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September 2014

Audit Recommendation Follow-up Report

Status Update as of June 30, 2014

DATE: September 30, 2014

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 June 30, 2014. We will continue reporting on open recommendations semiannually for periods ending around June 30th and December 31st.

We have provided a short summary of data, highlighted some recommendations, and attached the status updates for all recommendations. Again, significant progress has been made by the administration to implement audit recommendations. We look forward to presenting this report at the October 6, 2014 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.

We would like to thank all the staff from the various departments that provided us with information for this report, and Stacey LoMedico for helping to facilitate this process. All of their valuable time and efforts is greatly appreciated.

cc: Honorable Mayor Kevin Faulconer
        Honorable City Councilmembers
        Scott Chadwick, Chief Operating Officer
        Stacy LoMedico, Assistant Chief Operating Officer
        Deputy Chief Operating Officers
        Department Directors

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SUMMARY

The administration has made significant progress towards implementing open audit recommendations. Almost all of the recommendations with previous disagreement have been resolved through collaboration. In some cases, departments found ways to change their procedures in ways that were different that our specific recommendations, but the alternative changes mitigated the risks identified and met the spirit of the original recommendations.   There is only one recommendation with disagreement, which can be found in Attachment A, and it will be discussed at an Audit Committee meeting. Lastly, we asked all departments with outstanding recommendation to provide a current target implementation date, and there are now very few without a current target implementation date. There is a renewed effort by the administration to implement recommendations, and their efforts are greatly appreciated.

IMPLEMENTATION STATUS OF OPEN RECOMMENDATIONS

This report reflects the status of all open recommendations made by the Office of the City Auditor as of June 30, 2014.   Working with the Assistant Chief Operating Officer, the City Auditor staff contacted departments directly to gather recommendation status information. We reviewed all outstanding recommendations, and placed the recommendations into the following status categories:

Implemented — where City staff provided sufficient and appropriate evidence to support all elements of implementing the recommendation;

In Progress — where some evidence was provided but not all elements of the recommendation were addressed or the department reported it has begun to implement the recommendation but has not completed the implementation;

Not Implemented — includes new recommendations that were issued in the last three months of the current reporting period that were not expected to be implemented already, and no evidence of implementation was provided yet. It also includes recommendations where no evidence was provided to support any meaningful movement towards implementation, and/or no update information was provided;

Not Implemented – Disagree — where the administration disagreed with the recommendation, did not intend to implement, and no further action will be reported; and

Not Implemented – N/A — where circumstances change to make a recommendation not applicable.

During this reporting cycle, we reviewed 165 audit recommendations made as of June 30, 2014. We verified that departments and related entities have implemented 42 recommendations out of 165 (25 percent) since our last report. The results of our review for this reporting cycle are as follows for the 165 recommendations:

Number of Recommendations	Status of Recommendations
42	Implemented
99	In Process
23	Not Implemented
1	Not Implemented – Disagree
0	Not implemented – N/A
165	Total

This report provides information about the recommendations in the following Exhibits:

- **Exhibit 1** - Summarizes the status of the 165 recommendations by audit report in chronological order.
- **Exhibit 2** - Summarizes the distribution of the 42 recommendations **Implemented** by Department/Agency.
- **Exhibit 3** - Summarizes the distribution of the 99 recommendations **In Process** by Department/Agency.
- **Exhibit 4** - Summarizes the distribution of the 24 recommendations **Not Implemented** by Department/Agency.
- **Exhibit 5** - Breaks down the 165 recommendations by their status and the length of time a recommendation remains open from the original audit report date.

This report also provides detailed information about the recommendations in the following Attachments:

Attachment A - **Recommendations Highlighted for the Audit Committee's Attention**
Generally, these recommendations include: (a) those where the administration **disagreed** with implementing the recommendation, (b) the status update significantly varied from the update provided by the administration, (c) a recommendation may need some type of further action, or (d) a recommendation is determined to be **Not Applicable** (N/A) any longer and should be dropped.

Attachment B – Recommendations Deemed as Implemented
This schedule includes all recommendations as of June 30, 2014 that have been deemed as **Implemented** by City Auditor staff based on sufficient and appropriate evidence provided by the departments to support all elements of the recommendation.

Attachment C – Recommendations Deemed as In Process
This schedule includes all recommendations as of June 30, 2014 that are **In Process** of implementation based on the status information provided.

Attachment D – Open Audit Recommendations Not Implemented
This schedule includes a chronological listing of all open recommendations as of June 30, 2014 including new recommendations that were issued in the last three months of the current reporting period but were not expected to be implemented already, and no evidence of implementation was provided yet. It also includes recommendations where no evidence was provided to support any meaningful movement towards implementation, and/or no update information was provided. These recommendations are listed as **Not Implemented.**

FUTURE RECOMMENDATION FOLLOW-UPS

The Office of the City Auditor will conduct semiannual follow-ups with reporting periods ending June 30th and December 31st of each calendar year. For the next report, we will continue to ask departments to establish target implantation dates for new recommendations, and we will provide information on the ones that become past due. We will also highlight recommendations where there is disagreement and seek resolutions.

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.

Exhibit 1 below summarizes the status of the 165 recommendations by audit report in chronological order.

EXHIBIT 1 Audit Reports and Recommendation Status

Report No.	Report Title	Implemented	In Process	Not Implemented[1]
09-001	AUDIT OF THE INTERNAL CONTROL REMEDIATION RELATED TO THE SAN DIEGO CITY EMPLOYEES RETIREMENT SYSTEM	1		
09-013	THE CITY OF SAN DIEGO FACES UNIQUE OPERATIONAL AND ADMINISTRATIVE CHALLENGES IN MANAGING QUALCOMM STADIUM		4	
10-002	PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART I	1	1	
10-003	PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART II		2	
10-008	HOTLINE INVESTIGATION OF A CITY COMPTROLLER EMPLOYEE	1		
10-009	SAN DIEGO DATA PROCESSING CORPORATION FOLLOW-UP AUDIT		3	
10-010	PERFORMANCE AUDIT OF THE CITY TREASURER'S DELINQUENT ACCOUNTS PROGRAM - DEVELOPMENT SERVICES DEPARTMENT	1	3	
10-018	PERFORMANCE AUDIT OF THE PURCHASING AND CONTRACTING DEPARTMENT - CITYWIDE OPEN PURCHASE ORDER PROGRAM		1	
10-020	PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES		2	
11-001	PERFORMANCE AUDIT OF RISK MANAGEMENT'S PUBLIC LIABILITY AND LOSS RECOVERY DIVISION	2	8	
11-013	FOLLOW-UP AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES		1	
11-017	PERFORMANCE AUDIT OF FIRE-RESCUE'S EMERGENCY MEDICAL SERVICES	1		

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[1] This column includes any recommendations deemed Not Implemented – Disagree.

Report No.	Report Title	Implemented	In Process	Not Implemented[2]
11-020	PERFORMANCE AUDIT OF THE PARKING ADMINISTRATION PROGRAM		1	
11-024	PERFORMANCE AUDIT OF THE ANIMAL SERVICES AGREEMENT BETWEEN THE CITY OF SAN DIEGO AND THE COUNTY OF SAN DIEGO	1		
11-026	PERFORMANCE AUDIT OF THE TAKE-HOME USE OF CITY VEHICLES	1	4	1
11-027	PERFORMANCE AUDIT OF THE CAPITAL IMPROVEMENT PROGRAM	1	1	
12-002	PERFORMANCE AUDIT OF THE SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM		2	
12-004	PERFORMANCE AUDIT OF THE SAN DIEGO POLICE DEPARTMENT'S PERMITS AND LICENSING UNIT	1	3	
12-008	PERFORMANCE AUDIT OF THE PURCHASING AND CONTRACTING DEPARTMENT		2	
12-009	PERFORMANCE AUDIT OF THE MISSION BAY IMPROVEMENT FUND - FY10		1	
12-011	PERFORMANCE AUDIT OF FACILITIES' PURCHASES UNDER THE MRO AGREEMENTS		1	
12-015	PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S PROJECT TRACKING SYSTEM	1	8	
13-003	PERFORMANCE AUDIT OF THE PROCUREMENT CARD PROGRAM	4	5	
13-005	HOTLINE INVESTIGATION REPORT OF CASH HANDLING AT RECREATION CENTERS	1	4	
13-006	PERFORMANCE AUDIT OF THE ECONOMIC DEVELOPMENT PROGRAM		1	
13-007	PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S CHEMICAL PURCHASES	1	1	
13-008	PERFORMANCE AUDIT OF THE GENERAL SERVICES DEPARTMENT - FACILITIES MAINTENANCE DIVISION	2	3	

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[2] This column includes any recommendations deemed Not Implemented – Disagree.

Report No.	Report Title	Implemented	In Process	Not Implemented[3]
13-009	PERFORMANCE AUDIT OF THE REAL ESTATE ASSETS DEPARTMENT			4
13-010	PERFORMANCE AUDIT OF THE CITY'S OVERTIME CONTROLS			2
13-011	PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S VALVE MAINTENANCE PROGRAM	1	2	
13-012	PERFORMANC E AUDIT OF THE STREETS DIVISON'S POTHOLE REPAIR OPERATIONS	1	1	
14-001	PERFORMANCE AUDIT OF THE PARK AND RECREATION DEPARTMENT'S PLAYGROUND MAINTENANCE PROGRAM		3	
14-002	PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S INDUSTRIAL WASTEWATER CONTROL PROGRAM	1	5	2
14-003	PERFORMANCE AUDIT OF THE UTILITIES UNDERGROUNDING PROGRAM	1	1	
14-004	PERFORMANCE AUDIT OF MISSION BAY AND SAN DIEGO REGIONAL PARKS IMPROVEMENT FUNDS, FISCAL YEAR 2012		1	
14-005	PERFORMANCE AUDIT OF PUBLISHING SERVICES	2	2	
14-006	PERFORMANCE AUDIT OF THE POLICE PATROL OPERATIONS		1	2
14-009	PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S CUSTOMER SUPPORT DIVISION		3	
14-010	PERFORMANCE AUDIT OF THE PERSONNEL DEPARTMENT	4	2	
14-011	PERFORMANCE AUDIT OF IT WEB SERVICES		3	
14-012	HOTLINE INVESTIGATION: REVIEW OF CITY TRAVEL EXPENSES ASSOCIATED WITH FORMER MAYOR FILNER'S TRIP	1		
14-013	PERFORMANCE AUDIT OF ADD-ON PAYS	2	3	
14-014	PERFORMANCE AUDIT OF GRAFFITI CONTROL PROGRAM		7	7
14-015	HOTLINE INVESTIGATION: PRESIDIO HILLS GOLF COURSE USE AND OCCUPANCY PERMIT			1

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[3] This column includes any recommendations deemed Not Implemented – Disagree.

Report No.	Report Title	Implemented	In Process	Not Implemented[4]
14-016	HOTLINE INVESTIGATION REPORT OF PUBLIC UTILITIES WAREHOUSE SUPPLY PURCHASES	3	1	
14-017	HOTLINE INVESTIGATION OF OVERTIME AND TELEPHONE USAGE			2
14-018	PERFORMANCE AUDIT OF COMMUNITY FACILITIES DISTRICTS	1	1	
14-019	PERFORMANCE AUDIT OF REAL ESTATE ASSETS DEPARTMENT			4
14-020	PERFORMANCE AUDIT OF PUBLIC UTILITIES DEPARTMENT'S RESERVES	3		
14-021	PERFORMANCE AUDIT OF THE SAN DIEGO CONVENTION CENTER'S FINANCIAL SYSTEMS	2		
GRAND TOTAL		42 (25%)	99 (60%)	24 (15%)

[4] This column includes any recommendations deemed Not Implemented – Disagree.

Exhibit 2 summarizes the distribution of the 42 recommendations **Implemented** by Department/Agency as of June 30, 2014.

EXHIBIT 2: Number of Recommendations Implemented by Department/Agency

Number of Recommendations Implemented	Department/Agency	Number of Recommendations Implemented	Department/Agency
3	City Comptroller	1	Public Utilities - WWTD
2	COO	2	Public Works
1	Debt Management	1	Public Works - Engineering And Capital Projects
2	Development Services	2	Public Works - Facilities
1	Emergency Medical Services	1	Public Works - Publishing Services
1	Park & Recreation	1	Purchasing & Contracting
1	Department of Performance & Analytics	3	Risk Management
4	Personnel	2	San Diego Convention Center
4	San Diego Police Department	1	San Diego Housing Commission
7	Public Utilities	2	Transportation & StormWater

Exhibit 3 summarizes the distribution of the 99 recommendations **In Process** by Department/Agency as of June 30, 2014.

EXHIBIT 3: Number of Recommendations In Process by Department/Agency

Number of Recommendations Outstanding	Department/Agency	Number of Recommendations Outstanding	Department/Agency
1	Assistant COO	2	San Diego Police Department
3	City Comptroller	8	Public Utilities
4	City Treasurer	2	Public Utilities - Water Operations
3	COO	3	Public Works
1	Debt Management	3	Public Works - Facilities
14	Development Services	2	Public Works - Fleet
1	Economic Development	1	Public Works - Publishing Services
1	San Diego Fire Department	11	Purchasing & Contracting
1	Information Technology	7	Risk Management
8	Park & Recreation	3	San Diego Housing Commission
1	Department of Performance & Analytics	2	San Diego City Employee Retirement System
1	Personnel	4	Stadium
1	Personnel and Human Resources	11	Transportation & StormWater

Exhibit 4 summarizes the distribution of the 24 recommendations **Not Implemented** by Department/Agency as of June 30, 2014. This exhibit does not includes one recommendation determined as - **Not Implemented – Disagree**. We should note that the two recommendations listed for the City Comptroller were recently reassigned to them, and the Transportation & StormWater recommendations were from a report recently issued in March 2014.

EXHIBIT 4: Number of Recommendations Not Implemented by Department/Agency

Number of Recommendations Outstanding	Department/Agency
2	City Comptroller
3	San Diego Police Department
2	Public Utilities
11	Real Estate Assets
6	Transportation & StormWater

Exhibit 5 breaks down the 165 recommendations by their status and the length of time a recommendation remains open from the original audit report date.[5]

EXHIBIT 5:   Audit Recommendation Implementation Aging

Timeframe	Implemented	In Process	Not Implemented	Not Implemented-Disagree	Total
0 - 3 Months	1	10	13	0	24
4 - 6 Months	0	3	0	0	3
6- 12 Months	19	21	4	0	44
1 to 2 Years	11	25	6	0	42
Over 2 Years	11	40	0	1	52
Total	**42**	**99**	**23**	**1**	**165**

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[5] Timing is rounded to the month.

June 2014

ATTACHMENT A

Recommendations For The Audit Committee's Attention

Attachment A includes recommendations highlighted for the Audit Committee's attention. Generally, these recommendations include: (a) those where the administration **disagreed** with implementing the recommendation, (b) the status update significantly varied from the update provided by the administration, (c) a recommendation may need some type of further action, or (d) a recommendation is determined to be **Not Applicable** (N/A) any longer and should be dropped.

Requested Action by the Audit Committee:
We request the Audit Committee consider whether to forward the following recommendation to the appropriate City Council Committee to determine if this recommendation can be fully implemented.

11-026	PEFORMANCE AUDIT OF THE TAKE-HOME USE OF CITY VEHICLES
	(AH)
#7	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 – Disagree	We previously determined that Fire-Rescue has complied with this recommendation. However, although SDPD agreed that a maximum commute distance should be established for officers who do not routinely respond to call-backs, a maximum commute distance has not been set and no procedure has been adopted to recover excessive commute costs. In addition, SDPD continues to assign take-home vehicles to approximately 42 motorcycle officers and 26 canine officers at a total commute cost of $581,000 per year. These Officers are not required to respond to callbacks under SDPD guidelines, and many of these officers commute a significant distance to and from their work location. For example, at the time of the audit, one motorcycle officer had a daily round-trip commute of 138 miles, costing the City approximately $30,000 per year. Resources saved by reducing excessive commute costs could be redirected to other police needs.
	According to Chief Zimmerman, the Police Department reported to the Audit Committee since 2011, the Police Department partially agrees with the recommendation and implemented a response time policy which was approved by the POA and was implemented by the Department the same year. The initial Audit recommendation was to include a maximum commute distance for employees with take-hone vehicles not expected to "regularly" respond to callback and to develop a process to recover the costs associated with the commutes to exceed the guidelines. As has been stated in memorandums by the Police Department in 2012 and again in 2013 due to the operational needs of the Department, in order to provide 7/24 police services to our citizens who we proudly serve, it is important that this is not the sole factor in determining if a police employee is authorized to take-home a vehicle. The Police Department considers this recommendation complete.

June 2014

ATTACHMENT B

Recommendations Deemed As Implemented

This schedule includes all recommendations as of June 30, 2014 that have been deemed as **Implemented** by City Auditor staff based on sufficient and appropriate evidence provided by the departments to support all elements of the recommendation.

ATTACHMENT B
RECOMMENDATIONS DEEMED AS IMPLEMENTED

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

(CK)

#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.
Implemented	The Office of Appointments to Boards and Commissions has an Appointments Process-SDCERS checklist with 15 steps necessary to complete the appointment process. The final step in the process is sending the original appointee applications to the SDCERS board liaison.

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

(MH)

#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.
Implemented	Based on a review of recent changes to the San Diego Municipal Code and earlier clarifications provided by the Chief Operating Officer, the San Diego Housing Commission is following the required applicant selection vetting and background investigation process.

10-008	**HOTLINE INVESTIGATION OF A CITY COMPTROLLER EMPLOYEE**

(AH)

#2	Risk Management should implement a new process to verify spousal and dependent eligibility before City insurance benefits are provided to reduce the risk of the City incurring additional cost for ineligibly claimed benefits.
Implemented	A new process was implemented to verify spousal and dependent eligibility for new employees and documentation is requested when benefit changes are made.

10-010   **PERFORMANCE AUDIT OF THE CITY TREASURER DELINQUENT ACCOUNTS PROGRAM**

(SG)

#7   Require Development Project Managers (DPM's) 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 bi-weekly to help identify and correct potentially erroneous charges prior to issuance of monthly statements.

Implemented   Upon a review of the evidence, the Development Services Department's efforts sufficiently meet the intent of the recommendation, and as a result, it is considered implemented.

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

(RT)

#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.

Implemented   Risk Management implemented the recommendation and it's reflected in the current Council Policy as of 8/11/14, when the policy changes were approved by Council on 07/29/14.

#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.

Implemented   Council Policy 000-009 was updated to reflect the approval limits and current division's organizational structure.

11-017   **PERFORMANCE AUDIT OF FIRE-RESCUE'S EMERGENCY MEDICAL SERVICES**

(CK)

 # 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.

Implemented   The "unusual system overload" exemption has been eliminated from the contract extension effective July 1, 2014 eliminating the need to review dispatches submitted for exemption. The expectation is that the exemption will not be available in any future contracts.

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

(SA)

 # 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.

Implemented   The Police Department (PD), in its role administrating the animal services contract with the County of San Diego, provided evidence of improved oversight of the contract's revenue figures. Specifically, PD verified that the County is accurately reconciling the City's revenue account on the second quarter bill, attempted to collect reports on the number and value of fee waivers/adjustments granted by Animal Services staff, and requested and received reports on the number and value of accounts sent to the County Auditor and Controller for discharge.

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

(AH)

 # 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.

Implemented   Prior to FY 14, external fuel purchases were made using Voyager cards that were administered by Fleet Services. In FY 14, the City converted external fuel purchases to City-issued Procurement cards administered by the Office of the City Comptroller. Unlike the previous Voyager cards, P-cards are issued to individuals, ensuring that identification information is collected for each purchase. We obtained data on all transactions made on fuel P-cards between 5/23/14 and 8/22/14. During this period, there were 1,757 fuel transactions totaling approximately $90,000. All transactions have a cardholder name recorded.

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

(MG) (SA)

#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.

Implemented   We determined that Council Policy 800-16, updated on November 20, 2013, satisfies the intent of our recommendation based on its analysis requirement for all asset owning departments to evaluate potential CIP projects in order to determine business risk and criticality, life cycle and replacement costs, and to optimize operations and maintenance investment for their assets.

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

(MH)

#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.

Implemented   San Diego Police Department (SDPD) provided documentation of the contract with Leads Online, an automated pawn transaction and tracking system. SDPD also provided screen shots that showed the system is being used and the fields that illustrated the functionality of the system.

12-015   **PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S PROJECT TRACKING SYSTEM**

(SG)

#3   DSD should restructure its organizational arrangement so that the DSD IT Program Manager position no longer oversees both the IT function and the individuals who collect and reconcile fees and transmit that information to the City Treasurer and Comptroller's Office.

Implemented   Upon a review of the evidence, the Development Services Department's efforts sufficiently meet the intent of the recommendation, and as a result, it is considered implemented.

13-003   **PERFORMANCE AUDIT OF THE PROCUREMENT CARD PROGRAM**

(DK) (SM)

#2   The Purchasing & Contracting Department should periodically evaluate cardholders' actual spending and monthly credit limits. The Purchasing & Contracting Department should either adjust cardholder limits as appropriate or recommend that departments make the adjustment.

Implemented   Since this audit was published, the Procurement Card Program (P-Card) has been moved out of the Purchasing & Contracting Department and now is administered by the Comptroller's Office. The Office of the City Comptroller is responsible for establishing and setting credit card limits based on an individual's purchasing spending patterns. New accounts set at the minimum level of $2,000 and are adjusted as needed for the Cardholder. The P-Card Program Administrator analyzes cardholder activity quarterly to determine if spending limits are consistent with usage.

The Comptroller's Office provided us with examples of the analysis it performs to ensure that spending limits are in line with actual P-card use. Where exceptions are noted, P-Card Administrator works with the Departments' to revise spending limits.

#3   The Purchasing & Contracting Department should develop a system to track or monitor how much departments purchase from vendors that do not have contracts with the City.

Implemented   Since this audit was published, the Procurement Card Program (P-Card) has been moved out of the Purchasing & Contracting Department and now is administered by the Comptroller's Office. On a quarterly basis, the Office of the City Comptroller will submit vendor spend reports to Purchasing and Contracting Department. These reports will track procurement activity to identify repeated patterns of single-vendor spend and to determine if Purchase Orders and/or Contracts should be established for optimizing pricing options. It will be P&C responsibility to work with the departments if they need to utilize purchasing methods other than P-cards.

#5   The Purchasing & Contracting Department should develop a formal methodology for selecting departments to audit, and an audit cycle to ensure all departments are audited at least once during the established timeframe.

Implemented   Since this audit was published, the Procurement Card Program (P-Card) has been moved out of the Purchasing & Contracting Department and now is administered by the Comptroller's Office. We reviewed a copy of the P-Card manual which states that the Program Administrator will perform periodic reviews of card holders. These reviews may include but are not limited to status of program participants, review bookkeeping, examine transactions and supporting documentation, verify proper P-Card usage, review payment history and assess reconciliation methods. The Comptroller's Office provided us with an audit selection methodology which will review of every P-card holder annually. Additionally, it provided us with an audit program that provides review of internal controls.

#10   The Purchasing & Contracting Department should ensure that departments obtain appropriate approvals for contracts.

Implemented   Purchasing & Contracting (P&C) has taken action to ensure that contracts are approved as required. In addition to new training classes, materials, and FAQs, P&C has also worked with the City Attorney's Office to develop MOAs that are designed to ensure that contracts meet all approval requirements. The MOAs have signature requirements for City departments and the City Attorney for proof of "form and legality".

13-005   **HOTLINE INVESTIGATION REPORT OF CASH HANDLING AT RECREATION CENTERS**

(AA) (AH)

#2   We recommend that Park and Recreation continue to aggressively implement online functionality at recreation centers that cannot adequately segregate the cashiering function. The online registration and permitting will provide tighter controls of registration and permitting forms, participant rosters, attendance sheets, and fee waivers.

Implemented   The Park and Recreation Department now offers online registration for over 600 activities via sdrecconnect.com and facility schedules are viewable. Permit registration for facilities require an in-person visit due to documentation review requirements and multiple fee structures.

#4   We recommend that Park and Recreation enforce their policy that staff should provide a cash register receipt to each patron that pays a permit or registration form fee.

Implemented   We determined, based on the implementation of online registration for Recreation Center activities and compliance with the Department's policy to issue a cash register receipt to each patron who pays a permit or registration form fee, that this recommendation has been implemented.

#9   We recommend that Park and Recreation implement online registrations for registrations and permits in order to reduce consistency errors in recordkeeping required of the Recreation Center Directors.

Implemented   The Park and Recreation Department now offers online registration for over 600 activities via sdrecconnect.com and facility schedules are viewable. Permit registration for facilities require an in-person visit due to documentation review requirements and multiple fee structures.

13-007   **PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S CHEMICAL PURCHASES**

(AH)

#2   The Public Utilities Department in conjunction with the Purchasing and Contracting Department should develop policies and procedures that establish a systematic tracking system of information on chemical prices and availability over time and a system to periodically share this information.

Implemented   The FY 15 Service Level Agreement (SLA) between the Purchasing and Contracting Department (P&C) and the Public Utilities Department (PUD) includes a provision that a P&C Procurement Specialist attend regularly scheduled Water and Wastewater procurement forecasting meetings to collaborate on chemical pricing and trends, and the two departments established a systematic process structure which includes the tracking and sharing of chemical purchase information. The SLA also requires P&C and PUD to meet twice per year to ensure ongoing collaboration of chemical pricing and availability.

13-008　　　　PERFORMANCE AUDIT OF THE GENERAL SERVICES DEPARTMENT – FACILITIES MAINTENANCE DIVISION

(SA)

#6　　　　Facilities should develop general controls within iMaint to ensure data reliability.

Implemented　　　The Facilities Maintenance Division of the Public Works Department developed general controls within the facilities maintenance software, iMaint, to ensure data reliability and provided evidence of the implementation of those controls.

#7　　　　Facilities should work with the City's OneSD team to determine the best method of integrating the data in Facilities' computerized maintenance management system with other City IT systems, including SAP.

Implemented　　　The Facilities Maintenance Division of the Public Works Department provided evidence showing the integration of the facilities maintenance software, iMaint, with SAP. Exception reports can now be produced in order to improve data reliability.

13-011　　　　PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S VALVE MAINTENANCE PROGRAM

(AH) (MG)

#10　　　　The Field Engineering Division of Engineering and Capital Projects should formalize the current guidelines for the inspection of capital improvement projects for asphalt overlay by transforming the guidelines into a Standard Operating Procedure.

Implemented　　　The Public Works Department has adopted Standard Operating Procedure 6.19, which formalizes inspection procedures for asphalt overlay and slurry seal projects. The SOP requires Field Engineering to coordinate with Water Department inspectors and ensure that all valves are raised as required.

13-012　　　　PERFORMANCE AUDIT OF THE STREETS DIVISION'S POTHOLE REPAIR OPERATIONS

(SG)

#2　　　　The Streets Division of the Transportation & Storm Water Department should improve controls over data entry. Specifically, the Streets Division should: A. Modify the date field to a blank, yet required field to help ensure the date field is entered correctly into the system. B. Evaluate potential data entry controls available in SAP for data recorded in the system to strengthen edit checks and controls.

Implemented　　　The Street Division of the Transportation and Storm Water Department has implemented appropriate controls over SAP Enterprise Asset Management sytem pothole data entry to improve the reliability of the system data for operational functions and reporting.

14-002   **PERFORMANCE AUDIT OF THE INDUSTRIAL WASTEWATER CONTROL PROGRAM**

(SM) (AH)

#6   The Public Utilities Department work with the Office of the City Attorney to seek recovery, to the greatest extent possible allowed by law, of all unbilled costs related to Industrial Wastewater Control Program application review, permitting, inspection, and monitoring.

Implemented   The Public Utilities Department's (PUD) Industrial Wastewater Control Program provided all the invoices that were sent out to bill for the previously unbilled permits and monitoring services identified in the audit report for fiscal years 2010 through 2012. The invoices we reviewed covered previously unbilled services and totaled about $628,000.

14-003   **PERFORMANCE AUDIT OF THE UTILITIES UNDERGROUNDING PROGRAM**

(SA) (AH)

#2   The Utilities Undergrounding Program should create a policy that defines an appropriate target amount for the fund cash balance reserve.

Implemented   The Utilities Undergrounding Program provided a policy that sets the working capital reserve target at approximately 35 percent of budgeted annual revenues to cover a minimum of four months of expenditures. This is in line with the best practice defined by the Government Finance Officers Association to start with a baseline of 90 days of working capital and then adjusting the target based on the program characteristics.

14-005   PERFORMANCE AUDIT OF PUBLISHING SERVICES

(ADLG) (KC)

#1   In order to ensure an accurate balance between Publishing Services' actual workloads and resource needs, we recommend that the Business Office in conjunction with Publishing Services perform an analysis that includes an assessment of 1) current and projected demand for print shop services; 2) current and projected workloads; and 3) staffing and other resource requirements necessary to meet current and projected workload demands.

Implemented   Publishing Services works in collaboration with Financial Management and the Department of Performance & Analytics to constantly update and monitor the budget as part of the City annual budget process in order to determine current and projected demand for print shop services. The content of the documents provided is responsive to the intent of the recommendation.

#3   In order to provide the City Council with information necessary to make informed budgetary decisions pertaining to Publishing Services, we recommend that the following completion of the assessment of workloads and resource needs outlined in Recommendation 1, the Business Office report the assessment to the Mayor and the City Council so that through their Charter mandated budget authority, the Mayor and the City Council may consider making the requisite adjustments to Publishing Services' workloads and resource needs.

Implemented   Publishing Services worked with Financial Management and the IBA to provide information to Council and the Mayor on necessary adjustments to the Budget during the Mayoral preparation and Council hearings on the FY 2015 Budget.

14-010   PERFORMANCE AUDIT OF THE PERSONNEL DEPARTMENT

(SP) (ADLG)

#1   Refine applicant screening process, Personnel should: Create additional screening filters to increase the number of qualified applicants while simultaneously decreasing the number of less qualified candidates for review.

Implemented   The recommendation is implemented. Personnel is developing and implementing new screening filters for current job recruitments.

#2   Decrease timelines in various phases of hiring process. Personnel should: Establish overall target timeframes based on the individual phases of the hiring process, differentiated as needed for specific classifications. Target timeframes should include: (1) The length of time job announcements should remain open; (2) Assessment schedules that outline target timeframes for completion and reoccurring assessments, when applicable; and (3) The length of time for Personnel to refer candidates after applicants successfully pass all screening requirements.

Implemented   Upon a review of the evidence, Personnel's efforts sufficiently meet the intent of the recommendation, and as a result, it is considered implemented.

#4   Decrease timelines within the hiring department's portion of the hiring process, Personnel in collaboration with the Chief Operating Officer should: (1) Require that hiring departments not submit Requests for Certification forms until departments are ready to actively fill positions; and (2) Establish target timeframes for extending offers of employment upon receipt of referred candidates.

Implemented   Upon a review of the evidence, Personnel's efforts sufficiently meet the intent of the recommendation, and as a result, it is considered implemented.

#6   To tailor predictive recruiting efforts towards high-need, hard-to-fill, and ready-to-fill positions, Personnel should: Develop a workforce development plan, based on input from the hiring departments that tailors predictive recruiting efforts toward high-need, hard-to-fill, and ready-to-fill positions.

Implemented   The Office of the Chief Operating Officer, in conjunction with Personnel, has sent a directive requiring City departments to identify their workforce needs based on the adopted FY15 budget along with a two-year assessment of anticipated retirements. This effort sufficiently meets the intent of the recommendation, and as a result, it is considered implemented.

14-012   **REVIEW OF CITY TRAVEL EXPENSES ASSOCIATED WITH FORMER MAYOR FILNER'S TRIP TO PARIS, FRANCE**

(AH)

#1   We recommend that the San Diego Police Department add some financial procedures to their Executive Protection Detail (EPD) Operations Manual to address the situation when the cost of air travel for the EPD may exceed the transaction limit established in the San Diego Municipal Code. Potential additional procedures could include obtaining a sole source exception or the necessary price quotes when the cost of anticipated travel exceeds the $5,000 threshold.

Implemented   The San Diego Police Department added procedures to their Executive Protection Detail (EPD) Operations Manual to address the situation where the cost of air travel for the EPD may exceed the transaction limits.

14-013   PERFORMANCE AUDIT OF ADD-ON PAYS

(MG) (LB)

#2   Public Works' Engineering and Capital Projects Division (ECP) should retain engineering certificates on file for employees receiving Registration Pay according to the City's General Records Disposition Schedule and the department's relevant document retention policy. ECP should develop written policies and procedures for administering Registration Pay for employees. These polices should consistently require the completion of the "Request for Engineer Registration Pay" form for each employee, which requires a copy of an engineering certificate from the State of California and includes an expiration date for the pay.

Implemented   The Public Works Department has created a standard operating procedure (SOP) to document how Registration Pay will be processed for eligible employees. The SOP requires the Public Works Department to retain engineering certificates for employees receiving Registration Pay in accordance with the City's General Records Disposition Schedule and the department's relevant document retention policy. Further, the SOP specifies who is eligible to receive the pay, how eligible employees—both first time and renewing employees—should go about requesting the pay, and defines the responsibilities of eligible employees, appointing authorities, and payroll specialists in the Registration Pay process. The SOP requires the use of the "Request for Registration Pay" form. Both the SOP and the request form specify that Registration Pay will have an expiration date in the payroll system and that employees must submit an updated copy of their registration certificate and a new request form before the certification expires in order to renew their Registration Pay in the payroll system.

#4   To ensure that shift pays are processed appropriately in the future, the San Diego Police Department should create a written procedure consistent with the current San Diego Police Officers' Association (SDPOA) Memorandum of Understanding (MOU), documenting how all shift changes and corresponding shift pays are to be processed, and require rosters to be formally approved.

Implemented   The San Diego Police Department has created a written procedure to document how shift changes and corresponding shift pays should be processed. The procedure assigns responsibilities to staff within the Payroll Unit for completing the shift change process, which includes:

> Notifying Police Captains and Civilian Commanding Officers three weeks ahead of time of due dates for submitting required paperwork;

> Receiving such paperwork and verifying that approvals are in place and data on forms is accurate;

> Processing shift pays in accordance with eligible officers' classification and step (in accordance with MOU language);

> Reviewing work, both by the Payroll Specialists and the Payroll Supervisor; and

> Retaining copies of supporting documentation.

14-016   **HOTLINE INVESTIGATION REPORT OF PUBLIC UTILITIES WAREHOUSE SUPPLY PURCHASES**

(AH)

#1   The Public Utilities Department should conduct and complete the on-going formal Fact-finding investigations to provide the documentation and support for disciplinary action, if warranted, for the "unaccounted for" inventory and payments received by a City employee.

Implemented   We retrieved the Fact-Finding report regarding the City employee in question. The Fact Finding panel found that the employee violated multiple City policies and procedures. The subject employee resigned in August of 2013, and has been criminally prosecuted.

#2   The Public Utilities Department should revise WWTD warehouse inventory management procedures to ensure: EMPAC stock item numbers appear on every vendor invoice and invoices are reconciled to EMPAC records; EMPAC Open Purchase Orders (POs) are immediately created when an order is placed with a vendor; Accounts Payable transactions are periodically reconciled to EMPAC inventory records and discrepancies are researched; Proper segregation of duties between ordering, receiving, and authorizing payment for supplies is maintained; The receiving of supply orders are properly verified; Transactions that require competitive awards are in compliance with the San Diego Municipal Code and Procurement Card Handbook.

Implemented   We determined that the Public Utilities Department has revised WWTD warehouse inventory management procedures in satisfaction of the intent of our recommendation.

#3   The Public Utilities Department should refer the vendor issues regarding Vendor #1 and Vendor #2 to the Purchasing and Contracting Department to determine if debarment is appropriate.

Implemented   We determined that the Public Utilities Department has referred the vendor issues regarding Vendor #1 and Vendor #2 to the Purchasing and Contracting Department to determine if debarment is appropriate.

14-018   **PERFORMANCE AUDIT OF COMMUNITY FACILITIES DISTRICTS**

(DK) (KC)

#2   Debt Management in consultation with the City Attorney's Office should bring before City Council, acting as the Legislative Body of each of the CFDs, a formal appeals process for CFD taxes for review and approval. The appeals process should include all of the following elements: Define and assign decision-making responsibilities; Establish specific procedural steps for the filing and responses to appeals, rules for hearings including notice and evidentiary standards, and rules for the issuance and public release of rulings; Require all appeal requests be reviewed by a City attorney. The approved appeal procedures should be communicated to residents of the CFDs who pay special taxes.

Implemented   The department stated and provided documentation that the City follows the appeal provisions of the City Council approved RMAs (established at the time of CFD formation legal proceedings), which define and assign decision-making responsibilities. To augment the current governing structure, Debt Management has posted the appeals process on the department's public website and completed a written departmental procedure for appeals. The City Attorney's Office has consistently reviewed and advised on appeals; Debt Management will continue the process of engaging the City Attorney's Office on all appeals. Debt Management has updated the department public website to provide additional public information, and appeal information has been incorporated into each district's annual special tax levy report submitted to City Council with the annual special tax levy, commencing in July 2014.   Notices have been sent to all properties in the City's CFDs notifying property owners of the results of this audit and providing detailed contact information should they feel that their property's special tax classification should be evaluated by the City. Specifically, notices were sent to property owners in CFD No. 1, CFD No. 2 Improvement Area Nos. 1, 3, and 4, CFD No. 3, and CFD No. 4. While not all of the elements have been implemented, the intent of the recommendation has been implemented.

14-020   **PERFORMANCE AUDIT OF PUBLIC UTILITIES DEPARTMENT'S RESERVES**

                    (AH)

#1   The Public Utilities Department should propose a change to the City's Reserve Policy to eliminate the Appropriated and Dedicated Reserve from Efficiency and Savings (DRES) reserves for Water and Wastewater funds.

Implemented   The Appropriated and DRES reserves for both the Water and Wastewater funds have been removed from the City's Reserve Policy.

2   The Public Utilities Department should document the accounting procedures used to calculate all reserve amounts contained in the City's Reserve Policy and define the format to be used for the annual memorandum to the Comptroller's Office.

Implemented   The Public Utilities Department's accounting procedures thoroughly document the process used to calculate all reserve amounts contained in the City's Reserve Policy and defines the format to be used for the annual memorandum to the Comptroller's Office.

3   The Public Utilities Department should develop a written procedure to ensure that fiscal year-end balances for all reserves contained in the City's Reserve Policy are presented consistently in the City's budget document and bond-related documents, as required.

Implemented   The Public Utilities Department's accounting procedures ensure that fiscal year-end balances for all reserves contained in the City's Reserve Policy are presented consistently in the City's budget document and bond-related documents, as required.

14-021   **PERFORMANCE AUDIT OF THE SAN DIEGO CONVENTION CENTER'S FINANCIAL SYSTEMS**

(SG) (DK)

#1   The San Diego Convention Center should mitigate the privileged system access to ensure controls prevent one user from damaging or inappropriately modifying financial data. Specifically, a) All privileged access should be removed from the general user accounts. b) Privileged accounts should be secured from general access and only used when necessary with an appropriate approval process. c) Users should be identified and tracked when using a privileged account. d) All activities performed while the privileged account is in use should be recorded and reviewed by someone who did not access the account during the session under review, but knowledgeable enough to understand the logged activity. e) Responsibility to maintain the back-ups of financial systems and data should be segregated from users of the financial privileged access to prevent one person from destroying the data and wiping out the back-ups of that data.

Implemented   The Convention Center has implemented the Auditors recommendation to mitigate the risk associated with privileged access to the Financial System. Specifically, they have implemented segregation between privileged roles and back-up of data, and implemented monitoring over the financial system risks.

#2   The San Diego Convention Center should document their mitigation strategy and ensure that their approach mitigates access across the financial systems and back-ups of financial systems and data, and detail the procedures used to implement their strategy on a day to day bases. This Strategy must incorporate the provisions defined in Recommendation 1.

Implemented   The Convention Center has implemented the Auditors recommendation to mitigate the risk associated with privileged access to the Financial System. Specifically, they have the documented policies and procedures for managing and monitoring privileged activities in the financial systems and the back-up procedures required to ensure the data can be recovered.

ATTACHMENT C

Recommendations Deemed As In Process

This schedule includes all recommendations as of June 30, 2014 that are **In Process** of implementation based on the status information provided.

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

               (SM)

#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.

In Process   A recruitment for a new Department Director is currently underway. Upon appointment,
               the new Director will be reviewing all department operations and will consider and respond
               to the recommendations.

                                                                                   Target Date: TBD

#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.

In Process   A recruitment for a new Department Director is currently underway. Upon appointment,
               the new Director will be reviewing all department operations and will consider and respond
               to the recommendations.

                                                                                   Target Date: TBD

#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.
In Process	A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD

#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.
In Process	A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD

10-002	**PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART I**
	(MH)
#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. "
In Process	Facilitation is complete. San Diego Housing Commission (SDHC) legal counsel recently conferred with the City Attorney's Office regarding this matter. Revisions to the ordinance are currently in process.

Target Date: October 2014

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

(MH)

#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.

In Process   The San Diego City Council's (City Council) Smart Growth and Land Use Committee voted on July 17,2014, to have the proposed Workforce Housing Plan, which included proposed updates to the Housing Impact Fee Ordinance, return to the Smart Growth and Land Use Committee on September 24,2014, for further consideration.
The Smart Growth and Land Use Committee also requested that the Mayor's Office and the Office of the Independent Budget Analyst (IBA) provide additional information at the September 24, 2014, meeting, such as:

- Updated timelines from the Mayor's Office for bringing proposed Municipal Code updates to the City Council;

- Analyses by the Mayor's Office of what elements of the proposed Workforce Housing Plan already have been completed and how to better communicate those to the public;

- Updates about the scope of what the IBA will examine in the affordable housing report recommended in the proposed Workforce Housing Plan and a timeline for when the report would be completed; and

- An evaluation by the IBA of the fiscal impact of proposed exemptions from the City of San Diego's Housing Impact Fee.

Target Date: TBD

#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.

In Process   The San Diego City Council's (City Council) Smart Growth and Land Use Committee voted on July 17,2014, to have the proposed Workforce Housing Plan, which included proposed updates to the Housing Impact Fee Ordinance, return to the Smart Growth and Land Use Committee on September 24,2014, for further consideration.
The Smart Growth and Land Use Committee also requested that the Mayor's Office and the Office of the Independent Budget Analyst (IBA) provide additional information at the September 24, 2014, meeting, such as:

- Updated timelines from the Mayor's Office for bringing proposed Municipal Code updates to the City Council;

- Analyses by the Mayor's Office of what elements of the proposed Workforce Housing Plan already have been completed and how to better communicate those to the public;

- Updates about the scope of what the IBA will examine in the affordable housing report recommended in the proposed Workforce Housing Plan and a timeline for when the report would be completed; and

- An evaluation by the IBA of the fiscal impact of proposed exemptions from the City of San Diego's Housing Impact Fee.

                                                                                      Target Date: TBD

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.

In Process   SDDPC duties were assumed by the City when SDDPC closed. Department of IT is responsible for establishing policies and regulations specific to long term system maintenance contracts. Purchasing & Contracting is in the process of reviewing and updating procurement policies and regulations which are non-department specific that would include IT procurement procedures.

                                                                              Target Date: January 2015

#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.
In Process	SDDPC was closed in December 2013. Efforts are underway between DoIT and Purchasing & Contracting to develop policies and procedures to ensure compliance with competitive standards applicable to federally funded technology projects. These will be defined in an Administrative Regulation. P&C will coordinate with DoIT on any overlapping areas.

Target Date: January 2015

#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.
In Process	SDDPC was closed in December 2013. This is a budget and financial item, Purchasing and Contracting does not establish encumbrance policies. Respectfully P&C submits that this item is in the Comptrollers area of responsibility.

Target Date: January 2015

10-010	**PERFORMANCE AUDIT OF THE CITY TREASURER DELINQUENT ACCOUNTS PROGRAM**
	(SG)
#1	Review current deficit account balances and immediately refer existing past due accounts to the Treasurer's Delinquent Accounts Program.
In Process	Of the original 2,689 deficit accounts noted in the audit, 153 remain as unreferred deficits. The remainder have been referred or the customer has brought the account current.

Target Date: January 2015

#6	Implement a late penalty fee to ensure more timely payments on deficit accounts.
In Process	Development Services Department will include a penalty fee in the current fee study. If all goes as planned, the Council will adopt the new fee in January 2015. Then we will have to work with the Comptroller and DoIT-SAP to implement the new fee in SAP.

Target Date: June 2017

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

In Process   The department reported this recommendation as implemented, however, they could not provide evidence to demonstrate implementation. We will continue to follow up on this recommendation during our next reporting cycle.

                                                                Target Date: December 2014

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

                    (MH)

#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.

In Process   Efforts are underway. Purchasing & Contracting (P&C) is coordinating with various stakeholders to complete modifications. AR 35.15 has been reviewed and updated to reflect the discontinuance of Citywide Open Purchasing Orders. Purchasing & Contracting is working with Legal Department to incorporate recent SDMC changes into the AR.

                                                                Target Date: November 2014

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

                    (SG)

#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.

In Process   According to the department, the repository has been implemented and they are formalizing processes.

                                                                Target Date: December 2014

#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.

In Process   According to the department, they are formalizing processes.

Target Date: December 2014

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

(RT)

#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.

In Process   Risk Management is developing a Risk Management Report to be published annually. The first publication will report risk information for FY 2014 and will be published by 06/30/2015.

Target Date: June 2015

#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.

In Process   Risk Management's claim system captures losses by City Department. The losses will be reported in the Annual Risk Management Report by various categories, including Department, identifying the major loss leaders and potential trends. Cost allocation is already done for General Fund Departments and the Public Utilities Department. Since the remaining enterprise funds have minimal losses, the cost allocation can be done through the budgetary process, which is awaiting additional analysis.

Target Date: June 2015

#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.

In Process   Risk attempted to garner support for the recommendation by meeting with the Office of the City Attorney and the Streets Department. The Office of the City Attorney released a Memorandum of Law in line with the recommendation and the Streets indicated that they had no objection to the recommendation. Streets should now be considered the lead in the effort to finalize implementation. Streets presented the issue at the 9/17/14. The Committee Chair, Councilmember Kersey, advised that policy review would be conducted at a later meeting but probably more towards the end of the year.

Target Date: TBD

#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.

In Process   Risk Management department will move forward with enhancing the current process narrative (PN 0394) to incorporate the annual risk review procedures as required by Recommendations 11 and 12.

                                                                        Target Date: TBD

#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.

In Process   Risk Management department will move forward with enhancing the current process narrative (PN 0394) to incorporate the annual risk review procedures as required by Recommendations 11 and 12.

                                                                        Target Date: TBD

#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.

In Process   The updates to the AR 45.80 are in the process of becoming finalized by Risk Management and need to be routed to HR for their review and approval. The department has also been providing annual trainings with departments to advertise the loss recovery section and evidentiary information needed to pursue claims. We will continue to follow up on this recommendation.

                                                                        Target Date: TBD

#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.

In Process   This item will also be implemented with the annual Risk Management Report mentioned in #1 and #2 above.   The first publication will report risk information for FY 2014 and will be published by 06/30/2015.

Target Date: June 2015

#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.

In Process   Updates to CP000-09 have been completed. Revisions to AR 45.80 and 35.70 are being finalized.

Target Date: September 2014

11-012   **FOLLOW-UP AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES**

(SG)

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.

In Process   No change since the previous reporting cycle. As part of Public Utilities Department's (PUD) Customer Care Solutions specifications, the controls and process for calculating water and sewer fees have been reviewed and a new process which would calculate fee by using the SAP Sales Order document has been proposed. PUD reported that it has completed its portion of the recommendation through approving this new process and it is waiting for Development Services Department (DSD) to test/approve the process before it can be implemented. At this time, the Office of the City Auditor has not been provided with any information from DSD that shows that they have reviewed or approved this change, however, they state that it is in process.

Target Date: June 2015

11-020	PERFORMANCE AUDIT OF THE PARKING ADMINISTRATION PROGRAM

(SA)

#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.

In Process On June 10, 2014, City Council approved a Cooperative Procurement Agreement with the City of Sacramento and vendor IPS Group to replace all existing single head parking meters. Full implementation is expected by the end of the current calendar year. Annually, Parking Meter Revenue is distributed to the Community Parking Districts in accordance with Council Policy 100-18. Any surplus funds are retained for future eligible expenses or capital improvement projects such as meter replacement. There is sufficient funding available to replace all existing single space parking meters this year.

Target Date: December 2014

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

(AH)

 # 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.

In Process Management's position is a City Council Policy is not necessary, as this an operational issue, and as such would be better served in a Citywide Administrative Regulation (AR). Consistent with the format and content of Administrative Regulations, the Take Home Vehicle AR will be created and will include a provision which clearly states the purpose of take home vehicles. Such provision will include appropriate use by City personnel. Please note, the City's response to the Auditor should in no way be viewed as an intent to limit the authority vested in the Mayor, the Fire Chief or the Police Chief. (see Charter section 57, 58, 265). Administrative Regulation is a citywide administrative policy and procedure directives of a continuing nature issued by the Mayor and/or Chief Operating Officer.

Target Date: August 2015

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.

In Process   The Administration stated that this will be assigned to Fleet Services Division to work with City Departments to provide an annual report on the costs associated with the take home vehicles each Dept allocates for employees.

Target Date: March 2015

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.

In Process   Fleet Services retains indefinitely all available maintenance and fuel cost records in the Fleet Focus software system. Fleet Services will work with the Department of IT to determine if additional backup systems are necessary.

Target Date: December 2014

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.

In Process   The delayed implementation of the Fleet Service's MEGO proposal has caused delays in establishing new Service Level Agreements with City Departments. New SLA's are expected to be implemented in FY 15 and the recommended fuel card requirements will be included

Target Date: April 2015

11-027	PERFORMANCE AUDIT OF CAPITAL IMPROVEMENT PROGRAM

(MG) (SA)

#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.

In Process	While currently at the project level post construction team meetings happen informally on numerous projects, the department is formalizing a new Standard Operating Procedure adressing the timing, format and documentation to conduct post-construction reviews.

Target Date: December 2014

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

(CK)

#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.

In Process	A review of the duties and responsibilities of existing positions is currently in progress. Additional research and analysis of position duties, responsibilities and staffing levels is being completed in conjunction with the implementation of the new pension system (IRIS). IRIS was implemented May 2014 and contains several efficiencies including development and testing of member account management, benefits calculation processing and retiree payroll processing. Due to the new system implementation, changes in duties and responsibilities are occurring post-implementation which is providing a more accurate depiction of staffing levels needed.

Target Date: December 2014

#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.

In Process	SDCERS has reviewed the records of the monthly benefit calculations for individuals identified in the 2005 Corbett audit and conducted a review of members who may have had a similar error in their benefit calculations. A listing of retirees has been compiled and SDCERS has made adjustments for those members, if necessary. However, due to time constraints for this review period, the recommendation will be "in process" until the adjustments have been verified by the Office of the City Auditor.

Target Date: December 2014

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

(MH)

#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.

In Process   The City Treasurer is taking the lead with the assistance of the PD's Vice Permits & Licensing
                staff. Treasury is currently developing a high level process to streamline the process of
                applying for permits for police-regulated businesses. The goal is to go live with a "one-stop"
                process by July 1, 2015. Treasury will be responsible for the intake of all data and collection
                of all related fees. They will also issue the Business Tax Certificate and respective permit to
                the applicant. Vice Permits & Licensing will still be responsible for the administrative
                clearance review process and conducting permitting enforcement.

                                                                            Target Date: July 2015

#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.

In Process   The City Treasurer is taking the lead on this item with the assistance of the PD's Vice Permits
                & Licensing staff. The Office of the City Treasurer has partnered with the Police Department
                to implement the Business Regulatory and Taxation Consolidation Project. Once
                implemented this initiative will centralize the taxation and Police regulatory data collection
                and permitting process within the Office of the City Treasurer. This project is estimated to
                go live in July 2015.

                                                                            Target Date: July 2015

#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.

In Process   The City Treasurer is taking the lead on this item with the assistance of the PD's Vice Permits
                & Licensing staff. The Office of the City Treasurer has partnered with the Police Department
                to implement the Business Regulatory and Taxation Consolidation Project. Once
                implemented this initiative will centralize the taxation and Police regulatory data collection
                and permitting process within the Office of the City Treasurer. This project is estimated to
                go live in July 2015.

                                                                            Target Date: July 2015

12-008   **PERFORMANCE AUDIT OF THE PURCHASING AND CONTRACTING DEPARTMENT**

(SM)

#2   Based on the written legal opinion provided by the Office of the City Attorney, if the City Council believes the San Diego Municipal Code needs modification, it should instruct the City Administration to take immediate steps to: (1) establish clear and specific San Diego Municipal Code language, which prescribes thresholds for nonprofit and agency service contracts, (2) specifically state when and whether purchase orders can be used to extend nonprofit and agency service contracts beyond the maximum allowable duration of five years without City Council review, (3) describe when and whether a purchase order can be considered a new contract, and (4) redress any current practices that do not comply with that understanding.

In Process   According to Purchasing & Contracting (P&C), "efforts are underway" to implement this recommendation. P&C is working with various stakeholders, including City Attorney (OCA), IT, Internal Controls to implement appropriate internal control procedures , including OCA review for all contracts, and are, also, currently working on updating additional purchasing procedures and to ensure full compliance with any changes in the SDMC provisions.

> Additionally, Huron Consulting has completed an outside review of P&C procedures and has provided recommendations to allow the department to further increase effectiveness and efficiency.

> P&C working with various stakeholders, including IT, Internal Controls completed an extensive 'procure-to-pay' deep dive effort of the City's OneSD system

> P&C working with various stakeholders, including City Departments, Internal Controls and OCA to draft amendments to the Municipal Code to help streamline the procurement process.

Target Date: November 2014

#4   The City Administration should conduct a full review of purchasing practices and design a purchasing process with appropriate internal controls to ensure full compliance with any changes the City Council makes to the San Diego Municipal Code provisions and with the written legal opinion issued by the Office of the City Attorney.

In Process   According to Purchasing & Contracting (P&C), "efforts are underway" to implement this recommendation. P&C is working with various stakeholders, including City Attorney (OCA), IT, Internal Controls to implement appropriate internal control procedures , including OCA review for all contracts, and are, also, currently working on updating additional purchasing procedures and to ensure full compliance with any changes in the SDMC provisions.

> Additionally, Huron Consulting has completed an outside review of P&C procedures and has provided recommendations to allow the department to further increase effectiveness and efficiency.

> P&C working with various stakeholders, including IT, Internal Controls completed an extensive 'procure-to-pay' deep dive effort of the City's OneSD system

> P&C working with various stakeholders, including City Departments, Internal Controls and OCA to draft amendments to the Municipal Code to help streamline the procurement process.

Target Date: November 2014

12-009   **PERFORMANCE AUDIT OF THE MISSION BAY IMPROVEMENT FUND FY10**

(JZ)

#3   The City Comptroller should establish comprehensive process narrative procedures, process flow diagrams and departmental guidance to properly document the processes specific to the unique nature of Mission Bay Park lease revenues. These procedures should include but are not limited to:

> How the requirements outlined in the City Charter will be administered;

> Procedures to reconcile SAP and REportfolio records;

> The methodology used for year-end accruals, which should be based on an analysis of actual payment received after year end ;

> The methodology used for budgeting revenue; and

> The methodology used by the Oversight Committees for budgeting specific projects based on prior year's distributions

In Process   The department reported that a process narrative to provide the procedure for Regional Parks Improvement Fund allocations should be done later this fall. A draft has been submitted for review and approval. So this recommendation remains in process until all process narratives are approved and codified for all requirements listed below.

The process narratives reviewed did not cover the following issues:

- How the requirements outlined in the City Charter will be administered.

- The methodology used for budgeting revenue.

- The methodology used by the Oversight Committees for budgeting specific projects based on prior year's distributions.

This recommendation will be implemented when a process narrative is completed to address these issues.

Target Date: September 2014

12-011   **PERFORMANCE AUDIT OF FACILITIES' PURCHASES UNDER THE MRO AGREEMENTS**

(SM)

#1   We recommend that the Purchasing & Contracting Department work with the City Attorney's Office to immediately review the terms of the Maintenance, Repair, and Operation (MRO) Cooperative Agreements and identify a solution to ensure the City purchases its MRO supplies at the most economical price and does not continue to pay high mark-ups over the remaining four years of the agreements.

In Process   Purchasing and Contracting department implemented a program to ensure Contractor accountability in providing the most economical prices and eliminating high-mark ups for purchases under the MRO. MRO contractors are only allowed to provide products in their catalogue and their outside sourcing of other vendors' goods are stopped. Punch-out catalogue for MRO vendors approved in budget and to be implemented in FY15.

This recommendation remains in process since the OCA did not have time to verify the City is receiving MRO pricing. We will continue to follow up during our next reporting cycle.

Target Date: June 2015

12-015   **PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S PROJECT TRACKING SYSTEM**

(SG)

#1   The Development Services Department (DSD) must immediately implement controls in the Project Tracking System (PTS) Production Environment to prevent inappropriate modifications to PTS. Specifically, DSD should instruct the Database Administrator to:

a) Remove the IT Program Manager position's programmer account and ability to directly log into the system's database.

b) Remove programmer access to the Production Environment.

c) Remove programmer access to privileged accounts, except those used by the database administrators and for emergency fixes, by locking the accounts and changing the passwords. Where privileged accounts are required for emergency fixes, DSD should limit programmer access through a restricted number of highly monitored accounts. In addition, the permissible use of these accounts should be governed through formal policies.

d) Ensure that programmers do not have access to modify or disable system triggers in the Production Environment.

e) Ensure PTS records a detailed audit trail of key information, including the prior data entries, the username of the person who changed the data and the timestamp noting when the change Occurred.

DSD should also direct the System Administrator to comprehensively document the Software Change Management processes, and associated risks and controls for each environment.

In Process   DSD met with the City Auditor and his staff. DSD made it clear the programmer referred to in the audit was a staff member of CGI, the City's external ADM vendor and that the programmer followed City/CGI practices. The DSD IT Manager has had privileges reduced to read-only on the direct database account for troubleshooting, analysis, and future audits. The DSD IT Manager's application roles are set to be similar to a customer. Both direct and application roles are equivalent to what auditors use when auditing our IT data (read only). The remaining element is for the DSD IT Manager to review CGI practices per the City Auditor's request.

                                                                Target Date: December 2014

#2   In order to reduce the risk of inappropriate system use by an employee, DSD should perform a Separation of Duties (SOD) assessment to ensure that employees only have the access they need to perform their functions, complying with the principle of least privilege. Specifically, DSD should:

a) Review all PTS user roles and limit the capabilities for roles that provide broad access to PTS' functions.

b) Review current user access to PTS' roles and restrict access to only those roles necessary and appropriate for each user's function. This includes restricting the DSD Director's access to a more appropriate level, such as "read-only."

c) Review current role combinations to ensure that no combination grants excessive or inappropriate access, and immediately remove any conflicting combinations.

d) Create a comprehensive policy that identifies all prohibited role combinations and documents compensating controls to mitigate any risk when a segregation of duty conflict must exist for business purposes.

In Process   DSD annually, Managers and Supervisors review user roles for their staff in PTS. The roles are restricted to the departments current SOD rule. DSD will review additional SOD need when it replaces PTS. The DSD Director has "read-only" access for development projects. The only current SOD we enforce is that cashiers cannot charge fees.

Target Date: December 2016

#4   The Development Services Department (DSD) should immediately begin comprehensively documenting PTS and facilitate the transition of Application Development and Maintenance (ADM) functions to the ADM vendor as soon as feasible. Further, DSD must ensure that the vendor takes over management and monitoring of all privileged accounts in the production environment.

In Process   The department reported this recommendation as implemented, however, they could not provide evidence to demonstrate implementation. We will continue to follow up on this recommendation during our next reporting cycle.

Target Date: December 2014

#7   The Development Services Department should continue to conduct and document regular audits of fees at project submittal and resume conducting and documenting audits of fees during structural engineering review and at permit issuance. DSD should develop a written policy that establishes a minimum level of projects to be audited each month.

In Process   The department reported this recommendation as in process, however, they did not provide any details.

Target Date: December 2014

#9   Development Services Department should strengthen PTS controls over assessing fees by implementing:

a) Logic checks to ensure that fees are entered accurately and alert reviewers when apparent errors have been made in charging fees. For example, logic checks should alert reviewers if the square footage used to charge the Building Permit and the Construction and Demolition Debris Deposit fees does not match; if separate fees are charged for different project components when they should be combined; or if the type of construction used to charge different fees does not match.

b) Auto-populating features to reduce the necessity for repetitive data entry by staff. For example, if the project is being charged a Building Permit fee for 4,000 square feet of new single-family construction, the Project Tracking System should automatically add the Construction and Demolition Debris Recycling Deposit fee for a new 4,000 square foot single-family home.

c) Predictive controls to reduce staff fee choices based on prior data input, making accurate fee selection easier and quicker and reducing customer waiting times. For example, if the reviewer indicates that the project is for new single-family construction, the list of available fees should be limited to only those fees that may apply to a new single-family construction project.

In Process   The department reported this recommendation as implemented, however, they could not provide evidence to demonstrate implementation. We will continue to follow up on this recommendation during our next reporting cycle.

Target Date: December 2014

#11   The Development Services Department should work with all departments that require custom reports to identify their reporting requirements and the most cost-effective way to generate all necessary reports. This recommendation pertains to the reporting requirements of the Transportation and Storm Water Department, the Environmental Services Department, and the Public Works Department, as well as any other City departments that require custom reports to increase productivity and efficiency.

In Process   Development Services Department will expose all of its permit data to internal and external customers via the web. The data consumer will be able to develop reports as needed in October 2014.

Target Date: October 2014

#12   The Development Services Department should establish formal agreements, such as Service Level Agreements, with each of its client departments that require custom reports, including the Transportation and StormWater Department, the Environmental Services Department, and the Public Works Department, as well as any other City departments that require custom reports to increase productivity and efficiency. These agreements should establish clear responsibilities for report generation, including:

a) Specific procedures for client departments to request custom reports from the Project Tracking System, including the information required in the report and the format of the report (electronic or hard-copy);

b) Timelines for the Development Services Department to respond to report requests with an estimated cost and completion date;

c) Funding sources that will be used to pay for the creation of the report; and

d) Procedures that allow client departments to generate reports on demand from the Project Tracking System.

In Process   Development Services Department advised that they are implementing this recommendation by 1) providing PTS data in a raw form via a web based application. This will provide permit data to internal and external customers via the web so they will be able to develop reports as needed. They are in discussions with designers to create an application to process the information and provide reporting capabilities. 2) DSD is moving forward with replacing the PTS program. One of requirements of the new system will be the ability to easily create customized reports for use by DSD managers. That capability should be transferable to DSD's external department customers. This recommendation will be considered Implemented when the web based application is in place or the new system with is implemented with reporting capabilities.

Target Date: October 2014

#13 The Development Services Department should develop a formal, written five-year information technology strategic plan. This plan should include, but not be limited to, an analysis and identification of:

a) Current and anticipated business needs;

b) Internal and external customer requirements;

c) Current trends in system functionalities and security, including services that can be offered via the internet;

d) Options to meet business and customer requirements cost-effectively, including a cost benefit analysis of retaining PTS over the long term or replacing it with a new system— either developed in-house or a customized commercial software system; and

e) Anticipated funding needs and source of funds.

In Process The department reported this recommendation as in process, however, they did not provide any details.

Target Date: December 2017

13-003 **PERFORMANCE AUDIT OF THE PROCUREMENT CARD PROGRAM**

(DK) (SM)

#4 Once established, the Purchasing & Contracting Department should utilize the information to ensure departments comply with City regulations and use the most appropriate method, i.e., P-cards versus purchase orders, to purchase items from vendors.

In Process On quarterly basis the Comptroller's Office, which now administers the P-card program, provides spend reports to Purchasing & Contracting. The spend reports are intended to provide P&C with information related to P-card spend by vendor to help P&C ensure that departments are not using P-cards when they should be using other purchasing methods due to spend volume. P&C has taken many steps to help City employees understand and follow procurement requirements. However, at the time of this status report it is unclear if P&C is utilizing the information provided to them by the Comptroller's Office. The Auditor's Office will continue to follow up on this recommendation.

Target Date: TBD

#6 The Purchasing & Contracting Department should:

a)   Develop a tracking system to ensure all participants complete annual training, as required.

b)   Ensure internal training policies and Administrative Regulation 95.55 reflect the same training requirements for the program.

In Process   Since this audit was published, the Procurement Card Program (P-Card) has been moved out of the Purchasing & Contracting Department and now is administered by the Comptroller's Office. The Comptroller's Office indicated that training is scheduled via HR's e-Reg system and tracked accordingly for each participant that attends the course via sign-in sheets. Administrative Regulation 95.55, which was created for the old P-card program that was administered through P&C with a different vendor is now outdated due to several changes in the P-card program. Among other things, Administrative Regulation 95.55 states that P-card holders should receive P-card training annually. The revised P-card manual states that after initial training, refresher training is required every two years. The Comptroller's Office indicated that it is working to revise the Administrative Regulation to reflect the changes in the P-card program. During the next recommendation follow up period we will follow up with the Comptroller's Office to verify that e-Reg is being used to track training and that the Administrative Regulation an the P-card manual are in concurrence related to requirements for P-card training.

                                                                                  Target Date: TBD

#7   The Purchasing & Contracting Department should establish guidelines on the number of cardholders and transactional volume that can be reviewed by the Approver to ensure adequate time is devoted to reviewing cardholder transactions.

In Process   This recommendation was made because the audit identified that the workload and span of control of departments' Approvers may be too big to provide adequate oversight. For example, during the period of our audit, the Approver for Fleet Services estimates that, due to competing work priorities, only two hours a month can be dedicated to reviewing and approving the division's 1,800 monthly P-card transactions. This means that the Approver only spends an average of four seconds conducting a very cursory review of each transaction to identify obvious unusual purchases. Since this audit was published, the Procurement Card Program (P-Card) has been moved out of the Purchasing & Contracting Department and now is administered by the Comptroller's Office. The Comptroller's Office believes it is important that proper oversight of transaction approval be performed and that adequate time be devoted to reviewing cardholder transactions. However, it would be difficult to implement the recommendation as written, since the nature of the transactions and the resources devoted to transaction review and approval can vary widely between departments.

                The Comptrollers will meet with Office of the City Auditor to further discuss the recommendation.

                                                                                  Target Date: TBD

#9   The Purchasing & Contracting Department should seek opinion determination from the City Attorney's Office on whether the current cooperative procurement agreement between the General Services Department-Fleet Services and the identified tire vendor is valid.

In Process   The original audit report identified a cooperative agreement that the City enter into that may not have been executed in a manner meeting the City's municipal code. The City Auditor recommended that it be evaluated by the City Attorney to ensure that it did not need City Council approval to be valid. Purchasing & Contracting assert that it did request the review of the cooperative agreement from the City Attorney, but that they did not receive an opinion. Nevertheless, the cooperative agreement identified during the audit has since expired and is no longer in effect. The department has since, entered into a new cooperative agreement. At the time of this report, it was not unknown if it was presented to Council. The agreement was not provided to the City Attorney's Office for review to ensure it met all the City of San Diego's Municipal Code purchasing requirements.

Target Date: TBD

#11   The General Services Department—Fleet Services should ensure employees regularly update Fleet Focus to ensure the status of purchases is current.

In Process   Fleet Service's staff with Procurement Cards are required to update Fleet Focus with pertinent transactions. In FY 15, a single source parts vendor is being implemented which will significantly reduce P-Card transactions requiring Fleet Focus updates.

Target Date: January 2015

13-005   **HOTLINE INVESTIGATION REPORT OF CASH HANDLING AT RECREATION CENTERS**

(AH)

#3   We recommend that Park and Recreation enforce their policy that checks are restrictively endorsed upon receipt to ensure that checks can only be deposited in the recreation center's bank.

In Process   Based on site visits, we determined that the evidence does not satisfy the intent of our original recommendation. However, the Department has implemented online registration subsequent to our site visits which reduces the likelihood of internal control weaknesses related to check handling. Additional fieldwork will be performed to verify that practices are consistent with the Department's policies.

Target Date: TBD

#5   We recommend that Park and Recreation revise their procedures to require recreation councils to receive copies of cancelled checks that cleared the bank and require the Park and Recreation area manager to review copies of cancelled checks in the verification of the monthly bank statement reconciliation process.

In Process   The Department agreed to develop a Process Narrative procedure to require area managers to reconcile cancelled checks to bank statements on a sample basis using a pre-determined schedule. We will continue to follow up on this recommendation during the next reporting cycle.

Target Date: TBD

#6	We recommend that Park and Recreation:

adopt one format for permit logs that lists all permits in numerical order instead of by location; and

adopt one format for registration form logs that lists all registration forms in numerical order.

In Process   The Department is in the process of developing a standard tracking form to record each individual permit issued, at each location, in numerical order. We will continue to follow up on this recommendation during the next reporting cycle.

Target Date: TBD

#11   We recommend that Park and Recreation revise their procedures to require the Area Manager to ensure that the reconciled balance for the monthly bank statement is reconciled with the total asset balance on the monthly financial statement.

In Process   The Department agreed to develop a Process Narrative procedure to require area managers to reconcile cancelled checks to financial statements on a sample basis using a pre-determined schedule. We will continue to follow up on this recommendation during the next reporting cycle.

Target Date: TBD

13-006   **PERFORMANCE AUDIT OF THE ECONOMIC DEVELOPMENT PROGRAM**

(MH)

#4   The City should establish and further develop formal and ongoing internal and external coordinating mechanisms specifically related to the City's economic development strategy. This effort should occur in consultation with City Council's Economic Development and Strategies Committee to take advantage of the Committee's oversight and coordinating role with regard to economic development.

In Process   Economic Development staff is working on drafting a proposal however completion is pending until the new Department Director is hired.

Target Date: September 2014

13-007   **PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S CHEMICAL PURCHASES**

(AH)

#1   The Purchasing and Contracting Department evaluate all market strategies presented above and identify which, if any, would allow the City to achieve further savings for chemical purchases. Additionally, if any of the market strategies require a change in the San Diego Municipal Code, the Purchasing and Contracting Department should work closely with the Office of the City Attorney to present those revisions to City Council for approval in order to ensure that the City can take advantage of these additional processes.

In Process   Process is underway by Purchasing & Contracting and Public Utilities to establish long term contracts that adjust yearly based on market conditions, assuring the City achieves maximum savings opportunities for chemicals.

Target Date: July 2015

13-008   **PERFORMANCE AUDIT OF THE GENERAL SERVICES DEPARTMENT – FACILITIES MAINTENANCE DIVISION**

(SA)

#1   The Department of Public Works should determine the desired level of facilities maintenance for City assets based on the replacement value of those assets, and Facilities' budget requests should reflect that desired level.

In Process   Public Works Department is currently gathering desired service level expectations for facilities citywide through input from Asset Owning departments and on-going condition assessments being conducted by multiple departments. Condition assessment results will be available in late fall 2014. In the development of the FY2016 budget, Facilities will continue to strive for appropriate funding levels based on replacement value.

Target Date: January 2015

#4 Facilities Maintenance should work with City departments to identify the most effective and efficient operating model and funding structure for facilities maintenance Citywide.

In Process The Public Works Department has made good progress towards implementing this recommendation. The Department provided evidence that they have shifted their funding model to be more in line with the industry standard of dedicating two percent of a facility's replacement cost to preventive maintenance and repair expenses. This increase in funding for facilities maintenance is reflected in the Department's five-year budget planning document and in the FY 2014 and FY 2015 Adopted Budgets. The Department was also successful in obtaining funding in the FY 2014 and FY 2015 Adopted Budgets to fund a multi-year condition assessment, which will be used to develop a comprehensive operating model. The condition assessment has begun. In addition, the Department has developed a prioritized list of projects for the Deferred Capital 3 bond approved by Council in January 2014.

Target Date: TBD

#5 Facilities should improve the RIME system as necessary to include all relevant criteria and use the objective system to prioritize maintenance requests.

In Process The Department reported that they are in the process of redefining how RIME prioritizes facilities maintenance requests. In addition, they revised the Facilities Maintenance Division organizational structure, grouping teams by trade such as electrician, plumber, painter, and etcetera. Supervisors of each team will be more involved in determining the priority of each work request than under the prior structure. The Department has also successfully attained funding for the first year of a five-year planned condition assessment Citywide. Having accurate and comprehensive information on the condition of City assets will help Facilities Maintenance make more informed decisions when prioritizing work requests.

Target Date: TBD

| 13-011 | PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S VALVE MAINTENANCE PROGRAM |

(AH) (MG)

#4   The Public Utilities Department should implement a risk-based approach to valve and hydrant maintenance. This implementation should entail:

- The development of criteria to determine which valves and hydrants are the most critical. Criteria to be considered should include type of area served, potential for the associated main to break, potential for damage and injury resulting from appurtenance failure, and the water shut-off area if the valve fails to operate.

- The recording of this information in the Sewer and Water Infrastructure Management (SWIM) and System Planning and Locator Application for Sewer and Hydrographics (SPLASH) systems so it is easily accessible to PUD's valve maintenance group when scheduling maintenance activities.

- The development of policies and procedures to schedule maintenance according to the criticality tiers developed. These policies and procedures should be developed in conjunction with other audit recommendations.

- An analysis to determine if the valve maintenance section is properly staffed to meet requirements of the risk based approach.

In Process   In FY 2014, WCM division completed a risk based assessment study for valve maintenance. The study recommended maintaining the valves on a three and five-year cycle based on the following criteria: installation date, the valve type, critical customers and community impact. To ensure successful implementation of our new risk based valve maintenance program, the division will perform preventative maintenance on all valves within the next three-years. During this period, the Division will have the opportunity to gather necessary valve field data in order to update our databases. At the end of the three-year period, the Division will then transition into the established risk based 5 and 3 year valve maintenance program. The accelerated program for water distribution valves is set to start on January 2, 2015.

The risk based scoring information has been moved into SPLASH Cert (Test Environment). The GIS group is currently testing and validating data; once the scoring is completed it will be added to SWIM. This information will not be needed until Jan 2, 2018 because of the decision to implement a 3 year accelerated valve maintenance program.

In addition, the risk based assessment analyzed the valve maintenance section staffing and determined that an additional 3 positions will be needed to implement the risk based assessment program and 9 positions will be needed to implement the accelerated valve maintenance program. The Division is in the process of hiring 5 new positions and filling the 5 vacancies within the section. It is anticipated that the new staff will be on board by November 1, 2014

Target Date: January 2015 and January 2018

#5 Upon implementation of a risk-based approach to valve and hydrant maintenance, the Public Utilities Department should work with the City's Information Technology provider to produce reports for each maintenance priority cycle. For example, one report should identify maintenance progress made for valves and hydrants on a one-year high priority maintenance cycle, while another report would identify progress made for valves and hydrants on a ten-year low priority maintenance cycle.

These reports should include the number of unique valves and hydrants maintained during the reporting period and should detail maintenance progress made by geographic area, consistent with Recommendation #2, above.

In Process As per the department update for item 18, the WCM division decided to implement an accelerated valve maintenance program on Jan 2, 2015. Upon implementation of the accelerated program progress reports will be produced. These reports will include the number of valves maintained during the reporting period and will detail the maintenance progress made by geographic area. The risk based assessment valve maintenance program will be implemented On Jan 2, 2018. At that time reports will be produced for each maintenance priority cycle. In FY 2014 Asset Management program worked on an automated process in SPLASH to calculate risk scores for valves based on the four scoring criteria recommended by the risk based maintenance study. The scoring criteria includes: installation date, the valve type, critical customers and community impact.

Target Date: January 2015 and January 2018

13-012 **PERFORMANCE AUDIT OF THE STREETS DIVISION'S POTHOLE REPAIR OPERATIONS**

(SG)

#4 Street Division should change its primary performance metrics to include a measure of production efficiency. Specifically, the Department should utilize the cost-per-pothole as their primary performance measure to capture the efficiency of its operations.

In Process The Street Division utilizes an internal order to track labor costs associated with pothole operations. Although non-personnel expenses (NPE) for pothole repairs can be estimated, tracking mechanisms to more accurately segregate NPE are being developed.

Target Date: December 2014

14-001   **PERFORMANCE AUDIT OF THE PARK AND RECREATION DEPARTMENT'S PLAYGROUND MAINTENANCE PROGRAM**

(SP) (LB)

#1   In order to improve oversight of its playground inspection processes, including the accurate completion of inspection forms and a consistent supervisory review process for inspection results, the Park and Recreation Department (PRD) should:

(1) Re-train staff on the policies and procedures for correctly completing the Weekly Playground Safety Inspection Form;

(2) Standardize a playground inspection review process by requiring supervisors to visit playground sites and complete a written safety inspection form at least bi-weekly.

In Process   To improve oversight of playground maintenance, specialized playground inspection/maintenance staff attended (in March and May 2014) a California Parks and Recreation Society (CPRS) class entitled "Playground Safety Inspector Certification." The department has several key staff involved in inspecting and repairing playgrounds: (1) on site staff, (2) supervisory staff, and (3) specialized inspection and maintenance staff. On-site staff currently conducts "high-frequency" playground inspections (as defined by CPRS) in writing once per week. Supervisory staff will be trained to conduct high-frequency playground inspections biweekly. Supervisory staff will also conduct quarterly low-frequency inspections that are more detailed than the high-frequency inspections. Specialized inspection staff, who are certified via the CPRS course, will conduct annual, enhanced, low-frequency/more detailed inspections. These certified staff began an enhanced, low-frequency inspection of all playgrounds starting in June 2014. These enhanced inspections will be conducted once per year going forward. Additionally, these certified staff members are also developing a training for on-site and supervisory staff based on the CPRS class. Certified staff intends to conduct this training in October 2014, and onsite and supervisory staff will begin using updated/revised inspection forms at the same time.

Target Date: January 2015

#2   In order to improve assessment of its playground maintenance program, the Park and Recreation Department (PRD) should: Clarify performance indicators in its Park Maintenance Standards related to playground inspection and repair. Specifically, PRD should: (1) Clearly define "response" and which division staff (on-site or Citywide Park Maintenance Services staff) is responsible for meeting the designated timelines. (2) Clearly define playground equipment categories for repair (i.e. "small/minor" and other categories established by the Department). (3) Develop a rubric for the types of repairs considered "emergency," "non-emergency," and "non-safety," and use the rating system on all inspection forms and service requests. Additionally, communicate the rubric with staff involved in playground maintenance operations. Annually evaluate Park Maintenance Standards related to playground response and repair, and report outcomes to the San Diego Park and Recreation Board.

In Process   After the initial training sessions have been completed in fall 2014, specialized playground inspection/maintenance staff and department Asset Management staff will develop performance standards as identified by the Audit. This work will occur during calendar year 2015. Additionally, the Department is implementing Manager Plus, a service request module that will track park maintenance requests including response times. Implementation for this program is scheduled for 2015. A report to the Park and Recreation Board would follow successful performance measure development and Manager Plus implementation.

                                                                                    Target Date: January 2016

#3   In order to improve efforts to assess playground equipment, the Park and Recreation Department (PRD) should: Inventory playground equipment and surfacing at City playgrounds every three years. At minimum, the inventory should include: (1) The type of playground equipment and surfacing; (2) The condition of the playground equipment and surfacing; and (3) The equipment/surfacing manufacturer or substitute vendors. The inventory should be updated with new equipment as equipment is replaced. Develop or adopt a template for assessing the condition of playground equipment and surfacing. Comprehensively assess the condition of at least 20 percent of all playground assets and surfacing each year, with 100 percent of playground assets and surfacing being inspected at least once every 5 years. Continue efforts with the Enterprise Asset Management System (EAM) and, when EAM becomes live, expand assessments to include calculating the useful life and value of playground inventory.

In Process   The department agrees with this finding and has embarked on condition assessments for all parks, including playgrounds. The condition assessments will provide the inventory information suggested by the Audit and will provide the condition of inventoried items. A pilot project assessed 30 initial park sites in Fiscal Year 2014 for "basic," non-building park assets (playgrounds, paved surfaces, turf, etc.). Results from this initial assessment are scheduled to be presented to the Infrastructure Committee in fall 2014. An additional 30-50 sites will be assessed in Fiscal Year 2015 with funds allocated in the current year budget. Given the number of park sites (approximately 300) and assuming an even level of funding (approximately $250k-300k per year), staff anticipates that a complete basic condition assessment of all parks including playgrounds will be completed after approximately five (5) years of work, or at the end of Fiscal Year 2019. This effort is in concert with a Public Works Department initiative to assess City facilities (including park buildings), and ideally staff can merge these condition assessments into a future EAM module once it is activated.

                                                                                    Target Date: June 2019

14-002   **PERFORMANCE AUDIT OF THE INDUSTRIAL WASTEWATER CONTROL PROGRAM**

        (SM) (AH)

#1   The Public Utilities Department establish policies and procedures to track all billable IWCP related costs so that fee levels and appropriate cost recovery rates can be determined effectively.

In Process   No Change – the Public Utilities Department is still awaiting for the Final Fee Study from the consultant. We will continue to follow up on the recommendation.

Target Date: October 2014

#2   The Public Utilities Department establish policies and procedures to periodically review fee levels and present fee proposals to the City Council. These reviews and fee studies should include calculation of the rate of cost recovery achieved by current fees. Reviews should be conducted on an annual basis, and detailed fee studies should be conducted not less than every three years, in accordance with Council Policy 100-05 and Administrative Regulation 95.25.

In Process   No Change – the Public Utilities Department is still awaiting for the Final Fee Study from the consultant. We will continue to follow up on the recommendation.

Target Date: October 2014

#3   The Public Utilities Department perform a fee study to determine fee levels that achieve full cost recovery for all IWCP activities, including all labor and materials required for application review and permitting, inspections, monitoring, and sample analysis, as well as overhead and on-personnel expenses. The Public Utilities Department should work with the Office of the City Attorney to ensure that methodologies used to calculate fees are adequately documented and meet all applicable legal requirements, including those established by Proposition 26.

In Process   No Change – the Public Utilities Department is still awaiting for the Final Fee Study from the consultant. We will continue to follow up on the recommendation.

Target Date: October 2014

#7   The Public Utilities Department should establish a centralized billing process and standardized billing policies and procedures for all IWCP fees and charges. These policies and procedures should be documented in a process narrative, and should:

    a.   Establish responsibilities and timelines for generating and sending invoices for all IWCP fees and charge;

    b.   Establish responsibilities and timelines for performing a periodic reconciliation of all IWCP revenue accounts;

    c.   Establish guidelines and procedures for recording labor time, if necessary to determine invoice amounts;

    d.   Establish guidelines and procedures for calculating invoice amounts; and

    e.   Ensure that appropriate Separation of Duties controls are enforced.

In Process   No Change – the Public Utilities Department is still awaiting for the Final Fee Study from the consultant. We will continue to follow up on the recommendation.

#8   The Public Utilities Department should perform a comprehensive review of all PIMS settings and invoice calculating features to ensure that accurate invoices are automatically generated by PIMS and sent in a timely manner.

In Process   No Change – the Public Utilities Department is still awaiting for the Final Fee Study from the consultant. We will continue to follow up on the recommendation..

Target Date: October 2014

14-003   PERFORMANCE AUDIT OF THE UTILITIES UNDERGROUNDING PROGRAM

(SA) (AH)

#3   The Utilities Undergrounding Program should spend any cash balance above the targeted amount identified in Recommendation #2.

In Process   This is an ongoing effort. The UUP is continually reviewing project delivery and implementing process enhancements. The UUP is establishing a Service Level Agreement with the Development Services Department - Neighborhood Code Compliance to address code compliance issues which impede progress of projects. Also, the UUP is working with the Public Works Department to gradually take over the undergrounding projects normally performed by SDG&E. Executing entire undergrounding projects by City staff is expected to enhance the program efficiency, eventually achieve cost savings, and potentially increase output of projects. This effort will take up to two years to implement; therefore reduction of the surcharge balance to the targeted level would be gradual as the City takes over implementation of the undergrounding projects and as we continue to enhance delivery of the existing active projects.

Target Date: December 2016

14-004   AUDIT OF MISSION BAY AND SAN DIEGO REGIONAL PARKS IMPROVEMENT FUNDS, FISCAL YEAR 2012

(DK) (JZ)

#2   The Park and Recreation Director should request clarification from the City Attorney's office to determine if the Council's authorization of general annual allocations in the CIP budget is sufficiently detailed to meet the Charter requirement that Council should approve the SDRPIF Capital Improvements priority. If not, appropriate steps should be taken to obtain the necessary approval.

In Process   The department presented before Council in July as previously indicated and they received the approval they were requesting for the projects. The department has stated that they will codify the process with a process narrative which was submitted for review and approval to the City Administration. We will continue to follow up on the recommendation during our next reporting cycle.

                                                                              Target Date: September 2014

14-005   **PERFORMANCE AUDIT OF PUBLISHING SERVICES**

                      (ADLG) (KC)

#2   In order to ensure the most accurate workload data is included in the Preliminary Statements of Work, Statements of Work, and Requests for Proposals in any future Managed Competitions, we recommend the Business Office take additional steps to ensure that workload levels are adequately vetted. For example, the Business Office should consider providing outside consultant support to the Preliminary Statement of Work and Statement of Work teams, as provided for in the Managed Competition Guide.

In Process   The Performance & Analytics Department will implement this recommendation, which is also a recommendation in the Huron report dated June 5, 2014, on any future managed competitions that are brought forward.

                                                                              Target Date: TBD

#4   In order to ensure that City programs and services that are placed through the Managed Competition process are operating in the most economical, efficient, effective, and transparent manner, we recommend that the Business Management Reports that are produced by the Business Office and the department management, respectively, be made public and presented to the City Council and/or the Budget and Finance Committee on a regular basis.

In Process   The Department of Performance & Analytics is currently in the process of revising the Managed Competition Guide which may include revisions related to the dissemination of the Business Management Reports or other monitoring documents. Office of the City Auditor will follow-up as needed when the Managed Competition Guide revisions are complete.

                                                                              Target Date: TBD

14-006   PERFORMANCE AUDIT OF THE POLICE PATROL OPERATIONS

(ML)

#3   The San Diego Police Department should survey residents regularly to solicit input on community priorities, and it should engage stakeholders by reporting on performance standards.

In Process   The Police Department is currently participating in a joint initiative with local police departments, sheriff offices, the National Police Research Platform, and the National Institute of Justice on the Police-Community Interaction (PCI) Survey. The PCI Survey gives local residents the opportunity to evaluate the quality of services provided in recent interactions with local police officers and sheriff deputies. This survey provides standardized data for cities across the nation and has been validated as part of the National Police Research Platform.

Target Date: September 2014

14-009   PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S CUSTOMER SUPPORT DIVISION

(SG) (SC)

#1   The Customer Support Division should analyze its system to determine the appropriate upper limit setting, while ensuring that it will not negatively impact the workload on its staff and will increase the effectiveness of their initial meter reading controls. Specifically, the Division should: Perform an analysis to determine the most appropriate setting for the upper limit, and adjust the limit, as appropriate, within a reasonable timeframe. The analysis should take into account control effectiveness as well as the maximum number of exceptions the support staff can effectively manage.

In Process   The Department has determined the correct methodology for conducting this complex analysis and will perform the analysis in September. It is anticipated that the analysis will be completed by mid-September allowing sufficient time for any changes to the upper limit to be implemented by 11/1/2014.

Target Date: November 2014

#2   The Customer Support Division should analyze their review of meter reading "implausible review" exception resolutions to increase the efficiency of the reviews and focus staff workload on higher value reviews. Specifically, the Division should:

     a) Analyze the Division's implausible water usage reviews over a period of time to identify the potential for automating the most common reviews.

     b) In cases where the Division experiences exception review backlogs, the Division should define a prioritization model based on impact to the customer.

In Process   The Department has developed a set of business rules for use in implausible review processing and will soon be submitting a request for the ERP support team to determine options for automating some of the processing steps in SAP. A prioritization schedule for Implausible processing when backlogs exist has been drafted and was reported that it was completed at the end of August.

                Target Date: November 2014

#3   The Customer Support Division should update their process to capture investigation performance metrics to increase the efficiency of the operations and allow prioritization of investigations. Specifically:

     a) The Investigation Process should include a step to enter the reportable completion date into SAP utilizing the appropriate SAP Service Notification field to reduce redundant workload and increase reporting potential.

     b) The Division's investigation process should complete or modify, as appropriate, the update of their investigation prioritization schedule based on impact to the customer and business where they experience a backlog of investigations.

In Process   The Department has been entering a reportable completion date in all service notifications since the beginning of the calendar year. A prioritization schedule for field investigation work during backlogs has been drafted and will be completed by the end of the August.

                Target Date: September 2014

14-010   **PERFORMANCE AUDIT OF THE PERSONNEL DEPARTMENT**

       (SP) (ADLG)

#3   In order to continuously monitor performance, Personnel should: Periodically evaluate and review its performance in meeting target timeframes to determine if opportunities for improvement exist.

In Process   Personnel is making progress towards creating a process that would improve job recruitment. However, not enough time has elapsed for Personnel to complete an evaluation.

#5   In order to provide input to the City's workforce planning, the Chief Operating Officer should:

Direct all applicable hiring departments to assess current and future workforce needs. The results of these assessments should be communicated to Personnel for inclusion in a workforce development plan.

In Process As stated in Management's response to the recommendation the Chief Operating Officer will request hiring departments provided this information in FY 15.

Target Date: September 2014

14-011   **PERFORMANCE AUDIT OF IT WEB SERVICES**

(SA) (AH)

#1   We recommend that the Chief Operating Officer, in conjunction with the Mayor's Office, develop a strategic vision for online services. This should include developing specific goals and objectives for increasing online services offered, with clear roles and responsibilities for City departments, and milestones that are incorporated into the City's strategic planning documents.

In Process The city will be issuing an RFP in August 2014 to solicit for a company to upgrade the City's web page. This is the first step in overhauling the City's web, which is critical to hosting on-line services. It is anticipated a company will be on board in calendar year 2015.

Target Date: September 2015

#2   The Office of the Chief Operating Officer (COO) should direct City departments to identify services that lend themselves to online delivery, and the COO should generate a Citywide report of prioritized potential services. Then, the COO should work with departments to conduct internal efforts to evaluate and adapt the potential services for online delivery.

In Process See response to recommendation #1, above. In addition, the efforts have been hampered by the lack of new Chief Information Office (CIO) which the City has been without since early 2014.

Target Date: September 2015

#3   The Department of Information Technology (DoIT), in conjunction with City departments, should define which online services to include on the homepage drop-down list of online services called Access Online Services. DoIT should update the online services list and develop a procedure to periodically check with departments to determine that the list is accurate and complete.

In Process   The recommendation is "In Process." The Department of IT (DoIT) has made progress with implementing the recommendation by reorganizing and updating the Access Services Link on the City's webpage. DoIT has also developed a procedure to periodically check with departments to determine if the online list is accurate and complete. However, this recommendation will be deemed implemented once we verify that DoIT sends its periodic check to departments the first of which is scheduled for October 2014.

Target Date: October 2014

14-013   **PERFORMANCE AUDIT OF ADD-ON PAYS**

(LB) (MG)

#1   To ensure that San Diego Police Officers' Association (SDPOA) employees receiving Bilingual Pay remain current in their language skills, the Personnel Department should work in conjunction with the Labor Management Committee to define budget resources, establish re-testing deadlines consistent with the current SDPOA Memorandum of Understanding (MOU) provision, enter the deadline as an expiration date in SAP for SDPOA employees receiving the pay, and discontinue Bilingual Pay for employees who have not passed the re-test by the deadline.

In Process   The Personnel Department (Personnel) identified 300 police officers who need to be re-tested. According to Personnel, 159 of those police officers have been re-tested as of September 10, 2014, with 18 of them failing their re-test. In addition, 15 police officers have withdrawn, leaving 126 police officers who still need to be re-tested. Personnel anticipates completing the re-testing of these officers by the end of 2014, and then continuing with the ongoing re-testing process in accordance with the POA MOU. OCA will check back with Personnel in the next recommendation follow-up cycle to update the re-testing results.

Target Date: December 2014

#3   To ensure that the San Diego Police Department's (SDPD) Educational Incentive Pay (EIP) program is tracking re-qualification dates accurately, the department should assess the value of using automated systems for that purpose. To ensure that employees do not continue to receive Intermediate or Advanced Peace Officer Standards and Training (POST) add-on pay if they do not meet the requalification requirements, SDPD should use add-on pay expiration dates in SAP.

In Process   To ensure that re-qualification dates related to the Educational Incentive Pay (EIP) Program are accurately tracked, PD Training staff is currently working closely with the Department's IT staff on testing the use of an existing Department training application to determine what enhancements, if any, need to be made for this purpose.

Target Date: December 2014

#5   In order to continue processing add-on pays appropriately in the future, the San Diego Fire-Rescue Department (SDFR) should formalize their practices into policies and procedures.

In Process   According to the department a document has been drafted and is in the review/edit stage.

Target Date: October 2014

14-014   PERFORMANCE AUDIT OF GRAFFITI CONTROL PROGRAM

 (AH)

#1   The Chief Operating Officer should centralize all graffiti abatement intake, work order management, vendor contract administration, and data tracking operations in the Transportation and Storm Water Department's Street Division. This should include the provision of adequate staff resources to perform these functions. If the Chief Operating Officer determines that the program should be centralized in a different location, this determination should be based on a comprehensive assessment of the receiving department's capabilities for intake and routing of graffiti complaints, collection and tracking of data for performance reporting, and customer service.

In Process   The City will pilot revised policies and procedures during FY15. If it is determined that centralization of the various graffiti functions should occur a recommendation for staffing and resources will occur for the FY16 budget.

Target Date: June 2015

#2   The Transportation and Storm Water Department (TSWD) should work with the Department of Information Technology to ensure that all online reporting capabilities transferred to TSWD are designed to enter graffiti complaint information directly into SAP in a manner similar to TSWD's existing online reporting channels.

In Process   A citywide EAM system is currently in development. Reconfiguring the legacy system is not an efficient use of staff and resources. Interim measures will be taken to ensure accurate intake from online reporting channels.

Target Date: June 2017

#3   The Development Services Department's Neighborhood Code Compliance section (NCC) and the Transportation and Storm Water Department's Street Division should develop a process narrative establishing responsibilities and procedures for 1) NCC to report graffiti abatement requests to the Street Division; and 2) the Street Division and the vendor (if applicable) to refer private property with unabated graffiti to NCC to initiate code compliance cases.

In Process   The Graffiti Working Group is documenting current process and assessing potential areas for improvement. These procedures will be piloted in FY15 for implementation in FY16.

#6 The Transportation and Storm Water Department (TSWD) revise its existing Standard Operating Procedure (SOP) for graffiti removal to include performance measures for graffiti abatement and include those performance measures in quarterly reporting to the City Council. Performance measures should include target response times for graffiti removal as well as total instances of graffiti removed and square footage. The SOP should also include direction on how to track work order information and log the information into SAP. The SOP should describe how to determine and record the following: • The date the request was submitted to TSWD (the 'Report Date') • The date the request was entered into SAP (the 'Notification Date') • The start and end date/time for graffiti removal in the field • Whether the graffiti was removed using paint or hydroblasting • How to measure and record quantity of graffiti removed.

In Process The department will include performance measure information and work order tracking information in the SOPs that are being developed. The policies and procedures will be piloted for implementation in FY16.

Target Date: September 2015

#8 The Transportation and Storm Water Department should ensure that graffiti reporting channels accept anonymous complaints and complaints made in Spanish.

In Process The Transportation and Storm Water Department is in the process of updating the Street Division complaint intake website to include information on how to make an anonymous complaint. In addition, documentation was provided showing that the Street Division does accept complaints made in Spanish.

However, at the time of the audit, the Urban Corps contract required acceptance of complaints made in Spanish, and Neighborhood Code Compliance (NCC) stated that they also accept complaints made in Spanish. OCA tested this by making graffiti complaints in Spanish to NCC and Urban Corps. These complaints were not addressed, and Urban Corps and NCC could not produce work order records indicating that the reports were correctly received. In order to implement the recommendation that all intake channels accept complaints made in Spanish, the City should document policies and procedures that establish 1) a process for NCC to intake graffiti complaints in Spanish; and 2) a process for oversight of the Urban Corps contract to ensure compliance with contract requirements regarding intake of graffiti complaints in Spanish.

Target Date: TBD

#9 The City Administration should ensure that all abatement crews have access to and utilize Graffiti Tracker to better coordinate efforts with law enforcement.

In Process Staff met with SANDAG and other cities in the area to discuss the current technology and challenges with the Graffiti Tracker program. A mobile application is now available for customers, as opposed to using solely specialized Graffiti Tracker cameras. SDPD and Urban Corps currently utilize Graffiti Tracker. The Street Division is evaluating the cost of implementing Graffiti Tracker for Division staff.

#11   The Chief Operating Officer should direct the San Diego Police Department, Neighborhood Code Compliance, Transportation and Storm Water Department, and the City Attorney's Office to coordinate regular task force meetings with Urban Corps, San Diego Gas and Electric, AT&T, the Metropolitan Transit System, Downtown San Diego Partnership, and other groups responsible for graffiti abatement. This task force should identify ways to leverage existing graffiti control resources to enhance and coordinate graffiti abatement, law enforcement, and outreach and education efforts targeting residents and community organizations

In Process   A working group has been established that includes Neighborhood Code Compliance, San Diego Police Department, Street Division, and the City Attorney's Office. Additionally, staff is participating in a SANDAG Graffiti Tracker working group that includes Urban Corps, Sherriff, MTS, San Diego County, and other cities. The best forum to discuss inter-agency and utility coordination is being evaluated.

Target Date: December 2014

#14   If the City will continue to utilize a vendor to perform field graffiti abatement services, the Chief Operating Officer should direct the Transportation and Storm Water Department and the Purchasing and Contracting Department to renegotiate the contract with the vendor to include performance standards for response times and require the vendor to staff the graffiti hotline, conduct community outreach, utilize Graffiti Tracker, and meet with City graffiti control staff on a regular basis to coordinate efforts.

In Process   Neighborhood Code Compliance is processing the FY 2015 contract. Performance measures have been included in draft contract.

Target Date: December 2014

14-016   HOTLINE INVESTIGATION REPORT OF PUBLIC UTILITIES WAREHOUSE SUPPLY PURCHASES

(AH)

#4   The Purchasing and Contracting Department should: Act on the referral from the Public Utilities Department for debarment of Vendor #1 and Vendor #2; Complete a thorough review of Citywide transactions conducted by Vendor #1 and Vendor #2 to determine if there are any additional transaction irregularities with other City Departments.

In Process   Public Utilities has provided a debarment recommendation to Purchasing & Contracting. The recommendation is under initial review and awaiting next steps. According to Purchasing & Contracting, both vendors are no longer in business. They are pursuing debarring one of the people involved with one of the now-defunct businesses.

14-018   PERFORMANCE AUDIT OF COMMUNITY FACILITIES DISTRICTS

(DK) (KC)

#1   We recommend the following steps to ensure homeowners in CFDs are properly assessed:

A.   Development Services should review the 22 potential errors identified by OCA located in CFD 4. Development Services should also reconcile the City's and San Diego County Assessor's square footage records for CFD 1, 2 and 3 properties. Where discrepancies are significant enough to change the tax levy amount, efforts should be made to recalculate and correct square footages, correct the assessable square footage in the City's building permit. These updated permits should be sent to Debt Management and the Special Tax Consultant.

B.   Debt Management should then direct the City's special tax consultant to make corresponding changes to the parcel database and special tax rates to homeowners in existing CFDs. For these changes, Debt Management should consult with the City Attorney's Office to determine whether CFD residents who were charged inaccurate special tax levies should be refunded potential overpayments or required to pay any potential undercharged amount.

C.   Debt Management should establish a policy for future CFDs to change the Rate and Method of Apportionments (RMA) to specify that the special tax consultant must reconcile the square footage recorded in the database for the special tax assessment that is based on City permit records with the square footage recorded with the San Diego County Assessor's Office to verify accuracy.

In Process   1 (c) Implementation is in process: In consultation with the City Attorney's Office, appropriate language addressing the recommendation will be included in the next update of the City's Debt Policy - Special District Formation and Financing Policy appendix, anticipated to be brought forward for City Council approval in Fiscal Year 2015 during the biennial update cycle.

The other components (A) and (B) of the recommendation have been completed. The Audit Committee amended component (A) by not accepting the recommendation as stated but recommended that the City send notices to properties in CFDs 1, 2, and 3 advising property owners of the appeals process should they feel they may be incorrectly assessed. Evidence was provided to demonstrate that the City did send notifications to all property owners in those CFDs.

Target Date: June 2015

June 2014

ATTACHMENT D

Open Audit Recommendations – Not Implemented

This schedule includes a chronological listing of all open recommendations as of June 30, 2014 including new recommendations that were issued in the last three months of the current reporting period but were not expected to be implemented already, and no evidence of implementation was provided yet. It also includes recommendations where no evidence was provided to support any meaningful movement towards implementation, and/or no update information was provided. These recommendations are listed as **Not Implemented.**

13-009	PERFORMANCE AUDIT OF THE REAL ESTATE ASSETS DEPARTMENT

(SA)

#1	The Real Estate Assets Department should update its Portfolio Management Plan to insure that it meets the City's changing needs.

Not Implemented	A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD

#2	The Real Estate Assets Department should prepare a market and financial analysis for the City Administration and City Council to reduce leased office space and move a portion of the City's workforce out of downtown to less expensive office space.

Not Implemented	A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD

#3	The Real Estate Assets Department (READ) should improve its performance goals by establishing measures, targets, outcomes and outputs for each goal. READ should also annually report its performance and achievements to the City Administration and City Council.

Not Implemented	A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD

#4	The Real Estate Assets Department should work with the City Administration and the City Council to draft a policy on rent subsidies to nonprofit organizations that establishes eligibility criteria for recipients, recovers the City's facilities maintenance and upkeep costs for the subsidized space, and fee to recover the costs of preparing, processing, and monitoring leases.

Not Implemented	A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD

13-010   **PERFORMANCE AUDIT OF THE CITY'S OVERTIME CONTROLS**

(SP) (ML)

#2   The City Administration should train city employees on the provisions of H-4 and the entry of allowable overtime hours into the City's payroll system.

Not Implemented   Payroll SAP training and functionality is under the purview of the City Comptroller, not the Personnel Department. This recommendation was transferred to the City Comptroller for implementation.

Target Date: TBD

#3   The City Administration should ensure City Departments revise overtime approval forms to provide guidance for employees and the supervisors approving overtime.

Not Implemented   The overtime approval form is a City Comptroller form, not a Personnel Department form. This recommendation was transferred to the City Comptroller for implementation.

Target Date: TBD

14-002   **PERFORMANCE AUDIT OF THE INDUSTRIAL WASTEWATER CONTROL PROGRAM**

(SM) (AH)

#4   Upon completion of the fee study, the Public Utilities Department should work with the Office of the City Attorney and the Participating Agencies to review and revise, as appropriate, Interjurisdictional Agreements to include fees for service that achieve appropriate cost recovery under the guidelines of Council Policy 100-05 and Administrative Regulation 95.25. The revised agreements should include mechanisms to adjust fees in response to changes in the cost of service.

Not Implemented   No Change - PUD is still awaiting the Final Fee Study from the consultant.

Target Date: October 2014

#5   Upon completion of the fee study, we recommend the Public Utilities Department, in consultation with the City Attorney's Office, should develop a proposal for consideration by the City Council to update fees for Industrial Users within the City of San Diego. This proposal should include fees that achieve appropriate cost recovery under the guidelines of Council Policy 100-05 and Administrative Regulation 95.25. The revised fee schedules should include mechanisms to adjust fees in response to changes in the cost of service.

Not Implemented   No Change - PUD is still awaiting the Final Fee Study from the consultant.

                                                                Target Date: October 2014

14-006   **PERFORMANCE AUDIT OF THE POLICE PATROL OPERATIONS**

                        (ML)

#1   The San Diego Police Department should analyze dispatch data to identify potential improvements to operations. It should use the results of these analyses to refine its staffing model and to evaluate patrol response to various types of incidents.

Not Implemented   The PD anticipates the opportunity to enhance operations with the implementation of the new Computer Aided Dispatch (CAD) system. At that time, the PD will have an improved ability to analyze dispatch data to refine the current sworn staffing model and further evaluate service levels.

                                                                Target Date: June 2016

#2   The San Diego Police Department should establish a comprehensive performance measurement system. Goals should include output targets such as timeliness of service or clearance rates for specific types of incidents and crimes, respectively.

Not Implemented   The PD anticipates expanding its performance measures with the implementation of the new CAD system, which is when the Department will have an enhanced ability to better record and analyze output targets, such as response times, out-of-service time, proactive time, clearance rates, etc.

                                                                Target Date: June 2016

14-014   PERFORMANCE AUDIT OF GRAFFITI CONTROL PROGRAM

(AH)

#4   The Mayor should determine whether field graffiti abatement activities can be performed most efficiently and effectively by Street Division crews or a third-party vendor. Once a determination is made, the Chief Operating Officer should take action to centralize field abatement crews by utilizing either Street Division crews or a vendor to perform all field activities.

Not   According to the department efficiency and effectiveness will be assessed after the pilot
Implemented period has been completed.

                                                                              Target Date: September 2015

#5   If the City will continue to utilize a vendor to perform graffiti abatement, the Chief Operating Officer should ensure that adequate resources continue to be provided for contract administration. In addition, the scope of services performed by the vendor should include the provision of an electronic work order management system to facilitate effective routing of complaints between the City and the vendor and to facilitate collection and monitoring of performance information by the City. The Transportation and Storm Water Department should provide training to the vendor to ensure Performance Audit of the Graffiti Control Program that all data is collected and recorded consistent with Transportation and Storm Water Department standards, developed pursuant to Recommendation #6.

Not   At the end of the pilot period, staff will recommend the level of resources for the FY16
Implemented budget. Staff will meet with the current vendor to ensure all data is collected and recorded consistent with the policies and procedures that will be developed..

                                                                              Target Date: September 2015

#7   The Transportation and Storm Water Department (TSWD) should work with the Department of Information Technology and third-party providers of graffiti reporting channels (such as the Street Report app) to ensure that graffiti complaint reports reach TSWD, and all customers are provided service request tracking information.

Not   Staff will work to develop streamlined processes for reporting and tracking. Customers who
Implemented use Street Division's reporting channels receive service request tracking information.

                                                                              Target Date: September 2015

#10   The Chief Operating Officer should increase publicity of the Spray and Pay rewards program and make Spray and Pay awards proactively to residents who provide information on graffiti vandalism that leads to a conviction.

Not Implemented   The new Communications Department will be engaged to enhance publicity of graffiti reporting programs.

Target Date: March 2016

#12   If the results of the task force recommended previously in this report indicate that additional resources are required to achieve the City's graffiti control policy goals, the Chief Operating Officer should direct the San Diego Police Department, the Transportation and StormWater Department, Neighborhood Code Compliance, and the City Attorney's Office to prepare a unified proposal to allocate greater resources to graffiti control efforts, including outreach, law enforcement, and abatement. This proposal should be presented to the City Council for consideration.

Not Implemented   At the end of the pilot period, staff will recommend the level of resources for the FY16 budget.

Target Date: March 2016

#13   If the City will continue to utilize a vendor to perform field graffiti abatement services, the Transportation and Storm Water Department should revise the existing Standard Operating Procedure for graffiti removal to include quality assurance procedures, including sampling and spot checks of work performed and periodic review and verification of the vendor's compliance with performance standards developed pursuant to Recommendation #6.

Not Implemented   This recommendation depends on the outcome of other recommended assessments. The City will pilot revised policies and procedures during FY15 to include quality assurance measures for vendor performance. Similar to other recommended SOPs, final procedures will be determined upon the conclusion of the pilot program.

Target Date: September 2015

14-015   **HOTLINE INVESTIGATION: PRESIDIO HILLS GOLF COURSE USE AND OCCUPANCY PERMIT**

(AH)

#1   We recommend that the Real Estate Assets Department follow-up with the City Treasurer to ensure that the appropriate amount of additional rent revenue from the Permittee parking cars on golf course property be recovered.

Not Implemented   A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD

14-017   **HOTLINE INVESTIGATION OF OVERTIME AND TELEPHONE USAGE**

(AH)

#1   We recommend that Real Estate Assets initiate an independent Fact-Finding process to complete a formal investigation into the allegation that time card entries may not have represented actual hours that were worked and that excessive personal toll calls were made from a City phone and that the City seek reimbursement for any excessive or unauthorized expenditures.

Not Implemented   A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD

#2   We recommend that Real Estate Assets update and implement Department policies regarding the pre-approval of overtime hours to be in compliance with the requirements set forth in Administration Regulation §95.01 and Personnel Manual Index Code H-4.

Not Implemented   A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD

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14-019   **PERFORMANCE AUDIT OF REAL ESTATE ASSETS DEPARTMENT**

(SA) (DK)

#1   The Mayor's Office should work with the Park and Recreation Department and the Real Estate Assets Department to develop a comprehensive plan, including a timeline and funding appropriation, to remove residential use from Sunset Cliffs Natural Park, ensure compliance with the 2005 Master Plan, and to resolve the apparent conflict between the private tenancies at Sunset Cliffs and the restriction on dedicated parks for public park use in Charter Section 55.

Not Implemented   A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD

#2   To strengthen controls over month-to-month residential leases, we recommend that the Real Estate Assets Department: Conduct a market rate rent study on its single-family residential month-to-month leases; Adjust lease rates based on the market rate study; and Notify City Council of the rent rates for any single-family residential month-to-month leases lasting more than three years. READ should develop a policy to review rent rates and report to Council every three years.

Not Implemented   A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD

#3   The Real Estate Assets Department should develop a process to ensure all residential leases are in compliance with the warranty of habitability for its single-family dwellings.

Not Implemented   A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD

#4   The Real Estate Assets Department should develop a process to ensure that all inhabited City-owned residential properties have a lease.

Not Implemented

A recruitment for a new Department Director is currently underway. Upon appointment, the new Director will be reviewing all department operations and will consider and respond to the recommendations.

Target Date: TBD