement with Rural/Metro to deliver emergency medical services through a standard vendor relationship. This agreement calls for an annual operating fee from Rural/Metro instead of monthly reimbursements for costs.

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 – N/A	The City has entered into a new agreement with Rural/Metro to deliver emergency medical services through a standard vendor relationship. This agreement calls for an annual operating fee from Rural/Metro instead of monthly reimbursements for costs.

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

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.

Implemented Based on a review of priority levels by the City's Medical Director, the Fire- Rescue Department has decided to no longer use the Priority 2 level category.

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.

Implemented Based on a review of priority levels by the City's Medical Director, the Fire-Rescue Department has decided to no longer use the Priority 2 level category.

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.

Implemented The Parking Administration Program has sent all eligible delinquent citations to collection.

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.

Implemented The Parking Administration Program implemented a new process to send eligible delinquent citations to collections eliminating any criteria based on DMV status codes. This action meets the intent of 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.
Implemented	The Parking Administration Program informed us that in lieu of having to do periodic system reviews, they eliminated all special coding and all citations are referred to collection on day 81 regardless of the status code. This action meets the intent of 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.
Implemented	The Parking Administration Program eliminated all special coding and all citations are referred to collection on day 81 regardless of the status code. This action meets the intent of 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 in unable to perform incompliance with its contracts.
Not Implemented	No change in status from previous reporting cycle. 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.
Implemented	The Parking Administration Program provided a document showing that citations with erroneous or incomplete information go into the Rejected Citation System. This system is later worked by the San Diego Police Department and the Office of the City Treasurer staff to correct the missing information. Corrected citations automatically transfer into the active data system automatically.

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	No change in status from previous reporting cycle. 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	No change in status from previous reporting cycle. 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	No change in status from previous reporting cycle. 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	No change in status from previous reporting cycle. 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	No change in status from previous reporting cycle. 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	No change in status from previous reporting cycle. 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	No change in status from previous reporting cycle. 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;

Partly Implemented The Fact-Finding is underway and the fact finding panel issued a preliminary report. The fact finding package was sent back to the fact finding panel with questions. The fact finding result are not expected to be completed as additional work is required. We will continue to follow up 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.

Implemented The Environmental Services Department (ESD) issued a reminder to all ESD employees.

Target Date: N/A

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

(CK)

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.

Partly Implemented The City has requested a meeting to renegotiate the Animal Services Agreement with the City, including possible changes to the formula used to allocate cost to the client jurisdictions. However, the County has requested to defer the renegotiation until closer to the contract termination date.

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.
Partly Implemented	The Police Department submitted a request for the City Attorney's opinion regarding the feasibility of recovering surplus payments through full reimbursement from the County. The City Attorney's Office has not released a formal opinion on the question at hand.
	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.
Partly Implemented	The Police Department submitted a request for the City Attorney's opinion regarding the feasibility of recovering surplus payments through full reimbursement from the County. The City Attorney's Office has not released a formal opinion on the question at hand.
	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.
Implemented	The City requested the County provide information on the feasibility of sending "failure to license" citations to each resident who does not renew their animal registration or provide a change in status of the animal. In its response, the County said such a program from the Animal Services law enforcement function would not be permissible. From a legal perspective, a law enforcement officer must see the infraction. From a cost perspective, the development and implementation of such a process may result in higher costs. The City would have the option to receive the information from the County and process it similar to parking violations. The City has chosen to take no further action.
	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.
Implemented	The City requested the County identify opportunities to increase dog license compliance through other points of animal contacts. The letter from County Animal Services dated October 5, 2011 includes a response to this request. The County cites its

"One Stop Program" with many veterinarians throughout its coverage area. The County does not want to make other service providers, such as kennels, groomers, and pet supply stores, the police of the City. The City Police Department has decided to take no further action regarding this recommendation.

Target Date: 8/31/2011

6 The Police Department should request the City Attorney's Office to provide a formal opinion on the permissibility of low-cost clinics on City recreation lands.

Implemented The Police Department asked the City Attorney's Office to draft a formal opinion related to the use of dedicated park land for dog vaccination clinics. The City Attorney said this use was not permissible, but indicated that it could be a permissible use on non-dedicated park land. The Police Department has identified one non-dedicated park in the City where a clinic could be held.

Target Date: 8/31/2011

7 If clinics are permissible on City recreation lands, the Police Department should communicate the availability of that public space to County Animal Services.

Partly Implemented According to the City Attorney's memo, vaccination clinics can be held on dedicated parkland. The Police Department claims there is one non-dedicated park where the clinics can be held, but has not pursued this opportunity.

Target Date: N/A

8 The City Administration should review the Animal Services Agreement and negotiate changes to bring the Agreement into compliance with the General Fund User Fee Policy. This should include: providing analysis and justification for not recovering 100% of the Animal Services Agreement, establishing a standardized and regular fee review to ensure fees match applicable costs, increasing cost recovery targets each year to maintain or improve the cost recovery rate, and providing analysis and justification for not increasing revenue when costs increase.

Partly Implemented The City surveyed other Animal Services providers in the region for information about how they provide services and what they charge for those services. The City has not completed and released the study. Since the City has elected to work with the County to charge its fees rather than establish separate City rates, the City will need to receive analysis conducted by the County regarding cost recovery targets, standardized fee review, and why Animal Services does not recover 100% of cost. According to communication with the City Administration, this analysis will be provided during contract negotiations.

Target Date: 10/31/2011

# 9	The Police Department should instruct contract management staff to conduct more in-depth analysis related to Animal Services' performance, including: conducting testing to verify the County is accurately reconciling the City's revenue account on the second quarter bill, working with the County to verify the annual license and shelter revenue figures, requesting reports on the number and value of fee waivers/adjustments granted by Animal Services staff, and requesting reports on the number and value of accounts sent to the County Auditor and Controller for discharge.
Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of January 1, 2012. This target date is after this reporting cycle ended. We will continue to follow up on the recommendation during our next reporting cycle.

Target Date: 1/1/2012

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

(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	No change in status from previous reporting cycle. The department provided an implementation target date of January 1, 2012. This target date is after this reporting cycle ended. We will continue to follow up on the recommendation during our next reporting cycle.

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	No change in status from previous reporting cycle. The department provided an implementation target date of January 1, 2012. This target date is after this reporting cycle ended. We will continue to follow up on the recommendation during our next reporting cycle.
	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	No change in status from previous reporting cycle. The department provided an implementation target date of January 1, 2012. This target date is after this reporting cycle ended. We will continue to follow up on the recommendation during our next reporting cycle.
	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	No change in status from previous reporting cycle. The department provided an implementation target date of January 1, 2012. This target date is after this reporting cycle ended. We will continue to follow up on the recommendation during our next reporting cycle.
	Target Date: 1/1/2012
# 5	To ensure that the City establishes a uniform and effective process to review the public safety needs and justification of take-home vehicle assignments, we recommend that the City Administration work in consultation with the San Diego Police Department and the San Diego Fire-Rescue Department to revise Council Policy 200-19 regarding the use of City vehicles by City employees. The revised policy should require that a complete listing of take-home vehicles be provided by each City department yearly with a justification for those assignments. In addition, the revised policy should clearly define the purpose of take-home vehicles and restrict their assignment to the greatest extent possible.

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

No change in status from previous reporting cycle. The department provided a target implementation date of September 1, 2011; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up on the recommendation.

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

No change in status from previous reporting cycle. The department provided an implementation target date of January 1, 2012. This target date is after this reporting cycle ended. We will continue to follow up on the recommendation during our next reporting cycle.

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

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 during our next reporting cycle.

Target Date: 7/1/2012

11

In addition, to ensure that adequate data is available to enable the City to track, and where applicable, seek reimbursement for vehicle-related costs, we recommend that the Public Works Department's Fleet Services Division maintain backup files of all data on vehicle maintenance and fuel costs according to Internal Revenue Service records retention regulations.

Not Implemented	No change in status from previous reporting cycle. The department provided a target implementation date of August 1, 2012. 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	No change in status from previous reporting cycle. The department provided an implementation target date of January 1, 2012. This target date is after this reporting cycle ended. We will continue to follow up on the recommendation during our next reporting cycle.
	Target Date: 1/1/2012
# 13	In addition, to ensure that all information pertaining to the use of the City's fuel cards is maintained and that effective oversight is possible, we recommend that the Public Works Department's Fleet Services Division collect identification information on all fuel purchases.
Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of January 1, 2012. This target date is after this reporting cycle ended. We will continue to follow up on the recommendation during our next reporting cycle.
	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 No change in status from previous reporting cycle. The department provided a target implementation date of September 1, 2011; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up on the recommendation.

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 No change in status from previous reporting cycle. The department provided a target implementation date of September 1, 2011; however, at the time of this report, we have not received any documentation to support implementation of the recommendation. We will continue to follow up on the recommendation.

Target Date: 9/1/2011

11-027 PERFORMANCE AUDIT OF CAPITAL IMPROVEMENT PROGRAM

(DM)

#1 Develop an effective methodology for identifying the City's deferred maintenance and capital needs.

Not Implemented No change in status from previous reporting cycle.

Target Date: N/A

#7 Establish a policy for implementing a Citywide asset management program to include a schedule and significant milestones, and potentially linking the Enterprise Asset Management program with the capital planning office.

Not Implemented No change in status from previous reporting cycle.

Target Date: 12/31/2011

#8	Complete the development of standard criteria and processes for collecting asset information and assessing the condition of assets, including moving toward the use of a standard database for a Citywide inventory.
Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of December 31, 2012.
	Target Date: 12/31/2012
#9	Require that all client departments evaluate alternatives to appropriate projects based on desired outcomes, such as including conducting risk/criticality assessments and lifecycle cost analysis and assessing maintenance/ rehabilitation and non-construction options.
Not Implemented	No change in status from previous reporting cycle.
	Target Date: N/A
#11	Revise the charter for Capital Improvement Project Review and Advisory Committee (CIPRAC) to update its mission, authority, and objectives. A. Require that CIPRAC review department projects and priority scores and prioritize projects from a citywide perspective. B. Link CIPRAC and its role of prioritizing and approving projects with the capital program office.
Not Implemented	No change in status from previous reporting cycle.
	Target Date: N/A
#12	Assess the current priority scoring process, including obtaining input from service and client departments and other stakeholders, and develop suggested changes, if needed, to City Council Policy 800-14. Require that officials with relevant experience, such as planning and redevelopment staff, be consulted as appropriate when client departments develop priority scores for projects.
Not Implemented	No change in status from previous reporting cycle.
	Target Date: 12/31/2011

#13	Establish department-level performance goals and performance measures and the tools needed, including project delivery cost and timeliness, project quality, and customer satisfaction and feedback systems to monitor and report results and promote continuous improvement.
Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of March 31, 2012.
	Target Date: 3/31/2012
#14	Develop updated agreements with all client departments to establish project implementation expectations and requirements.
Not Implemented	No change in status from previous reporting cycle.
	Target Date: N/A
#15	Require that client departments assign and maintain a primary point of contact for each project throughout project implementation.
Not Implemented	No change in status from previous reporting cycle.
	Target Date: 9/30/2011
#16	Integrate project scope, budget, and schedule, potentially using the Department's new Project Portfolio Management Integrator, to provide the needed data so that project managers can use EVM or another tool to effectively measure project performance and identify problems in a timely manner. Provide detailed information to the client departments on the impact of changes in scope on the budget and schedule of the project.
Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of March 31, 2012.
	Target Date: 3/31/2012
#17	Develop a uniform procedure for updating project data in Primavera 6 and establish an effective internal review process and accountability for accuracy and timeliness of data.

A. Formalize processes to update project content and ensure common criteria used to update data.

B. Implement procedures to perform regular inspections of Primavera data to

ensure accuracy.

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

Target Date: 3/31/2012

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

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

Target Date: 3/31/2012

#19 Revise the current project closeout process to ensure that tasks are executed and completed in a timely manner.

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

Target Date: 3/31/2012

#20 Conduct project-level post-construction reviews to identify lessons learned and develop recommendations on how to improve future performance. Include the frequency of reviews for non-repetitive projects in existing policy on conducting post-construction reviews.

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

Target Date: 3/31/2012

#21 Develop and maintain a database of best management practices resulting from lessons learned and make information available to project managers working on projects of a similar scope and nature.

Not Implemented No change in status from previous reporting cycle.

Target Date: N/A

#22	Organize and consolidate Standard Operating Procedures into a standardized Project Delivery Manual and establish oversight and enforcement mechanisms to improve consistency and accountability.
Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of March 31, 2012.

Target Date: 3/31/2012

#23	We recommend that the Chief Operating Officer: Require that client departments assign and maintain a primary point of contact for each project throughout project implementation.
Not Implemented	No change in status from previous reporting cycle.

Target Date: 8/31/2011

#24	To improve the efficiency and accuracy of capitalizing fixed assets, we recommend that the City Comptroller, in conjunction with the Director of Engineering and Capital Projects (E&CP): 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 E&CP officials.
Not Implemented	No change in status from previous reporting cycle. The department provided an implementation target date of March 31, 2012.

Target Date: 3/31/2012

12-001 **PERFORMANCE AUDIT OF PUBLIC UTILITIES CAPITAL IMPROVEMENT PROGRAM**

(DM)

#1 Work with Public Works/Engineering and Development Services to develop a documented process that ensures all information and documents on completed projects are provided to Public Utilities in a timely manner and include this in service level agreements with these departments.

- The process should include a control for Public Utilities to ascertain that Public Works/Engineering and Development Services are providing all information within the agreed upon timeframe.

Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011. The department stated recommendation implementation is on track for June 30, 2012 completion.
	Target Date: 6/30/2012
#2	Determine the frequency of which the condition of appropriate assets should be assessed and establish a schedule for these assessments, particularly for water transmission mains. • Reassess the most cost effective approach for assessing the condition of and prioritizing water distribution pipes as the Department develops its replacement program for asbestos cement pipes, such as the use of predictive software to forecast asset condition.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011. The department stated recommendation implementation is on track for June 30, 2012 completion.
	Target Date: 6/30/2012
#3	Develop a schedule for implementation of SAP Enterprise Asset Management (EAM) and provide updates on progress to Independent Rates Oversight Committee (IROC) and other stakeholders. • To ensure that all City departments, including Public Utilities, derive benefits from the Departments SAP EAM implementation, coordinate with the Enterprise Resource Planning Department's efforts to merge with the existing EAM system, which the Transportation and Storm Water Department currently uses.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011. The department stated recommendation implementation is on track for September 30, 2012 completion.
	Target Date: 9/30/2012
#4	Assess whether the current criteria and process for determining whether to develop a full Business Case Evaluation (BCE) for a project is sufficient to ensure that all appropriate capital projects are justified. • Ensure that BCE abstracts consistently include the necessary financial and other data to support business decisions.

Implemented The Department originally disagreed with the recommendation because it stated policies were in place already and was sufficient. The Department provided documentation to support that the department has reviewed the Business Case Evaluation (BCE) process and that BCEs contain necessary financial and other data to support business decisions.

Target Date: N/A

#5 Provide input to the Capital Improvement Review and Advisory Committee (CIPRAC) regarding the prioritization ranking tool, so that appropriate changes can be made to Council Policy 800-14.

Implemented The Department originally partially agreed with the recommendation because it stated policies were existing Council Policy provides the proper criteria. The department provided documentation to support that the department provides input to the Capital Improvement Review and Advisory Committee (CIPRAC) regarding the prioritization ranking tool. This is an ongoing activity.

Target Date: N/A

#6 Complete a consolidate asset management plan and ensure it is in line with best practices and includes a schedule for implementation with a combination of short-, mid-, and long-range initiatives to ensure that funds and staff availability are not barriers to successful implementation.

- Ensure that the plan includes:
  - measurable goals and objectives;
  - clear, numeric goals for the target level of condition the Department wants to achieve for appropriate assets; and
  - performance measures that are linked with these goals.
- Monitor and report out performance measures to the Independent Rates Oversight Committee (IROC), City Council, customers and other stakeholders.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2011. The department stated recommendation implementation is on track for June 30, 2012 completion, however Department cannot ensure fund and staff availability in the future.

Target Date: 6/30/2012

#7	Develop a comprehensive Wastewater Master Plan based on a full assessment of the wastewater system's needs and best practices when it updates this plan in three to five years. • Provide links to other plans or documents when best practice elements are excluded from master plans.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011. The department stated recommendation implementation is on track for June 20, 2012 completion. Target Date: 6/30/2012
#8	Conduct regular updates to master, Capital Improvement Projects (CIP), and financing plans. • Update water and wastewater master plans every three to five years.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011. The department provided an implementation target date of June 30, 2012. Target Date: 6/30/2012
#9	Include basis for determining the funding mix in future Master Plans, Capital Improvement Projects (CIP) plans, or a financing plan and make these available to the public.
Implemented	Documentation provides support that the department has determined the funding mix in its Fiscal Year 2012-2016 CIP Financing plan. Target Date: N/A
#10	Improve the Department's strategy for communicating capital needs to stakeholders, including providing estimated deferred maintenance and unfunded needs if needed rate increases are not secured and implications of deferring projects.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011. Target Date: N/A

#11	Revise the service level agreement with the Public Utilities Department to describe specific requirements to monitor and report project delivery costs.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011. The department provided an implementation target date of June 30, 2012.
	Target Date: 6/30/2012
#12	Develop project-level delivery costs progress reports from the Project Portfolio Management Integrator or other sources to track, monitor, and report planned verse actual costs on a monthly basis for all active projects.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011. The department provided an implementation target date of June 30, 2012.
	Target Date: 6/30/2012
#13	Report final project delivery costs versus total construction costs at the completion of each project. Annually, compile, consolidate, and analyze performance data of completed projects to identify inefficiencies and enhance performance and value, such as by developing a Process Improvement Plan as recommended by the project management guides and standards.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011. The department provided an implementation target date of June 30, 2012.
	Target Date: 6/30/2012
#14	Develop a regulation process narrative that outlines charges that are appropriate direct expenses.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011. The department provided an implementation target date of June 30, 2012.
	Target Date: 6/30/2012

#15 Establish a policy and guidelines to streamline the process to identify costs related to construction management and the construction contract that requires:

- all city labor for construction management, excluding City Forces, to be charged to Construction Administration (WBS .06.02);
- all construction contract vendor payments to be charged to Field Construction (WBS .06.01.02); and
- the correction of all inaccurate charges within a timely manner.

Implemented The department originally disagreed with the recommendation and did not implement the recommendation as stated. However, the department provided documentary evidence to demonstrate the intent of the recommendation was implemented. The evidence confirmed that all City labor for construction management expenditures are charged to a WBS element which is separate from the construction contract expenditures.

Target Date: N/A

#16 Establish a more effective process for obtaining input from Public Works/Engineering regarding SAP concerns impacting project management and address high priority issues expeditiously.

Not Implemented – Disagree New recommendation, but the department disagrees with the recommendation and will not implement the recommendation.

Target Date: N/A

#17 Develop and implement a tool to allow budget-to-date actual expenditures, such as for planning, design, and construction, to be available in one document or report.

Not Implemented – Disagree New recommendation, but the department disagrees with the recommendation and will not implement the recommendation.

Target Date: N/A

#18 Develop an effective methodology for developing overhead rates and make retroactive adjustments if needed to ensure that departments correctly receive overhead funds as budgeted and billed in fiscal year 2012.

Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011. However, the department provided a target implementation date of November 30, 2011 and as of this report we have not received any documentation to support implementation of the recommendation.

Target Date: 11/30/2011

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

(SG)

#1 San Diego City Employee Retirement Systems' management and trustees should work with its legal counsel to identify alternatives to fiduciary insurance, including, for example:

a) Investigating the feasibility and cost-effectiveness of self-insuring for trustee defense and indemnification costs.

b) Working with the City Attorney's Office to develop a mutually satisfactory agreement for City Council consideration to defend and indemnify trustees for acts or omissions that arise of out the scope of their responsibilities. Such an agreement should provide greater assurance to trustees than what is currently afforded under California Code 995, but provide prudent exceptions, such as if a trustee acts fraudulently.

c) Using an independent third party to validate the City's determination if it finds that trustees were not acting within the scope their responsibilities.

d) Evaluating the current risk and coverage level, and, if prudent, adjust to lower annual premiums.

Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#2 San Diego City Employee Retirement Systems should consider that its current actuary costs are high compared to peers when they evaluate proposals received in response to its Fall 2011 Request for Proposal (RFP) for actuarial services and negotiate fees with the selected firm.

Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: 12/31/2011

#3	San Diego City Employee Retirement Systems should designate an individual, possibly its Internal Auditor, to ensure the business process recommendations made by its consultant are implemented.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#4	San Diego City Employee Retirement Systems should reassess its staffing level once the new pension administration system is implemented and eliminate unnecessary positions to reduce personnel costs.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#5	San Diego City Employee Retirement Systems' board should periodically reassess its asset allocation and rate of return versus investment management costs to identify if its mix of active and passive investments is still appropriate.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#6	The Risk Management Department should request the City Attorney's Office to: a) Determine whether the City is legally obligated to reimburse current retirees' IRMAA expenses under the San Diego Municipal Code section 24.1202(a)(5). If the City Attorney's Office determines that the City is not legally obligated to reimburse IRMAA under the Municipal Code language, it should determine whether the City can discontinue reimbursing current retirees on a go-forward basis, or whether it is now considered a vested benefit. If the City Attorney's Office determines that it is not a vested benefit, Risk Management should work with the City Attorney's Office to identify the steps necessary to discontinue reimbursing current high-income retirees' Medicare Part B IRMAA premiums, and present options to City Council and City administration for consideration.

b) Review the retiree health care tentative agreement and make a legal determination about whether Medicare Part B premiums, including IRMAA, are eligible to be reimbursed from the health care allowance. Risk Management should work with the City Attorney's Office to clarify the eligibility of this benefit in the upcoming Memorandums of Understanding with labor groups. In addition, if the City Attorney's Office determines that Medicare Part B and/or IRMAA are not reimbursable expenses, Risk Management should work with the City Attorney's Office to revise the Municipal Code after July 2014 to explicitly exclude this benefit and present the revised Municipal Code language to City Council for adoption.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#7 The Risk Management Department should request the City Attorney's Office to review the permissibility of offsetting IDR benefits by income from outside employment and/or Workers' Compensation awards. If the City Attorney's Office determines that an IDR benefit offset policy is feasible, Risk Management should work with the City Attorney's Office to identify and present implementation options to City Council for consideration.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#8 San Diego City Employee Retirement Systems should allow members to obtain price estimates for service credit purchases through Member Counselors and/or their website to reduce the workload on Benefit Administration staff.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#9 San Diego City Employee Retirement Systems (SDCERS) should require department managers to identify costs from contractor invoices that can be directly attributable to particular plan sponsors as part of their routine review and approval process. The department managers should clearly indicate for the Finance Department the total costs that can be assessed to a plan sponsor.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#10 San Diego City Employee Retirement Systems (SDCERS) should assess the current City and board policy that requires experience studies to be conducted at least every five years to determine if this timeframe is still appropriate, particularly since the actual timeframe is closer to three years. If SDCERS' management and trustees determine that a more frequent timeframe is more appropriate, they should consider revising the Board Rule and working with the City Council to revise the Municipal Code.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#11 San Diego City Employee Retirement Systems should draft the Request for Proposals for its actuarial and actuarial audit services and present it to the Board for approval within the next three months to ensure the firms are selected prior to expiration of the current contract.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#12 San Diego City Employee Retirement Systems (SDCERS) should demonstrate that it corrected the Corbett and monthly benefit calculations for the retirees identified in the 2005 audit. In addition, SDCERS should work with its legal counsel to determine the feasibility of collecting overpayments and reimbursing members who were underpaid, if applicable.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: 6/30/2012

12-003 HOTLINE INVESTIGATION REPORT OF FALSE REQUEST FOR REIMBURSEMENT

(AA)

#1 We recommend the Economic Development Division issue a demand letter for return of the CDBG funds that were paid to the non-profit organization for work that appears to have been completed before the reimbursement agreement was authorized.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: 6/30/2012

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

(EM)

#1 The San Diego Police Department should conduct an annual review of the City's police-regulated activities to: 1. Assess the effectiveness of existing regulations in reducing crime and vice-related activity, 2. Identify emerging threats, which may be best addressed through additional regulation, 3. Identify regulatory activities of other levels of government or organizations and assess their benefit for implementation in San Diego, 4. Propose modification and/or elimination of regulations which do not effectively encourage public safety, and 5. Present a completed assessment of the four areas above for the City Council's consideration.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#2 The San Diego Police Department review its permits and licensing mission to enhance public safety, assess operational requirements to achieve the Units goals, and adjust Unit activities, types and levels of staffing, and methods to deliver services cost effectively.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#3 The San Diego Police Department review and revise its fee and activity methodology to reflect current operating conditions.

Not Implemented New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#4	The San Diego Police Department establish a formalized training program which prepares new Permits and Licensing Unit employees to perform effectively and consistently. Further, the San Diego Police Department should evaluate conditions leading to frequent turnover and take immediate steps to increase employee tenure.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.
	Target Date: 4/30/2012
#5	The San Diego Police Department's Permits and Licensing Unit should establish and utilize a performance measurement system which allows for continuous monitoring and operational adjustment to maximize performance.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.
	Target Date: 7/31/2012
#6	The San Diego Police Department work with the City Attorney's Office to determine how the City Council can modify the San Diego Municipal Code to ensure alarm companies and/or subcontractors are held accountable for: 1. Ensuring all monitored alarm systems operate with proper City permits, and 2. Reducing instances of false alarms from repeat offenders. Further, the SDPD and the City Attorney should evaluate and develop appropriate actions for City Council approval to hold alarm companies and/or subcontractors responsible for unpaid permit fees and/or penalties or to require alarm companies and/or subcontractors to collect fees and penalties on the City's behalf.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.
	Target Date: 6/30/2012
#7	The San Diego Police Department work with the City Attorney's Office to develop San Diego Municipal Code changes for the City Council's approval which: 1. Adopt national strategies to reduce false alarms 2. Establish a more effective penalty program to recover false alarm costs from false alarm offenders, and 3. Reduce the inclusion of false alarms costs from the calculation of an alarm permit fee.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.
	Target Date: 6/30/2012

#8	The San Diego Police Department assess the capabilities of current alarm-data systems and departmental process to ensure accurate tracking and collection of false-alarm expenses, timely collection of permit and penalty fees, and remitting unpaid fees to the City Treasurer for collections.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: 6/30/2012

#9	The San Diego Police Department (1) ensure the collection of permit payments adheres to fees established by the City Council and can be reconciled to specific records and (2) review the City's accounting and GuardCard systems and assess the best way to update, upgrade, or replace systems to ensure records can be reconciled and tracked correctly.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: N/A

#10	The City Administration proceed with its plans to integrate and align the administrative components of police permits within the Office of the City Treasurer. Establish clear regulatory language, policies, and procedures to divide administrative, enforcement, and regulatory roles and duties between the Office of the City Treasurer and the San Diego Police Department.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: 6/30/2012

#11	In light of Recommendation 10, the Office of the City Treasurer ensure that the expiration of all new police permits and corresponding business tax certificates occur on the same date and develop appropriate procedures to follow-up on expired permits and collect on businesses or individuals found to be operating without a permit.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.

Target Date: 6/30/2012

#12	The San Diego Police Department establish appropriate guidance for the Permits and Licensing Unit which 1. Outlines requirements for conducting permit reviews in a consistent and complete manner, 2. Establishes a documentation trail for all required documentation, 3. Requires the maintenance of evidence and completion of sufficient background checks, and Requires managerial oversight and review of the Unit to ensure effective internal operations.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.
	Target Date: N/A
#13	The San Diego Police Department or Office of the City Treasurer establish an automated system to process permit applications and ensure that it automatically assigns permit expiration dates and notifies staff to collect penalties and background check fees from the applicant.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.
	Target Date: 6/30/2012
#14	The San Diego Police Department enforce San Diego Municipal Code section §33.0307 and ensure to conduct and charge applicants for all permit application criminal background investigations.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.
	Target Date: N/A
#15	The San Diego Police Department automate the reporting of pawn shop sales records and create policies and procedures to ensure processes are in compliance with State laws.
Not Implemented	New recommendation, not enough time for the department to implement before December 31, 2011.
	Target Date: N/A

April 2012

ATTACHMENT C

Not Implemented – N/A or Disagree Recommendations

ATTACHMENT C
RECOMMENDATIONS DISAGREED OR NO LONGER APPLICABLE

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)

# 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**
(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: