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# Audit Recommendation Follow-Up Report

*STATUS UPDATE AS OF  
June 30, 2016*

Office of the City  
Auditor

City of San Diego



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## THE CITY OF SAN DIEGO

DATE: October 13, 2016  
TO: Honorable Members of the Audit Committee  
FROM: Eduardo Luna, City Auditor  
SUBJECT: Recommendation Follow-Up Report

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Attached is the Office of the City Auditor's Recommendation Follow-Up Report, which provides the status of open recommendations as of June 30, 2016. We will continue reporting on open recommendations semiannually for periods ending around June 30<sup>th</sup> and December 31<sup>st</sup>.

We have provided a short summary of data, highlighted some recommendations, and attached the status updates for all recommendations. Again, significant progress has been made by the Administration to implement audit recommendations. We look forward to presenting this report at the October 19, 2016 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. 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 37 new recommendations, and the Administration agreed to implement 100 percent of the recommendations.

There is one recommendation that is no longer applicable for the reason stated in the report. This recommendation can be found in Attachment A, and will be discussed at an Audit Committee meeting. We will request the Audit Committee consider dropping this one recommendation. We have also highlighted some high priority recommendations with extended target dates for discussion.

Lastly, we asked all departments with outstanding recommendations to provide a current target implementation date, and there are 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, 2016. We contacted departments directly to gather recommendation status information, reviewed all outstanding recommendations, and placed the recommendations into the following status categories:

<b>Implemented</b>	City staff provided sufficient and appropriate evidence to support all elements of implementing the recommendation;
<b>In Progress</b>	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;
<b>Not Implemented</b>	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;
<b>Will Not Implement</b>	The Administration disagreed with the recommendation, did not intend to implement, and no further action will be reported; and
<b>Not Implemented – N/A</b>	Circumstances changed to make the recommendation not applicable.

As of our last recommendation follow-up report for the period ending June 30, 2016, there were 100<sup>1</sup> open recommendations. Since then, we have issued six performance audits and two hotline report adding an additional 37 new recommendations for a total of 137 outstanding recommendations for the period ending June 30, 2016. The table below summarizes this activity:

Activity for the Period Ending June 30, 2016	Number of Recommendations
<b>Open Recommendations Carried Forward from Period Ending December 31, 2015</b>	
In Process	99
Not Implemented	1
<b>Sub-Total</b>	<b>100</b>
Recommendations issued January – June 2016	37
<b>Total Outstanding Recommendations as of June 30, 2016</b>	<b>137</b>

During this reporting cycle, we verified that departments and related entities have implemented 38 recommendations out of 137 (28 percent) since our last report. The results of our review for this reporting cycle are as follows for the 137 recommendations:

Number of Recommendations	Status of Recommendations
38	Implemented
95	In Process
3	Not Implemented
1	Not Implemented – N/A
<b>137</b>	<b>Total</b>

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

- **Exhibit 1** - Summarizes the status of the 137 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 4 recommendations **Not Implemented and Not Implemented – N/A** by Department/Agency.
- **Exhibit 5** - Breaks down the 137 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, 2016.

<sup>1</sup> The last follow up report had 101 carry forward recommendations but the Audit Committee decided to drop an additional recommendation that was no longer applicable; therefore, the total carried forward for this period is 100 as shown in the table.

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, 2016 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, 2016 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, 2016, 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 30<sup>th</sup> and December 31<sup>st</sup>. 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 137 recommendations by audit report in chronological order.

### EXHIBIT 1: Audit Reports and Recommendation Status

Report No.	Report Title	Implemented	In Process	Not Implemented <sup>2</sup>
09-013	The City Of San Diego Faces Unique Operational And Administrative Challenges In Managing Qualcomm Stadium	1	1	
10-002	Performance Audit Of The San Diego Housing Commission – Part I	1		
10-010	Performance Audit Of The City Treasurer Delinquent Accounts Program	1		1
11-026	Performance Audit Of The Take-Home Use Of City Vehicles		3	
12-015	Performance Audit Of The Development Services Department's Project Tracking System		3	
13-003	Performance Audit Of The Procurement Card Program		2	
13-005	Hotline Investigation Report Of Cash Handling At Recreation Centers		2	
13-008	Performance Audit Of The General Services Department - Facilities Maintenance Division		2	
13-009	Performance Audit Of The Real Estate Assets Department	2	1	

<sup>2</sup> This column includes any recommendations deemed Not Implemented – N/A and when a department Will Not Implement.

Report No.	Report Title	Implemented	In Process	Not Implemented <sup>3</sup>
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	
14-005	Performance Audit Of Publishing Services	1		
14-006	Performance Audit Of The Police Patrol Operations		1	
14-014	Performance Audit Of Graffiti Control Program	3	2	
14-016	Hotline Investigation Report Of Public Utilities Warehouse Supply Purchases		1	
14-019	Performance Audit Of Real Estate Assets Department	1	3	
15-001	Performance Audit Of The Office Of Homeland Security		1	
15-003	Performance Audit Of The City's Waste Reduction And Recycling Programs		5	
15-005	Performance Audit Of The San Diego Fire-Rescue Department's Overtime Costs	1		
15-009	Performance Audit Of The Community Parking District Program		3	
15-010	Fleet Services Division Fraud Risk Assessment Report	2	3	
15-011	Performance Audit of the Utilities Undergrounding Program		5	
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	

<sup>3</sup> This column includes any recommendations deemed Not Implemented – N/A and when a department Will Not Implement.



Report No.	Report Title	Implemented	In Process	Not Implemented <sup>4</sup>
15-015	Performance Audit of the City's Right-of-Way Maintenance Activities	1		
15-016	Performance Audit of Citywide Contract Oversight		9	
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
16-001	Performance Audit of Citywide Other/Special Funds	3		
16-005	Performance Audit of the City's Business Improvement District Program	1	1	
16-006	Performance Audit of the Code Enforcement Division		9	
16-008	Internal Control Issues: San Diego Public Library		1	
16-009	Hotline Investigation of Misuse of Scrap Metal and Contract Deficiencies	1		
16-010	Performance Audit of the City's Overhead Rate Calculation Process	2	2	
16-011	Performance Audit of the Street Preservation Ordinance	6	1	1
16-012	Hotline Investigation of Vendor Fraud			1
16-013	Hotline Investigation of Landscape Contracts	3	5	
16-016	Citywide Contract Oversight II - Contract Review	2	8	
16-017	Audit of San Diego Public Library	1	4	
16-018	Audit of Mission Bay and San Diego Regional Parks Improvement Funds – FY16	1		
<b>GRAND TOTAL</b>		<b>38 (28%)</b>	<b>95 (69%)</b>	<b>4 (3%)</b>

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<sup>4</sup> This column includes any recommendations deemed Not Implemented – N/A and when a department Will Not Implement.

**Exhibit 2** summarizes the distribution of the 38 recommendations **Implemented** by Department/Agency as of June 30, 2016.

**EXHIBIT 2: Number of Recommendations Implemented by Department/Agency**

Number of Recommendations Implemented	Department/Agency	Number of Recommendations Implemented	Department/Agency
2	Analytics & Performance	1	Library
1	City Comptroller and Real Estate Assets	1	Office of the Comptroller
1	Chief Operating Officer	6	Park & Recreation
1	Deputy Chief Operating Officer, Infrastructure and Public Works	3	Public Utilities Department
1	Development Services	1	Purchasing & Contracting
1	Economic Development and City Treasurer	3	Real Estate Assets
1	Financial Management & Fire-Rescue & Police & City Attorney	1	Real Estate Assets – Stadium
1	Financial Management & Transportation & Storm Water	1	San Diego Housing Commission
2	Fire - Rescue	1	Street Division
1	Human Resources	5	Transportation & Stormwater
3	Internal Operations – Fleet Services		

**Exhibit 3** summarizes the distribution of the 95 recommendations **In Process** by Department/Agency as of June 30, 2016.

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

Number of Recommendations Outstanding	Department/Agency	Number of Recommendations Outstanding	Department/Agency
9	Code Enforcement Division - Development Services Department	2	Park & Recreation - Golf Course
1	City Comptroller	1	Police
3	Development Services	10	Public Utilities Department
4	Economic Development	1	Public Works
5	Environmental Services	2	Public Works - Facilities
1	Financial Management	1	Public Works - Field Engineering
1	Independent Budget Analysis and Library	13	Purchasing & Contracting
7	Internal Service - Fleet Services	4	Real Estate Assets
3	Library	3	Real Estate Assets - Airports
1	Library and Comptroller	1	Real Estate Assets - Stadium
1	Office of Homeland Security	1	Street Division and Fleet Services
12	Park & Recreation	8	Transportation & Stormwater

**Exhibit 4** summarizes the distribution of the three recommendation **Not Implemented** by the Department/Agency as of June 30, 2016. This exhibit does not include one recommendation determined as **Not Implemented - N/A**.

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

Number of Recommendations Outstanding	Department/Agency
1	Assistant Chief Operating Officer
1	Development Services
1	Fire-Rescue Lifeguard Division & Real Estate Assets Department

**Exhibit 5** breaks down the current 137 open recommendations and the 123, 140 and 152 prior reports 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.<sup>5</sup>

<sup>5</sup> Timing is rounded to the month.

**EXHIBIT 5a: Current Report Audit Recommendations Implementation Aging for June 30, 2016**

Timeframe	Implemented	In Process	Not Implemented	Not Implemented-N/A	Total
0 - 3 Months	7	17	1	0	25
4 - 6 Months	8	3	1	0	12
6 - 12 Months	5	12	0	0	17
1 to 2 Years	6	32	1	0	39
Over 2 Years	12	31	0	1	44
<b>Total</b>	<b>38</b>	<b>95</b>	<b>3</b>	<b>1</b>	<b>137</b>

**EXHIBIT 5b: Current Report Audit Recommendations Implementation Aging for December 31, 2015**

Timeframe	Implemented	In Process	Not Implemented	Not Implemented-N/A	Total
0 - 3 Months	6	14	0	0	20
4 - 6 Months	1	3	0	0	4
6 - 12 Months	3	24	1	0	28
1 to 2 Years	6	24	0	1	31
Over 2 Years	5	35	0	0	40
<b>Total</b>	<b>21</b>	<b>100</b>	<b>1</b>	<b>1</b>	<b>123</b>

**EXHIBIT 5c: Prior Report Audit Recommendations Implementation Aging for June 30, 2015 period**

Timeframe	Implemented	In Process	Not Implemented	Not Implemented-N/A	Will Not Implement	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
<b>Total</b>	<b>38</b>	<b>95</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>140</b>

**EXHIBIT 5d: Prior Report Audit Recommendations Implementation Aging for December 31, 2014 period**

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
<b>Total</b>	<b>44</b>	<b>98</b>	<b>8</b>	<b>2</b>	<b>152</b>

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

**EXHIBIT 6: Audit Recommendation Activity for the Period Ending June 30, 2016**

Activity for the Period Ending June 30, 2016	Number of Recommendations
<b>Open Recommendations Carried Forward from Period Ending December 31, 2015</b>	
In Process	99
Not Implemented	1
<b>Sub-Total</b>	<b>100</b>
Recommendations issued January – June 2016	37
<b>Total Outstanding Recommendations as June 30, 2016</b>	<b>137</b>
Recommendations Implemented	38
Recommendations Not Implemented - N/A	1
<b>Recommendations Resolved for Period Ending June 30, 2016</b>	<b>39</b>
<b>Carry Forward Open Recommendations</b>	<b>98</b>

June 2016

# 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 recommendation because it has been deemed no longer applicable for the reasons stated below.

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

(SG)

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

**Not Implemented – N/A**                      Development Services Department determined not to implement a late fee on deposit accounts based on the City Attorney's assessment.

Priority 2

Original Target Date:      Current Target Date:  
December 2010                      August 2016

The following recommendations are being highlighted for discussion because they have a high priority classification (1 or 2) and the target dates are either past due or have been modified more than once since the establishment of the original target date.

**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 the Industrial Wastewater Control Program (IWCP) audit recommendation relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and/or fee model, which is anticipated to be completed by March 2018.

The Public Utilities Department (PUD) is in the process of revising its billing structure to address issues identified in the audit. This on-going, complex process requires the evaluation of all functions of the program (i.e., permitting, inspections, sampling, and lab analysis), assessment of current fees, and internal PUD review of any recommended changes.

Once revisions are made, they will be presented to the Participating Agencies, the Independent Rates Oversight Committee and City Council. Subsequent changes in fees and billing structure will require extensive reprogramming and testing of the IWCP billing system prior to implementation. The implementation of a new and accurate fee and billing structure is critical because of the complexity associated with developing accurate costs and reprogramming the billing system. The department expects to implement the new fees by July 1, 2018.

Priority 2

Original Target Date: January 2014  
Current Target Date: July 2018

#2

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

**In Process**

Implementing the Industrial Wastewater Control Program (IWCP) audit recommendation relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and/or fee model, which is anticipated to be completed by March 2018.

The Public Utilities Department (PUD) is in the process of revising its billing structure to address issues identified in the audit. This on-going, complex process requires the evaluation of all functions of the program (i.e., permitting, inspections, sampling, and lab analysis), assessment of current fees, and internal PUD review of any recommended changes.

Once revisions are made, they will be presented to the Participating Agencies, the Independent Rates Oversight Committee and City Council. Subsequent changes in fees and billing structure will require extensive reprogramming and testing of the IWCP billing system prior to implementation. The implementation of a new and accurate fee and billing structure is critical because of the complexity associated with developing accurate costs and reprogramming the billing system. The department expects to implement the new fees by July 1, 2018.

Priority 2

Original Target Date: January 2014  
Current Target Date: July 2018

#3

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



**In Process**

Implementing the Industrial Wastewater Control Program (IWCP) audit recommendation relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and/or fee model, which is anticipated to be completed by March 2018.

The Public Utilities Department (PUD) is in the process of revising its billing structure to address issues identified in the audit. This on-going, complex process requires the evaluation of all functions of the program (i.e., permitting, inspections, sampling, and lab analysis), assessment of current fees, and internal PUD review of any recommended changes.

Once revisions are made, they will be presented to the Participating Agencies, the Independent Rates Oversight Committee and City Council. Subsequent changes in fees and billing structure will require extensive reprogramming and testing of the IWCP billing system prior to implementation. The implementation of a new and accurate fee and billing structure is critical because of the complexity associated with developing accurate costs and reprogramming the billing system. The department expects to implement the new fees by July 1, 2018.

Priority 2

Original Target Date: January 2014      Current Target Date: July 2018

#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 the Industrial Wastewater Control Program (IWCP) audit recommendation relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and/or fee model, which is anticipated to be completed by March 2018.

The Public Utilities Department (PUD) is in the process of revising its billing structure to address issues identified in the audit. This on-going, complex process requires the evaluation of all functions of the program (i.e., permitting, inspections, sampling, and lab analysis), assessment of current fees, and internal PUD review of any recommended changes.

Once revisions are made, they will be presented to the Participating Agencies, the Independent Rates Oversight Committee and City Council. Subsequent changes in fees and billing structure will require extensive reprogramming and testing of the IWCP billing system prior to implementation. The implementation of a new and accurate fee and billing structure is critical because of the complexity associated with developing accurate costs and reprogramming the billing system. The department expects to implement the new fees by July 1, 2018.

Priority 2

Original Target Date: January 2014      Current Target Date: July 2018

#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 the Industrial Wastewater Control Program (IWCP) audit recommendation relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and/or fee model, which is anticipated to be completed by March 2018.

The Public Utilities Department (PUD) is in the process of revising its billing structure to address issues identified in the audit. This on-going, complex process requires the evaluation of all functions of the program (i.e., permitting, inspections, sampling, and lab analysis), assessment of current fees, and internal PUD review of any recommended changes.

Once revisions are made, they will be presented to the Participating Agencies, the Independent Rates Oversight Committee and City Council. Subsequent changes in fees and billing structure will require extensive reprogramming and testing of the IWCP billing system prior to implementation. The implementation of a new and accurate fee and billing structure is critical because of the complexity associated with developing accurate costs and reprogramming the billing system. The department expects to implement the new fees by July 1, 2018.

Priority 2

Original Target Date: Current Target Date:  
January 2014 July 2018

#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 the Industrial Wastewater Control Program (IWCP) audit recommendation relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and/or fee model, which is anticipated to be completed by March 2018.

The Public Utilities Department (PUD) is in the process of revising its billing structure to address issues identified in the audit. This on-going, complex process requires the evaluation of all functions of the program (i.e., permitting, inspections, sampling, and lab analysis), assessment of current fees, and internal PUD review of any recommended changes.

Once revisions are made, they will be presented to the Participating Agencies, the Independent Rates Oversight Committee and City Council. Subsequent changes in fees and billing structure will require extensive reprogramming and testing of the IWCP billing system prior to implementation. The implementation of a new and accurate fee and billing structure is critical because of the complexity associated with developing accurate costs and reprogramming the billing system. The department expects to implement the new fees by July 1, 2018.

Priority 2

Original Target Date: Current Target Date:  
January 2014 July 2018

#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 the Industrial Wastewater Control Program (IWCP) audit recommendation relies on having a City Council and Participating Agency-approved Cost of Service Study (COSS) and/or fee model, which is anticipated to be completed by March 2018.

The Public Utilities Department (PUD) is in the process of revising its billing structure to address issues identified in the audit. This on-going, complex process requires the evaluation of all functions of the program (i.e., permitting, inspections, sampling, and lab analysis), assessment of current fees, and internal PUD review of any recommended changes.

Once revisions are made, they will be presented to the Participating Agencies, the Independent Rates Oversight Committee and City Council. Subsequent changes in fees and billing structure will require extensive reprogramming and testing of the IWCP billing system prior to implementation. The implementation of a new and accurate fee and billing structure is critical because of the complexity associated with developing accurate costs and reprogramming the billing system. The department expects to implement the new fees by July 1, 2018.

Priority 2

Original Target Date: Current Target Date:  
January 2014 July 2018

**15-003 PERFORMANCE AUDIT OF THE CITY'S WASTE REDUCTION AND RECYCLING PROGRAMS**

(AH)

**#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** Environmental Services is working with Purchasing and Contracting to finalize the RFP with an anticipated release date in September 2016. The study is expected to be presented at Committee by October 2017.

Priority 1	Original Target Date: March 2016	Current Target Date: November 2017
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**#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 approval to proceed.

Priority 1	Original Target Date: June 2016	Current Target Date: November 2017
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**#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 Code Compliance Officers were not included in the FY17 budget. Code Compliance Officers are a component of the Zero Waste Plan, and the request for the additional staffing will be evaluated by the ESD for possible inclusion in their Department's FY18 budget request.

Priority 2	Original Target Date: June 2015	Current Target Date: July 2017
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**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.

**In Process** This recommendation will be reviewed as part of the upgrade project which began in August 2016 and is anticipated to be a 24 month project.

Priority 1 Original Target Date: July 2015 Current Target Date: February 2018

#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** This recommendation will be incorporated in the FleetFocus upgrade project that is already underway.

Priority 1 Original Target Date: April 2015 Current Target Date: June 2017

#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.

**In Process** According to Management, Fleet Services 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: March 2015 Current Target Date: May 2016

June 2016

# ATTACHMENT B

## Recommendations Deemed As Implemented

This schedule includes all recommendations as of June 30, 2016 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**

<b>09-013</b>	<b>THE CITY OF SAN DIEGO FACES UNIQUE OPERATIONAL AND ADMINISTRATIVE CHALLENGES IN MANAGING QUALCOMM STADIUM</b>
	(SM)
#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.
<b>Implemented</b>	We reviewed the handbook the Stadium submitted dated February, 2016. We found that the handbook covered, among other things, requirements for the creation and documentation of event files, as well as a reconciliation process for event billing. The handbook requires that all events be billed within ten days of the event.
<b>10-002</b>	<b>PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART I</b>
	(CK)
#6	San Diego Housing Commission (SDHC) 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."
<b>Implemented</b>	The San Diego Municipal Code suggested change was discussed at the July 27, 2016 Smart Growth and Land Use Committee Meeting and then forwarded to full Council. This item is scheduled to be heard at the October 18, 2016 City Council Meeting. The intent of the recommendation is implemented.
<b>10-010</b>	<b>PERFORMANCE AUDIT OF THE CITY TREASURER DELINQUENT ACCOUNTS PROGRAM</b>
	(SG)
#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.
<b>Implemented</b>	The 5 year fee study performed by the Development Services Department included a focus on streamlining and reducing the number of deposit accounts; which meets the requirement of the recommendation to minimize the frequency and speed at which deposit accounts fall into deficit. Additionally, the Department is implementing a new permitting system that may introduce additional controls to further reduce the deposit accounts in deficit. The Office of the City Auditor is in the process of reviewing this implementation.

**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.

**Implemented** In April 2016, the Real Estate Assets Department (READ) updated its Portfolio Management Plan (PMP). The PMP includes a description of each READ division, the division's responsibilities, its accomplishments, the action plan for the current fiscal year, and the division's long-term plan. As stated in the PMP, the intent moving forward is to release the plan in the fall of each year, following budget approval for that fiscal year by the City Council. The FY 2017 PMP has an anticipated release date of Fall 2016 and is anticipated to include activities for FY 2016 and FY 2017. READ is strongly encouraged to ensure that the PMP is update annually.

#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.

**Implemented** In its FY 2017 Proposed Budget, the Real Estate Assets Department included key performance measures and targets that evaluate: 1) the percentage of leases in holdover; 2) the percentage of appraisals completed within 90 days of commencement; 3) the percent of rent reviews completed on time per fiscal year; and 4) the number of properties reviewed for potential disposition per year. The measures can be used consistently from period to period and enhance performance reporting by capturing and reporting data that is informative for decision-makers.

**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.



**Implemented**

The Park and Recreation Department (PRD) has updated and strengthened its Park Maintenance Standards related to playground inspection and repair. Specifically, PRD now clearly defines playground maintenance repairs as either emergency or non-emergency. These classifications assist playground maintenance staff in determining appropriate response times. The Standards now outline the staff responsible for addressing emergency and non-emergency playground repairs. Moreover, the PRD Director formalized the Standards by disseminating a memo to PRD staff and management on July 1, 2016.

The main intent of the recommendation for PRD to report to the Park and Recreation Board was for PRD to report to an oversight body that would hold it accountable for the safe and proper maintenance of City playgrounds. Since releasing the report, PRD has provided updates to both the Park and Recreation Board and the City Council's Public Safety and City Council's Livable Neighborhoods Committee. The aforementioned entities are strongly encouraged to request continuous updates from PRD on the status of meeting maintenance standards.

#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.

**Implemented**

The audit team and Park and Recreation Management engaged in ongoing discussions regarding the implementation status of the recommendation. Given that the Enterprise Asset Management system, now referred to as IAM, is still in development, both parties agreed to re-evaluate the intent of the recommendation and the department's efforts to date.

The main intent of the recommendation and playground maintenance operations is to ensure safe and clean playground equipment and surfacing for park patrons.

We reviewed the department's recently implemented Manager Plus system, and given that the department conducts quarterly playground equipment and surfacing inspections, with Certified Playground Safety Inspectors, the intent of the recommendation has been satisfied.

14-005

## PERFORMANCE AUDIT OF PUBLISHING SERVICES

(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.

**Implemented**

The Performance & Analytics Department (P&A) has provided training to staff, implemented a procedure, and identified consultant funding to ensure that resources and expertise are available to support future managed competitions. P&A has implemented a procedure for future managed competitions that provides sufficient support to staff selected to project and prepare workloads and service levels which serve as the basis for the RFPs during a Managed Competition. P&A has secured funds for outside consulting in FY 2017 to supplement staff expertise when needed and intends to maintain funding for consultants in future fiscal years in order to support future Managed Competition data needs. P&A hired a Chief Data Officer to lead its Data & Analytics section, which implemented the City's Open Data policy by inventorying City data sets and making data available via a new portal; this effort has created a core team of data analytics staff in P&A. Seven staff members have received black belt certification in Lean Six Sigma (LSS), a methodology that relies on a collaborative team effort to improve performance by systematically removing waste. The LSS skill set was not present when the first four managed competitions occurred.

14-014

## PERFORMANCE AUDIT OF GRAFFITI CONTROL PROGRAM

(AH)

#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.

**Implemented** The Transportation and Storm Water Department (TSW) has revised its Standard Operating Procedure for graffiti abatement and now tracks several performance measures internally, including the number of graffiti abatements, square footage of graffiti abated, cost per abatement, and cost per square foot of graffiti abated. In addition, TSW tracks the average response time for graffiti abatement service requests and publishes response time performance in the annual budget.

#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

**Implemented** The Transportation and Storm Water Department (TSW) utilizes the City's Utilities Coordination Committee as the venue to discuss graffiti abatement with stakeholders on an as-needed basis. TSW is also working with Graffiti Tracker, SANDAG/ARJIS, and the Department of Information Technology to improve the integration of photo documentation into graffiti abatement work processes.

#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 Storm Water 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.

**Implemented** The Transportation and Storm Water Department (TSW) is monitoring and tracking capacity to respond to graffiti service requests in order to determine budgetary needs. TSW requested and received six additional FTE for graffiti abatement in FY 2017 to better address an increased number of service requests that have been received for graffiti abatement since the recent launch of the City's Get It Done mobile and web reporting platforms.

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

(SA) (DK)

#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.

**Implemented** READ has developed a process to ensure all single-family residential leases are in compliance with the warranty of habitability. To accomplish this, READ instituted a yearly inspection schedule via reminders in its lease management database for all single-family residential properties reviewed in the audit. READ provided evidence of inspections for the properties in question and evidence of ongoing maintenance and repairs.

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

**(AH)**

#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.

**Implemented** The City and San Diego City Fire Fighters, I.A.F.F. Local 145 reached agreement on a successor Memorandum of Understanding (MOU) for Fiscal Years 2016 – 2020. In this successor MOU, effective July 1, 2018 for Fiscal Years 2019 and 2020, employees who have not reduced their annual leave balances below the maximum accumulation (see update AL Caps below) as of their anniversary date shall cease to accrue annual leave. Annual Leave will be capped at 552 hours for employees hired on or after July 1, 1994 and before July 1, 2016. Annual leave will be capped at 395 hours for employees with regular work schedules of 40 hours per week and 552 hours for employees with regular work schedules of 56 hours per week hired on or after July 1, 2016. Additionally, the maximum accumulation of annual leave for employees hired before July 1, 1994 with 15 or more years of service shall be 980 hours. The maximum accumulation of annual leave for employees hired prior to July 1, 1994 with less than 15 years of service shall be 840 hours.

In addition, the successor MOU incrementally reduces existing Annual Leave balances and, requires each fiscal year, a mandatory payment in lieu of annual leave balances that exceed more than 1,000 hours of annual leave.

**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.

**Implemented** City management conducted formal evaluations of the need for security cameras to protect the Fleet Services Division's assets. Management also identified funding requirements, but has not determined a source of funding. A security committee has been re-established to review costs and prioritize needs on an ongoing basis.

#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.

**Implemented** The Fleet Operations Department reviewed system access rights to ensure that the lowest level of access necessary for an individual to perform their job duties was granted.

15-015

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

(AH) (LB)

#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.

**Implemented**

Performance & Analytics completed the City's 3-1-1 Implementation Roadmap in June 2016. The roadmap addresses the intent of the recommendation by laying out alternatives to centralize the City's customer service operations with the 3-1-1 phone number and mobile / web reporting channels. Performance & Analytics plans to present the Roadmap to the Rules Committee in October 2016, and the various options presented in the Roadmap will be considered for funding during the FY 2018 budget process.

The Roadmap is available on the City's website at:

<https://www.sandiego.gov/sites/default/files/cxsd311rpt201606.pdf>

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.

**Implemented**

We reviewed the Lifeguard Workforce plan and found that it fully implemented the recommendation by identifying potential future workforce gaps and finding solutions. The workforce plan evaluation of staffing and needs that was presented to the Audit Committee states that it will be conducted annually.

#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.

**Implemented**

Lifeguard Services diversity recruitment plan lays out several methods for Lifeguard Services to try and diversify workforce applicants. Many of these methods were noted in the audit report as methods that have helped other municipalities diversify their workforces. Additionally, Lifeguard Services has established a small diversity committee to evaluate the division's progress. Further, the division notes that it intends to develop recruitment survey tools to help monitor what recruitment methods are most successful.

**16-001                    PERFORMANCE AUDIT OF CITYWIDE OTHER/SPECIAL FUNDS**

(NO)

#2                    Financial Management and the Transportation & Storm Water Department, in consultation with the Office of the City Attorney, should review Council Policy 200-02 and present recommended changes to City Council for the use of gas tax revenues. In particular, they should consider removing the specific expenditure requirements, and/ or update the Council Policy to include Sections 2103 and 2105 of the Streets and Highway Code with those specific expenditure requirements.

**Implemented**                    On June 14, 2016 City Council repealed Council Policy 200-02, therefore, the intent of the recommendation was satisfactorily fulfilled.

#3                    Financial Management, Fire-Rescue and the Police Department, in consultation with the Office of the City Attorney, should review Council Policy 500-07 for the Public Safety Needs & Debt Service Fund and present recommended changes to City Council. Consideration should be given as to: 1) how to more clearly express the City's intent on how to spend these funds; 2) removing the specific expenditure requirements from the Police and Fire-Rescue departments; and/or 3) adding reporting requirements to ensure compliance with current policy.

**Implemented**                    On June 14, 2016 City Council repealed Council Policy 500-07, therefore, the intent of the recommendation was satisfactorily fulfilled.

#4                    As part of the land asset reconciliation process, the City Comptroller should formally document the process for reconciling land sale proceeds to Capital Outlay Fund deposits and receive a list of all easements sold by the Real Estate Assets Department on an annual basis.

**Implemented**                    The work instruction is sufficient and appropriate to demonstrate the formal documentation of the process for reconciling land sale proceeds.  
  
The intent of the recommendation was satisfactorily fulfilled with the formalized procedures articulated in WI\_CA\_1326.

**16-005                    PERFORMANCE AUDIT OF THE CITY'S BUSINESS IMPROVEMENT DISTRICT PROGRAM**

(NK)

#2                    The Economic Development Department, in consultation with the Office of the City Treasurer and BID association management, should: Establish and document a standardized process for BIDs to report businesses within districts that are not potentially paying Business Tax or required BID assessments. The documented process should include reporting procedures and timeframes for determining compliance.

**Implemented** The Economic Development Department has developed a formal processes for BID associations to report to the City business that may not be paying their Business Tax, or BID assessment. The process is formally documented on a memorandum signed by the Economic Development Department Director. With the new process, BID Associations will report those businesses using a standard template, and report the data to the Economic Development Department during the first week of the month. The City Treasurer's Office will follow up on the referrals, and provide a status update on the within one month of the date of receipt.

**16-009 HOTLINE INVESTIGATION OF MISUSE OF SCRAP METAL AND CONTRACT DEFICIENCIES**

(AH)

#2 We recommend that Fleet Division management consider implementing an employee recognition and award program that is consistent with the City's policies and procedures related to special recognition of employees, including meal expenses, as described in Administrative Regulations 95.40 and 95.91.

**Implemented** Fleet Division provided support, demonstrating implementation of the recommendation. Evidence includes communication with management and the recognition of a Fleet Division employee as the Employee of the Year.

**16-010 PERFORMANCE AUDIT OF THE CITY'S OVERHEAD RATE CALCULATION PROCESS**

(SP) (NO)

#1 In order to formally document its cost allocation process and strengthen guidance provided to City departments, the Comptroller needs to:

- a) Provide training on the cost allocation structure, scope and purpose, key concepts, and procedures to departmental analysts in order to ensure that cost plans are developed according to established policies.
- b) Improve its monitoring , control, and review of the cost allocation process by:
  - Documenting rationale and accounting detail to support cost allocation decisions; and
  - Providing narratives and appropriate documentation when changes in data organization, business areas, or similar structures occur.



**Implemented** The department's cost trainings have been continual with recent offerings in March 2016 and June 2016. The materials for the training include a purpose, description of the cost allocation plan, descriptions of load and overhead rates, descriptions of direct and indirect costs, and a discussion of how internal orders are classified and the negative effects of misclassification. The training also includes a quick reference guide as a resource for department analysts. The department has also improved its monitoring, control, and review of the cost allocation process by updating supporting documentation associated with overhead rate calculations. Specifically, when applicable, supporting documentation now includes explanations of changes in the treatment of general ledger accounts and methodologies.

#4 In order to maintain a clear, comprehensible, and complete audit trail, the Public Utilities Department, in conjunction with the Office of the City Comptroller, should properly document the Public Utilities Department's changes in overhead rate structure from four overhead rates to one and include:

- a) A narrative explaining the reasons for each change;
- b) The accounting detail showing, or an explanatory note if accounting detail is not possible, the redistribution of funds; and
- c) Directions for how the rates should be calculated going forward (such as when roll-forward adjustments and five-year averages should begin).

**Implemented** The Public Utilities Department (PUD), in conjunction with the Comptroller's Office, has documented PUD's overhead rate restructure from four overhead rates to one. The narratives provided by PUD and the Comptroller's office: 1) explains the rationale for the change-citing improved accuracy for PUD's overhead rate billings; 2) explains the process for redistributing the funds; and 3) describes how the overhead rate should be calculated going forward.

**16-011 PERFORMANCE AUDIT OF THE CITY'S STREET PRESERVATION ORDINANCE**

(NK)

#1 The Street Division should establish formal criteria and training for assessing the quality of work performed by City crews to ensure that the repairs performed for emergency excavations align with the Street Preservation Ordinance, City Standard Drawings, the Service Level Agreement, and any other applicable regulations.

**Implemented** The Street Division has established a formal standard operating procedure, *Process for Asphalt Trench Restoration*, that specifies process by which Street Division crews will ensure they comply with the Street Preservation Ordinance. The effective date of the standard operating procedure was June 30, 2016, and Street Division employees received training on the new guidance on August 10, 2016.

#3	The Public Utilities Department should develop written procedures requiring Water Construction and Maintenance staff to determine whether an excavated street was under moratorium. When excavations occur on a moratorium street, staff should complete and submit a street moratorium waiver to the Transportation & Storm Water Right-of-Way Coordination Division. The Public Utilities department should train appropriate staff on the procedures.
<b>Implemented</b>	The Public Utilities Department has developed a Standard Operating Procedure for submitting street moratorium waivers when the Water Construction and Maintenance Division excavates in the right of way. The department also trained its employees on the new procedure on July 28, 2016.
#4	The Transportation & Storm Water Right-of-Way Coordination Division should centralize the collection and maintenance of required Street Preservation Ordinance information, including Street Moratorium Waivers, using an automated process and leveraging existing resources, such as the Transportation & Storm Water Right-of-Way Coordination Division's existing Share Point site.
<b>Implemented</b>	The Transportation and Storm Water Department has centralized the collection and maintenance Street Preservation Ordinance information. The site contains Street Preservation Ordinance guidance, rules, and regulations for users, and a section for users to submit compliance information.
#5	The Deputy Chief Operating Officer, Infrastructure, should direct departments responsible for oversight and management of projects to revise or enhance training programs in order to clarify guidance related to Administrative Regulation 1.40 and the Street Preservation Ordinance. The training should include but not be limited to guidance on: <ul style="list-style-type: none"> <li data-bbox="435 1100 1305 1140">• Effective intradepartmental and interdepartmental communication;</li> <li data-bbox="435 1140 1068 1180">• Conflict resolution roles and responsibilities; and</li> <li data-bbox="435 1180 1442 1241">• Proper authority levels and escalation procedures as they relate to right-of-way conflict resolution.</li> </ul>
<b>Implemented</b>	The Transportation and Storm Water Department's training program satisfies the intent of OCA's recommendation. The training program, which was mandatory for Public Works project managers, addresses Street Preservation Ordinance requirements, Street Damage Fee administration, and right of way project coordination and conflict resolution.
#6	The Transportation & Storm Water Department Right-of-Way Coordination Division, in conjunction with the departments that assess Street Damage Fees, should implement a formal documented monitoring process which allows the Right-of-Way Coordination Division to verify Street Damage Fees for City Capital Improvements Program projects, projects implemented by the Public Works Department, construction and Maintenance performed or requested by the Public Utilities Department, and private excavation activities.
<b>Implemented</b>	The Transportation and Storm Water Department has developed a documented monitoring process for Street Damage Fees. The Standard Operating Procedure, titled Street Damage Fee Intake Process, sets standard procedures for the collection of Street Damage Fees, and procedures for the monitoring and verification of Street Damage Fee payments.

#8 The Public Utilities Department should formally document their procedures for assessing, collecting, and submitting Street Damage Fees for emergency excavations and other maintenance activities.

**Implemented** PUD has established SOPs for the Wastewater Collection Division and Water Construction and Maintenance Division which cover department responsibilities related to Street Damage Fees. The SOPs contain policies and procedures for the Wastewater Collection Division and Water Construction and Maintenance Division which standardize processes for assessing, collecting, and submitting Street Damage Fees. The department has provided training to its employees.

**16-013 HOTLINE INVESTIGATION OF LANDSCAPE CONTRACTS**

(AH)

#2 Review the routine maintenance invoice descriptions to determine if the level of detail provided on the invoices is consistent with the contracts, and develop an action plan to address the discrepancies identified in the confidential report and in future invoices.

**Implemented** Management reviewed the level of detail in routine maintenance invoice descriptions and determined that additional details will be required to bring the descriptions into compliance with the contract terms. Staff has been trained on the invoice detail requirements.

#3 Review the contract administration deficiencies identified related to the landscape maintenance invoice (identified in the confidential report) and develop an action plan to address the identified issues.

**Implemented** The Department's action plan to address the use of unapproved subcontractors satisfies the intent of the recommendation. City staff were directed to stop using subcontractors that were not identified in the approved bid package, and to only use pre-approved subcontractors in the future. The Department's management trained all contract administrators on the revised procedures for MAD contract administration.

#4 Source, purchase, and deliver dog waste bags as required under the terms of the identified contract.

**Implemented** The Department provided a copy of the approved Purchase Order, and a memo stating that the bags would be sourced, purchased, and delivered as required under the terms of the contract. All future pet waste bags are to be purchased by City staff and stocked for the life of the contract.

**16-016 PERFORMANCE AUDIT OF SELECTED CONTRACTS**

(SM) (KC)

#3 The Office of the City Comptroller should modify its process narrative for invoice payments to clearly assign the responsibility to ensure contract pricing is billed.

<b>Implemented</b>	The City Comptroller's Office has updated the process narrative for invoice payments to require that the invoice administrator review to ensure that contracted pricing is received before invoices are paid.
#10	<p>The City's executive management, lead by the Chief Operating Officer, should take a lead role in systematically addressing contract administration and oversight problems. Specific initiatives should include, but not be limited to:</p> <ul style="list-style-type: none"> <li>• Ensuring that City management at the Department Director level provides contract administrators in their departments training and other information to understand and satisfy contract administration requirements, such as, but not limited to: <ul style="list-style-type: none"> <li>○ Proper and legal contract execution requirements</li> <li>○ Correct creation of purchase requisitions</li> <li>○ Vendor and budget monitoring</li> <li>○ Adequate and complete invoice processing</li> </ul> </li> <li>• Setting expectations and establishing standards of performance, or metrics, coupled with ongoing evaluations to ensure that Department Directors are properly overseeing the deployment and execution of contract administration procedures.</li> </ul>
<b>Implemented</b>	Within Success Factors, City executive management has added an evaluation metric for all directors which is designed to evaluate procurement and contracting management functions. This metric satisfies City Executive Management 's commitment to ensure there is clear procurement oversight.
<b>16-017</b>	<b>PERFORMANCE AUDIT OF THE SAN DIEGO PUBLIC LIBRARY SYSTEM</b>
	(AE)
#3	The San Diego Public Library Director should develop and document a pool distribution model that will provide more equitable distribution of City resources to library branches.
<b>Implemented</b>	Library Management revised its pool distribution policy and issued a policy implementation memo to Library Staff. We confirmed that the distribution model does provide more equitable funding between branches utilizing the pooled materials funding.
<b>16-018</b>	<b>AUDIT OF MISSION BAY AND SAN DIEGO REGIONAL PARKS IMPROVEMENT FUNDS FY2015</b>
	(SA)
#1	The Park and Recreation Department in coordination with the Public Works Department should either modify their quarterly report to include the amount of expenditures by project, or they should modify the PowerPoint presentation that accompanies the report to include this information. This should be done as part of their next project report to the Oversight Committee in the Fall of 2016.

**Implemented**

The Park and Recreation Department sent a comprehensive memorandum on July 20, 2016, that outlined the quarterly meeting schedule for the Mission Bay and San Diego Regional Parks Improvement Funds Oversight Committees. The memorandum explained and provided examples of the agenda for each meeting and specified that presentations need to include the expenditure for each project the improvement funds support. The memorandum was sent to Public Works and other relevant departments.

June 2016

# ATTACHMENT C

## Recommendations Deemed As In Process

This schedule includes all recommendations as of June 30, 2016 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** No change since last reporting period. The Marketing Plan has been drafted and is going through internal review. We will continue to follow up during the next reporting cycle.

Priority 3 Original Target Date: February 2010 Current Target Date: June 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** A new Administration Regulation is currently being developed with the assistance of the Human Resources Department.

Priority 2 Original Target Date: January 2012 Current Target Date: December 2016

#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** According to Fleet, the cost information will be provided to departments annually in the first quarter of the subsequent fiscal year.

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** The upgrade for the "Fleet Focus" system is more complicated than originally envisioned. As such it will be developed and implemented in a two-phase approach.

Priority 1 Original Target Date: August 2012 Current Target Date: December 2017

**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** No change since last reporting period. Project Tracking System (PTS) changes have been completed, the remainder of this item will be completed with the Accela Replacement implementation.

Priority 1 Original Target Date: Disagreed Current Target Date: May 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**

No change since last reporting period. Project Tracking System (PTS) changes have been completed, the remainder of this item will be completed with the Accela Replacement implementation.

Priority 1

Original Target Date:    Current Target Date:  
April 2017                      May 2017

#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**

No change since last reporting period. Project Tracking System (PTS) changes have been completed, the remainder of this item will be completed with the Accela Replacement implementation.

Priority 2

Original Target Date:    Current Target Date:  
December 2017                      May 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 has designated staff to review reports, as generated by the City’s P-card provider system, to ensure that proper use of P-Card is occurring and to also find sourcing opportunities to formulate contracts to get best value for the City on items or vendors frequented. This responsibility will ultimately be assumed by Purchasing & Contracting’s Contract Compliance Unit, which is currently being established. Once the unit’s scope, structure, and functions are finalized, procedures and reporting requirements will be incorporated in the unit’s work program.

Priority 3 Original Target Date: Current Target Date:  
December 2012 December 2016

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

**In Process** Updating procedures is part of phase 1 of the scope of the Fleet Focus upgrade project that began in August and is expected to last 24 months. Additionally, Fleet Services is creating an on-going Fleet Focus training program for new and current staff.

Priority 3 Original Target Date: Current Target Date:  
January 2016 August 2018

**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** The Process Narrative has been submitted to Human Resources and the Office of the Comptroller for review. The Department is updating its Department Instructions to be consistent with responsibilities outlined in the draft Process Narrative at Human Resources request.

Priority 3 Original Target Date: Current Target Date:  
December 2015 December 2016

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

**In Process** The Process Narrative has been submitted to Human Resources and the Office of the Comptroller for review. The Department is updating its Department Instructions to be consistent with responsibilities outlined in the draft Process Narrative at Human Resources request.

Priority 3 Original Target Date: December 2015 Current Target Date: December 2016

**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 infrastructure committee is meeting in September for the implementation of the Interim Asset Management Plan.

Priority 2 Original Target Date: July 2016 Current Target Date: September 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** Public Works will not pursue the conversion of the Facility Maintenance Division's Operating Budget to an Internal Service Fund. As an alternative, in FY16 the Division participated in a Zero Base Budget (ZBB) exercise with Financial Management. The goal of the ZBB effort was to develop the most effective and efficient operating model to deliver services. The ZBB results were used to develop the FY17 operating budget for PW-Facility Maintenance Division. With the approval of the FY17 Budget, PW-Facility Maintenance Division is now implementing the most effective and efficient organization to deliver services.

The ZBB Report will be presented to Council in September.

Priority 3 Original Target Date: July 2017 Current Target Date: July 2017

**13-009 PERFORMANCE AUDIT OF THE REAL ESTATE ASSETS DEPARTMENT**

(SP)

#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** The department anticipated a draft to be completed by first quarter of calendar year 2017. However, during the last year READ has focused resources on priorities including transitioning month-to-month agreements to longer term agreements and new long term agreements that generate increased revenue such as the Belmont Park lease, thus adding to the time it is taking to draft proposed changes to the 700-10 policy.

Priority 3

Original Target Date:  
June 2013

Current Target Date:  
March 2017

**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, 2016, WCM Division performed preventive maintenance on 46,191 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 (January 2, 2018) the division will then transition into the established risk based 5 and 3 year maintenance program.

Priority 3

Original Target Date: December 2013  
Current Target Date: January 2018

#5

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

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

**In Process**

The Public Utilities Department indicated there is no additional update since the last reporting period.

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 January 2, 2018. At that time reports will be produced for each maintenance priority cycle.

Priority 3

Original Target Date: December 2013  
Current Target Date: January 2018

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 work on implementing this recommendation. In FY17, the UUP added two Civil Engineer and one Management Intern positions to help with project planning, management, and execution. In addition, a Senior Planner position was added in the Development Services Department in FY17 to expedite the environmental review process. Currently, staff is working with a consultant to analyze the Program and provide a cash-flow management plan. This work is expected to be completed in July, 2017. Recently, the Department established a Job Order Contract for performing undergrounding work on private property. This work was previously done by SDG&E. This as-needed contract will help in reducing the surcharge fund balance. Meanwhile, staff initiated 35 new projects in FY16, which is twice the number of projects initiated in a typical year. Since this Audit was conducted, the surcharge revenue remitted to the City by SDG&E has increased from approximately \$50 million in FY14 to approximately \$68 million in FY2017. As a result of this increase, the reduction of the surcharge balance to the targeted level will take longer to achieve as we continue to aggressively increase our efforts to complete more work. The Department anticipates to see a surcharge balance reduction around December 2019.

Priority 3

Original Target Date: December 2017  
Current Target Date: December 2019

**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** During the past few months, efforts to create detailed design documents for the various interfaces have been underway, as well as preparation for the configuration workshops that will continue through February 2017. These detailed workshops will be held for both the CAD and the mobile application, Mobile for Public Safety (MPS), to ensure all functionality is set up to perform to SDPD specifications. Once the system is completely configured, acceptance and integration testing will be conducted. Finally, training will be provided to all Communications staff, field officers and other staff during June through October 2017, with cutover to the new system in October 2017.

Priority 3

Original Target Date: Current Target Date:  
June 2017 October 2017

**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** As discussed in previous follow-up reports, the City has taken steps to centralize the Graffiti Control Program by moving all intake channels to the Transportation and Storm Water Department as well as the City's recently-launched Get It Done mobile app and web reporting platforms. In addition, in Fiscal Year 2016, TSW evaluated the efficiency and effectiveness of using City crews to abate graffiti versus a vendor. While this analysis supports the use of City crews to abate graffiti, City abatement crew staffing was not sufficient to handle the increased volume of graffiti abatement service requests that were received once the Get It Done reporting platforms were launched. As a result, TSW continued to retain the vendor to perform graffiti abatement on residential property. TSW requested and received 6 additional FTE for graffiti abatement in the Fiscal Year 2017 budget, and TSW will continue to assess workload and response time capacity once the new positions are filled.

Priority 2

Original Target Date: Current Target Date:  
September 2015 December 2016

#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** The City Attorney's Office provided information indicating that the Comptroller's Office previously managed the funds associated with the Spray and Pay program. Moving forward, Transportation & Storm Water Department will coordinate with the Comptroller's Office, SDPD, and City Attorney's Office to ensure that adequate funding and clear award processes are in place prior to publicizing the Spray and Pay program.

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

**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 Purchasing and Contracting Department, in consultation and cooperation with the Office of the City Attorney and Public Works submitted to City Council proposed revisions to SDMC Ch. 2, Article, 2, Div. 8 -Debarment. City Council approved the revisions in August 2016, and the implementing Administrative Regulation is in development.

Priority 2 Original Target Date: N/A Current Target Date: January 2017

**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 process is still on track. Construction phase anticipated as FY18 CIP. 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 time line 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 Current 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** Working in coordination with PUD, the scope of the rent review portion of the study have been adjusted and the study is anticipated to be finalized by the end of December 2016.

Priority 3 Original Target Date: August 2014 Current Target Date: December 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** The Real Estate Assets Department reported that revised lease draft is complete and anticipate full signatures in September 2016.

Additionally, READ is drafting a department policy regarding leased properties reverting back to the City which will include ensuring that any sub-lessees left on the property will either vacate the property or if appropriate, new agreements will be entered into in order to ensure compliance.

Priority 3 Original Target Date: August 2014 Current Target Date: September 2016

**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** The Municipal Code was presented at Council and adopted on May 17, 2016. The draft Administrative Regulation is currently underway and should be ready for review by the end of the FY 17 first quarter.

Priority 3 Original Target Date: June 2015 Current Target Date: September 2016



**15-003 PERFORMANCE AUDIT OF THE CITY’S WASTE REDUCTION AND RECYCLING PROGRAMS**

(AH)

#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 department is on track for implementation. Environmental Services Department (ESD) staff have held three quarterly meeting with recycling liaisons from each City department, and have another scheduled for August 31, 2016. The majority of departments have submitted waste diversion plans and data to be used in developing an annual report. ESD staff provided technical assistance, including site visits and recycling presentations, to assist departments in creating their own customized waste diversion plans.

Priority 2 Original Target Date: October 2016 Current Target Date: October 2016

#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 continuing to work with the City Attorney's office. READ is the lead department to ensure implementation of this item. This recommendation is transferred to READ, who will have the responsibility of ensuring they meet the timeline reflected in the Department Update for this Response.

Priority 2 Original Target Date: January 2015 Current Target Date: July 2016

**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** An additional position was authorized for FY16 to support development of procedures for implementing CPD projects/program. The recruitment process was delayed because the selected candidate declined the offer. A second set of interviews were conducted in April 2016, and another candidate has been selected. The new candidate started during the week of July 4, 2016. The Process Narrative is still in draft form and will be submitted for review and approval.

Priority 3 Original Target Date: November 2016 Current Target Date: November 2016

#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**

Performance factors were identified for each Community Parking District. Economic Development collected and compiled the accomplishments of those performance factors and City Council was briefed on each parking districts' accomplishments related to the factors. Moving forward Economic Development will use those reported accomplishments as a baseline to develop future measurable performance metrics. By establishing measurable metrics, Economic Development will have the ability to note when performance is less than expected and have information available to investigate and report to Council any roadblocks that may exist that prevent the goals from being accomplished.

Priority 3

Original Target Date: June 2016      Current Target Date: June 2017

#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**

The Process Narrative is still in draft form and will be submitted for review and approval. An additional position was authorized for FY16 to support development of procedures for implementing CPD projects/program. The recruitment process was delayed because the selected candidate declined the offer. A second set of interviews were conducted in April 2016, and another candidate has been selected. The new candidate started during the week of July 4, 2016.

Priority 3

Original Target Date: Fiscal Year 2017      Current Target Date: October 2017



**In Process** Staff will take the Municipal Code and Council Policy updates to Council upon completion of the update of the Utilities Undergrounding Master Plan. The consultant working on the Master Plan update is expected to deliver of the final plan in the summer of 2017.

Priority 2 Original Target Date: June 2016 Current Target Date: June 2017

#5 The Transportation & Storm Water Department should implement the use of project management software.

**In Process** Staff has retained a consultant to implement a software management model. After the consultant work is completed, the Department will work with the Department of Information Technology to implement the project management system.

Priority 2 Original Target Date: January 2016 Current Target Date: June 2017

#6 The Transportation & Storm Water Department should: Comply with Council Policy 600-08 for twice yearly utility undergrounding reports to City Council and include:

- 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.

**In Process** The department is completing semiannual reports to the Council. However, the reports do not include the data requested in the recommendation. For example, the reports include budgeted costs and actual expenditure data for select projects. But, the estimated costs and actual expenditures are listed separately and not presented in a variance analysis. Moreover, the reports do not include estimated or actual completion dates for projects. To that end, a scheduling variance analysis is not included.

Per discussions with the department, it has hired a consulting firm that will develop a methodology for collecting project costs and scheduling data. As a deliverable, the firm will produce a cost and scheduling variance analysis for a sample of projects. Once the methodology is formulated, the firm will develop a project management software solution that will allow the department to produce variance analyses on future projects. This recommendation will be re-evaluated once the department implements the recommendations within the firm's report.

Priority 2 Original Target Date: May 2016 Current Target Date: December 2017

**15-012 THE CITY NEEDS TO ADDRESS THE LACK OF CONTRACT ADMINISTRATION AND MONITORING ON CITYWIDE GOODS AND SERVICES CONTRACTS**

(SG) (AE)

#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** On March 3, 2016, a new classification of staff for the Purchasing & Contracting Department was approved by the Civil Service Commission. The classifications combine existing procurement responsibilities with new contract management duties. P&C is in the process of recruiting for the new classifications and it is anticipated that the transition will be complete in November 2016.

Priority 2 Original Target Date: April 2015 Current Target Date: November 2016

#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** Purchasing & Contracting is in the process of phasing in the SAP and Ariba add-on technology solutions that will address the issues identified in this recommendation. Full implementation timeline has yet to be determined, but key phases will be completed in early CY 2017.

Priority 2 Original Target Date: N/A Current Target Date: January 2017

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

(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** The ForeUp system was implemented on May 2, 2016. The integration of credit card processing was delayed due to the EMV certification for the secure gateway provider and integration with the POS system. Implementation of the credit card component is expected to be completed prior to November 1, 2016.

Priority 2 Original Target Date: September 2015 Current Target Date: October 2016

#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** The specified marketing and business development strategies are in various stages of implementation. In cooperation with Communications Department staff, the Golf Division has implemented new strategies that include enhanced customer communication and outreach; media outreach opportunities; web redesign; and, an improved customer database. The Golf Division is working with the Auditor to complete this recommendation.

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

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 in the process of phasing in the SAP and Ariba add-on technology solutions that will address the issues identified in this recommendation. Full implementation timeline has yet to be determined, but key phases will be completed in early CY 2017.

Priority 2

Original Target Date:  
TBD

Current Target Date:  
January 2017

#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** P&C is working on developing clear processes and staff resources. Additionally, the contract amendment process will be detailed and explained in the forthcoming P&C Manual (being drafted).

Priority 2 Original Target Date: November 2015 Current Target Date: November 2016

#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** Purchasing & Contracting (P&C) is working on developing staff resources that will include a Contract Close Out check-list, a P&C Process Manual and a Contract Management Training.

Priority 2 Original Target Date: November 2015 Current Target Date: November 2016

#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, Purchasing & Contracting 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** Purchasing & Contracting is working on developing staff resources that will include a Contract Close Out check-list, a Purchasing & Contracting Process Manual and a Contract Management Training.

Priority 3 Original Target Date: N/A Current Target Date: November 2016

#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.



**In Process**

CMFS is working with Docket Liaison to create an electronic version of our divisions' Change Orders (CCO). CMFS met with the team to define the criteria requirements, they were very positive about our request and included it in their requirements to hire their new vendor. They are currently in the process of securing the vendor (On-Base) for the replacement of SIRE (e1472) and for the creation e2625s and our CCOs. We will be working closely with this team and the new vendor.

We have clearly identified to our staff and the contractors an important dates listed on our Notice of Completion (NOC). This date correlates back to our CIP contracts and to the start of the warranty. This date is also the same date as on another official document that Resident Engineers execute on the final "Statement of Working Days." This was an important and significant milestone for clarification and consistency with all of our CIP contracts.

CMFS will be presenting the first rough draft of the check list for Close-Out Process to the Construction Industry at our next Technical Committee schedule for November 2016.

Priority 3  
Original Target Date: N/A      Current Target Date: November 2016

#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.

**In Process**

Public Works - PI is negotiating the scope of work and costs with the Vendor as part of the migration of Primavera P6 to cloud. Notice To Proceed (NTP) is anticipated by the next CY.

Priority 3  
Original Target Date: N/A      Current Target Date: December 2017

#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**

Purchasing & Contracting is working on developing staff resources that will include a Contract Close Out check-list, a P&C Process Manual and a Contract Management Training.

Priority 2

Original Target Date:	Current Target Date:
TBD	November 2016

#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 Purchasing and Contracting Department, in consultation and cooperation with the Office of the City Attorney and Public Works submitted to City Council proposed revisions to SDMC Ch. 2, Article, 2, Div. 8 -Debarment. City Council approved the revisions in August 2016, and the implementing Administrative Regulation is in development.

Priority 2 Original Target Date: Current Target Date:  
N/A January 2017

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

**In Process** The Purchasing and Contracting Department, in consultation and cooperation with the Office of the City Attorney and Public Works submitted to City Council proposed revisions to SDMC Ch. 2, Article, 2, Div. 8 -Debarment. City Council approved the revisions in August 2016, and the implementing Administrative Regulation is in development

Priority 2 Original Target Date: Current Target Date:  
July 2016 January 2017

**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 Airports Division has completed the RFP process and has chosen the San Diego office of C&S Companies to prepare Airport Master Plans for both MYF & SDM airports. Airports Division has prepared the 1472 for review and approval. The FAA has committed to over \$1M in AIP Grant funding for these master plans. The intent is to go to Committee and Council in the fall and commencing the work by the end of CY 2016.

Priority 2 Original Target Date: Current Target Date:  
December 2015 December 2016

#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**

The Airports Division prepared an "Airports Division Business Plan for FY 2017", and is currently being revised based on management’s review comments. The plan addresses Vision, Mission, Value, Objectives, the status of the long-term airports planning documents, and a concise financial analysis of the Airport Enterprise Fund. An Airports Real Estate Management SOP continues to be developed with collaboration from READ staff to address the remaining issues. The intent remains to complete this document by the end of CY 2016 and present it to Council Smart Growth & Land Use (SG&LU) Committee.

Priority 2 Original Target Date: June 2016 Current Target Date: December 2016

#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**

An Airports Operations Manual is being used at both airports to govern day-to-day airport operations. An "Airports Business Plan for FY 2017" and a Minimum Standards document have been drafted and are being internally reviewed prior to release. Annual Airport Leasehold inspections have been conducted at both MYF & SDM. Airport fees were evaluated for FY 2017 with fee increases approved by Council in June 2016. The remaining items will be addressed in an Airports Real Property Management Manual currently under development.

Priority 3 Original Target Date: May 2016 Current Target Date: December 2016

16-005

**PERFORMANCE AUDIT OF THE CITY’S BUSINESS IMPROVEMENT DISTRICT PROGRAM**

(NK)

#3

The Economic Development Department, in conjunction with BID association management, should develop metrics to evaluate BID performance. Performance reporting should incorporate BID budget priorities in order to measure data against individual BID association missions; and be reported as part of annual reporting. For each metric, the Economic Development Department, in conjunction with BID association management, should determine whether the City or the BID association will be responsible for collecting the data. The determination should be based on the access to and the reliability of the data.

**In Process** Staff continues to work on identifying the most important and relevant metrics to track annually. Substantive outreach continues and the plan to start implementation of metrics is anticipated for January 2017 when the BIDs starts working on their FY18 budget and work plans.

Priority 3 Original Target Date: N/A Current Target Date: January 2017

**16-006 PERFORMANCE AUDIT OF THE CODE ENFORCEMENT DIVISION**

(AH)

#2 CED should configure PTS to generate adequate management reports to track CED performance in meeting initial response time goals. This should include reports on response times by case priority and assigned investigator. If configuring PTS to produce these reports is not feasible, CED should establish a more efficient interim process for monitoring and reporting performance in meeting response time goals, to be used until PTS is replaced.

**In Process** The Draft Procedures Manual was completed in July 2016 and sent to Human Resources for review. Supervisors conduct weekly 1:1 meetings to monitor response times. Reporting on initial response time goals for P3 cases will occur after transition to Accela.

Priority 1 Original Target Date: April 2016 Current Target Date: April 2017

#4 Revise policies and procedures to establish managers' and supervisors' responsibilities for reviewing investigator response times.

**In Process** The Draft Procedures Manual was completed in July 2016 and sent to Human Resources for review.

Priority 1 Original Target Date: June 2016 Current Target Date: November 2016

#6 The Code Enforcement Division should revise its Procedures Manual to establish a systematic framework for assessing fines, penalties, and re-inspection fees. This framework should:

- Identify specific points in the code enforcement process where fines and penalties should be assessed. These points may vary by violation type, whether there have been multiple violations on the property, and/or whether a health and safety risk is present;
- Establish responsibilities and processes for supervisors to review and monitor investigators' adherence to the framework; and
- Provide for exceptions to be made in appropriate circumstances with supervisor approval.

**In Process** The Draft Procedures Manual was completed in July 2016 and sent to Human Resources for review. Further refinement of procedures to be included upon Accela implementation.

Priority 2 Original Target Date: June 2016 Current Target Date: November 2016

#7 CED should update its Procedures Manual to specify the types of violations and specific situations in which an ACW or equivalent notice should be sent prior to the first inspection. The Procedures Manual should also establish responsibilities and processes for supervisors to monitor and ensure investigators are sending ACWs or equivalent notices prior to the first inspection in appropriate circumstances.

**In Process** The Draft Procedure Manual was completed in July 2016 and sent to Human Resources for review. Further refinement of procedures to be included upon Accela implementation. Training and monitoring by managers and supervisors will follow.

Priority 2 Original Target Date: June 2016 Current Target Date: October 2016

#8 Establish policies and procedures for: a) staff to input investigator action data into PTS; and b) supervisors and managers to periodically review and verify the accuracy of investigator action entries into PTS.

**In Process** The Draft Procedures Manual was completed in July 2016 and sent to Human Resources for review. Further refinement of procedures to be included upon Accela implementation.

Priority 2 Original Target Date: June 2016 Current Target Date: April 2017

#9 Revise the methodology used for the '% of Code Enforcement Cases Meeting Action Deadlines' metric to ensure accuracy. For example, CED could use actual completion dates in PTS to calculate this metric, and build a buffer into the calculation to allow investigators time to enter investigator action data into PTS once they are completed. If it is not feasible to correct the methodology and report on this metric, CED should discontinue the use of this metric, and should monitor and report on additional performance metrics per Recommendations #10 and #11.

**In Process** No change since last reporting period. The previous metric, "% of Code Enforcement Cases Meeting Action Deadlines," was discontinued on October 30, 2015. Priority 1 and 2 cases are tracked by spreadsheet, outside of PTS, as an interim process until Accela is implemented in April, 2017. Other performance indicators will be added after Accela implementation and have been identified in the Development Services Department (DSD) Tactical Plan for FY 2017.

Priority 2 Original Target Date: April 2016 Current Target Date: April 2017

#10 Revise performance metrics to include measures of response times and time to achieve compliance, including:

- a) Percentage of initial inspections completed on time or average response time, by case priority;
- b) Average days to achieve voluntary compliance, or percentage of cases achieving voluntary compliance within a specified timeframe; and
- c) Average days to achieve forced compliance, or percentage of cases achieving forced compliance within a specified timeframe.

**In Process**

No change since the last reporting period. Recommendation #10 (a) to revise performance metrics to measure percentage of initial inspections completed on time by case priority was implemented for Priority 1 and 2 cases on November 2, 2016 and is tracked outside of PTS by spreadsheet. The remaining revisions to performance metrics will be made with the implementation of Accela in April 2017. The DSD Tactical Plan for FY 2017 identifies additional performance metrics.

Priority 2

Original Target Date:  
April 2016

Current Target Date:  
April 2017

#11

Configure PTS to generate reports on these metrics for CED managers, elected officials, and the public. If configuring PTS to produce these reports is not feasible, CED should develop a more efficient alternative process for calculating and reporting on these metrics, to be used until PTS is replaced.

**In Process**

No change since the last reporting period. Spreadsheet tracking of Priority 1 and 2 cases started on November 2, 2015. Further reporting capabilities will be provided when Accela is implemented.

Priority 2

Original Target Date:  
April 2016

Current Target Date:  
April 2017

#12

The Development Services Department's Code Enforcement Division should actively participate in the configuring of Accela, ensuring that the system includes the following features necessary for efficient code enforcement management:

- a) The capability to assign priorities to each case, and assign initial inspection due dates for high-priority cases.
- b) The capability for Code Enforcement Division management and staff to generate reports for essential performance metrics on-demand, including those listed below. The system should produce reports on these metrics by case priority, investigator, and inspection district.
  - 1. Percent of initial inspections completed on time
  - 2. Average days to achieve voluntary compliance
  - 3. Average days to achieve non-voluntary compliance
  - 4. Percent of cases achieving voluntary compliance
- c) Mobile access for investigators, to reduce the need to travel to the Development Services Department to enter case information.
- d) The capability to upload relevant case documentation such as photographs, correspondence, administrative citation and penalty notices, thus eliminating the need for hardcopy files.
- e) The capability to invoice and track administrative citations and penalties.

**In Process**

Code Enforcement actively participated in the Analysis phase of the Accela process and will continue to be involved to ensure the system meets the needs of the division.

Priority 1

Original Target Date:  
April 2017

Current Target Date:  
April 2017

16-008

**INTERNAL CONTROL ISSUES: SAN DIEGO PUBLIC LIBRARY**

(AE)

#1

The Library Director, in consultation with the Internal Controls Section of the Office of the City Comptroller, should undertake efforts to develop, prioritize, and implement an internal control system based on a comprehensive assessment of risks to the San Diego Public Library (SDPL) system. Policies and procedures should be established or updated as needed to implement internal control activities. Specifically, SDPL should assess system-wide risk, establish applicable internal controls, and develop or update policies, as needed, in the following areas: Physical security; Environmental and facility controls; Inventory; Loss protection; Purchasing of materials and supplies; Contract administration; Revenue collection; Timekeeping; and Any other areas of key operational risk identified by SDPL management.

**In Process**

A comprehensive Risk Assessment Questionnaire provided by the Controls Section of the Office of the City Comptroller, and in consultation with the Risk Management Department was conducted. The Risk Assessment includes three (3) branch libraries ranging in size from small, medium, and large as well as three (3) sections at the Central Library to obtain sufficient data to analyze risks in daily operations.

Based on answers from the Risk Assessment Questionnaire, the Office of the City Comptroller identified areas of risk that require review of controls and identification of ways to mitigate risks across all sections. The highest risks exist in the Cash Handling section, followed by Loss Protection and Environmental & Facility Controls sections. The San Diego Public Library Department has partially completed the implementation of the risk sections identified in the Internal Controls Audit and will be working with Risk Management and the Office of the City Comptroller to address the outstanding sections in a timely manner.. The SDPL department has notified other City departments that may be impacted as a result of potential changes in processes and procedures.

A comprehensive review of the all Department Instructions (DIs) began in November 2015 and is still in process.

Recommendations for Timekeeping controls have been implemented.

Priority 2

Original Target Date:  
July 2016

Current Target Date:  
December 2016



16-010

**PERFORMANCE AUDIT OF THE CITY'S OVERHEAD RATE CALCULATION PROCESS**

(SP) (NO)

#2

In order to develop a more formalized structure for maintaining supporting documentation for non-discretionary budget allocations and improve its communication with provider departments, Financial Management should enhance its monitoring, control, and review of the non-discretionary process by:

- a) Engaging provider departments after allocations have been formalized by providing more detailed updates in the Budget Reference Manual;
- b) Requiring provider departments to document assumptions made, adjustments made, and discretion taken within supporting documentation submitted to Financial Management as part of its budget allocation submissions;
- c) Requiring provider department Directors to formally sign-off acknowledgement that non-discretionary allocations submitted to Financial Management have been properly reviewed and documented; and
- d) Assessing the feasibility of implementing SD Share to track its review of and maintain documentation for the non-discretionary allocation process.

**In Process**

These recommendations will be implemented as part of the Fiscal Year 2018 Budget Development Process. Financial Management is currently updating the current Non-discretionary\Budget Development Process to reflect these recommendations. The expected implementation of all recommendations is November 28, 2016 and is currently in progress.

Priority 2

Original Target Date: N/A  
Current Target Date: November 2016

#3

In order to formalize its cost allocation review process and strengthen guidance provided to department staff, the Public Utilities Department should:

- a) Ensure that cost classification reviews are housed in a central repository; and
- b) Formalize the internal cost classification review process by developing a department instruction outlining the steps of the process.

**In Process**

The Finance division of the Public Utilities Department (PUD) is the central repository of backup documentation on classification of direct versus indirect costs, and additional information involved in the annual overhead rate development process. This part of the recommendation is implemented.

A Department Instruction (DI) on the internal cost allocation process has been completed by PUD to ensure consistency and proper documentation. On an annual basis during the overhead development process, this DI will be distributed to all divisions involved in determining direct versus indirect costs. The DI is currently routing for approval outside of PUD in accordance with Administrative Regulation 1.00.

Priority 2

Original Target Date: May 2016  
Current Target Date: January 2017

**16-011 PERFORMANCE AUDIT OF THE CITY'S STREET PRESERVATION ORDINANCE**

(NK)

#2 To comply with the Street Preservation Ordinance, City Standard Drawings, the Service Level Agreement, and other applicable regulations, the Street Division should:

- In conjunction with Fleet Services, expedite acquisition of paving equipment; and
- Hire additional street repair staff.

**In Process** Ten employees have been hired to perform resurfacing after trench repair, one additional Laborer will be selected in August, and the final Equipment Operator II position will be filled soon. Personnel Department, in conjunction with Transportation & Storm Water Department, recently completed a performance test for the Equipment Operator II candidates. The vehicle acquisition process has also been accelerated. Half of the equipment is pending dealer delivery or final outfitting.

Priority 2 Original Target Date: July 2016 Current Target Date: January 2017

**16-013 HOTLINE INVESTIGATION OF LANDSCAPE CONTRACTS**

(AH)

#1 Review the identified questioned costs, seek repayment from the identified contractor(s), and refund the MAD funds, as indicated. This review should include current invoices and prior-year invoices related to the identified contractor(s), as permitted by the statute of limitations.

**In Process** Park and Recreation reported this recommendation as implemented, however, OCA requires more time to review the documentation to ensure the proper status of the recommendation. OCA will work with the department to finalize the status by the next reporting period.

Priority 3 Original Target Date: December 2016 Current Target Date: December 2016

#5 Review the identified equipment rental expenditures and develop an action plan to address the discrepancies between the invoices (identified in the confidential report) and the existing contract language. The equipment rental rates could be clarified in future contracts and/or be included in the existing contracts as an addendum.

**In Process** City staff have reviewed the identified equipment rental expenditures and have directed staff that future expenditures related to rental equipment must be pre-approved by the Contract Administrator. For existing contracts, no rental expenditures are permitted for equipment listed in contractor's current inventory and any pre-approved equipment rental for equipment would require a backup invoice from the rental company for reimbursement to occur. Future contracts are currently being amended and new language addressing the Auditor's recommendations will be complete by September 30, 2016.

Priority 3 Original Target Date: Current Target Date:  
July 2016 September 2016

#6 Review the invoice (identified in the confidential report), and supporting information, to determine the basis for the document preparation charges and develop an action plan to address the review and approval process.

**In Process** City Staff reviewed the invoice # 26136 regarding document preparation charges for a turf reduction grant and determined that although City staff signed the document as the appropriate agency on the application, the contractor provided a reasonable amount of work for a reasonable fee in the preparation of the plan, field calculations, and preparation of the paperwork for the \$7,680 rebate that was returned to the MAD. Staff will be trained on eligible costs for Extra Labor, proper invoice backup proper authorization of Extra Labor projects and verification of hourly charges as a follow up by September 30, 2016.

Priority 3 Original Target Date: Current Target Date:  
May 2016 September 2016

#7 Review the procedures in place to ensure that the Department's invoice payment files are accurate and complete, and develop an action plan to address the identified process weaknesses.

**In Process** Accounts payable staff have been directed to scan all backup documents into SAP as well as maintain a backup hardcopy in the accounts files. Staff will be trained in eligible costs for Extra Labor, proper invoice backup, changes in Extra Labor Projects processing and verification as a follow up by September 30, 2016.

Priority 3 Original Target Date: Current Target Date:  
May 2016 September 2016

#8 Review the identified pest control invoices as contract administration deficiencies and develop an action plan to address the (identified issues in the confidential report) related to contract compliance, liability, and procurement policies.

**In Process** Staff reviewed the pest control invoices as contract administration deficiencies and have trained staff regarding the eligibility for hiring any subcontractors. Staff have also participated in a focus group to assist Purchasing and Contracting to develop training on Contract Administration that will be implemented by the end of the fiscal year.

Priority 3 Original Target Date: Current Target Date:  
July 2016 June 2017

**16-016 PERFORMANCE AUDIT OF SELECTED CONTRACTS**

(SM) (KC)

**#1** Purchasing & Contracting (P&C) should ensure that its new purchase requisition procedures and the forthcoming digital procurement manual include a requirement for review by senior procurement specialist to try to reduce errors in purchase requisitions and purchase orders. An emphasis on ensuring that existing contracts are identified when appropriate should be included in the procedures.

Additionally, P&C should develop a monitoring program that periodically reviews, or spot checks, new purchase orders that have been created and were not tied to contracts. This monitoring process should review all purchasing information and vendor assignment to ensure that there was not a contract available for the goods or services. If errors are identified during the monitoring, staff at the client department and P&C should be further trained to help eliminate such errors.

**In Process** Purchasing & Contracting is in the process of phasing in the SAP and Ariba add-on technology solutions that will address the issues identified in this recommendation. Full implementation timeline has yet to be determined, but key phases will be completed in early CY 2017.

Priority 3 Original Target Date: Current Target Date:  
November 2016 January 2017

**#2** Purchasing & Contracting (P&C) should continue its efforts to obtain and expedite implementation of the catalog software to, among other things, address lapses in contract pricing review of when invoices are processed. P&C should develop a clearly defined and documented plan for training P&C and client department staff as part of the implementation process.

**In Process** Purchasing & Contracting is in the process of phasing in the SAP and Ariba add-on technology solutions that will address the issues identified in this recommendation. Full implementation timeline has yet to be determined, but key phases will be completed in early CY 2017.

Priority 3 Original Target Date: Current Target Date:  
November 2016 January 2017

**#4** Park and Recreation should develop a contract administration training for landscape contract administrators. The training should provide guidance to landscape contract administrators that provide specific direction on allowable charges and allowable procurement methods. The training should focus on methods to control costs and encourage competitive bidding and good stewardship of taxpayer dollars. Specifically, the training should provide guidance in the areas of purchase rules for goods and services.

**In Process** Park and Recreation staff have participated in focus group discussions with Purchasing and Contracting to assist in the development of future training to address the Auditor's recommendations. The training will be conducted by Purchasing and Contracting and it is anticipated this training will be completed by the end of FY 2017.

Priority 2 Original Target Date: Current Target Date:  
September 2016 June 2017

#5 Park and Recreation should update its Extraordinary Labor Authorization process to reflect intended, most effective business practices while still ensuring the use of internal controls such as management approval and monitoring. To ensure its authorization process is being used as intended, management should develop a system that performs periodic spot checks of the extraordinary labor preauthorization process. The spot checks should be reported to the deputy directors of the division as to inform them if the process is working as intended.

**In Process** MAD staff are currently working on a revised process for Extraordinary Labor Authorization which will result in a faster, accountable approval process. Quarterly checks on the approval process and accuracy of documentation will be performed as a part of the new process to be completed by September 30, 2016.

Priority 2 Original Target Date: Current Target Date:  
September 2016 September 2016

#6 Park and Recreation, in consultation with the City Attorney's Office, should review boilerplate language in Maintenance Assessment District and other landscape contracts to clarify language related to allowable extraordinary labor, extraordinary labor authorization processes, the scope of work, and associated markups.

**In Process** Park and Recreation staff have been working with the City Attorney's Office and the Purchasing and Contracting Department to revise future contract language to incorporate the Auditor's Recommendations. Future contracts will address contract deficiencies related to Extra Labor, scope of work, allowable markups and subcontractor work. It is anticipated these changes will be fully developed by September 30, 2016.

Priority 2 Original Target Date: Current Target Date:  
November 2016 September 2016

#7 The Director of Park and Recreation, in consultation with the Office of the City Attorney, should review all line item assessments in invoices submitted by landscape vendors with open contracts with the City of San Diego pertaining to "Contractor's cost of handling" or related "Markup" to determine whether the charges were allowable under the terms of the contract and consider means to recoup any unallowable charges.

**In Process** Park and Recreation reported this recommendation as implemented, however, OCA requires more time to review the documentation to ensure the proper status of the recommendation. OCA will work with the department to finalize the status by the next reporting period.

Priority 2 Original Target Date: Current Target Date:  
November 30, 2016 November 2016

#8 The Office of the Comptroller should develop or include in its invoice payment procedures the written requirements that all departments maximize full early payment discounts to the extent possible. This guidance should be included in any contract administration training that is developed.

**In Process** The City Comptroller's Office has updated the process narrative as required by the recommendation, thus completing their portion of the recommendation. The recommendation will be transferred to Purchasing and Contracting to ensure that contract administrator training includes the updated requirement.

Priority 2 Original Target Date: June 2016 Current Target Date: November 2016

#9 The Park and Recreation Director should review inventory practices and direct all of his staff to implement an inventory system at all store facilities. The inventory system should include physical inventory procedures, and should be designed to detect loss and unexpected shortages of critical items. If using an electronic inventory software is not practical at all facilities, then the department should develop and document a process to conduct physical inventory procedures on a periodic basis. The department should monitor and periodically review inventory procedures.

**In Process** The Department will develop and document an inventory process within 90 days. In July 2016, the Department developed an inventory process to improve internal controls at the Irrigation Shop. Implementation will begin immediately and completion is expected by April 2017.

Priority 3 Original Target Date: April 2017 Current Target Date: April 2017

**16-017 PERFORMANCE AUDIT OF THE SAN DIEGO PUBLIC LIBRARY SYSTEM**  
(AE)

#1 The San Diego Public Library (SDPL) Director should:

- Develop and document a resource model that will evaluate resource equity between branches within the SDPL.
- Take action to address any resource equity issues identified between branches.
- Develop SDPL guidance that requires the resource model to be updated, results reviewed, and appropriate action taken based upon the results annually.

**In Process** The Collection Development policy for the Library was revised to include criteria such as public demand, relevance to the community, suitability of format, condition, budget, cost, space allocation, availability at other area libraries.

Three positions have been added in order to focus on community outreach and programming based on community needs. SDPL undertook a civic engagement tool called CityVoice to begin soliciting feedback from the public. Management is developing guidelines that will take this as well as other factors such as service population into account for future allocations.

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

#2 The City Independent Budget Analyst and Library Director, should jointly evaluate and bring forth to City Council proposed revisions to CP 100-08, Library Matching Equipment Fund; Resolution 301122, Library Matching Programs Fund; and Resolution 292453, Electronic Resources Matching Fund in order for Council to consider a percent of the City's matching amount for library equipment, programs, and electronic resources donations are placed in a "pool" to be distributed among the branches provided the least amount of resources. The Office of the City Attorney should be consulted regarding any legal issues resulting from the changes proposed.

**In Process** After the Audit Committee meeting, staff spoke with IBA to plan a meeting to work through several different recommendations for Council consideration.

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

#4 The San Diego Public Library (SDPL) Director should:

- Create a sharing mechanism to ensure best methods of implementing community outreach are available to all library managers.
- Develop and document an outcome-based planning and evaluation model.
- Establish measurable goals and objectives for all types of library programming.
- Prepare and implement SDPL guidance that requires program review quarterly and a basis for determining whether to continue programming that does not meet the established goals and objectives.

**In Process** The Library Department has recently completed a tactical plan establishing initiatives for programming and outreach. These initiatives include developing comprehensive community profiles, procedures for incorporating patron suggestions, regular evaluations of partnerships, targeted outreach and focus groups. The Adult Programming Coordinator and Youth and Family Services Coordinator are currently developing guidelines and training for outcomes based programming. A Program Manager position is being hired to oversee all programming and outreach efforts and two new positions for program development and community outreach are being added to further assist branches in developing and implementing meaningful, impactful and community supported programs.

The new Program Manager will be tasked with developing a method for managers to easily share best practices and feedback on outreach and programming.

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

#5

The San Diego Public Library (SDPL) Director should:

- Develop and document a staffing model for the SDPL based upon statistics as additional input to optimally deploy authorized staff.
- Make appropriate staffing modifications based upon authorized positions and the needs identified in the staffing model.
- Prepare and formalize SDPL guidance requiring use of the staffing model to align staff and budget for SDPL personnel requirements.
- Periodically assess staff time spent on routine tasks and analyze staffing model results—at least biannually—to make appropriate staffing adjustments.

**In Process**

Management will work closely with the appropriate City Departments to analyze statistical data, look at other library staffing models and develop a model for SDPL that can be used in the staffing decision process.

The Library Department is currently planning an analysis of all staff positions in order to best align positions with the current needs of the libraries. Management will work closely with appropriate City Departments and MEA to develop an analysis of staffing that examines all programs and services provided in the Library and how best to allocate the staff.

A contract has been developed with a consultant to prepare a staffing study and make recommendations for suggestions based on best practices and departmental need.

Priority 2

Original Target Date:  
January 2017

Current Target Date:  
January 2017



June 2016

# ATTACHMENT D

## Open Audit Recommendations – Not Implemented

This schedule includes a chronological listing of all open recommendations as of June 30, 2016 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**

<b>15-018</b>	<b>PERFORMANCE AUDIT OF THE FIRE-RESCUE DEPARTMENT, LIFEGUARD SERVICES DIVISION</b>						
	(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.						
<b>Not Implemented</b>	No change since last reporting period. 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.						
	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Priority 3</td> <td style="width: 25%;">Original Target Date:</td> <td style="width: 25%;">Current Target Date:</td> </tr> <tr> <td></td> <td style="text-align: center;">February 2018</td> <td style="text-align: center;">February 2018</td> </tr> </table>	Priority 3	Original Target Date:	Current Target Date:		February 2018	February 2018
Priority 3	Original Target Date:	Current Target Date:					
	February 2018	February 2018					
<b>16-011</b>	<b>PERFORMANCE AUDIT OF THE CITY'S STREET PRESERVATION ORDINANCE</b>						
	(NK)						
#7	The Development Services Department should configure their new permitting system so it can identify and report on Street Damage Fees and the corresponding permits.						
<b>Not Implemented</b>	Development Services Department is currently implementing a new permitting system that is scheduled to be completed in the Spring 2017.						
	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Priority 3</td> <td style="width: 25%;">Original Target Date:</td> <td style="width: 25%;">Current Target Date:</td> </tr> <tr> <td></td> <td style="text-align: center;">March 2017</td> <td style="text-align: center;">March 2017</td> </tr> </table>	Priority 3	Original Target Date:	Current Target Date:		March 2017	March 2017
Priority 3	Original Target Date:	Current Target Date:					
	March 2017	March 2017					

16-012

**HOTLINE INVESTIGATION OF VENDOR FRAUD**

(AH)

#1

We recommend that City management review the additional information provided in the Confidential Hotline Investigation of Vendor Fraud report to determine whether adequate evidence exists to debar the two named individuals and business entities.

**Not  
Implemented**

A decision was made by the Administration to wait to proceed until the SDMC revisions were complete. The Purchasing and Contracting Department, in consultation and cooperation with the Office of the City Attorney and Public Works submitted to City Council proposed revisions to SDMC Ch. 2, Article, 2, Div. 8 -Debarment. City Council approved the revisions in August 2016, and the implementing Administrative Regulation is in development.

Priority 3

Original Target Date:  
June 2016

Current Target Date:  
January 2017