
Audit Recommendation Follow-Up Report

*STATUS UPDATE AS OF
JUNE 30, 2015*

Office of the City
Auditor

City of San Diego





THE CITY OF SAN DIEGO

DATE: October 14, 2015
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, 2015. 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 two 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 21, 2015 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 welcome any suggestions or recommendations for improving 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 are greatly appreciated.

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

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SUMMARY

The Administration has continued to make significant progress towards implementing open audit recommendations. During this reporting period, the Administration has implemented 38 of the outstanding recommendations. Additionally, we issued eight reports and added 34 new recommendations, and the Administration agreed to implement 100 percent of the recommendations.

There is one recommendation that is no longer applicable and one recommendation that the department will not implement for reasons stated in the report. These recommendations can be found in Attachment A, and will be discussed at an Audit Committee meeting. We will request the Audit Committee consider dropping these two recommendations.

Lastly, during our previous reporting cycle we asked all departments with outstanding recommendations to provide a current target implementation date, and there are now very few without a current target implementation date. We greatly appreciate the Administration's efforts as they have demonstrated a commitment to implementing audit recommendations to improve City operations and mitigate the risks identified during audits.

IMPLEMENTATION STATUS OF OPEN RECOMMENDATIONS

This report reflects the status of all Office of the City Auditor open audit recommendations as of June 30, 2015. Working with the Assistant Chief Operating Officer, 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	City staff provided sufficient and appropriate evidence to support all elements of implementing the recommendation;
In Progress	City staff provided some evidence, however either elements of the recommendation were not addressed, or the department reported it has begun to implement the recommendation and has not yet completed the implementation;
Not Implemented	New audit 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;
Will Not Implement	The Administration disagreed with the recommendation, did not intend to implement, and no further action will be reported; and
Not Implemented – N/A	Circumstances changed to make the recommendation not applicable.

As of our last recommendation follow-up report for the period ending June 30, 2015, there were 106 open recommendations. Since then, we have issued seven performance audits and one hotline reports with 34 new recommendations for a total of 140 outstanding recommendations for the period ending June 30, 2015. The table below summarizes this activity:

Activity for the Period Ending June 30, 2015	Number of Recommendations
Open Recommendations Carried Forward from Period Ending December 31, 2014	
In Process	98
Not Implemented	8
Sub-Total	106
Recommendations issued January – June 2015	34
Total Outstanding Recommendations as of June 30, 2015	140

During this reporting cycle, we verified that departments and related entities have implemented 38 recommendations out of 140 (27 percent) since our last report. The results of our review for this reporting cycle are as follows for the 140 recommendations:

Number of Recommendations	Status of Recommendations
38	Implemented
95	In Process
5	Not Implemented
1	Not implemented – N/A
1	Will Not Implement
140	Total

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

- **Exhibit 1** - Summarizes the status of the 140 recommendations by audit report in chronological order.
- **Exhibit 2** - Summarizes the distribution of the 38 recommendations **Implemented** by Department/Agency.
- **Exhibit 3** - Summarizes the distribution of the 95 recommendations **In Process** by Department/Agency.
- **Exhibit 4** - Summarizes the distribution of the 5 recommendations **Not Implemented** by Department/Agency.
- **Exhibit 5** - Breaks down the 140 recommendations by their status and the length of time the recommendation remains open from the original audit report date.
- **Exhibit 6** - Audit Recommendation Activity for the Period Ending June 30, 2015.

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, 2015 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, 2015 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, 2015, including new recommendations from reports that were recently issued and were not expected to already be implemented, 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 semi-annual follow-ups, with reporting periods ending June 30th and December 31st. For the next report, we will continue to request that departments establish target implementation dates for new audit recommendations, and we will provide information on the recommendations 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 welcome any suggestions or recommendations for improving this report to enhance your ability to monitor the effective implementation of City Auditor recommendations.

Exhibit 1 below summarizes the status of the 140 recommendations by audit report in chronological order.

EXHIBIT 1: Audit Reports and Recommendation Status

Report No.	Report Title	Implemented	In Process	Not Implemented ¹
09-013	The City Of San Diego Faces Unique Operational And Administrative Challenges In Managing Qualcomm Stadium	1	2	
10-002	Performance Audit Of The San Diego Housing Commission – Part I		1	
10-010	Performance Audit Of The City Treasurer Delinquent Accounts Program		3	
10-018	Performance Audit Of The Purchasing And Contracting Department - Citywide Open Purchase Order Program			1
11-001	Performance Audit Of Risk Management's Public Liability And Loss Recovery Division	8		
11-020	Performance Audit Of The Parking Administration Program	1		
11-026	Performance Audit Of The Take-Home Use Of City Vehicles		3	
12-004	Performance Audit Of The San Diego Police Department's Permits And Licensing Unit	3		
12-015	Performance Audit Of The Development Services Department's Project Tracking System		3	
13-003	Performance Audit Of The Procurement Card Program		3	

¹ This column includes any recommendations deemed Not Implemented – Disagree and Not Implemented – N/A.

Report No.	Report Title	Implemented	In Process	Not Implemented ²
13-005	Hotline Investigation Report Of Cash Handling At Recreation Centers	2	2	
13-006	Performance Audit Of The Economic Development Program	1		
13-007	Performance Audit Of The Public Utilities Department's Chemical Purchases	1		
13-008	Performance Audit Of The General Services Department - Facilities Maintenance Division		2	1
13-009	Performance Audit Of The Real Estate Assets Department	1	3	
13-010	Performance Audit Of The City's Overtime Controls		1	
13-011	Performance Audit Of The Public Utilities Department's Valve Maintenance Program		2	
14-001	Performance Audit Of The Park And Recreation Department's Playground Maintenance Program		2	
14-002	Performance Audit Of The Public Utilities Department's Industrial Wastewater Control Program		7	
14-003	Performance Audit Of The Utilities Undergrounding Program		1	
14-004	Performance Audit Of Mission Bay And San Diego Regional Parks Improvement Funds, FY 2012	1		
14-005	Performance Audit Of Publishing Services		2	
14-006	Performance Audit Of The Police Patrol Operations	1	2	
14-011	Performance Audit Of IT Web Services	1	1	
14-013	Performance Audit Of Add-On Pays		2	
14-014	Performance Audit Of Graffiti Control Program	9	5	
14-016	Hotline Investigation Report Of Public Utilities Warehouse Supply Purchases		1	
14-019	Performance Audit Of Real Estate Assets Department		4	
15-001	Performance Audit Of The Office Of Homeland Security	2	1	

² This column includes any recommendations deemed Not Implemented – Disagree and Not Implemented – N/A.

Report No.	Report Title	Implemented	In Process	Not Implemented ³
15-003	Performance Audit Of The City's Waste Reduction And Recycling Programs		7	
15-005	Performance Audit Of The San Diego Fire-Rescue Department's Overtime Costs		3	
15-009	Performance Audit Of The Community Parking District Program		3	
15-010	Fleet Services Division Fraud Risk Assessment Report		4	2
15-011	Performance Audit of the Utilities Undergrounding Program		6	
15-012	The City Needs to Address the Lack of Contract Administration and Monitoring on Citywide Goods and Services Contracts		2	
15-013	Performance Audit of the Park and Recreation Department's Golf Division	2	3	
15-015	Performance Audit of the City's Right-of-Way Maintenance Activities		2	
15-016	Performance Audit of Citywide Contract Oversight		7	2
15-017	Performance Audit of the Real Estate Department, Airports Division		3	
15-018	Performance Audit of the Fire-Rescue Department, Lifeguard Services Division		2	1
15-019	Hotline Investigation of Under-Recorded Leave Time	4		
GRAND TOTAL		38 (27%)	95 (68%)	7 (5%)

³ This column includes any recommendations deemed Not Implemented – Disagree and Not Implemented – N/A.

Exhibit 2 summarizes the distribution of the 38 recommendations **Implemented** by Department/Agency as of June 30, 2015.

EXHIBIT 2: Number of Recommendations Implemented by Department/Agency

Number of Recommendations Implemented	Department/Agency	Number of Recommendations Implemented	Department/Agency
4	Assistant COO	1	Police
4	City Treasurer	1	Purchasing & Contracting
1	Department of Information Technology	1	Real Estate Assets
1	Economic Development	1	Real Estate Assets - Stadium
2	Office of Homeland Security	7	Risk Management
3	Park & Recreation	10	Transportation & Stormwater
2	Park & Recreation - Golf Course		

Exhibit 3 summarizes the distribution of the 95 recommendations **In Process** by Department/Agency as of June 30, 2015.

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

Number of Recommendations Outstanding	Department/Agency	Number of Recommendations Outstanding	Department/Agency
2	City Comptroller	3	Police
2	COO	7	Public Utilities
1	Department of Information Technology	2	Public Utilities - Water Operations
6	Development Services	2	Public Works - Facilities
3	Economic Development	8	Public Works - Fleet Services
7	Environmental Services	11	Purchasing & Contracting
6	Fire - Rescue	7	Real Estate Assets
1	Office of Homeland Security	3	Real Estate Assets - Airports
4	Park & Recreation	2	Real Estate Assets - Stadium
3	Park & Recreation - Golf Course	1	San Diego Housing Commission
2	Performance & Analytics	12	Transportation & Stormwater

Exhibit 4 summarizes the distribution of the five recommendations **Not Implemented** by the Department/Agency as of June 30, 2015. This exhibit does not include two recommendations determined as **Not Implemented - N/A** and **Will Not Implement**.

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

Number of Recommendations Outstanding	Department/Agency
1	Fire - Rescue
2	Public Works - Fleet Services
2	Public Works - Contracts

Exhibit 5 breaks down the current 140 open recommendations and the 152 prior report recommendations by their status and the length of time a recommendation remains open from the original audit report date for both the current and prior report.⁴

EXHIBIT 5a: Current Report Audit Recommendations Implementation Aging

Timeframe	Implemented	In Process	Not Implemented	Not Implemented-N/A	Will Not Implemented	Total
0 - 3 Months	4	12	3	0	0	19
4 - 6 Months	2	13	0	0	0	15
6 - 12 Months	2	18	2	0	0	22
1 to 2 Years	12	27	0	0	0	39
Over 2 Years	18	25	0	1	1	45
Total	38	95	5	1	1	140

EXHIBIT 5b: Prior Report Audit Recommendations Implementation Aging

Timeframe	Implemented	In Process	Not Implemented	Not Implemented-N/A	Total
0 - 3 Months	0	3	6	0	9
4 - 6 Months	8	13	0	0	21
6 - 12 Months	5	19	2	0	26
1 to 2 Years	9	21	0	0	30
Over 2 Years	22	42	0	2	66
Total	44	98	8	2	152

⁴ Timing is rounded to the month.

Exhibit 6 displays a summary of the recommendation activity for this reporting period.

EXHIBIT 6: Audit Recommendation Activity for the Period Ending June 30, 2015

Activity for the Period Ending June 30, 2015	Number of Recommendations
Open Recommendations Carried Forward from Period Ending December 31, 2014	
In Process	98
Not Implemented	8
Sub-Total	106
Recommendations issued January – June 2015	34
Total Outstanding Recommendations as June 30, 2015	140
Recommendations Implemented	38
Recommendations Not Implemented - N/A	1
Recommendations Will Not Implement	1
Recommendations Resolved for Period Ending June 30, 2015	40
Carry Forward Open Recommendations	100

June 2015

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.

**ATTACHMENT A
RECOMMENDATIONS FOR THE AUDIT COMMITTEE'S ATTENTION**

Requested Action by the Audit Committee:

We request the Audit Committee consider dropping the following two recommendations for the reasons stated below.

**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.

Not Implemented – N/A This recommendation is no longer applicable since the City no longer uses the form 2610 or similar forms.

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

(SA)

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

Will Not Implement Management advised that the condition assessments are well underway and are providing valuable information to Facilities staff with regards to prioritizing replacement projects. More importantly though, the EAM system will completely change the way Facilities staff receives and prioritizes work. In lieu of spending more effort on RIME, we are dedicating our Work Control BMS to the EAM project to ensure that the systems will meet our needs and enhance our ability to provide service to all City facilities. RIME will be replaced by EAM .

June 2015

ATTACHMENT B

Recommendations Deemed As Implemented

This schedule includes all recommendations as of June 30, 2015 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**

09-013	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.
Implemented	The Department reported that each year since the 2000 ADA compliance settlement, the City and the Chargers mutually examine an independent audit performed by Price Waterhouse Cooper in order to evaluate the compliance with the settlement. This task is performed annually and is mutually agreed upon by both parties eliminating any compliance issues. The department also performed a detailed analysis of compliance with ADA settlement agreements.
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.
Implemented	Risk Management issued their first Annual Report for Fiscal Years 2014 and 2015. This report includes statistical and financial information related to programs administered by Risk Management. Enhancements will be incorporated in future reports to include additional data points regarding risk management programs and activities.
#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.
Implemented	Risk Management indicated the cost allocation methodology is based on actual costs. The Public Liability Fund captures all General Fund claims, the Public Utilities Department is charged directly for sewer and water claims, and the remaining enterprise funds are allocated their actual claims under the authority of the Appropriation Ordinance beginning in FY2016. And all the information is presented in Risk Management's Annual Report.

- #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.
- Implemented** The Administration has considered actions taken by other cities to limit sidewalk repair responsibility. In April 2015, the Infrastructure Committee accepted the motion to forward the Transportation & Storm Water Department's Citywide Sidewalk Assessment Report to City Council, and to direct the City Attorney to discuss two memos (dated January 28, 2011 and August 29, 2013) detailing San Diego's Sidewalk Policy at City Council.
- #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 and in conjunction with the FY2012 budget development will document this process by the fourth quarter of FY2012.
- Implemented** Risk Management provided documentation to demonstrate a review is conducted to ensure that the City's insurance costs are reasonable and the best option for City is in place. Additionally, Risk Management will continue to refine and enhance their review process.
- #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.
- Implemented** Risk Management developed a process narrative that describes the process related to the internal and external reviews of insurance coverage and premiums.
- #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.
- Implemented** Risk Management reviewed all their processes and has enhanced, modified or created documents to ensure information is communicated to the appropriate bodies.
- #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.
- Implemented** The Annual Risk Management Report discusses preventative programs that were either implemented or enhanced. Additionally, it provides information about the claims by department and type. The report provides good information and the Department has stated it will continue to include more valuable information.

#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.

Implemented Updates to Council Policy 000-09, Administrative Regulation 45.80 and 35.70 were completed and claims forms were updated.

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.

Implemented 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 was completed in March 2015. 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 was sufficient funding available to replace all existing single space parking meters this year and the project is complete.

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.

Implemented The Business Regulatory and Taxation Consolidation Project was implemented on 7/1/2015. The Office of the City Treasurer is currently processing all Police Permits. The permit data collected is input into the Treasurer's Tax Collection System (TTCS). Treasury is issuing Police Permits via TTCS once PD performs their background checks and issues final approval of the permit. With the newly implemented process, Treasury is responsible for all permit data collection and the Police Department is responsible for background check administration and enforcement of all permits.

#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.

Implemented The Treasurer's Office consolidated the annual renewal of Police Permits and Business Tax Certificate billing statements. Annually, permit holders will receive a consolidated billing statement 60 days prior to the renewal of a PD Permit and Business Tax Certificate expiring. No permit will be issued until the account is paid in full.

#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.

Implemented The Treasurer's Office consolidated the annual renewal of Police Permits and Business Tax Certificate billing statements. Annually, permit holders will receive a consolidated billing statement 60 days prior to the renewal of a PD Permit and Business Tax Certificate expiring. No permit will be issued until the account is paid in full.

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.

Implemented The Department has implemented online registration for recreation center activities, which eliminates the need for check handling.

#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.

Implemented The Department has implemented a computer-based system to generate and record permit data in a consistent format city-wide.

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.

Implemented Economic Development has established a number of internal and external coordinating bodies to implement the the Economic Development Strategy. Economic development recently reported to City Council's Economic Development and Intergovernmental Relations Committee on July 23, 2015.

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

(DK)

#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.

Implemented Purchasing & Contracting took forward San Diego Municipal Code changes in 2014 that increased the dollar threshold needing Council approval, in an effort to reduce the number of chemical contracts requiring more than one approval in its life cycle. Additionally, Purchasing & Contracting staff dedicated to PUD have been benchmarking chemical rates and most recently have saved the City \$20,000 (annually) on one chemical contract.

13-009 PERFORMANCE AUDIT OF THE REAL ESTATE ASSETS DEPARTMENT

(SP)

#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.

Implemented READ conducts appropriate market and financial analyses to evaluate the cost efficiency of leased space in Downtown, San Diego. As the market has shifted within the last few years, Downtown options may be less expensive than suburban ones. READ should continue to use the analyses to determine the best leasing options.

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.

Implemented The Department has incorporated processes to demonstrate Council approval for SDRPIF projects. The processes include:

- Modifying the appropriation language to clarify Council’s approval of the projects funded by the Regional Park Improvement Funds;
- Taking resolutions to Council, as necessary;
- Attaching a copy of the Oversight Committee project approval to the budget ordinance; and
- Minimizing the use of annual allocations.

14-006 PERFORMANCE AUDIT OF THE POLICE PATROL OPERATIONS

(SA)

#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.

Implemented The San Diego Police Department (SDPD) has developed a Tactical Plan that includes goals, objectives, initiatives, and 18 performance indicators, each with an output target. According to SDPD, the Department will officially begin using the Tactical Plan on July 1, 2016, and results will be included in its annual budget document.

14-011 PERFORMANCE AUDIT OF IT WEB SERVICES

(SA) (AH)

#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.

Implemented The department of IT has generated and prioritized a list of potential and existing services for city departments (applications and online services) that are adjusted periodically, and to be implemented as part of the City’s website redesign efforts. The implementation of online services will be a continuous process, with formal documentation of the roles and responsibilities of City departments and the Department of IT implemented in FY 2017.

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.

Implemented Based on a review of Transportation and Storm Water Department's FY 2016 Adopted Budget, all functions and management areas outlined in the recommendation pertaining to graffiti control have been centralized within the department's Street Division. Further, additional resources have been identified in the budget.

#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.

Implemented Based on a review of the City's webpage, the online graffiti reporting functions have been centralized or are routed the Street Division webpage.

#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.

Implemented Based on a review of the City's webpage, Street Division's graffiti abatement Standard Operating Procedure, and the position establishing a dedicated code enforcement officer to the division for graffiti code compliance, the intent of the recommendation has been fulfilled.

#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.

- Implemented** The City's amended contract with the vendor sets forth the processes for the work order referral and work order completion reporting requirements. Further, the amended contract sets forth specific types of performance information that the vendor is required to report on a weekly basis.
- #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.
- Implemented** Based on a review of the City's webpage, Street Division's graffiti abatement Standard Operating Procedure, and the position establishing a dedicated code enforcement officer to the division for graffiti code compliance, the intent of the recommendation has been fulfilled.
- #8 The Transportation and Storm Water Department should ensure that graffiti reporting channels accept anonymous complaints and complaints made in Spanish.
- Implemented** As part of the contract revision, effective July 27th, the Urban Corps hotline was removed and all phone and online reporting processes have been routed to Street Division Dispatch - Station 38. Both the online form and Station 38 are equipped to field notifications in English as well as Spanish.
- #9 The City Administration should ensure that all abatement crews have access to and utilize Graffiti Tracker to better coordinate efforts with law enforcement.
- Implemented** The City's amended contract with the vendor for graffiti abatement requires that the vendor's crews use Graffiti Tracker. Additionally, Street Division's staff are also using Graffiti Tracker.
- #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.
- Implemented** The Standard Operating Procedure (SOP) has been established to include more stringent performance standards. The SOP states that Transportation and Storm Water Department will perform routine monitoring to ensure performance and quality control.
- #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.

Implemented The contract has been renegotiated and amended to include performance measures that are generally consistent with the audit recommendations.

15-001 PERFORMANCE AUDIT OF THE OFFICE OF HOMELAND SECURITY

(SP)

#2 In order to increase accountability and better assess the effectiveness of SD-OHS operations, SD-OHS should develop additional performance measures for all key aspects of the department's operations. Importantly, the performance measures should include the evaluation of completeness of department emergency plans (i.e. vital records accurately reflected, alternate sites chosen, contact lists updated, department employee training, etc.).

Implemented The Office of Homeland Security (SD-OHS) has developed performance measures that include the oversight of City department emergency planning.

#3 In order to increase employees' familiarity with the City's emergency plans, SD-OHS should work with Human Resources to develop a training program for new and existing employees. Additionally, requirements for the type and timing of training should be incorporated into the Administrative Regulation or directive described in Recommendation #1.

Implemented The Office of Homeland Security has developed and implemented a variety of enhanced emergency training for City Councilmembers and their staffs, and new and existing City employees.

15-013 PERFORMANCE AUDIT OF THE PARK AND RECREATION DEPARTMENT'S GOLF DIVISION

(ADLG) (NK)

#2 The Golf Division should enhance internal controls by tracking and systematically analyzing voided transactions. In addition, the Golf Division should ensure that a golf supervisor approve all voided transactions.

Implemented The Golf Division has developed and implemented new procedures to enhance controls over void and refund transactions at all municipal golf courses.

#3 The Golf Division should revise its cash discrepancy reporting policy to be consistent with the *City of San Diego Cash Handling Training Manual*.

Implemented The Golf Division has updated its cash handling procedures to be consistent with the City's Cash Handling Training Manual requirement of reporting cash discrepancies greater than \$100. Golf Course Managers notify the Deputy Director via email when such a discrepancy exists.

15-019

HOTLINE INVESTIGATION OF UNDER-RECORDED LEAVE TIME

(AH)

#1

We recommend the Assistant Chief Operating Officer review the evidence provided from the investigation, interview the employees involved, and take appropriate disciplinary action with respect to the identified employee(s).

Implemented

Appropriate corrective action has been taken with respect to the identified employees.

#2

Ensure that all annual leave days are properly recorded in SAP for the identified employees, from their date of hire through the date of this report. If the annual leave days exceeds the available balance of annual leave, take the appropriate action to ensure that the leave days taken are properly deducted.

Implemented

Appropriate corrective action has been taken with respect to the identified employees.

#3

Ensure that all employees, including salaried employees, in the identified department (or Citywide) are instructed on the requirement that they enter their own time in SAP, and that supervisors are instructed to review and approve the time entries in SAP for each employee supervised, for every pay period.

Implemented

City management now provides all new unclassified employees with an updated Unclassified Management Guidebook, which includes a discussion of entering and approving labor time entries in SAP. In addition, on July 21, 2015, an Internal Communication was issued to all City Employees regarding the time entry and approval process, and specific training has been added to the New Employee Orientation presentation conducted by the Office of the City Comptroller.

#4

Discuss the identified internal control violations with the Office of the City Comptroller to identify a more effective means to prevent and/or detect the situation in which a payroll specialist enters and approves the same time entry in SAP.

Implemented

City staff have added a feature to SAP to prevent the same person from entering and approving time for the same individual.

June 2015

ATTACHMENT C

Recommendations Deemed As In Process

This schedule includes all recommendations as of June 30, 2015 that are **In Process** of implementation based on the status information provided.

**ATTACHMENT C
RECOMMENDATIONS DEEMED AS IN PROCESS**

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

(SM)

#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 The stadium business and marketing plan will be completed upon hiring of an Event Coordinator which is anticipated to occur in September 2015. The plan will then be approved by the Stadium Advisory Board, the Mayor and presented to City Council.

Priority 3	Original Target Date: June 2015	Current Target Date: June 2016
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#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 Staff is in the process of completing a policy and procedure manual.

Priority 3	Original Target Date: April 2015	Current Target Date: March 2016
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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 SDHC and its counsel are working with the City Attorney's Office (CAO) on revisions to the ordinance. In this regard the CAO is planning to have a draft of the proposed ordinance ready for preliminary review by June 30, 2015. NOTE: Per CAO, on target to receive draft by June 30. Once a draft is complete there are additional tasks and approvals before this is completed that are outside the control of SDHC and the CAO; therefore, completion is anticipated in December 2015.

Priority 3 Original Target Date: April 2010 Current Target Date: December 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 The Department sent the Treasurer's Office about 2500 accounts as part of their abbreviated memo style account submission. The department included data available from the Project Tracking System. The Treasurer needed additional information related those accounts. DSD staff is manually compiling that information but it takes time additional time to complete. The department expects to complete this work by November.

Priority 2 Original Target Date: April 2010 Current Target Date: November 2015

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

In Process This fee is included in the present fee study. The department expects to complete the study and appear before the budget Committee by 10/07/15 and City Council shortly thereafter. New fees should be in effect by January 2016.

Priority 2 Original Target Date: December 2010 Current Target Date: January 2016

#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 This format is being evaluated within the present fee study. The department expects to complete the study and appear before the budget Committee by 10/07/15 and City Council shortly thereafter. The modified deposit account format, if chosen, should be in effect by January 2016.

Priority 2 Original Target Date: March 2010 Current Target Date: January 2016

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 Fleet Services was officially transferred under the direction of the Deputy Chief Operating Officer of Internal Operations in February 2015. As such this recommendation should fall within the DCOO.

Priority 3 Original Target Date: January 2012 Current Target Date: November 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 Beginning in July 2015, Fleet Services Division began a comprehensive compilation of annual vehicle expenses. Once these expenses are captured for Fiscal Year 2016, the information will be provided to City departments based on the vehicle ID number. Individual departments will be responsible for identifying cost information by assigned employee (for take home vehicles) and reporting as suggested.

Priority 3 Original Target Date: January 2012 Current Target Date: October 2016

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 indicated that the "Fleet Focus" upgrade should start in July 2015 and it should be completed in June 2016. This upgrade will allow for better data capture for reporting, and the pertinent data will be retained for the life span of the vehicle.

Priority 1

Original Target Date:
August 2012

Current Target Date:
June 2016

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

City Council approved the Accela contract on September 24, 2015. Accela is an off the shelf system that will replace PTS. The department indicated that appropriate security controls for the system will be evaluated and installed as part of the implementation process. The Office of the City Auditor will audit the implementation of Accela. DSD will continue to work with the Auditor and CGI to ensure appropriate controls remain in place in PTS until the Accela system is live.

Priority 1

Original Target Date:
Disagreed

Current Target Date:
April 2017

- #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

City Council approved the Accela contract on September 24, 2015. Accela is an off the shelf system that will replace PTS. The department indicated that appropriate security controls for the system will be evaluated and installed as part of the implementation process. The Office of the City Auditor will audit the implementation of Accela. DSD will continue to work with the Auditor and CGI to ensure appropriate controls remain in place in PTS until the Accela system is live.

Priority 1	Original Target Date: Disagreed	Current Target Date: April 2017
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#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

City Council approved the Accela contract on September 24, 2015. Accela is an off the shelf system that will replace PTS. The department indicated that appropriate security controls for the system will be evaluated and installed as part of the implementation process. The Office of the City Auditor will audit the implementation of Accela. DSD will continue to work with the Auditor and CGI to ensure appropriate controls remain in place in PTS until the Accela system is live.

Priority 2 Original Target Date: June 2015 Current 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 Purchasing & Contracting receives quarterly reports from the Comptroller's and is currently of documenting the review process. It is anticipated that this process will be complete by December 2015.

Priority 3 Original Target Date: December 2012 Current Target Date: December 2015

#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 No change in status from prior report. 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. Administrative Regulation 95.55, has been updated to reflect the current P-Card program requirements. The first bi-annual training will be held beginning October 20th, 26th, and 28th for all cardholders and billing officials. A separate b-annual training will be scheduled for the approvers. Once all training is complete for cardholders, billing officials and approvers the recommendation will be deemed implemented.

Priority 3 Original Target Date: February 2013 Current Target Date: October 2015

#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 is currently recruiting a Administrative Services Manager. This position will oversee the accuracy and timeliness of data entry into Fleet Focus, as well lead the recruitment of data entry personnel, who recently abruptly resigned from City employment.

Priority 3 Original Target Date: TBD Current Target Date: January 2016

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

(AH)

#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 Due to the extensive number of cancelled checks processed and the amount of staff time it was agreed to with the OCA staff that a representative sampling across all recreation centers could be reviewed. As such the Department will develop an Accountability Committee which will review specific records such as cancelled checks, bank statements, and financial reports to ensure they reconcile. The Department will write a Process Narrative that outlines the role and duties of this committee.

Priority 3 Original Target Date: Current Target Date:
N/A December 2015

#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 Due to the extensive number of cancelled checks processed and the amount of staff time it was agreed to with the OCA staff that a representative sampling across all recreation centers could be reviewed. As such the Department will develop an Accountability Committee which will review specific records such as cancelled checks, bank statements, and financial reports to ensure they reconcile. The Department will write a Process Narrative that outlines the role and duties of this committee.

Priority 3 Original Target Date: Target Date:
N/A December 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 The condition assessments of 274 City-Occupied General Fund Facilities was presented (both presentation and report) to the Infrastructure Committee in June 2015 and City Council in July 2015. As part of the facility condition, staff also introduced an industry Facilities Condition Assessment Methodology for scoring condition, titled Facility Condition Index (FCI). Finally staff recommended the following FCI Service Levels: for Public & Semi-Public Facilities 15 (Good) FCI Goal; for City Offices & Work Yards 29 (Fair) FCI Goal. Council choose to wait for the completion of all 700 General Fund Facilities before selecting FCI Service Levels. Completion of all 700 General Fund Facilities in anticipated by January 2016.

	Priority 2	Original Target Date: N/A	Target Date: July 2016
#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	Efforts to convert Public Works Facilities from a General Service Fund to an Internal Service Fund Department is still underway. However, the anticipated conversion date in now the FY2018 Budget.		
	Priority 3	Original Target Date: N/A	Target Date: July 2017
13-009	PERFORMANCE AUDIT OF THE REAL ESTATE ASSETS DEPARTMENT		
	(SP)		
#1	The Real Estate Assets Department should update its Portfolio Management Plan to insure that it meets the City's changing needs.		
In Process	Real Estate Assets reported they are on target for completion for the end of the year.		
	Priority 3	Original Target Date: July 2013	Target Date: December 2015
#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.		
In Process	Real Estate Assets reported they will continue to work on adding these through the annual budget process for FY17.		
	Priority 3	Original Target Date: Disagreed	Target Date: June 2017
#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.		
In Process	READ is currently in the process of updating all Balboa Park leases to include the payment of administrative rent. We will continue to work with the Mayor's office to identify the appropriate Council Committee responsible for assisting with the drafting clearer guidelines and policies for rent subsidies to nonprofit organizations.		

Priority 3

Original Target Date:
June 2013

Target Date:
December 2015

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

(SP)

#3

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

In Process

No change since the last reporting period. The overtime approval form is a City Comptroller form, not a Personnel Department form. This recommendation was transferred to the City Comptroller for implementation. During initial research of this item it was discovered that there are various renditions of Overtime Approval Forms used across the City for authorization of overtime work. The Comptroller's Office will need to further research this item to identify its requirements and determine available options.

Priority 3

Original Target Date:
N/A

Target Date:
December 2015

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

On January 2, 2015 the Water Construction and Maintenance Division of the Public Utilities Department started implementing its three year accelerated valve maintenance program. As of June 30, 2015, WCM Division performed preventive maintenance on 14,402 valves of the total 74,828 within the distribution system. In addition, staff has gathered the necessary valve field data to update the database for the valves that were maintained and acquired the equipment and vehicles needed for the implementation of this maintenance program. At the end of three year period (Jan 2, 2018) the division will then transition into the established risk based 5 and 3 year maintenance program.

Priority 3

Original Target Date: Target Date: January
December 2013 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

On January 2, 2015 the Water Construction and Maintenance Division of the Public Utilities Department implemented its three year accelerated valve maintenance program and is now utilizing reports which identifies the number of valves maintained during the reporting period and the maintenance progress by geographical area. The risk based valve maintenance program will be implemented on Jan 2, 2018. At that time reports will be produced for each maintenance priority cycle.

Priority 3

Original Target Date: Target Date: January
December 2013 2018

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

(SP) (LB)

#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 The Department continues to evaluate its park maintenance standards to be consistent with the standards outlined in the reports, but this has not yet been completed.

Priority 3	Original Target Date: June 2015	Target Date: December 2015
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#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.
- (4) 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 assumes this Audit recommendation refers to park condition assessments, which are conducted as needed to evaluate age, play value, need for replacement, and accessibility. For Item #1, the Department created a playground inventory within Manager Plus. This inventory lists all 256 playgrounds and contains much of the desired information (type of play equipment, type of surfacing, and equipment manufacturer). Manager Plus does not contain condition assessment information; this information will be folded into the larger data collection for condition assessments throughout the City under the Public Works database. However, Manager Plus will contain a service record for a specific playground, and the service record will grow with time. For Item #2, the Department agrees that whenever a playground is renovated or given new equipment, it will be inputted into Manager Plus. For Item #3, the Department has developed a template for assessing the condition of play equipment and playground surfacing. In FY 2014, funding was provided to the Department to begin the park conditions assessment. However, the funding is not enough to assess the entire park system. Additional funding has been allocated in FY 2015 and FY 2016 to continue the effort. For Item #4, the Department is working with the Enterprise Asset Program Manager and hopes to be included in a future-year phase of Enterprise Asset Management implementation. Ideally, staff can merge data from the park condition assessments and Manager Plus into a future EAM module once it is activated. Due to the need for funding to accomplish many of these recommendations, no completion date has been established at this time.

Priority 3

Original Target Date:
June 2015

Target Date: TBD

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

Implementing most of the Industrial Wastewater Control Program (IWCP) audit recommendations relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and fee model, which was initially anticipated to be completed by January 2014 according to the original management response to this audit. However, the Public Utilities Department now reports that the COSS and fee study will not be completed until June 2016 at the earliest, due to the COSS consultant's workload and deadlines related to the proposed water rates.

In addition, PUD is in the process of revising its billing structure to address issues identified in the audit.

Once approved by the City Council and the Participating Agencies, this change in fees and billing structure will require extensive reprogramming and testing of the IWCP billing system prior to implementation. January 2014 was the original target date for implementation of the new fee and billing structure as established by the management response. However, according to the department, when date commitments were first made, there was no real understanding of the complexity associated with developing accurate costs and reprogramming the billing system. The department expects the earliest possible

In Process

Implementing most of the Industrial Wastewater Control Program (IWCP) audit recommendations relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and fee model, which was initially anticipated to be completed by January 2014 according to the original management response to this audit. However, the Public Utilities Department now reports that the COSS and fee study will not be completed until June 2016 at the earliest, due to the COSS consultant's workload and deadlines related to the proposed water rates.

In addition, PUD is in the process of revising its billing structure to address issues identified in the audit.

Once approved by the City Council and the Participating Agencies, this change in fees and billing structure will require extensive reprogramming and testing of the IWCP billing system prior to implementation. January 2014 was the original target date for implementation of the new fee and billing structure as established by the management response. However, according to the department, when date commitments were first made, there was no real understanding of the complexity associated with developing accurate costs and reprogramming the billing system. The department expects the earliest possible date for implementation of the new fees is January 1, 2017. Implementing a new fee and billing structure by this date will require the City Council and Participating Agencies to approve the new fee structure as proposed.

Priority 2

Original Target Date: January 2014 Target Date: January 2017

#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.

In Process

Implementing most of the Industrial Wastewater Control Program (IWCP) audit recommendations relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and fee model, which was initially anticipated to be completed by January 2014 according to the original management response to this audit. However, the Public Utilities Department now reports that the COSS and fee study will not be completed until June 2016 at the earliest, due to the COSS consultant's workload and deadlines related to the proposed water rates.

In addition, PUD is in the process of revising its billing structure to address issues identified in the audit.

Once approved by the City Council and the Participating Agencies, this change in fees and billing structure will require extensive reprogramming and testing of the IWCP billing system prior to implementation. January 2014 was the original target date for implementation of the new fee and billing structure as established by the management response. However, according to the department, when date commitments were first made, there was no real understanding of the complexity associated with developing accurate costs and reprogramming the billing system. The department expects the earliest possible date for implementation of the new fees is January 1, 2017. Implementing a new fee and billing structure by this date will require the City Council and Participating Agencies to

approve the new fee structure as proposed.

Priority 2

Original Target Date: Target Date: January
January 2014 2017

#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.

In Process

Implementing most of the Industrial Wastewater Control Program (IWCP) audit recommendations relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and fee model, which was initially anticipated to be completed by January 2014 according to the original management response to this audit. However, the Public Utilities Department now reports that the COSS and fee study will not be completed until June 2016 at the earliest, due to the COSS consultant's workload and deadlines related to the proposed water rates.

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Priority 2

Original Target Date: Target Date: January
January 2014 2017

#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

Implementing most of the Industrial Wastewater Control Program (IWCP) audit recommendations relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and fee model, which was initially anticipated to be completed by January 2014 according to the original management response to this audit. However, the Public Utilities Department now reports that the COSS and fee study will not be completed until June 2016 at the earliest, due to the COSS consultant's workload and deadlines related to the proposed water rates.

In addition, PUD is in the process of revising its billing structure to address issues identified in the audit.

Once approved by the City Council and the Participating Agencies, this change in fees and billing structure will require extensive reprogramming and testing of the IWCP billing system prior to implementation. January 2014 was the original target date for implementation of the new fee and billing structure as established by the management response. However, according to the department, when date commitments were first made, there was no real understanding of the complexity associated with developing accurate costs and reprogramming the billing system. The department expects the earliest possible date for implementation of the new fees is January 1, 2017. Implementing a new fee and billing structure by this date will require the City Council and Participating Agencies to approve the new fee structure as proposed.

Priority 2

Original Target Date: January 2014 Target Date: January 2017

#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 Implementing most of the Industrial Wastewater Control Program (IWCP) audit recommendations relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and fee model, which was initially anticipated to be completed by January 2014 according to the original management response to this audit. However, the Public Utilities Department now reports that the COSS and fee study will not be completed until June 2016 at the earliest, due to the COSS consultant's workload and deadlines related to the proposed water rates.

In addition, PUD is in the process of revising its billing structure to address issues identified in the audit.

Once approved by the City Council and the Participating Agencies, this change in fees and billing structure will require extensive reprogramming and testing of the IWCP billing system prior to implementation. January 2014 was the original target date for implementation of the new fee and billing structure as established by the management response. However, according to the department, when date commitments were first made, there was no real understanding of the complexity associated with developing accurate costs and reprogramming the billing system. The department expects the earliest possible date for implementation of the new fees is January 1, 2017. Implementing a new fee and billing structure by this date will require the City Council and Participating Agencies to approve the new fee structure as proposed.

Priority 2	Original Target Date: January 2014	Target Date: January 2017
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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

The Department continues to make strides in reducing the cash balance within the program through internal project delivery and implementing process enhancements. In FY15, the UUP established a Service Level Agreement with the Development Services Department - Neighborhood Code Compliance to address code compliance issues which the Audit showed impeded the progress and timing of project completion. This year upon the request of staff, the Public Works Department (PW) has started the work on a pilot to design and construct three undergrounding projects with the intention of executing more surcharge projects by PW in the future. Completing entire undergrounding projects by City staff is expected to enhance the program efficiency, potentially achieve cost savings, and eventually increase output of projects. It is anticipated that results will be available in 2016. The reduction of the surcharge balance to the targeted level would be gradual as the UUP continues to take steps to improve the numerous undergrounding processes and enhance project delivery.

Priority 3

Original Target Date:
N/A

Target Date:
December 2017

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

No change in status from last report. The Performance & Analytics Department agrees to implement this recommendation, which is also a recommendation in the Huron report dated June 5, 2014, on future managed competitions. The Department did not include a Target Implementation Date because there is an extensive process involved with implementing those recommendations, including meet and confer with the impacted recognized employee organizations, consistent with the City's obligations under Meyers-Milius-Brown Act (MMBA).

Priority 2

Original Target Date:
N/A

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 No change in status from last report. The Department of Performance & Analytics is currently working on a proposal to streamline and improve the Managed Competition process which may include modifications related to monitoring roles and responsibilities as well as the dissemination of monitoring documents. The Department did not include a Target Implementation Date because there is an extensive process involved with implementing those recommendations, including meet and confer with the impacted recognized employee organizations, consistent with the City's obligations under Meyers-Milias-Brown Act (MMBA).

Priority 2 Original Target Date: N/A Target Date: TBD

14-006 PERFORMANCE AUDIT OF THE POLICE PATROL OPERATIONS
(SA)

#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.

In Process The PD anticipates the opportunity to enhance operations with the implementation of the new Computer Aided Dispatch (CAD) system. The new system is expected to have the capability to generate enhanced out-of-service time and workload calculations, which will improve our ability to analyze dispatch data, refine the current sworn staffing model, and further evaluate service levels. The PD is currently in the process of negotiating with the selected vendor and plans to take the vendor agreement to City Council for approval in October of this year. It is projected to take 12-18 months to configure and test the new system, and complete training; therefore, the projected implementation timeframe is mid-2017.

Priority 3 Original Target Date: N/A Target Date: June 2017

#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 PD is working with the Performance & Analytics Department in the development of a citywide resident satisfaction survey, which will include questions related to police services. Per Performance & Analytics staff, the survey is anticipated to be available to the public in October.

Priority 3 Original Target Date: N/A Target Date: October 2015

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 strategic vision of online services were set as part of the City's website redesign efforts. The Department of IT identified specific objectives for increasing online services offered, as well as the establishment of a project management office to streamline the annual online services review. The project management office is currently developing processes for this annual review and expects to have these completed this fiscal year.

Priority 3	Original Target Date: April 2014	Target Date: December 2015
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14-013 PERFORMANCE AUDIT OF ADD-ON PAYS

(LB) (MG)

#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 The PD's Training staff recently began to implement SuccessFactors, a new Learning Management System, which will enable the PD to provide personalized learning plans via a web interface, develop e-learning content, and maintain awareness of compliance timelines. As part of the development process, a specific section was built into the system to ensure re-qualification dates related to the Educational Incentive Pay (EIP) Program are accurately tracked. This component of the new system is anticipated to go-live after the PD's Training staff have received training, which is expected to occur by the end of September. Once staff are fully trained, a process will be developed to place expiration dates in SAP to ensure re-qualification requirements are met for POST Add-On pay.

Priority 3	Original Target Date: N/A	Target Date: December 2015
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#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 Final review in process due to staffing transition. Awaiting final payroll updates with Local 145 and potential meet and confer and coordination with Comptroller. The revised anticipated completion date is November 2015.

Priority 3 Original Target Date: October 2014 Target Date: November 2015

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.

In Process The centralized program pilot will need to be fully implemented for at least a year to provide sufficient data to make the recommendations. If this is the course it will require a review via the City's Managed Competition Process so providing a timeline is difficult based upon this uncertainty.

Priority 2 Original Target Date: September 2015 Target Date: July 2016

#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 An SOP has been developed that is consistent with the Audit's recommendations and aligns with the new reporting measures outlined in the amended contract. Street Division will begin reporting on key performance indicators.

Priority 2 Original Target Date: September 2015 Target Date: October 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.

In Process Current Spray and Pay policy and procedures are under review. TSW will coordinate with the Communications Department to advise and assist in raising public awareness.

Priority 2 Original Target Date: September 2014 Target Date: March 2016

#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 Coordination with the various graffiti stakeholders is ongoing. The next ARGIS meeting is scheduled for September 2015.

Priority 2 Original Target Date: September 2014 Target Date: December 2015

#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.

In Process TSW has programmed for additional resources in the FY16 budget. TSW will monitor the key graffiti performance measures to assess if additional resources should be included in future budget submissions.

Priority 2 Original Target Date: June 2016 Target Date: TBD

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 The Administrative Regulation on Debarment is in draft form with Purchasing & Contracting's City Attorney.

Priority 2

Original Target Date:
N/A

Target Date:
November 2015

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.

In Process The removal of the Sunset Cliffs structures has been included in a capital improvement project (CIP) that is expected to be in design in FY16. Based upon the timeline of the CIP it is anticipated that the demo will occur in the first construction phase of the CIP project in FY18.

Priority 2

Original Target Date:
June 2017

Target Date: Fiscal
Year 2018

#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.

In Process A consultant started work on a "Uses" study which is expected to be complete by 9/30/15. After the uses are approved by PUD the market rent appraisal for the approved uses will commence. These studies will determine the uses and rates for RFPs and new leases throughout the Valley.

	Priority 3	Original Target Date: August 2014	Target Date: December 2015
#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.		
In Process	All occupied residential home inspections and repairs on PUD property are complete. Vacant houses will be scheduled when funding is identified in upcoming budget cycle. Coordinating with Park and Rec and Public Works on the remaining six homes.		
	Priority 3	Original Target Date: June 2014	Target Date: March 2016
#4	The Real Estate Assets Department should develop a process to ensure that all inhabited City-owned residential properties have a lease.		
In Process	Only outstanding lease is waiting for final signatures.		
	Priority 3	Original Target Date: August 2014	Target Date: TBD
15-001	PERFORMANCE AUDIT OF THE OFFICE OF HOMELAND SECURITY		
	(SP)		
#1	In order to improve coordination between San Diego–Office of Homeland Security (SD-OHS) and City departments, SD-OHS should work with the City Attorney to update the applicable provisions in the Municipal Code to reflect SD-OHS’ current operations and responsibilities. Furthermore, SD-OHS should work with the Chief Operating Officer to develop an Administrative Regulation or similar directives to departments regarding requirements for timely and complete emergency plans.		
In Process	OHS received legal review in August 2015 on its Municipal Code update, and will forward the final draft to the Mayor’s Office in September 2015. OHS will complete and submit its draft AR on City-level emergency plans and training in September 2015.		
	Priority 3	Original Target Date: June 2015	Target Date: September 2015

15-003

PERFORMANCE AUDIT OF THE CITY’S WASTE REDUCTION AND RECYCLING PROGRAMS

(AH) (ADLG)

#1

In order to improve recycling rates and compliance with the Citywide Recycling Ordinance for commercial and multi-family facilities, the City should include CRO enforcement and minimum diversion requirements in all franchise agreements, with liquidated damages for non-compliance. Franchised haulers should be required to provide all customers with a minimum level of recycling service or submit documentation to the City justifying any exemptions that are granted. The City should revise the current franchise agreements and establish a target diversion rate requirement of between 50 and 60 percent by 2020. The revised franchise agreements should include incremental increases in the diversion rate to achieve the 50-60 percent goal by 2020.

In Process

The Zero Waste Plan (ZWP) was unanimously adopted by the City Council on July 13, 2015. The ZWP paves the way for the City to achieve its waste diversion goals. ESD continued meeting with the City's franchise haulers to incorporate their ideas and best practices into the amendments. The franchise amendments will be taken to Committee and Council by January 1, 2016.

Priority1

Original Target Date:
August 2015

Target Date: January
2016

#2

In order to ensure that commercial and multi-family recycling rates are adequate to achieve the City’s long-term waste diversion goals, the Environmental Services Department should establish a policy to annually review the minimum required diversion rate for franchised haulers and determine whether an increase is needed, based on the cost-effectiveness of available materials recovery technology and the City’s need to increase overall waste diversion rates.

In Process

Will be implemented by August 1, 2016, and annually thereafter.

Priority 1

Original Target Date:
August 2016

Target Date: N/A

#3

The Environmental Services Department should present results of a study examining the potential for a districted exclusive collection system as an alternative to the current non-exclusive franchise system so that policymakers can make an informed decision about the ideal franchise system for the City to utilize. This study should include analysis and comparisons of a districted exclusive vs. non-exclusive franchise system in the following areas: a. Potential for stimulating private investment and innovation in recycling infrastructure to improve diversion rates, extend the life of Miramar Landfill, and achieve other Zero Waste goals; b. Impact on customer prices; c. Impact on customer service; d. Impact on street conditions and street maintenance costs; e. Impact on air quality, greenhouse gas emissions, noise, and traffic; f. Impact on the City’s ability to stabilize franchise and AB 939 fee revenues and monitor the accuracy of franchisee payments; g. Impact on long-term solid waste hauling competition; h. Analysis by the Office of the City Attorney regarding Proposition 26 and Proposition 218 implications.

In Process To allow collaboration with stakeholders, a Request for Information (RFI) was issued on August 13, 2015. Incorporation of the comments collected are being edited into the RFP which is scheduled to be issued in December 2015. The study is scheduled to be completed and presented at Committee by November 2016.

Priority 1 Original Target Date: March 2016 Target Date: November 2016

#4 If the results of the study show that a districted exclusive collection system is more viable, then the City should consider sending letters of intent to the franchised haulers, as required by the California Public Resources Code, so that a districted franchise system can be implemented as quickly as possible provided that policymakers select a districted exclusive system as the best franchise option for the City.

In Process Implementation of this recommendation is contingent on the completion of Recommendation #3 and Mayor and Council approval.

Priority 1 Original Target Date: June 2016 Target Date: December 2016

#7 The Environmental Services Department should allocate additional resources to Citywide Recycling Ordinance (CRO) enforcement for City-serviced residential properties so that bins can be checked at least once every five years. Resources allocated to CRO enforcement for City-serviced residential properties should be periodically evaluated using the data captured pursuant to Recommendation #8, below, to determine whether they are optimal from a cost-effectiveness standpoint.

In Process Two additional Code Compliance Officer positions were included in the Zero Waste Plan to be added in the proposed FY 2017 budget.

Priority 2 Original Target Date: June 2015 Target Date: July 2016

#11 The Chief Operating Officer should direct the Environmental Services Department to monitor City departments' compliance with the Citywide Recycling Ordinance (CRO) and report to City Council on the status annually. Additionally, the Environmental Services Department should educate and assist other City departments in meeting recycling requirements.

In Process The Chief Operating Officer issued a memo to all Department Directors regarding compliance with the City Recycling Ordinance. Annual reports of will be provided to the Environment Committee beginning October 2016. Recommendation will be considered implemented upon verification of annual reporting to City Council.

Priority 2 Original Target Date: October 2016 Target Date: N/A

#12 The City should include compliance with minimum Citywide Recycling Ordinance (CRO) requirements as a condition in contracts for future leases of commercial space.

In Process READ is working with the City Attorney's office to include the language in the templates where the City leases space to others (where City is lessor). READ will make every attempt to include the language in leases where the City is the lessee, however since READ does not always dictate the lease document where the City is leasing space from someone else, READ cannot assure that this will occur.

Priority 2

Original Target Date:
January 2015

Target Date:
December 2015

15-005 PERFORMANCE AUDIT OF THE SAN DIEGO FIRE-RESCUE DEPARTMENT'S OVERTIME COSTS

(SM) (LB)

#1 The Fire-Rescue Department should perform a staffing analysis annually in order to determine the optimal number of Fire-Suppression employees to hire in order to control overtime. This annual review should be done to coincide with the City's budgeting process and should consider:

- A comparison between the cost of hiring additional employees and the cost of overtime based on workforce composition and associated fringe rates;
- Projections of attrition;
- The average absence rate and the economic benefits of the corresponding relief factor calculation for each Fire-Suppression classification;
- Other activities that take employees away from their posts, such as serving as an instructor for trainings, attending training, and other special assignments; and
- Determination of all activities that contribute to overtime, including:
 - Scheduled overtime;
 - Scheduled and unscheduled leave time;
 - All special assignments;
 - Deployments; and Other factors.

In Process

The Fire-Rescue Department (Fire-Recue) has historically relied on overtime to fill vacant shifts to maintain constant staffing because overtime was less expensive than hiring. However, due to the fringe benefit changes resulting from partial implementation from Proposition B, new hire overtime rates are higher than the overtime rates for pre-Proposition B employees. Because the percentage of the workforce that is post Proposition B benefits is increasing, we recommended it strategize its hiring through an annual staffing analysis done to coincide with the budgeting process. As of this recommendation follow up period, we found that the Financial Management Department had produced a memorandum on Constant Staffing and in it concluded, among other things, that Fire-Rescue should hire to fill all sworn fire suppression positions. However, Fire-Rescue plans on a long-term approach of analyzing post-Prop B staffing levels to determine the cost efficiency threshold from continuing the utilization of overtime to hiring additional staff to cover vacancies. We will continue to follow up with this recommendation.

Priority 2
Original Target Date: September 2014
Target Date: TBD

#2

The Human Resources Department should confer with the Fire-Rescue Department and the Financial Management Department to assess the financial impact to the City of continuing the practice of not capping annual leave accruals. The Human Resource Department should then use that information to discuss with the Office of the Mayor whether it should discontinue this practice and plan how to deal with the issue of high annual leave liability.

In Process

The department reported that they are awaiting meet and confer opportunity in 2018.

Priority 2
Original Target Date: January 2015
Target Date: June 2018

#3

The Fire-Rescue Department should identify ways to integrate TeleStaff timekeeping with SAP timekeeping to ensure the reliability of payroll. If the Fire-Rescue Department is not able to integrate the two systems, it should implement an automated way to reconcile the two data sets based on data summary reports.

In Process

Fire-Rescue has begun to produce an exception report to identify entries in TeleStaff and SAP that do not reconcile. Fire-Rescue stated that this report is produced at every pay period. An internal directive to payroll staff will be developed for the Payroll Manual. This recommendation will be implemented when the automated reconciliation is a formal part of the payroll process. We will continue to follow up with this recommendation.

Priority 2
Original Target Date: March 2015
Target Date: December 2015

15-009 PERFORMANCE AUDIT OF THE COMMUNITY PARKING DISTRICT PROGRAM

(RT)

#1 To fully manage program administration and to ensure the continuity of program operations, we recommend that Economic Development:

- Develop formal, documented guidance that fully details the processes used to account for parking meter revenues and implement parking-projects for the Community Parking District (CPD) program to enable a successful transfer of institutional knowledge to future staff assigned to administer this program.

In Process

Updated draft Process Narrative regarding parking meter revenues was shared with staff from City Treasurer in June 2015 and other affected departments in September. Further revisions will be completed and another draft distributed later this fall for final review and comment. (Spring 2016)

An additional position was authorized for FY16 to support development of procedures for implementing CPD projects/program and the recruitment process is underway but no candidate has been hired yet. (Fall 2016)

Priority 3	Original Target Date: Fall 2015	Target Date: Fall 2016
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#2 To fully measure and manage program outcomes, Economic Development should:

- Adopt, and monitor appropriate Community Parking District (CPD) performance measures to support the information monitoring needs of key program stakeholders, including City Council, City Management, Community Parking Districts, and other interested parties; and
- Periodically report the performance of the Community Parking District program to key program stakeholders, including City Council, City Management, Community Parking Districts, and other interested parties.

In Process

Staff has an initial list of possible metrics and is working with the Department of Performance & Analytics and CPD advisory boards/staff on refining appropriate metrics for inclusion with the FY17 CPD budgets. Staff anticipates CPD advisory boards providing annual performance reports in Jan 2016 for presentation to Committee in March or April 2016.

Priority 3	Original Target Date: June 2016	Target Date: April 2016
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- #3 Economic Development should establish written procedures that encompass:
- Monitoring of (revenues and) expenditures from CPD funds to enable key program stakeholders, including City Council, City Management, Community Parking Districts, and other interested parties to monitor CPD performance;
 - Strengthened monitoring procedures to enable Economic Development staff to have access to the status of City-implemented projects in progress in order to plan and report on those accomplishments in the respective CPD annual plans.
 - Process and quality assurance procedures to monitor program activities and outputs, and enable communication between City departments to resolve compliance and quality issues with the staff and managers regarding City's use of 55% share of parking meter revenue.

In Process Draft procedures still pending subject to discussions with other departments (Fall 2016);
 An additional position was authorized for FY16 to support monitoring/reporting regarding City-implemented projects and the recruitment process is underway but no candidate has been hired yet. (Fall 2016)
 Development of process and quality assurance procedures pending determination of future parking- related needs. (Fall 2017)

Priority 3	Original Target Date: Fall 2017	Target Date: Fall 2017
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15-010 FLEET SERVICES DIVISION FRAUD RISK ASSESSMENT REPORT

(AH)

- #1 The Public Works Department should evaluate the need for interior and exterior security cameras as identified to protect the Fleet Services Division's assets.

In Process We are reestablishing the oversight committee for Chollas to review security protocol for the entire yard and will review the potential for cameras and/or additional security guards.

Priority 2	Original Target Date: January 2015	Target Date: March 2016
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- #2 The Public Works Department should coordinate with the Park and Recreation Department to ensure that the necessary repairs are made as identified.

In Process The necessary repairs have been completed. Park & Recreation is also reviewing the possibility of adding a security guard.

Priority 2	Original Target Date: N/A	Target Date: March 2016
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#4 The Public Works Department should perform a review of FleetFocus system access rights to ensure that the lowest level of access necessary for an individual to perform their job duties is granted.

In Process This recommendation has been completed for shop personnel. We are currently evaluating the access for admin and parts and plan to make those changes within the next 30 to 60 days.

Priority 2 Original Target Date: April 2015 Target Date: December 2015

#5 The Fleet Services Division should complete a wall-to-wall inventory of parts at the four primary Fleet Services Division locations and the Kearny Villa Fire Repair Facility as planned to ensure current, complete, and accurate inventory records by the end of the 2014 calendar year.

In Process All parts at the Kearny Villa location have been moved to Miramar and /or Rose Canyon where the Fire Apparatus are now serviced. An evaluation on obsolete parts was also conducted.

Fleet is currently recruiting two supplemental/limited Stock Clerks to assist with inventory at all locations, new procedures, division instructional documentation and the FleetFocus system upgrade.

Priority 1 Original Target Date: April 2015 Target Date: March 2016

15-011

PERFORMANCE AUDIT OF THE UTILITIES UNDERGROUNDING PROGRAM

(SP) (SA)

#1

The Transportation & Storm Water Department should formally request that the Project Tracking Invoice include detailed accounting information for all project phases and should include:

- Estimated costs
- Bid amounts
- Percentage completion
- Direct Cost categorization to include;
 - SDG&E subcontractor costs
 - SDG&E labor costs
 - SDG&E materials costs
 - SDG&E transportation costs
- Overhead cost categorization to include at a minimum the overhead pool costs for;
 - Engineering Electric Distribution
 - Incentive Compensation Plan
 - Contract Administration o Pension & Benefits
 - Purchasing and Warehouse

In Process

The TSW Department formally requested SDG&E to provide specific accounting details on their monthly invoices to the City in accordance with this recommendation. In a letter dated February 2015 (copy attached), SDG&E indicated that they would provide a certain level of accounting detail for active and future projects, but will not provide this information retroactively. SDG&E has agreed to provide the additional financial details only when projects are completed. The cost breakdown of surcharge work orders referred to in SDG&E's letter as "construction orders" or "jobs" will be provided to the City at the end of each active or future job. The "end of a job" refers to SDG&E's reconciliation of all costs associated with that particular job. SDG&E indicated that their Accounting Department has modified their computer programming to enable more detailed cost breakdowns for completed jobs, and they are anticipating that these detailed reports can be provided to the City within a minimum of 6 -8 months of as-built mapping and accounting reconciliations. SDG&E is indicating that this timeframe would be extended if a project schedule changes. As of this reporting period, a cost breakdown has not been provided to the City. It is estimated that the first cost breakdown will be provided towards the end of calendar year 2016.

Priority 2

Original Target Date:
N/A

Target Date:
December 2016

#2	The Transportation & Storm Water Department should periodically, but no less than annually, conduct a verification of a sample of Utility Undergrounding Program project reimbursements for direct and overhead costs to the SDG&E recorded costs to determine the accuracy of the costs based on the supporting documentation maintained by SDG&E.		
In Process	The TSW Department staff is planning to meet with SDG&E staff and conduct a verification of a sample of Utility Undergrounding Program project reimbursements in November, 2015.	Priority 2	Original Target Date: December 2015 Target Date: November 2015
#3	The Transportation & Storm Water Department in conjunction with the Chief Operating Officer should formally request that the Project Tracking Invoice prepared by SDG&E include for all project phases:		
	<ul style="list-style-type: none"> • Estimated Start and Finish Dates that match the dates SDG&E uses in its own internal project management software; and • Actual Start and Finish Dates that match the dates SDG&E uses in its own internal project management software. 		
In Process	The TSW Department formally requested SDG&E to include estimated and actual project start and finish dates in the invoices. The letter from SDG&E dated February 25, 2015 did not address this particular request, however, based on a subsequent request from the TSW staff, SDG&E added the actual start and estimated finish dates to the invoice but did not include the estimated start dates. In addition, SDG&E provided the construction % complete. Staff will continue to work with SDG&E towards full implementation of this recommendation. It is anticipated that SDG&E will provide the complete information end of calendar year 2015.	Priority 2	Original Target Date: N/A Target Date: December 2015
#4	The Transportation & Storm Water Department in conjunction with the City Attorney's Office should review, reconcile, and amend the Municipal Code and Council Policy to ensure consistency as needed and provide project timeline expectations.		
In Process	The TSW Department has begun the review of the relevant Council Policy and Municipal Codes, at the same time, work has begun to update the Utility Undergrounding Master Plan with a target completion date of December 2016. Changes to the Master Plan including the project selection criteria should be evaluated prior to initiating any Council Policy and Municipal Code changes. The work may be done concurrently once the project to update the Master Plan is sufficiently underway. It is estimated that work on the update of the Council Policy and Municipal Code will start around mid-FY16. The recommended changes will be discussed at Council after the Master Plan is completed.	Priority 2	Original Target Date: June 2016 Target Date: April 2017

#5	The Transportation & Storm Water Department should implement the use of project management software.	Priority 2	Original Target Date: January 2016	Target Date: June 2016
In Process	The TSW Department in conjunction with the Department of Information Technology have evaluated available project management software and determined that a customized application needs to be used including the possibility of using SAP to achieve this functionality. TSW staff is preparing a mock version of the reports that the software will need to generate so that they can further analyze software options and develop a project scope, cost and schedule. It is anticipated that this recommendation will be completed by the fourth Quarter of FY16.			
#6	<p>The Transportation & Storm Water Department should:</p> <ul style="list-style-type: none"> • Comply with Council Policy 600-08 for twice yearly utility undergrounding reports to City Council and include: <ul style="list-style-type: none"> • Scheduling analysis including, at minimum, an evaluation of project timeliness in comparison to the timelines prescribed in the Municipal Code; and • Cost variance analyses including, at minimum, an evaluation of project actual costs in comparison to project estimates. 	Priority 2	Original Target Date: N/A	Target Date: April 2016
In Process	The twice yearly reporting to Council will be initiated in the current fiscal year (FY16). A Report to Council is scheduled to be on the docket for October 2015 and TSW staff is beginning to prepare the report that will be provided to Council in April 2016.			
15-012	<p>THE CITY NEEDS TO ADDRESS THE LACK OF CONTRACT ADMINISTRATION AND MONITORING ON CITYWIDE GOODS AND SERVICES CONTRACTS</p> <p>(SG) (AE)</p>			
#1	The Purchasing & Contracting Director should take immediate action to ensure contract administration responsibilities are assigned to appropriate personnel for all Citywide contracts and provide those individuals with the tools to properly monitor each contract. This should include but is not limited to providing a copy of contract with all terms and conditions listed, pricing agreements, and the responsibilities involved with contract administration.			
In Process	A Contract Administration manual was drafted in December 2014 and was internally reviewed by P&C - further revisions will be made to ensure that the process and information presented is accurate and realistic work for those staff (Citywide) taking on new responsibilities.	Priority 2	Original Target Date: April 2015	Target Date: November 2015

- #2 The Purchasing & Contracting Director should take immediate action to ensure the Target Value control is enforced on contractual purchases. Specifically, the Director should implement the following detective controls:
- Ensure that the report in development will clearly identify orders made without references to the appropriate contract and his staff is trained to utilize the report.
 - Create a policy defining the intervals of review and actions taken to correct the control weakness.

Additionally, the Director should review the potential for preventative controls to minimize the circumvention of the Target Value control.

In Process P&C is currently working with the City's ERP team on improving reports and an overhaul of the Materials Management module. The improvements in the system and timeline for this work have not been fully planned - there is a technology dependency on this item for the process. Policy draft will precede the technical piece. When the Project Plan is finalized with ERP and P&C, it is anticipated it will take 18 months for implementation.

Priority 2 Original Target Date: N/A Target Date: TBD

15-013 PERFORMANCE AUDIT OF THE PARK AND RECREATION DEPARTMENT'S GOLF DIVISION

(ADLG) (NK)

- #1 The Golf Division should finalize the functional and technical requirements for the reservation and point-of-sale system and prioritize the acquisition and implementation of the system. The system should include the following capabilities:
- Integration of credit card processing;
 - Integration of the Golf Division's and pro shop lessee's point-of- sale systems; and
 - Online tee time reservations.

In Process Staff has been working with Purchasing and Contracting to obtain a contract for this service. The scope of work is currently being defined. The bid should be on the street in mid September and a vendor should be selected by mid October. A contract should be approved by end of calendar year.

Priority 2 Original Target Date: September 2015 Target Date: December 2015

- #4 Pursuant to available funding, the Golf Division should identify funding for and acquire an automated range ball machine for Mission Bay Golf Course to enhance internal controls related to the collection of range ball fees.

In Process Staff has purchased the range ball machine. Staff has obtained PO for the building that will enclose and secure the range ball machine. Building should be constructed and range ball machine in operation by Sept 21, 2015.

Priority 2 Original Target Date: September 2015 Target Date: September 2015

#5 By retaining an external vendor, internal expertise, or a combination of both, the Golf Division should develop and execute a comprehensive marketing and business development strategy that includes tactics for the following:

- Specials and promotions;
- Media outreach;
- Customer database development;
- Customer communication and outreach; and
- An enhanced web presence for Golf Division properties.

In Process Golf Division and Communications Dept staff met in June 2015 to identify roles and responsibilities as it relates to the marketing and communications for the golf courses. A memo that delineates the separation of duties was prepared as a result of the meeting. Staff from both departments are currently creating a strategy to initiate the elements described in the recommendation. A second memo that outlines the beginnings of this strategy was drafted.

Priority 2 Original Target Date: January 2016 Target Date: January 2016

15-015 PERFORMANCE AUDIT OF THE CITY'S RIGHT-OF-WAY MAINTENANCE ACTIVITIES

(AH) (LB)

#1 The Mayor and Chief Operating Officer should designate an executive-level champion charged with leading the centralization of the City's customer service functions. The executive-level champion should:

- A. Establish a Citywide Customer Service Working Group. The Working Group should include the executive-level champion, as well as key staff from Environmental Services Department, Public Utilities Department, Transportation and Storm Water Department and all other departments that currently have customer service centers; and
- B. Designate Citywide Customer Service Working Group member(s) to participate in the 3-1-1 Synergy Group in order to leverage the experience of other jurisdictions in implementing and operating a centralized 3-1-1 customer service center.

In Process The adopted FY16 budget, as adopted in June 2016, includes the funding for a 3-1-1 unclassified position to lead the citywide effort as outlined in the audit recommendation. Effective July 1, 2016 this recommendation should be transferred to the Performance & Analytics Dept.

Priority 1 Original Target Date: N/A Target Date: December 2015

#2

The Citywide Customer Service Strategic Plan should include the goal of a single, centralized 3-1-1 customer service center, including the 3-1-1 phone number, a single website, and a single smartphone app for Citywide public right-of-way maintenance service requests. This customer service center should be incrementally expanded to include customer service functions for other City departments. The Customer Service Strategic Plan should also include the following elements:

- A. The City's customer service mission, including key City goals and performance measures for customer service, such as caller wait times and dropped call rates;
- B. A strategy and timeline for acquiring and implementing a Customer Relationship Management (CRM) software system. This system should have the ability to integrate with departmental work order systems, provide a knowledge base to assist call center staff, and track key performance measures;
- C. A strategy and timeline for migrating existing customer service functions into the 3-1-1 customer service center;
- D. A timeline for developing a marketing strategy, including branding, media outreach, and social media utilization, for City services included in the 3-1-1 customer service center;
- E. A change management strategy to manage the transition to a single 3-1-1 customer service center for public right-of-way maintenance and other customer facing services; and
- F. A strategy for measuring customer satisfaction, such as periodic surveys of customers who have contacted the City for information or to submit a service request.

In Process

The adopted FY16 budget, as adopted in June 2016, includes the funding for a 3-1-1 unclassified position to lead the citywide effort as outlined in the audit recommendation. Effective July 1, 2016 this recommendation should be transferred to the Performance & Analytics Dept.

Priority 1

Original Target Date:
N/A

Target Date:
December 2015

15-016

PERFORMANCE AUDIT OF CITYWIDE CONTRACT OVERSIGHT

(SG) (MG)

#1

To ensure accurate contractual information and supporting documentation are available to Citywide contract administrators and users, the Chief Operating Officer should establish policies and procedures to require:

- a) All City contracts utilize an SAP Outline Agreement to centralize contract information and utilize centralized controls, access and reporting in the Citywide financial system;
- b) The City should track total contract awards in SAP in accordance with the full value of the awarded contract to facilitate accurate controls and reporting;
- c) The configuration of contract terms is standardized in SAP, in accordance to contractual terms, to facilitate better control and reporting across all contract, including the Target Value, Total Award Value, and Contract Validity Dates; and
- d) Supporting contracting documentation is centralized and stored electronically in SAP, i.e. attaching all contracts and related documentation to an SAP Outline Agreement.

Additionally, the Chief Operating Officer should establish responsibility for training contracting staff in Purchasing & Contracting and Public Works Contracting Group to ensure that information is tracked uniformly in SAP according to the developed policies and procedures.

In Process

P&C is currently working with the City's ERP team on exploring options that will allow for better contract control, compliance and Citywide functionality in this area. Though there are technical dependencies for this action item, P&C is working on processes and policies that can make an impact now regardless of those dependencies working in the system that we have. When the Project Plan is finalized with ERP and P&C, it is anticipated it will take 18 months for implementation.

Priority 2

Original Target Date:
N/A

Target Date: TBD

- #2 The Chief Operating Officer should establish procedures detailing requirements for contract administrators, defining the responsibilities they have to complete prior to approving invoices for payment and submitting them to Comptrollers for processing. Specifically, the procedures should include:
- a) Develop analytical procedures to ensure that payments are made in compliance with contractual costs and fees.
 - b) Attach the pertinent documentation supporting the payment approval in the SAP Invoice as defined in the contract's Quality Assurance Surveillance Plan to ensure the payment can be verified as appropriate.
 - c) Establish responsibility for training contract administrators on procedures that must be accomplished prior to recommending or approving invoices for payment.
 - d) Establish responsibility for monitoring the contract administrators' responsibilities prior to recommending or approving invoices for payment.
 - e) An annual review of the City's contract administration invoice approval process to ensure it is working as intended and effective; additionally, the policies and procedures should be updated as necessary resulting from this review.

In Process COO will assign the P&C Director to leverage the existing draft Contract Administration manual, define and address action items called out by City Auditor and define City processes and policies related to Contract Administration.

Priority 2 Original Target Date: N/A Target Date: November 2015

- #3 The Chief Operating Officer should design policies and procedures detailing a standardized citywide contract administration process to mitigate the City's contractual risks and ensure compliance with contractual terms and receipt of contracted construction, reconstruction, repairs, goods, and services. At a minimum the contract administration requirements should include:
- a) Preparation of a Quality Assurance Surveillance Plan for each contract awarded to be attached and maintained with supporting documentation to the SAP Outline Agreement;
 - b) Mandatory training for contract administrators in contract monitoring and ethics; and
 - c) An annual review of the City's contract administration oversight process to ensure it is working as intended and effective; additionally, the policies and procedures should be updated as necessary resulting from this review.

In Process COO will assign the P&C Director to leverage the existing draft Contract Administration manual, define and address action items called out by City Auditor and define City processes and policies related to Contract Administration. Further, a training module for both P&C staff and Citywide staff will be developed and a training plan provided to COO by P&C for approval and implementation.

Priority 2 Original Target Date: N/A Target Date: November 2015

- #4 The Purchasing & Contracting Department should clearly define the contract amendment and close-out processes for goods, services and consultant contracts, including amendment and close-out tasks and responsible parties. Specifically, P&C should:
- a) Develop contract amendment and contract close-out policies and procedures around the process to ensure that it is performed uniformly across contract types, but with adjustable scope based on contract size and type.
 - b) Identify aspects of the process that can be automated in the Citywide Financial System where possible.
 - c) Provide training to Citywide Contract Administrators on the new policies and procedures developed for the contract amendment and close-out processes.

In Process Policies and processes are currently being planned for revision and creation. Contract Administration is a new skill set for the staff, we are looking at development of those skills, processes and policies outside of the SAP system and any system configuration support that is available. Plan and methodology for process documentation in final stages - timeline to be presented to DCOO.

Priority 3 Original Target Date: Target Date: TBD
N/A

- #7 The Chief Operating Officer (COO) should require the completion of a standardized performance evaluation upon contract completion for both CIP and non-CIP contracts. Specifically, the COO should develop policies and procedures for vendor performance evaluations that:
- a) Are defined at a high enough level for both the Purchasing and Public Works departments to use and add more detailed information as appropriate;
 - b) Define specified periods in a contract lifespan;
 - c) Ensure that all evaluations are centrally attached to vendor record, such as the SAP Vendor Master files Attachment;
 - d) Ensure that past Vendor Performance is taken into account prior to issuing or renewing contracts with that vendor;
 - e) Design a formalized vendor dispute and arbitration process to ensure evaluations are performed equitably; and
 - f) Ensure that the process is robust enough to pursue vendor debarment when appropriate.

Additionally, the COO should establish responsibility for training contracting staff in Purchasing & Contracting and Public Works Contracting Group to ensure that information is tracked in SAP in a uniform manner according to the developed policies and procedures.

In Process The COO has asked the P&C department director to explore existing technologies to assist in (1) a vendor evaluating tool and (2) best practice policy and process for closing out contracts. The P&C director will take the lead on this effort and provide the C.O.O an outline of process, policy and a training plan for Citywide staff.

Priority 2 Original Target Date: Target Date: TBD
N/A

- #8 The Chief Operating Officer should design policies and procedures detailing a vendor debarment process to mitigate the City's contractual risks. At a minimum the vendor debarment process should include:
- a) Defined submission steps and requirement.
 - b) Assignment of accountability for the process.
 - c) Establishment of a monitoring process.
 - d) Designation of a location for and maintenance of the debarred vendor list.
 - e) An annual review of the City's debarment process to ensure it is working as intended and effective; additionally, the policies and procedures should be updated as necessary resulting from this review.

Additionally, the Chief Operating Officer should establish responsibility for and provide debarment training for contract administrators and managers. At a minimum the training should identify how, when and to whom they should submit a vendor for consideration of debarment or suspension.

In Process The COO will be provided an outline of a policy and process for vendor debarment inclusive of the minimum suggested action items provided by the Office of the City Auditor. P&C will assist the COO in departmental trainings and will have staff assigned as the departmental contact for staff concerns/questions.

Priority 2 Original Target Date: N/A Target Date: TBD

- #9 The Chief Operating Officer should develop a debarment appeals policy and procedure to bring before the City Council for approval.

In Process The COO will provide an outline of the suggested debarment appeal process and will obtain review and input from the Office of the City Attorney.

Priority 2 Original Target Date: N/A Target Date: TBD

15-017 PERFORMANCE AUDIT OF THE REAL ESTATE DEPARTMENT, AIRPORTS DIVISION

(SP) (SA)

- #1 The Airports Division should determine and document the cost, timeline, and elements required for completion of Airport Layout Plan Update Narrative Reports or new Master Plans for Brown Field and Montgomery Field airports to supplement and/or update the existing Master Plans written in 1980.

In Process The FAA has been informed of the City's desire for AIP Funding of new Master Plans ASAP. It appears funding may not be available until the FAA's FY 2018 Budget cycle. In the interim new ALPs will be published with Narrative Reports .

Priority 2 Original Target Date: December 2015 Target Date: December 2015

- #2 The Airports Division should develop an annual planning document that defines short-and long-term goals for development and revenue generation for Brown Field and Montgomery Field airports. The Airports Division should present the plan to the Airports Advisory Committee and the Economic Development and Intergovernmental Relations Committee annually. Specifically, the plan should include:
- a. Vision, Mission, Value, Objectives;
 - b. Updated inventory of leasing agreements and City assets;
 - c. A plan for completing regular market rate studies for all relevant leaseholds;
 - d. Identification of aviation and non-aviation leaseholds; and
 - e. A review of the status of the long-term airports planning documents, specifically the aster Plans or Airport Layout Plan Update Narrative Reports for Brown Field Airport and Montgomery Field airports.

In Process A Strategic and Tactical Plan has been written and is currently being reviewed.

Priority 2	Original Target Date: N/A	Target Date: June 2016
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- #3 The Airports Division should review, update and develop as necessary written policies and procedures that govern the day-to-day airport operations including, but not limited to:
- a. The process and frequency for updating and tracking leaseholds;
 - b. The process and frequency for reviewing and implementing rent adjustments;
 - c. The process and frequency for completing leasehold inspections;
 - d. The process and frequency for updating airport fees, such as commercial landing fees, vehicle parking fees, transient aircraft parking fees, fuel flowage fees, and monthly tie-down and hangar rental fees, in order to ensure adherence to Council Policies, Administrative Regulation, and any applicable laws and regulations. The Airports Division should consult with the City Attorney’s Office regarding any adjustments to airport fees.

In Process Written policies and procedures for day-to-day operations have been written and are currently being reviewed by the Director of READ and the Deputy COO for Internal Operations. A Minimum Standards document is being written for commercial airport operations and an Airports Real Property Policy SOP is being developed.

Priority 3	Original Target Date: May 2016	Target Date: December 2015
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15-018 PERFORMANCE AUDIT OF THE FIRE-RESCUE DEPARTMENT, LIFEGUARD SERVICES DIVISION

(SM) (KC)

#1 Fire-Rescue Lifeguard Services should develop a workforce plan that includes the following components:

- Involving management to develop a plan with measurable goals;
- Identifying critical work functions required to maintain capacity and capabilities;
- Identifying staffing requirements, including operational expansion plans;
- Projecting workforce and identifying gaps;
- Developing priorities and solutions to maintain needed capabilities and meet operational expansion goals; and
- Periodically evaluating factors and goals that affect workforce planning.

In Process

The Workforce Plan Advisory Committee is currently being formed. Meetings of this committee will be conducted in September and October to provide recommendations for the Workforce Plan. The Workforce Plan will be completed by November 30, 2015. The plan will be implemented in the subsequent 12 months.

Priority 3

Original Target Date:
November 2015

Target Date:
November 2016

#2

Fire-Rescue Lifeguard Services should, as part of the workforce plan's priorities and solutions, develop a recruiting plan that is tailored to increase ethnicity and gender diversity. The strategies to increase diversity of Lifeguard applicants and hires should include:

- Outreach to all communities;
- Job advertisements in mediums like newspapers and job boards Lifeguard Services has not previously used, and that targets underrepresented groups;
- Recruiting materials reflective of a diverse workforce;
- Review of current hiring practices for the Lifeguard II position to evaluate options that do not exclude applicants that cannot afford to work seasonally and part time for several years before they are able to obtain fulltime employment; and
- Establishment of a small diversity committee to periodically evaluate whether its diversification strategies are meeting its goals.

In Process

The Workforce Plan Advisory Committee is currently being formed. Meetings of this committee will be conducted in September and October to provide recommendations for the Workforce Plan. The recruiting plan to increase ethnicity and gender diversity will be part of the Workforce Plan. The Workforce Plan will be completed by November 30, 2015. The plan will be implemented in the subsequent 12 months.

Priority 3

Original Target Date:
November 2015

Target Date:
November 2016

June 2015

ATTACHMENT D

Open Audit Recommendations – Not Implemented

This schedule includes a chronological listing of all open recommendations as of December 31, 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**.

**ATTACHMENT D
OPEN AUDIT RECOMMENDATIONS – NOT IMPLEMENTED**

15-010	FLEET SERVICES DIVISION FRAUD RISK ASSESSMENT REPORT		
	(AH)		
#3	The Public Works Department should consider evaluating the costs and benefits of acquiring a software bridge between FleetFocus and SAP once the other changes to the Fleet Parts function have been implemented.		
Not Implemented	Fleet is currently undergoing a full upgrade of the FleetFocus system. Including expanding the system by adding additional modules. The exact project scope and timeline has not been determined yet, however, increased efficiencies through interfaces with SAP will be explored for a variety of processes that are currently done manually.		
	Priority 1	Original Target Date: July 2015	Target Date: December 2016
#6	The Fleet Services Division should perform the revised cyclical inventory count procedures at the four primary Fleet Services Division locations by the beginning of the 2015 calendar year.		
Not Implemented	Fleet is currently recruiting two supplemental/limited Stock Clerks to assist with inventory at all locations, new procedures, division instructional documentation and the FleetFocus system upgrade.		
	Priority 1	Original Target Date: N/A	Target Date: March 2016
15-016	PERFORMANCE AUDIT OF CITYWIDE CONTRACT OVERSIGHT		
	(SG) (AE)		
#5	The Public Works Department should clearly define the CIP and CIP related contract change order and closeout processes, including closeout tasks, clearly defined roles and responsibilities for all involved parties, and timelines.		
Not Implemented			
	Priority 3	Original Target Date: N/A	Target Date: TBD

- #6 The Public Works Department should continue to pursue the automation of these processes to increase the efficiency and effectiveness of their operations. Specifically, the department should:
- a) Complete the refined requirements for automating their construction project management process (from cradle to grave), ensuring the software is process driven, effective at document storage & management and user friendly to mitigate current inefficiencies, and pursue the acquisition of the Construction Management Software.
 - b) Develop a robust implementation plan that includes a detailed user acceptance strategy to ensure the system is fully utilized in the daily process of construction project management.

Not Implemented

Priority 3 Original Target Date: N/A Target Date: TBD

15-018 PERFORMANCE AUDIT OF THE FIRE-RESCUE DEPARTMENT, LIFEGUARD SERVICES DIVISION
(SM) (KC)

- #3 When preparing future RFPs for beach concession contracts, Fire-Rescue Lifeguard Services, in conjunction with the Real Estate Assets Department, should review the fee terms of the concession contracts to ensure that the City receives a percentage of annual concession revenue consistent with other municipalities' contracts with concessionaires operating on public beaches. Additionally, when preparing the RFP, the departments should also review the level of operational support needed to ensure safe operations of concession activities.

Not Implemented

Fire-Rescue, Lifeguard Division and Real Estate Assets will review fee terms with other municipalities for similar concession activities. Kayak concession agreements expire on March 31, 2018. We will complete a fee review by February 1, 2018 in preparation for concession agreement extensions.

Priority 3 Original Target Date: N/A Target Date: February 2018