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SUBJECT: PAY FOR PERFORMANCE VERIFICATION OF GOALS

PERIOD: FISCAL YEAR 2008

PURPOSE:

- To verify adequate documentation supports reported percentages of goals "met."
- To identify practices and procedures to assist Water Department Customer Support Division (Customer Support) in improving future Pay for Performance program reporting.

PROCEDURES:

- Compared goals reported on at fiscal year end to goals presented in the goal summaries at the beginning of the fiscal year.
- Judgmentally selected a sample of goals from each functional area for testing based on the results reported by management, the complexity of the goal, the results of prior year testing, and an emphasis on new goals.
- Calculated percentages of goals met, per testwork.
- Reviewed prior year's recommendations.

SUMMARY:

Customer Support indicated 13 of the 18 goals that comprise the fiscal year 2008 Pay for Performance Program were met. We tested 7 of the 13 goals (54%) to determine if adequate supporting documentation exists to substantiate the status of those goals. We agree with the status reported for the 7 goals we tested. Achievement of the goals should be based on the percentages below:

Functional Area	% Met per Customer Support	% Met per Audit	Difference
Division Administration	100.00%	100.00%	0.00%
Customer Service - Office	50.00%	50.00%	0.00%
Field Services and Investigations	50.00%	50.00%	0.00%
Meter Services	100.00%	100.00%	0.00%
Water Resources Management	75.00%	75.00%	0.00%

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In addition to verifying that Customer Support "met" its performance goals, our procedures included identifying practices and procedures to assist the organization in improving future Pay for Performance program reporting. The following are items noted during our review of the Pay for Performance program that did not impact the percentage achieved, but are other areas that could be strengthened.

Recommendation 1:

Division Administration's (Admin) goal number two states the criteria for goal achievement as "Publish quarterly newsletters; publish 6 performance posters; hold quarterly All-Hands meetings..." The goal further states the specific months in which the newsletters and posters should be distributed in order to achieve the goal. However, the goal summary does not explicitly state the tracking method for the distribution.

As an improvement, we recommend that the goal criteria clarify how the distribution of the newsletters and the performance posters will be tracked. We recommend the following be incorporated into the goal criteria:

- All Performance Posters should be printed to pdf (with date/time stamp) upon completion.
- All Section heads should acknowledge, in writing (sign-off sheet or via e-mail), receipt of the bi-monthly performance posters.
- All newsletter distribution e-mails, indicating date sent and recipients, should be saved until after audit completion.

Recommendation 2:

Admin's goal number three states the criteria for goal achievement as "Respond to 95% of customer complaints received via telephone contact, website or written correspondence ≤ 15 business days. Achieving the goal entails receiving the complaint, researching necessary data, and responding to the customer in writing or by phone at the rate indicated above." During our testwork, we noted one complaint that was marked completed one day prior to the customer notification date. However, the customer was notified within 15 business days, so there was no affect on goal achievement.

We also noted that incoming complaints were not consistently date stamped upon receipt. The date of an e-mailed complaint, if it fell on a business day, was often used by Admin as the "problem received" date.

As an improvement, we recommend that the resolution date entered into the system always equal the date the customer is actually notified of the complaint resolution. We also recommend that the goal state that all incoming complaints must be date stamped upon receipt, as part of the criteria for achievement, and that the stamp date must always equal the "problem received" date in the tracking database.

Recommendation 3:

Customer Service – Office's (Office) goal number three states to achieve the goal, the "Percentage of call center and water repair staff availability...[goal is]...75%." The goal further states that "Lunchtime will not be counted as CSR availability time" and "CSRs must log in at the assigned start time." Office reported staff availability of 78.5%. During testwork, we noted that one individual's availability percentage had been excluded from the calculation. Therefore, we re-calculated staff availability using the Aspect report provided to us, which included the new data. This resulted in staff availability of 78.32%. We found no other calculation errors, but we were unable to test supporting data. In addition, there was no way to verify if the CSRs logged in at their assigned start time and if lunch breaks were counted as availability time.

The goal criteria did not provide the following information:

- Formula for calculating goal achievement (each individual's availability percentage was given equal weight regardless of total time worked).

- Specific classification codes included in the calculation (the calculation was limited to "Cust Info" and "WSR", but the Aspect reports provided to us included "Wtr Billing" and "Wtr Collect")
- Whether 75% availability must be achieved every month or on average (totaling all months and dividing by 12).

If the specific goal criteria cannot be tracked and used in calculating goal achievement, then we recommend the goal summary be modified. The goal criteria should include only data that can be documented and measured in support of goal completion. In addition, the goal criteria and measurement method should explicitly state the formula for calculating achievement and the population included in that calculation.

As we identified in the previous year, this goal was very difficult to test. We have to rely upon the data in the Aspect reports. There is no underlying supporting documentation that can be tested to verify the accuracy and the completeness of the data.

Recommendation 4:

Field Services and Investigation's (FSI) goal number one states the criteria for goal achievement as "Reduce skips [for bi-monthly read accounts] by 10% per year based on FY 2007 as a base year. Baseline for FY 2007 is total skips for the year. This is verified using the flowing reports." The goal further specifies that the measurement method is "(Meters read) divided by (total meters on route less meters that are removed or are duplicates)." FSI reported a 15% reduction from FY 2007 meters skipped. FSI did not use the correct formula to calculate the percentage reduction from the base year, and did not exclude meters removed from the calculation for goal completion. Our recalculation of goal results resulted in a 28.10% reduction from FY 2007 meters skipped. The supporting data also did not identify duplicate meters. We also noted two data errors on the total available meters for the months of September 2007 and May 2008 that had no impact on the achievement percentage. This level of activity still results in 100% goal achievement.

The goal criteria did not provide the following information:

- The base year percentage skipped.
- The CIS report used to calculate goal achievement (Skipped Meters by Reason / U02-546-01).

The goal also included numerous definitions that did not appear to clarify the goal or assist in the calculation of achievement.

As an improvement, we recommend that the calculation used to determine the reduction from the base year should be clearly defined in the goal summary and the reports should be modified to calculate the percentages correctly. The goal criteria should include essential information such as the baseline percentage, and the reports used to substantiate achievement. However, extraneous information that is not used to clarify or measure the goal, should be removed.

Recommendation 5:

Meter Services' goal number one states the criteria for goal achievement as "Tracking percentage of meters that meet specifications. Goal for FY 2008 is 90%." The goal further specifies that "the total number of all meters to be tested annually is documented." The measurement method formula states, "compare the number of meters tested per period meeting test specifications versus the number of meters that must be tested per period to calculate the percentage of meters meeting specifications." The total number of meters to be tested, as provided by Meters Services, was 1,318. Of the total to be tested, Meter Services reported 1,181 were tested and met specifications, which resulted in an 89.6% achievement percentage. Meter Services provided a SWIM report that indicated a total of 1,200 meters tested met specifications, resulting in a 91.0% achievement percentage. This level of activity results in 100% goal achievement.

Goal number two states the criteria for goal achievement as "Tracking percentage of backflow devices that meet specifications on annual test. Goal for FY 2008 is 99%." The goal further specifies that "the

total number of backflow devices to be tested annually is documented." The measurement method formula states, "Compare the number of backflows tested per period meeting test specifications versus the number of backflows that must be tested per period to calculate the percentage of meters meeting specifications." The total number of backflows to be tested, as provided to us by Meters Services, was 1,939. Of the total to be tested, Meter Services reported 1,967 were tested and met specifications, which resulted in a 101.4% achievement percentage. Meter Services provided a SWIM report that indicated a total of 1,921 meters tested met specifications, resulting in a 99.1% achievement percentage. This level of activity results in 100% goal achievement.

For both Meter Services' goal numbers one and two we noted the following issues:

- The SWIM reports did not support the summary results provided to management.
- The population of meters and backflows changed during the course of the year. Therefore, at the end of the year, the total population of backflows and meters, according to the SWIM reports, did not equal the population "to be tested."
- The SWIM work codes that are included in the goal are not indicated on the goal description.
- The goal does not state that meters and backflows that initially fail, but are then re-tested and pass, can be counted towards goal achievement (as described to us by the goal contact).
- The crews completed their required tests prior to year end, and began re-testing meters and backflows. These duplicates were included on the SWIM report provided to us for testwork.

While we believe that having a documented number to be tested is helpful for planning purposes, as a benchmark, we recommend that the goal be revised so that the total meeting specification is measured against the total actual population for the fiscal year. The goal should be updated to include detailed information such as applicable SWIM work codes and the parameters for the re-testing of meters and backflows that initially fail to meet specifications.

We recommend that the individual responsible for tracking goal achievement obtain the SWIM report (in Excel) prior to submitting results to management. This report should be analyzed to verify that the data is measured accurately according to the goal criteria, and the following information should be identified:

1. The total population
2. The data within the population that meets goal achievement criteria
3. The data within the population that does not meet the goal achievement criteria

All extraneous information on the reports should be omitted. Once the detailed report has been reviewed, it should be saved, along with the summary submitted to management. We also recommend that the same individual create a summary page indicating the results and other relevant information such as:

1. Where the report was generated
2. Any filters or parameters used to obtain the data
3. A description of the data used to track the goal (such as work orders and related work codes)
4. Any other information required to re-create the report at a later date

We recommend that this information be collected by one individual, and be signed off as part of the goal achievement. This will ensure accountability for tracking the goal achievement. This information should be made available to the auditors.

Recommendation 6:

Water Resources Management's (WRM) goal number three states the criteria for goal achievement as "FY 2008 goal is to conduct 17 media outreach efforts as follows: 1 poster contest calendar production; 2 billboard placements; 12 unique articles; 2 TV and/or radio interviews by WRMP staff (or water department staff on the subject of water conservation)." WRM reported that it conducted 17 media outreach efforts according to the specified criteria resulting in a 100% completion rate. The report provided to us for testwork reported the following:

- 1 poster contest calendar production
- 3 billboard placements
- 25 unique articles
- 9 TV and/or radio interviews

This resulted in a weighted completion rate of 224%.

During our testwork we noted some discrepancies in recording the achievement of this performance measure;

- Of the 12 news articles tested one was not published. This had no affect on goal achievement because, when projecting the error over the population, the goal was still met at over 100%.
- Of the 12 news articles tested, 3 appeared to be announcements of upcoming events rather than articles.
- Of the 2 TV and/or radio interviews tested, no source documentation could initially be provided to substantiate one of the broadcasts. Upon further investigation, we noted that the news broadcast occurred on a different date, but still within the fiscal year.

However, even after accounting for the listed omissions the level of activity still resulted in 100% goal achievement.

WRM reported this goal as 100% when actual goal achievement was 224%. As an improvement, WRM should report actual goal achievement status to management. In addition, we recommend that the goal be evaluated to determine if it is challenging enough.

In order for goal achievement to be measured, we recommend the following:

- Copies of published articles should be maintained and provided as verification of goal achievement.
- TV and/or radio interviews should be substantiated with confirmation from the studio or other 3rd party verification such as a tape of the interview. Internal Water Department e-mails do not provided adequate evidence.

While announcements of upcoming events are a form of outreach, we recommend they be categorized separately, and the goal should define an article versus an announcement.

This report is intended solely for the information and use of the City of San Diego and Water Department Customer Support Division and is not intended to be and should not be used by anyone other than these specified parties.

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