
Audit Recommendation Follow-Up Report

*STATUS UPDATE AS OF
December 31, 2018*

Office of the City
Auditor

City of San Diego



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THE CITY OF SAN DIEGO

DATE: May 1, 2019
TO: Honorable Members of the Audit Committee
FROM: Kyle Elser, Interim City Auditor
SUBJECT: Recommendation Follow-Up Report

Attached is the Office of the City Auditor's Recommendation Follow-Up Report, which provides the status of open recommendations as of December 31, 2018. We will continue reporting on open recommendations semiannually for periods ending around June 30th and December 31st.

We have provided a short summary of data, highlighted seven 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 May 22, 2019 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
Kris Michell, Chief Operating Officer
Stacey LoMedico, Assistant Chief Operating Officer
Ron Villa, Assistant Chief Operating Officer
Rolando Charvel, Chief Financial Officer
Tracy McCraner, Department of Finance Director and City Comptroller
Scott Clark, Chief Accountant
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 28 of the outstanding recommendations. Additionally, we issued 10 reports and added 50 new recommendations, and the Administration agreed to implement 100 percent of the recommendations.

There are seven recommendations that we are highlighting for Audit Committee attention. These recommendations can be found in Attachment A, and will be discussed at an Audit Committee meeting for the reasons stated.

Lastly, we asked all departments with outstanding recommendations to provide a current target implementation date; however, there are recommendations in this report with dates that are past due. We have included Attachment C – Recommendations Deemed as In Process With Revised or Past Due Target Dates so that past due recommendations and changes in target dates that were due and occurred during this reporting period can be easily identified.

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 December 31, 2018. We contacted departments directly to gather recommendation status information, reviewed all outstanding recommendations, and placed the recommendations into the following status categories:

- Implemented** City staff provided sufficient and appropriate evidence to support all elements of implementing the recommendation;
- In Process** City staff provided some evidence, however either elements of the recommendation were not addressed, or the department has agreed to implement the recommendation, but has not yet completed the implementation;
- Will Not Implement** The Administration disagreed with the recommendation, did not intend to implement, and no further action will be reported; and
- Not Implemented** Circumstances changed to make the recommendation not applicable.
– N/A

As of our last recommendation follow-up report for the period ending June 30, 2018, there were 95 open recommendations. Since then, we have issued eight performance audits and two hotline reports which added 50 new recommendations for a total of 145 outstanding recommendations for the period ending December 31, 2018. The table below summarizes this activity:

Activity for the Period Ending December 31, 2018	Number of Recommendations
Recommendations In Process as of June 30, 2018	95
Recommendations Issued July 1, 2018 through December 31, 2018	50
Total Outstanding Recommendations as of December 31, 2018	145

During this reporting cycle, we verified that departments and related entities have implemented 28 recommendations out of 145 (19 percent) since our last report. The results of our review for this reporting cycle are as follows for the 145 recommendations:

Number of Recommendations	Status of Recommendations
28	Implemented
65	In Process - With Revised or Past Due Target Dates ¹
52	In Process - Not Due
145	Total

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

- **Exhibit 1** - Summarizes the status of the 145 recommendations by audit report in chronological order.
- **Exhibit 2** - Summarizes the distribution of the 28 recommendations **Implemented** by Department/Agency.
- **Exhibit 3** - Summarizes the distribution of the 65 recommendations **In Process - With Revised or Past Due Target Dates** by Department/Agency.¹
- **Exhibit 4** - Summarizes the distribution of the 52 recommendations **In Process - Not Due** by Department/Agency.
- **Exhibit 5** - Breaks down the 145 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 December 31, 2018.

¹ Includes the seven recommendations reported in Attachment A.

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 December 31, 2018 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 With Revised or Past Due Target Dates

This schedule includes all recommendations as of December 31, 2018 that are **In Process** of implementation based on the status information provided; however, target dates have been revised since the last reporting period or the dates are past due with no revised date.

Attachment D - Recommendations Deemed as In Process - Not Due

This schedule includes all recommendations as of December 31, 2018 that are **In Process** of implementation based on the status information provided and target dates are not due.

FUTURE RECOMMENDATION FOLLOW-UPS

The Office of the City Auditor will conduct semi-annual follow-ups, with reporting periods ending June 30th and December 31st. For the next report, we will continue to request that departments establish target implementation dates for new audit recommendations, and we will provide information on the recommendations that become past due or the target implementation date has changed. 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 145 recommendations by audit report in chronological order.

EXHIBIT 1: Audit Reports and Recommendation Status

Report No.	Report Title	Implemented	In Process
12-015	Performance Audit Of The Development Services Department's Project Tracking System		3
13-009	Performance Audit Of The Real Estate Assets Department		1
13-011	Performance Audit Of The Public Utilities Department's Valve Maintenance Program		1
14-002	Performance Audit Of The Public Utilities Department's Industrial Wastewater Control Program		7
14-006	Performance Audit Of The Police Patrol Operations		1
14-016	Hotline Investigation Report Of Public Utilities Warehouse Supply Purchases		1
14-019	Performance Audit Of Real Estate Assets Department	1	1
15-010	Fleet Services Division Fraud Risk Assessment Report	1	

Report No.	Report Title	Implemented	In Process
15-011	Performance Audit of the Utilities Undergrounding Program		2
15-012	The City Needs to Address the Lack of Contract Administration and Monitoring on Citywide Goods and Services Contracts		2
15-016	Performance Audit of Citywide Contract Oversight		7
15-018	Performance Audit of the Fire-Rescue Department, Lifeguard Services Division	1	
16-011	Performance Audit of the Street Preservation Ordinance		1
16-012	Hotline Investigation of Vendor Fraud		1
16-016	Citywide Contract Oversight II - Contract Review		2
17-003	Performance Audit of the San Diego Housing Commission - Affordable Housing Fund		1
17-006	Performance Audit of The City's Programs Responsible For Improving Pedestrian Safety	1	5
17-009	Performance Audit of Street Light Repair		2
17-010	Performance Audit of the Affordable / In-Fill Housing and Sustainable Buildings Expedite Program		3
17-013	Performance Audit of The San Diego Convention Center		1
17-018	Performance Audit of City Gas and Electric Utility Billing		2
17-020	Performance Audit of The City's Management of Its Advisory Boards	1	8
17-021	Hotline Investigation of Recreation Activity Permit Calculation Errors and Abuse		2
17-022	Hotline Investigation of a City Vendor		1

Report No.	Report Title	Implemented	In Process
18-001	Performance Audit of the City's Quality Management of Street Repaving Projects	1	
18-002	Audit of Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2016	1	
18-007	Performance Audit of the Economic Development Department's Business Cooperation Program	1	2
18-009	Performance Audit of the Park and Recreation Department's Maintenance Operations		1
18-011	Performance Audit of Grant Management	5	
18-012	Hotline Investigation of an Information Technology Contract	1	1
18-013	Fraud Hotline Investigation Report of Waste in the Transportation Alternatives Program		3
18-014	Fraud Hotline Investigation of Water Theft	1	
18-015	Performance Audit of the Economic Development Department's Business and Industry Incentives Program		7
18-018	Fraud Hotline Investigation of Disabled Person Placard Fraud	2	
18-023	Performance Audit of the Storm Water Division	1	8
19-002	Performance Audit of the Real Estate Assets Department's Portfolio Management Practices	1	3
19-003	Performance Audit of The Public Utilities Department's Water Billing Operation	3	7
19-005	Performance Audit of the Public Utilities Department's Water Meter Cover Replacement Program	1	10
19-006	Agreed-Upon Procedures Related to the Central Stores Physical Inventory - Fiscal Year 2018		2

Report No.	Report Title	Implemented	In Process
19-007	Performance Audit of the Fleet Operations' Vehicle Acquisition Process		6
19-008	Hotline Report of Jury Duty Service Fraud	3	1
19-009	Hotline Report of a Mishandled Payroll Check	2	
19-010	Performance Audit of the City's Annual Employee Compensation Reports		2
19-011	Performance Audit of Development Services' Accela Permitting System Implementation		4
19-013	Performance Audit of Community Planning Groups		5
GRAND TOTAL		28 (19%)	117 (81%)

Exhibit 2 summarizes the distribution of the 28 recommendations **Implemented** by Department/Agency as of December 31, 2018.

EXHIBIT 2: Number of Recommendations Implemented by Department/Agency

Number of Recommendations Implemented	Department/Agency	Number of Recommendations Implemented	Department/Agency
2	Assistant Chief Operating Officer	1	Office of the Mayor
1	Chief Operating Officer	1	Police
1	City Treasurer	5	Public Utilities
4	Corporate Partnerships and Development	1	Public Utilities – Water Operations
4	Department of Finance ²	1	Public Works
1	Fire-Rescue Lifeguard Division Real Estate Assets	2	Real Estate Assets
1	Fleet Operations Department	2	Transportation & Storm Water
1	Human Resources		

² Formerly known as Office of the Comptroller and/or Financial Management

Exhibit 3 summarizes the distribution of the 65 recommendations **In Process - With Revised or Past Due Target Dates** by Department/Agency as of December 31, 2018. ³

EXHIBIT 3: Number of Recommendations In Process - With Revised or Past Due Target Dates by Department/Agency

Number of Recommendations Outstanding	Department/Agency	Number of Recommendations Outstanding	Department/Agency
1	Chief Operating Officer	9	Office of the Mayor
1	Chief Operating Officer Environmental Services Chief Financial Officer	2	Office of the Mayor Office of the City Attorney
1	Communications	3	Parks & Recreation
1	Department of Finance ⁴	2	Police
8	Development Services	8	Public Utilities
2	Economic Development	1	Public Utilities - Water Operations
1	Fleet Operations	13	Purchasing & Contracting
1	Environmental Services Transportation & Storm Water Park & Rec Economic Development Chief Financial Officer	2	Real Estate Assets
1	Department of Information Technology	8	Transportation & Storm Water

³ Includes the seven recommendations reported in Attachment A

⁴ Formerly known as Office of the Comptroller and/or Financial Management

Exhibit 4 summarizes the distribution of the 52 recommendations **In Process - Not Due** by Department/Agency as of December 31, 2018.

EXHIBIT 4: Number of Recommendations In Process - Not Due by Department/Agency

Number of Recommendations Outstanding	Department/Agency	Number of Recommendations Outstanding	Department/Agency
1	Assistant Chief Operating Officer	5	Fleet Operations
1	Chief Operating Officer	6	Public Utilities Department
5	City Planning	10	Public Utilities Department – Water Operations
2	Department of Finance	2	Purchasing & Contracting
3	Department of Information Technology	3	Real Estate Assets
7	Economic Development	7	Transportation & Storm Water

Exhibit 5 breaks down the current 145 open recommendations and the 143, 160, 160, 169, 137, 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.⁵

We are no longer utilizing the *Not Implemented* status. All open recommendations are either categorized as *Implemented*, *In Process*, *Not Implemented - N/A* or *Will Not Implement*.

⁵ Timing is rounded to the month.

EXHIBIT 5a: Current Report Audit Recommendations Implementation Aging for December 31, 2018 period

Timeframe	Implemented	In Process	Total
0 - 3 Months	0	13	13
4 - 6 Months	5	25	30
6 - 12 Months	8	17	25
1 to 2 Years	11	21	32
Over 2 Years	4	41	45
Total	28	117	145

EXHIBIT 5b: Current Report Audit Recommendations Implementation Aging for June 30, 2018 period

Timeframe	Implemented	In Process	Not Implemented-N/A	Total
0 - 3 Months	3	11	0	14
4 - 6 Months	4	7	0	11
6 - 12 Months	17	17	0	34
1 to 2 Years	6	27	0	33
Over 2 Years	17	33	1	51
Total	47	95	1	143

EXHIBIT 5c: Current Report Audit Recommendations Implementation Aging for December 31, 2017 period

Timeframe	Implemented	In Process	Not Implemented-N/A	Total
0 - 3 Months	6	32	0	38
4 - 6 Months	2	2	0	4
6 - 12 Months	14	19	0	33
1 to 2 Years	14	22	0	36
Over 2 Years	5	43	1	49
Total	41	118	1	160

EXHIBIT 5d: Current Report Audit Recommendations Implementation Aging for June 30, 2017 period

Timeframe	Implemented	In Process	Not Implemented-N/A	Will Not Implement	Total
0 - 3 Months	1	26	0	0	27
4 - 6 Months	3	4	0	0	7
6 - 12 Months	18	27	0	0	45
1 to 2 Years	7	18	0	1	26
Over 2 Years	13	40	2	0	55
Total	42	115	2	1	160

EXHIBIT 5e: Prior Report Audit Recommendations Implementation Aging for December 31, 2016 period

Timeframe	Implemented	In Process	Not Implemented-N/A	Total
0 - 3 Months	9	36	0	45
4 - 6 Months	17	9	0	26
6 - 12 Months	8	14	0	22
1 to 2 Years	3	31	0	34
Over 2 Years	5	36	1	42
Total	42	126	1	169

EXHIBIT 5f: Prior Report Audit Recommendations Implementation Aging for June 30, 2016 period

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
Total	38	95	3	1	137

EXHIBIT 5g: Prior Report Audit Recommendations Implementation Aging for December 31, 2015 period

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
Total	21	100	1	1	123

EXHIBIT 5h: 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
Total	38	95	5	1	1	140

EXHIBIT 5i: 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
Total	44	98	8	2	152

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

EXHIBIT 6: Audit Recommendation Activity for the Period Ending December 31, 2018

Activity for the Period Ending December 31, 2018	Number of Recommendations
Open Recommendations Carried Forward from Period Ending June 30, 2018	
Recommendations In Process as of June 30, 2018	95
Recommendations issued July 1, 2018 through December 31, 2018	50
Total Outstanding Recommendations as December 31, 2018	145
Recommendations Implemented	28
Recommendations Resolved for Period Ending December 31, 2018	28
Carry Forward Open Recommendations	117

December 2018

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**

The recommendations below resulted from our public Performance Audit of the Industrial Wastewater Control Program (IWCP), which was issued in August 2013. Since that time, the Audit Committee and City Council have received updates on the status of the public recommendations every six months, per our normal recommendation follow-up process. In addition, as disclosed in the public audit report, we also provided a confidential memorandum to management in May 2013 which covered related issues, and included additional recommendations. In January 2016 and February 2017, we provided the Mayor, Audit Committee, City Council, City Executive Management, and City Attorney's Office with confidential follow up reports on the status of these recommendations.

We recently received additional information from the Public Utilities Department regarding IWCP costs and revenues, which is relevant to the issues addressed in both the public audit report and confidential memo. Given this new information, the length of time that has passed since the recommendations were originally made, and the numerous delays that have occurred in implementing both the public and confidential recommendations, we believe it is now in the public interest to conduct a follow-up audit of the IWCP, pursuant to Government Auditing Standards. We intend for this report to be public, and cover the issues addressed in both the August 2013 public audit report, and the May 2013 confidential memo. We plan to initiate this audit in the near future.

Public Utilities Department

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 PUD has established procedures to track IWCP-related costs and will ensure fee levels are reviewed during all future COSS projects. Upon completion of the upcoming COSS, we will consider the consultant's findings and recommendations and formally document the associated policies and procedures as necessary. PUD will also work with the City Attorney's office to determine how or if fees can be adjusted during periods between COSS processes.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 5, 2013	January 2014	January 2014 October 2014 December 2015 July 2018 November 2018 January 2020

#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 PUD has established procedures to track IWCP-related costs and will ensure fee levels are reviewed during all future COSS projects. Upon completion of the upcoming COSS, we will consider the consultant's findings and recommendations and formally document the associated policies and procedures as necessary. PUD will also work with the City Attorney's office to determine how or if fees can be adjusted during periods between COSS processes.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 5, 2013	January 2014	January 2014 October 2014 December 2015 July 2018 November 2018 January 2020

#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

PUD has established procedures to track IWCP-related costs and will ensure fee levels are reviewed during all future COSS projects. Upon completion of the upcoming COSS, we will consider the consultant's findings and recommendations and formally document the associated policies and procedures as necessary. PUD will also work with the City Attorney's office to determine how or if fees can be adjusted during periods between COSS processes.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 5, 2013	January 2014	January 2014 October 2014 December 2015 July 2018 November 2018 January 2020

#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

PUD is currently updating the Regional Wastewater Disposal Agreement, known as the Metro Agreement (MA). During this process, PUD will work with the Participating Agencies to analyze and revise, as necessary, the individual agreements, and will determine any allocation to be added to the MA.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 5, 2013	January 2014	January 2014 October 2014 December 2015 July 2018 November 2018 January 2020

#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 The next COSS will include a proposal for consideration by the City Council to update fees for Industrial Users within the City of San Diego. The Department has been funded with the fees established in March 1984; however, during last year's budget process and hearings, there were discussions with City Council that PUD would be working on a new COSS. As noted above, this COSS is expected to be completed in Calendar Year 2019, and a rate case brought forward to the City Council in March/April 2020, with proposed rate and fee adjustments targeted for implementation in fiscal year 2021. Target Implementation Date: January 2020 for COSS, March/ April 2020 for Council consideration.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 5, 2013	January 2014	January 2014
			October 2014
			December 2015
			July 2018
			November 2018
			January 2020

#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 charges;
 - b. Establish responsibilities and timelines for performing a periodic;
 - c. reconciliation of all IWCP revenue accounts;
 - d. Establish guidelines and procedures for recording labor time, if necessary to determine invoice amounts;
 - e. Establish guidelines and procedures for calculating invoice amounts;
- and

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

In Process

Upon completion of the COSS, PUD will fully develop an SOP to document the billing process, procedures and timelines associated with the IWCP. This process will include a comprehensive review of pertinent PIMS settings and invoice-calculating features to ensure that accurate invoices are generated and sent in a timely manner, and the SOP will incorporate verification of timely and accurate revenue collection by the Revenue Analyst and Interagency Agreement Supervisor.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 5, 2013	January 2014	January 2014 October 2014 December 2015 July 2018 November 2018 January 2020

#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

Upon completion of the COSS, PUD will fully develop an SOP to document the billing process, procedures and timelines associated with the IWCP. This process will include a comprehensive review of pertinent PIMS settings and invoice-calculating features to ensure that accurate invoices are generated and sent in a timely manner, and the SOP will incorporate verification of timely and accurate revenue collection by the Revenue Analyst and Interagency Agreement Supervisor.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 5, 2013	January 2014	January 2014 October 2014 December 2015 July 2018 November 2018 January 2020

December 2018

ATTACHMENT B

Recommendations Deemed As Implemented

This schedule includes all recommendations as of December 31, 2018 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**

14-019 PERFORMANCE AUDIT OF REAL ESTATE ASSETS DEPARTMENT

(RG)

#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.

Implemented Lease rates have been adjusted based on information from the market rate study. READ and PUD have worked out a plan to adjust and monitor rents annually in relation to the market study findings. Rental rates were reported via memo to City Council and will continue every three years.

15-010 FLEET SERVICES DIVISION FRAUD RISK ASSESSMENT REPORT

(AH)

#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.

Implemented Based on our review of the cyclical inventory count procedures at the four primary Fleet Services Division locations and SDPD substations, this recommendation has been implemented fully.

15-018 PERFORMANCE AUDIT OF THE FIRE-RESCUE DEPARTMENT, LIFEGUARD SERVICES DIVISION

(SM) (KC)

#3 When preparing future RFPs for beach concession contracts, Fire-Rescue Lifeguard Services, in conjunction with the Real Estate Assets Department, should review the fee terms of the concession contracts to ensure that the City receives a percentage of annual concession revenue consistent with other municipalities' contracts with concessionaires operating on public

beaches. Additionally, when preparing the RFP, the departments should also review the level of operational support needed to ensure safe operations of concession activities.

Implemented This recommendation is implemented. In the process of re-contracting for the surf camp concessions at City beaches, the Real Estate Assets Department obtained a market appraisal for beach concession agreements for surf and kayak rentals. Based on the results of this appraisal, the City RFP for surf concessions at City beaches reflects an increase in the gross revenue percentage paid to the City. Fire-Recue Department, Lifeguard Services Division also reported that the concessions program is adequately staffed.

17-006 PERFORMANCE AUDIT OF THE CITY'S PROGRAMS RESPONSIBLE FOR IMPROVING PEDESTRIAN SAFETY

(AH) (DN)

#6 The San Diego Police Department should, at least on an annual basis, provide additional training and guidance (for example, in the form of videos) to its officers on the traffic violations that are most dangerous to pedestrians and how to focus enforcement on those violations.

Implemented The SDPD Traffic Division has produced a video that partially addresses this recommendation and a Department Order has been sent out directing officers to view the video by June 30th, 2018. The Traffic Division stated that it has been tracking whether officers have viewed the video and based on its tracking, all officers had viewed the video as of October 2018.

In addition, the Traffic Division has developed curriculum specific to pedestrian safety that is included in the Advanced Officer Training (AOT), which is mandated by POST and will be attended by all SDPD officers. The cycle for AOT began January 2019 and ends December 2020. The presentation has been improved with suggestions from the Auditor's Office. Because this segment of the training takes place in an outdoor environment, a paper copy of the presentation will be provided to officers, and the information will be explained to them. This is now in the AOT curriculum with the Emergency Vehicle Operations Coordinator. Verification of its inclusion has been provided to Auditor's Office.

17-020 **PERFORMANCE AUDIT OF THE CITY'S MANAGEMENT OF ITS ADVISORY BOARDS**

(AH) (DN)

#8 The City Administration, in consultation with the City Attorney's Office, should provide a live Brown Act training for all Advisory Board members on a periodic basis, and should ensure that the staff liaisons for the boards attend this live training at least once per year.

Implemented The Mayor's Office provided a Brown Act power point presentation and a link to a web-based Brown Act training that was created in conjunction with the Office of the City Attorney and the Communications Department. The Mayor's Office provided the agenda from a liaison meeting in which all advisory board liaisons received the power point presentation and link to the web-based training, which they were directed to give to their board members at their next scheduled meeting. According to the Mayor's Office, the power point presentation is being used by the liaisons for the annual in-person Brown Act training. We conclude that this recommendation has been implemented.

18-001 **PERFORMANCE AUDIT OF THE CITY'S QUALITY MANAGEMENT OF STREET REPAVING PROJECTS**

(CK) (SM)

#2 Transportation & Storm Water should analyze the identified streets repaved between Fiscal Year 2011 and 2015 that have an Overall Condition Index rating of fair or poor condition to determine the likely causes of premature pavement deterioration, such as subgrade stability, material quality, workmanship, and construction impact. Based upon the review, Transportation and Storm Water staff should determine if a process should be established for ongoing analysis of Overall Condition Index, quality assurance information, and repaving history to identify what streets are underperforming and why.

Implemented Transportation & Storm Water (TSWD) evaluated the segments that were repaved from 2011 to 2015 with OCI scores below 70. They attributed the low scores to OCI scores that were too low to depict field conditions (49%) or normal deterioration (39%) .TSWD will require a quality control plan for the next Overall Condition Index (OCI) assessment to provide assurance that all OCI scores are measured accurately. A similar analysis of underperforming pavement will be done by TSWD upon completion of future OCI assessments.

18-002 PERFORMANCE AUDIT OF MISSION BAY AND SAN DIEGO REGIONAL PARKS IMPROVEMENT FUNDS, FISCAL YEAR 2016

(RG)

#1 The City Treasurer's office should schedule and conduct routine audits (at least once every 3 years) of Newport Pacific Capital Company similar to the Lease audits they currently perform on all other Lease agreements of Lessees on Mission Bay Park Land subject to Charter Section 55.2 requirements.

Implemented The City Treasurer's revenue audit division found significant overcharges by Newport Pacific Capital (Newport). READ sent a memo to Newport indicated that an invoice for the overpayment \$534,319 was forthcoming and provided them a copy of the audit results.

18-007 PERFORMANCE AUDIT OF THE BUSINESS COOPERATION PROGRAM

(AH) (KC)

#3 The Public Works Department and Business Cooperation Program staff should implement a policy requiring that when Business Cooperation Program staff determine that a City capital improvement project would be eligible for the program and would likely generate significant revenues, participation in the Business Cooperation Program be included in the bid requirements.

Implemented The draft boilerplate language is entitled, "Bradley-Burns Uniform Local Sales and Use Tax Clause for Pure Water contracts and large contracts with estimated construction costs of \$25M or more." The clause outlines that enrollment in the program is required.

18-011 PERFORMANCE AUDIT OF THE CITY'S GRANT MANAGEMENT

(NO)

#1 Corporate Partnerships and Development Program staff should present the proposed streamlined process reducing the number of grants that require City Council approval to City Council for action.

Implemented San Diego Municipal Code (SDMC) sections 22.5201, 22.5202, 22.5203, and 22.5204 was approved on June 29, 2018 which establishes a new grants approval process.

#2 Based upon City Council action, Corporate Partnerships and Development (CPD) Program staff should update Administrative Regulation 1.80, Grant Application Procedures dated August 2, 1993 to:

- Establish CPD's authority over the City's grant application process;
- Provide a centralized database available to multiple users to facilitate the coordination efforts of grant identification and application; and
- Identify departmental training needs and take action to provide Citywide training for common grant identification and application needs.

Implemented The Department provided a signed copy of updated Administrative Regulation (AR), effective November 30, 2018. The City has established Corporate Partnerships and Development's (CPD) authority over the process, provided a centralized database to facilitate grant opportunities, and identified training related to grant application.

#3 After addressing suggested audit changes and incorporating revisions to Administrative Regulation 1.80, Corporate Partnerships and Development Program staff should publish and implement the draft Grant Administration Manual. This manual at a minimum should:

- Encourage City departments to systematically search for grant opportunities;
- Require departments to analyze grant requirements to ensure the grant is consistent with the government mission, strategic priorities and/or plans, and a multi-year cost/benefit analysis to avoid the risk

that the government will unexpectedly spend its own funds to support a grant prior to preparing the grant application;

- Establish a Grant Oversight Committee and require departments to provide a comprehensive analysis before grant application and approval; and
- Create a review process for denied grant applications.

Implemented The Department provided a Grants Manual. The manual is well-organized and contains content which appears to satisfy the elements that auditors recommended to be included in such an update, including strengthening the control framework for grant management. For example, it outlines the role of the Grant Review Team Coordinator (e.g. p. 5) as well as the departments (p. 2); mentions training opportunities and provides a link to the Citywide Grants and Gifts Resource Center (p. 2), and includes whole chapters on Monitoring and Oversight (p. 13) and further delineation of Roles and Responsibilities throughout the grants process (p. 19). Training resources were also provided for staff.

#4 The Financial Management Department should incorporate grant identification into the formal annual budget process.

Implemented The Department provided the FY2020 Budget Reference Manual (BRM), budget adjustment process. Page 6 includes a section which specifically states:

“Prior to submitting expenditure budget additional requests in PBF, departments are required to search for grant funding opportunities using the information and resources provided on the City’s Grants and Gift Resource Center internet website. Additionally, FM will be working with departments to receive approval from the Grants Oversight Committee effective February 1, 2018 on any new grant related budget adjustments. For additional information regarding the grants application and management process please refer to the Citywide Grants and Gifts Resource Center at <https://citynet.sandiego.gov/internal-services/grants>.”

#5 Corporate Partnerships and Development staff in conjunction with the Comptroller should strengthen the control framework for grant management by documenting and implementing accountability expectations communicated in the published Grant Administration Manual and updated Administrative Regulation (AR) 1.80 described in recommendations 2 and 3. At a minimum the Grant Administration Manual and updated AR should:

- Outline the authority and responsibility for the control environment, risk assessment of the grant management process, entity-wide communication, and process monitoring;
- Include procedures to provide for grant management training opportunities or direct departments to ensure staff has received sufficient training;
- Direct City departments with grants to establish written procedures supplementing the manual for effective administration of grants that addresses financial management, internal controls, inter-departmental communication, and sub-recipient monitoring; and
- Clearly identify who in the City is responsible for providing oversight to the various aspects of grant management.

Implemented The Department provided a Grants Manual. The manual is well-organized and contains content which appears to satisfy the elements that auditors recommended to be included in such an update, including strengthening the control framework for grant management. For example, it outlines the role of the Grant Review Team Coordinator (e.g. p. 5) as well as the departments (p. 2); mentions training opportunities and provides a link to the Citywide Grants and Gifts Resource Center (p. 2), and includes whole chapters on Monitoring and Oversight (p. 13) and further delineation of Roles and Responsibilities throughout the grants process (p. 19). Training resources were also provided for staff.

18-012 HOTLINE INVESTIGATION OF AN INFORMATION TECHNOLOGY CONTRACT

(AH)

#2 We recommend that the Chief Operating Officer revise Administrative Regulation 3.20 to ensure that staff reports include all material facts or significant developments necessary for the City Council to make an informed decision.

Implemented Administrative Regulation 3.20 was revised to ensure that staff reports include all material facts or significant developments necessary for the City Council to make an informed decision

18-014 FRAUD HOTLINE INVESTIGATION OF WATER THEFT

(AH)

#2 We recommend that the Public Utilities Department update the Fire Hydrant Meter Program to reflect the current SDMC references and any other changes to the program.

Implemented The Public Utilities Department updated the Fire Hydrant Meter Program to reflect the current SDMC references and any other changes to the program.

18-018 Fraud Hotline Investigation of Disabled Person Placard Fraud

(AH)

#1 We recommend that the Public Utilities Department conduct an independent Fact Finding investigation to determine whether the two identified employees violated City policies, and take the appropriate corrective actions

Implemented The Public Utilities Department conducted independent Fact Finding investigations and took the appropriate corrective actions.

#3 We recommend that the Assistant Chief Operating Officer, in consultation with the Office of the City Attorney, evaluate City employees' use of Disabled Persons parking spaces at City facilities to determine if there should be a policy in order to deter fraud, save Law Enforcement resources, and identify the demand for Disabled Persons' parking spaces.

Implemented City management evaluated whether there should be a policy in order to deter fraud, save Law Enforcement resources, and identify the demand for Disabled Persons' parking spaces at City facilities.

18-023 PERFORMANCE AUDIT OF THE STORM WATER DIVISION

(AH) (MG) (DN)

#7 The Transportation and Storm Water Department Storm Water Division (SWD) should continue to actively participate in the implementation of the Salesforce platform. SWD should seek to include the following features necessary for efficient storm water enforcement management:

- The capability to electronically store and access essential case information, such as photos, documents, case notes, and supervisory review of escalated enforcement decisions, to reduce or eliminate the need for hard copy files; The capability to input follow-up deadlines for each step in the enforcement process, to alert inspectors when deadlines are approaching;
- The capability for SWD management and staff to generate reports for essential performance metrics on-demand, including measures SWD is required to report for the Jurisdictional Runoff Management Plan, as well as measures of efficiency, such as response times for complaints and average time to resolve a violation; and
- The capability to electronically generate, invoice, and track all enforcement actions (i.e., Notices of Violation, Administrative Citations, Civil Penalty Notices, and reinspection fees).

In conjunction with the system implementation, SWD should continue to adjust, document, and implement policies and procedures for recording information on inspections and enforcement actions. In addition, SWD should train inspectors on the use of the new database system and all inspectors should receive refresher training, as needed.

Implemented The Storm Water Division actively participated in the implementation of a new tracking system for its' case management system, which was accomplished via an expansion and customization of the City's existing Salesforce / Get It Done platform. SWD reports that the new system is significantly improving the efficiency of code enforcement operations, as well as supervisors' ability to monitor inspectors and enforcement actions taken.

Specifically, the new case management system allows for the electronic storage of essential case information, such as photos, case notes, and supervisory review notes, and allows for inspectors and supervisors to set and monitor due dates for follow-up actions, such as additional inspections. SWD has also developed procedures to generate reports using the system, including for generating reports required by the Jurisdictional Runoff Management Plan, and measures of efficiency for inspectors.

SWD also developed thorough system user manuals and trainings for code enforcement staff, and implemented policies and procedures for use of the new system. While the system lacks the capability to electronically invoice monetary enforcement actions such as Administrative Citations, SWD has developed a workaround procedure to ensure invoices are able to be tracked by administrative staff and inspectors.

19-002 PERFORMANCE AUDIT OF THE REAL ESTATE ASSETS DEPARTMENT'S PORTFOLIO MANAGEMENT PRACTICES

(KC)

#3 To ensure that land-managing departments consistently assess and communicate their property needs, the Real Estate Assets Department should work with the Chief Operating Officer to create a written policy for departments to guide the periodic review of property inventories. The policy should require the reporting of updates to READ to ensure that Citywide property data is accurate.

Implemented READ has established a Process Narrative, PN-0441, Periodic Review of City-Owned Properties by Land Managing Departments which guides the review of property inventories by Land Managing Departments.

19-003 PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S WATER BILLING OPERATION

(SP) (SG) (JP)

#1 The Public Utilities Department (PUD) should monitor the use of supervisor codes to prohibit the circumvention of controls in handheld devices that detect out-of-range meter readings. Specifically, PUD should develop and enforce a policy that:

- a) Specifies the mechanism for monthly documentation of supervisor requests to change codes and safeguard the logs for use by authorized personnel;
- b) Requires the supervisors to complete the log whenever a code is used in the field;
- c) Requires the supervisors to complete the log whenever a code is used in the field;

- d) Specifies a consistent timeframe for the monthly change of passwords by the Information Systems Analyst; and
- e) Requires the monthly review and quality control check of the monthly logs by the Program Manager and Deputy Director.

Implemented The department has developed a system of monitoring for the use of supervisor codes to unlock handheld devices that detect out-of-range readings. Specifically, the Meter Reader Change Control (MRCC) log is used to document when supervisors use the code to unlock handheld devices. This log includes the date, supervisor, meter reader, and location and time of the incident. It also includes whether the code was provided to the meter reader (which would occur if the supervisor is unable to meet the meter reader in the field). The Information Systems Analyst (ISA) changes the codes when given to meter readers, documented through emails and text messages showing the time and locations of the unlock requests. Moreover, the ISA changes the password monthly. These logs are reviewed by the Program Manager with observations communicated to PUD executive management.

#5 The Public Utilities Department (PUD) should develop a written policy requiring meter readers to exclusively use the meter reader identification number assigned to them.

Implemented PUD developed a written policy requiring meter readers to use their assigned meter reader identification number (MRID). Staff completed training on this policy in August and September 2018 and signed off on their requirement to follow the established procedures. This training is required annually.

#9 The Public Utilities Department's Customer Support Division (CSD) should review the discrepancies between the supervisor's review forms and the underlying data for a sample of dates, including April 28, 2018, and take appropriate corrective action with respect to the identified employees.

Implemented According to PUD's review, staff mistakenly omitted meter readers who were not part of the normal staff and missed some cases where Field Services employees read more than one route. To improve upon their process, PUD is using a meter read and time report which identifies the routes read, the meter reader ID, and other information that allows them to cross check the information on the Supervisor Review Forms. According to PUD, this method, has allowed them to catch incorrect items and correct them before Supervisor Review Form are finalized.

19-005 Performance Audit of the Public Utilities Department's Water Meter Cover Replacement Program

(AH) (LB)

#2 To maximize the Box and Lid Group's available productive time, PUD should require work crews to spend additional time in the field completing service requests. In addition, PUD should formalize policies related to employee work schedules, including when they should leave and return to the work yard and when they should start and end their time in the field. These policies should be communicated to all employees in the group so that all are aware of these expectations.

Implemented The Public Utilities Department (PUD) created new work standards that require field crews to leave the work yard no later than 30 minutes after their scheduled start time and to return to the work yard no earlier than 30 minutes prior to the end of their scheduled work shift. In addition, PUD instructed field crews within the Water Construction and Maintenance Division on these new work standards.

19-008 Hotline Report of Jury Duty Service Fraud

(AH)

#1 We recommend that the Assistant Chief Operating Officer determine whether an independent Fact Finding investigation into the employee identified in the confidential version of our report should be conducted in order to determine if City policies were violated regarding the jury duty leave time that was not confirmed by the court, and, if so, ensure that the appropriate corrective action is taken with respect to the employee and supervisor regarding the unsupported jury duty payroll compensation.

Implemented Management indicated that due to the number of years that have lapsed since the alleged jury duty attendance indiscretion occurred, a fact finding would not be a prudent use of City resources. Additional Internal Controls have been added to detect potential future abuse.

#3 We recommend that the Department of Finance provide training to payroll staff regarding jury duty service document requirements, and establish and implement review procedures to ensure that backup documentation is on file as required by the Personnel Manual.

Implemented The Department of Finance provided training to payroll staff and established review procedures to ensure that backup documentation is on file as required.

#4 We recommend that the Human Resources Department update the HR Quick Reference resource to include instructions related to jury duty reporting procedures and requirements.

Implemented The Human Resources Department update the HR Quick Reference resource to include instructions related to jury duty reporting procedures and requirements.

19-009 Fraud Hotline Investigation of a Mishandled Payroll Check

(AH)

#1 We recommend that the Department of Finance determine if corrective action with respect to the employee who authorized the early release of the paper paycheck to someone other than the City employee's representative or Department Payroll Specialist is necessary, and if so, take the appropriate corrective action.

Implemented Management's response is sufficient to satisfy the intent of the recommendation based on all of the circumstances surrounding the isolated instance of an early release of a paper paycheck to someone other than the City employee's representative or a Department Payroll Specialist. The paycheck was otherwise processed correctly.

#2 We recommend that the Department of Finance revise the Process Narrative regarding "Off-Cycle Payroll Check Processing" (PN-103) to include: procedures for in-person pickup of payroll checks, including who is authorized to receive them, what identification is required, and how to document receipt of the paycheck. Finance should also enforce the existing policy "Enter, Review, and Correct Payroll Entries" (PN-399) and not distribute payroll checks early, for any reason.

Implemented The Department of Finance revised the Internal Controls Process Narratives regarding payroll check processing to clarify the procedures and responsibilities.

December 2018

ATTACHMENT C

Recommendations Deemed As In Process With Revised Target Dates or Past Due Dates

Sorted by Department

This schedule includes all recommendations as of December 31, 2018 that are **In Process** of implementation based on the status information provided; however, target dates for implementation were revised from the last reporting period.

**ATTACHMENT C
RECOMMENDATIONS DEEMED AS IN PROCESS – WITH REVISED TARGET DATES**

Chief Operating Officer

17-006 PERFORMANCE AUDIT OF THE CITY’S PROGRAMS RESPONSIBLE FOR IMPROVING PEDESTRIAN SAFETY

(AH) (DN)

#14 The Vision Zero Task Force should add identifying funding needs and opportunities to its general responsibilities.

In Process The Vision Zero Task force will be comprised of members of the newly formed Mobility Board. The Board in its duties and functions includes "advise the Mayor and Council on the implementation of the City's Bicycle Master Plan and Pedestrian Master Plan, and advise on oversight of the Vision Zero Action Plan". The Board will include in its work program a task to identify funding needs and opportunities in general responsibilities. The Board is expected to begin meeting in April of 2019.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	September 15, 2016	February 2017	February 2017 May 2018 September 2019

#15 The Vision Zero Task Force should annually determine what engineering, enforcement, and education initiatives the City should consider implementing to achieve its Vision Zero goals, and provide information on funding needs for consideration during the annual budget process.

In Process The Vision Zero Task force will be comprised of members of the newly formed Mobility Board. The Board in its duties and functions includes "advise the Mayor and Council on the implementation of the City's Bicycle Master Plan and Pedestrian Master Plan, and advise on oversight of the Vision Zero Action Plan". This Board's work plan will include, but not be limited to, the development of a multi-year Vision Zero Long Range Plan to address the engineering, education, and enforcement components of Vision Zero through 2025, which will identify funding needs over the life of the plan. The Vision Zero Long Range plan will include performance metrics and benchmarking goals. As a “living document”, the Vision Zero Long Range Plan will prioritize projects by a data-driven approach. The Board is expected to begin meeting in April of 2019.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	September 15, 2016	February 2017	February 2017 May 2018 December 2019

#16 The Vision Zero Task Force should work to identify and recommend the City pursue additional grants or other funding sources that can be used to further its Vision Zero efforts.

In Process

The Vision Zero Task force will be comprised of members of the newly formed Mobility Board. The Board in its duties and functions includes "advise the Mayor and Council on the implementation of the City's Bicycle Master Plan and Pedestrian Master Plan, advise on oversight of the Vision Zero Action Plan". As alluded to in response to Audit Recommendations #14 and #15, a more formalized process of grant identification and recommendation will be developed with the Department of Governmental Affairs. It should be noted, that efforts to identify and apply for grants has continued at all times. In fact, the City was recently awarded a \$2.5 million-dollar Highway Safety Improvement Program grant for the Systemic Safety Report.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	September 15, 2016	February 2017	February 2017 March 2017 May 2018 September 2019

#17 The City should consider either adding an Evaluation Subcommittee to the Vision Zero Task Force or developing a formal evaluation process to ensure that evaluation and monitoring is completed for the City's engineering, enforcement, and education Vision Zero initiatives. In order to effectively evaluate the City's progress:

- The evaluation process should include evaluation in terms of both outputs and outcomes which align with the City's Vision Zero goal to eliminate severe traffic collisions and fatalities, including pedestrians, by 2025.
- Where necessary, departments should establish additional processes to ensure necessary data is available for evaluation. For example, the San Diego Police Department's Traffic Division may need to establish a new process of collecting and tracking data on

citations issued during targeted pedestrian safety enforcement operations.

The Vision Zero Task Force should benchmark with other municipalities that have Vision Zero efforts to help develop and implement evaluation methods.

In Process

The Vision Zero Task force will be comprised of members of the newly formed Mobility Board. The Board is expected to begin meeting in April 2019. The Board in its duties and functions includes "advise the Mayor and Council on the implementation of the City's Bicycle Master Plan and Pedestrian Master Plan, advise on oversight of the Vision Zero Action Plan". A Vision Zero Evaluation Subcommittee can be formed with members of the Mobility Board. This Subcommittee can work to develop formal evaluation processes which will identify outputs and outcomes over the life of the program. The Vision Zero Long Range plan will include performance metrics and benchmarking goals. As a "living document", the Vision Zero Long Range Plan will prioritize projects by a data-driven approach.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	September 15, 2016	December 2017	December 2017 May 2018 December 2019

17-013

PERFORMANCE AUDIT OF THE SAN DIEGO CONVENTION CENTER

(SP)

#4

The City of San Diego Chief Operating Officer or designee should continue discussions with the Unified Port of San Diego to develop a financing plan that addresses the capital projects funding gap and recognizes the shared responsibility and benefit to the region.

In Process

No change since last reporting period. With the potential of a ballot measure for an expanded Convention Center being discussed, the Port District and City officials determined it was best to hold off on any final decisions on the funding until such time it was determine if the measure would be forthcoming or not.

If there is no ballot measure, a final plan may be adopted within 90-days of the notification.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	January 18, 2017	December 2017	December 2017 June 2018 December 2018 Unknown

17-018 PERFORMANCE AUDIT OF CITY GAS AND ELECTRIC UTILITIY BILLING

(LRC)

#1

The Chief Operating Officer should direct the Environmental Services Department Director and Chief Financial Officer to implement an internal control framework for utility rate analysis and utility billing review of City gas and electric utility accounts. The Environmental Services Department Director in coordination with the Chief Financial Officer should:

- Develop a written process that establishes responsibility among various departments and methodology for periodic review of utility rates assigned to City accounts and for review and payment of utility bills;
- Establish procedures to provide utility reports with appropriate information to the appropriate personnel for review;
- Provide training for personnel responsible for reviewing gas and electric utility rates and accuracy of utility invoices; and
- Establish oversight monitoring responsibility for ensuring the account rate analysis process operates as intended and appropriate utility invoice reviews are conducted.

In Process

These responsibilities are now with the Sustainability Department as of October 2018. The Sustainability Department is submitting this update to provide evidence that staff has taken actions to meet the recommendation ahead of the implementation date.

- Develop a written process that establishes responsibility among various departments and methodology for periodic review of utility rates assigned to City accounts and for review and payment of utility bills has been completed through (1) completion of benchmarking peer groups and proposal responses from EDI solicitation for best practices; (2) completion of interviewing other departments on current process concerns and potential improvements; (3)

completion of one Process Narrative that addresses monthly utility report review by City Departments and Divisions and another that addresses utility bill payment; (4) completion of a Standard Operating Procedures Manual.

- Establish procedures to provide utility reports with appropriate information to the appropriate personnel for review is currently being addressed through (1) implementation of the new EDI system, EnergyCap, which will provide reports to the appropriate staff (to be completed by May 2019); (2) completion of one Process Narrative that addresses monthly utility report review by City Departments and Divisions and another that addresses utility bill payment; (3) completion of a Standard Operating Procedures Manual.
- Provide training for personnel responsible for reviewing gas and electric utility rates and accuracy of utility invoices is completed through (1) completion of one Process Narrative that addresses monthly utility report review by City Departments and Divisions and another that addresses utility bill payment; (2) completion of a Standard Operating Procedures Manual; (3) completion of SDG&E provided billing and rates training for ESD and PUD staff; (4) completion of fact sheet for personnel in other departments responsible for reviewing gas and electric utility costs and consumption reports.

Establish oversight monitoring responsibility for ensuring the account rate analysis process operates as intended and appropriate utility invoice reviews are conducted is being addressed through (1) continuation to formally include the City's energy consultant on rate analysis for incorporation into ongoing and future forecasts and regulatory engagements; (2) completion of a Standard Operating Procedures Manual; (3) implementation of the new EDI system, EnergyCap, which will establish additional oversight monitoring and auditing (to be online by May 2019).

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	April 4, 2017	March 2018	March 2018 May 2019

18-007 PERFORMANCE AUDIT OF THE BUSINESS COOPERATION PROGRAM

(AH) (KC)

#1 The Chief Operating Officer should determine which department, such as the Economic Development Department or the Financial Management Department, has the best ability to manage the portion of the Business Cooperation Program that targets construction activity. This department should develop a documented process to focus on the systematic identification, recruitment and enrollment of contractors and subcontractors working on large public and private construction projects to capture use taxes before allocation to the County pool. In addition, the COO should determine how to fund program related expenditures-such as staff FTEs, consultant commissions, and rebates for certain program participants-during the annual budget process.

In Process The Economic Development Department (EDD) is in the process of updating the Business Cooperation Program (BCP) to be a relevant EDD program for potential users, and has continued conversations with the City Attorney's Office and others to adjust and structure the future program. This is currently in the process of vetting and still in discussions with other departments. An estimated timeline to come forward to the Economic Development and Intergovernmental Relations Committee is December, with proposal to the City Council expected next year.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	September 28, 2017	October 2018	October 2018 April 2019

Communications Department

17-020 PERFORMANCE AUDIT OF THE CITY'S MANAGEMENT OF ITS ADVISORY BOARDS

(AH) (DN)

#7 The Communications Department should work with the City Attorney's Office to develop a training video for the Brown Act, and the City Administration should require all Advisory Board members to watch the video on a biennial basis.

- a) The staff liaisons for each Advisory Board should be responsible for ensuring that all board members view the training video within their first 30 days of serving on the Advisory Board and again every two years. The staff liaisons should develop a process to ensure that all board members sign an attestation confirming that they viewed the video.

In Process

The Mayor’s Office provided a link to a web-based Brown Act training that was created in conjunction with the Office of the City Attorney and the Communications Department. According to the Mayor’s Office, all advisory board liaisons were directed to provide their board members with the link to the web-based training at their next scheduled meeting. The web-based training has also been posted to the Boards and Commissions website for ease of access.

Remaining elements of this recommendation include implementing a requirement for all Advisory Board members to watch the web-based training on a biennial basis, as well as a process for staff liaisons to ensure that all board members sign an attestation confirming that they viewed the training within their first 30 days of serving on the board and again every two years. We will continue to follow-up on this recommendation to verify that each element of the recommendation has been implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 1, 2017	January 2018	January 2018 March 2018 June 2019

Department of Finance⁶

15-016 PERFORMANCE AUDIT OF CITYWIDE CONTRACT OVERSIGHT

(SG) (MG)

- #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:

⁶ Formerly Financial Management Department and/or the Office of the Comptroller

- 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 informed the auditor that contracts within the Ariba system meet the recommendation requirements; however, the remaining contracts will not be corrected until they are imported into Ariba.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	April 25, 2015	November 2015	November 2016 June 2017 December 2020

Department of Information Technology

18-012

HOTLINE INVESTIGATION OF AN INFORMATION TECHNOLOGY CONTRACT

(AH)

#6

We recommend that Department of Information Technology, in coordination with relevant City departments, ensure that the non-discretionary IT cost allocations, by City department, are complete and accurate.

In Process

The Department of IT will be executing an RFP this fiscal year for a telecommunications management solution. In the interim, the department of IT inventoried all data and voice circuits under the Calnet 3 contract, and assigned the circuits to individual departments based upon the Billable Address Number, or BAN, associated with the circuit. These circuits were then reorganized by BAN into discrete bills on a per department basis resulting in individual bills being assignable to departments. Many circuits are in use citywide and will still be allocated based upon the PC and Phone Counts, and these circuits are also in a separate BAN. The changes will allow the department of IT to allocate precisely the costs associated with departments' circuit use on a per department basis in the FY 2021 budget. Voice circuits have been fully inventoried and submitted to ATT for separation into BAN's. These BAN's will be allocated by actual costs if they are directly attributable to a department. Some voice circuits are for citywide costs and will be allocated based upon PC and Phone Counts and held in a separate BAN. The Department of IT is validating this new allocation method and will be communicating the new methodology to departments for budgeting in their FY 2021 budgets. Department of IT expects to complete the quality validation of this new method by April of 2019. The telecommunications management solution will further refine and validate the new allocation for BANS from the established baselines and automate bill auditing functions.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	December 4, 2017	October 2018	October 2018 June 2019

Development Services

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
- d) 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.
- e) Ensure that programmers do not have access to modify or disable system triggers in the Production Environment.
- f) 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 and the remainder of this recommendation will be completed with the Accela implementation.

Priority 1	Issue Date: June 29, 2012	Original Target Date: Disagreed	Current Target Date: May 2017 December 2017 April 2018 February 2020
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#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
- d) grants excessive or inappropriate access, and immediately remove any conflicting combinations.
- e) 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 and the remainder of this recommendation will be completed with the Accela implementation.

Priority 1	Issue Date: June 29, 2012	Original Target Date: April 2017	Current Target Date: May 2017 December 2017 April 2018 February 2020
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#13

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

- a) Current and anticipated business needs;
- b) Internal and external customer requirements;
- c) Current trends in system functionalities and security, including services that can be offered via the internet;
- d) Options to meet business and customer requirements cost-effectively, including a cost benefit analysis of retaining PTS over the long term or replacing it with a new system—either developed in-house or a customized commercial software system; and
- e) Anticipated funding needs and source of funds.

In Process

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

Priority 2	Issue Date:	Original Target Date:	Current Target Date:
	June 29, 2012	December 2017	May 2017
			December 2017
			April 2018
			February 2020

16-011

PERFORMANCE AUDIT OF THE CITY'S STREET PRESERVATION ORDINANCE

(SM)

#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.

In Process

No change since last reporting period. This recommendation came after the issuance of the contract with Accela and is therefore outside the contract's scope of work. The Department has the ability to add additional reporting capability and will evaluate what additional reports are needed once Accela has been fully implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	March 3, 2016	March 2017	March 2017
			July 2017
			February 2020

17-003

PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION - AFFORDABLE HOUSING FUND

(CK) (LB)

#2

The Development Services Department implement controls within Accela such as a default to the total number of units within the development to calculate the inclusionary fee. Additionally, we recommend DSD initiate a control within Accela to ensure that the Inclusionary Affordable Housing Fee will be assessed and collected within the first building permit phase of all future phased developments.

In Process No change since last reporting period. This recommendation came after the issuance of the contract with Accela and is therefore outside the contract's scope of work. The Department has the ability to modify the database controls and will move forward with program modifications once Accela is live and has been stabilized.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	July 21, 2016	May 2017	May 2017 July 2017 February 2020

17-010 PERFORMANCE AUDIT OF THE AFFORDABLE / IN-FILL HOUSING AND SUSTAINABLE BUILDINGS EXPEDITE PROGRAM

(KC) (NO)

#1 The Development Services Department should ensure that the Accela software has the capability to track performance data specifically for the individual cycle review disciplines and staff in the context of the Expedite Program.

In Process Accela is still being implemented. The completion of the task related to this recommendation cannot be completed at this point. We will continue to follow up during our normal recommendation follow up periods.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	December 2, 2016	March 2017	July 2017 March 2019 February 2020

#2 The Development Services Department should utilize established managerial best practice frameworks-such as Project Time Management and the Critical Path Method- to prepare managerial reports on timeframes for individual cycle reviewers and develop a process to periodically use this information to determine whether specific deadlines should be changed to improve overall timely project completion.

In Process City Management stated that these processes will be measured and implemented upon the full implementation of Accela. The implementation is ongoing.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	December 2, 2016	March 2017	March 2017 March 2019 February 2020

#3 The Development Services Department (DSD) should ensure that project data maintained is coherent and revise its Performance Measurement Report (PMR) methodology to track both the timeliness of each milestone and the timeliness of the project timeliness from beginning to when the permit is issued. DSD should also improve managerial quality control and review of the tracking data timeliness entries. DSD should articulate these steps in a written procedure and ensure that new staff are trained on the proper data collection methodologies.

In Process The department indicated that the deliverable will be completed upon full implementation of DSD’s Accela software, which is an ongoing implementation, with a scheduled completion date of February 2020.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	December 2, 2016	April 2017	April 2017 March 2019 February 2020

Economic Development

18-007 PERFORMANCE AUDIT OF THE BUSINESS COOPERATION PROGRAM

(AH) (KC)

#2 The department managing the portion of the Business Cooperation Program targeting construction activity should work with the Public Works Department, the Development Services Department, and Civic San Diego to develop procedures to allow Business Cooperation Program staff to become aware when projects with estimated construction costs of more than \$50 million are being proposed. This should also include notification when City capital improvement projects of more than \$25 million are planned.

In Process As discussed in the update for Recommendation #1, EDD is still in the process of updating the BCP in order to target large construction projects. For City projects, the Public Works Department plans to require BCP participation on all CIP projects of greater than \$25 million, and has

developed boilerplate contract language for this purpose. Contracts for several large City projects are expected to be awarded in the second half of FY 2019, including Balboa Park Plaza De Panama (Estimated Construction Contract Value: \$60M), North City Pure Water Facility (Estimated Construction Contract Value: \$374M), North City Morena Blvd Pump Stations & Pipelines (Estimated Construction Contract Value: \$260M), North City Water Reclamation Plant Expansion (Estimated Construction Contract Value: \$147M), North City Pure Water Pipeline (Estimated Construction Contract Value: \$88M), Metro Biosolids Center Improvements (Estimated Construction Contract Value: \$28M). The Resident Engineer for each project will be responsible for ensuring contractors comply with BCP participation requirements, and will coordinate with EDD to provide documentation ensuring the City receives the correct tax payments.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	September 28, 2017	October 2018	October 2018 April 2019

Environmental Services

17-018 PERFORMANCE AUDIT OF CITY GAS AND ELECTRIC UTILITY BILLING

(LRC)

#3

Environmental Services Department Director in coordination with Transportation and Storm Water Department, Park and Recreation Department, Economic Development Department, and the Chief Financial Officer should:

- Develop City-wide procedures for energizing street light accounts, including processes to ensure new lights are added to the appropriate account; and
- Establish a requirement to review all street light bills to ensure lights are assigned to the correct account, once Street Division has established an accurate street light inventory.

In Process

The department indicated they have:

- Developed City-wide procedures for energizing street light accounts, including processes to ensure new lights are added to the appropriate account, was completed with the adoption of The

Streetlight Strategic Management Plan in June 2017, which develops City-wide procedures for energizing street light accounts and adding new lights.

- Established a requirement to review all street light bills to ensure lights are assigned to the correct account, once Street Division has established an accurate street light inventory, is completed with (1) completion of a Standard Operating Procedures Manual, which addresses processes and procedures to review all street light bills to ensure lights are assigned to the correct account; (2) completion of a Memorandum of Understanding between the City and SDG&E which addresses processes and procedures to review all street light bills to ensure lights are assigned to the correct account; (3) working with consultants, streetlight vendors, and SDG&E to ensure that street lights are assigned to correct accounts in the smart street light database before roll out of smart street light rates in August 2018; (4) update of the City’s streetlight inventory in IAM San Diego (over 31,000 streetlight records are currently being updated with an additional 14,000 streetlights from the inventory to be updated upon completion of ESD’s street light retrofits); (5) completion of refining the Electrical Service Order (ESO) to ensure lights are assigned to the correct account.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	April 4, 2017	December 2018	December 2018

Fleet Operations Department

19-007 PERFORMANCE AUDIT OF THE FLEET OPERATIONS’ VEHICLE ACQUISITION PROCESS

(SM) (JP)

#5 The Fleet Operations Department (Fleet Operations) should work with the Personnel Department to develop an additional position to fill its FleetFocus EAM personnel needs. This position should be experienced with relational database modules and have the skills needed to program the FleetFocus EAM system to perform critical reporting functions and produce analytical reports that will help Fleet Operations have the information it needs to

become more efficient. This position should utilize FleetFocus EAM's capabilities to perform analysis of fleet data for capital planning, utilization, and lifecycles. This position should be dedicated to the technical and analytical duties of managing and programming the system, which would include writing specifications, analyzing business operations, developing and implementing business system solutions, and data management.

In Process The Fleet Operations Department and the Personnel Department have taken the following steps to create and fill this recommended position:

- 1) The position was exempted from the Classified Service by the Civil Service Commission on November 13, 2018 and forwarded onto the full City Council;
- 2) The first reading of an Ordinance to exempt an unclassified position from City Service was heard on December 4, 2018 with the second reading on January 8, 2019;
- 3) The approval to fill and create a supplemental position was approved on February 21, 2019;
- 4) The Personnel Department created the position on February 10, 2019;
- 5) The Personnel Department cleared the position for hire on February 23, 2019 (after receipt of City Management approval on February 21, 2019).

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	September 27, 2018	December 2018	December 2018 June 2019

Office of the Mayor

17-020 PERFORMANCE AUDIT OF THE CITY'S MANAGEMENT OF ITS ADVISORY BOARDS

(AH) (DN)

#4 The Mayor's Office, in consultation with the Office of the Council President and the City Attorney's Office, should consider a proposal to amend the Municipal Code regarding appointments to Advisory Boards that require the Mayor to appoint only from nominees provided by the City Council. The amendment should include a deadline for Councilmembers to provide

nominees to the Mayor after a vacancy has occurred, after which time the Mayor may name an appointee even if the Council has not provided a nominee. The appointee should still be required to meet all other qualifications required for the Advisory Board position, and be confirmed by the City Council.

In Process

The Mayor's Office indicated there has been a change of staff involved in implementing the recommendations - the Mayor has recently created the position of the Director of Boards and Commissions, and Councilmember Gomez was recently appointed as the new Council President.

According to the Mayor's Office, negotiations have begun between the Mayor's Office and the new Office of the Council President regarding the exact language and process to be utilized for the SDMC update.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 1, 2017	January 2018	January 2018 June 2018 June 2019

#5

The Mayor's Office, in consultation with the Office of the Council President, should revise Council Policy 000-13, "Procedure for Mayor and Council Appointments," to formally document required steps in the vetting process for Advisory Board candidates, including establishing responsibilities for completing each step as well as timelines for completion. The revised policy should address differences, if any, between the vetting processes for candidates to be appointed by the Mayor versus candidates to be appointed by the City Council.

In Process

As discussed in the Mayor's Office's update, there has been a change of staff involved in implementing the recommendations - the Mayor has recently created the position of the Director of Boards and Commissions, and Councilmember Gomez was recently appointed as the new Council President. According to the Mayor's Office, negotiations have restarted between the Mayor's Office and the new Office of the Council President regarding a proposed update to Council Policy 000-13. This may need to occur after, or in conjunction with, the implementation of Recommendation #4 in order to avoid any conflicts with the SDMC.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 1, 2017	January 2018	January 2018 June 2018 June 2019

#9 The City Administration should develop or procure a standard Brown Act compliance document, as approved by the City Attorney's Office, and provide it to all new and existing Advisory Boards. This standard should be posted on the City's website. In addition, the City Administration should ensure that each Advisory Board is provided with a website or with access to a designated page on the City's website, and document procedures and responsibilities for posting meeting agendas, minutes, and other applicable documents online.

In Process The Mayor's Office provided a Brown Act briefing template and a link to a web-based Brown Act training that was created in conjunction with the Office of the City Attorney and the Communications Department. According to the Mayor's Office, all advisory board liaisons and all new advisory board members have received the briefing template, and the web-based training will be provided to all liaisons and board members as well. We will continue to follow-up on these recommendations to verify that each element of the recommendations has been implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 1, 2017	January 2018	January 2018 June 2018 June 2019

#10 The Mayor's Office should follow through with its planned steps for reviewing the City's Advisory Boards for reorganization and standardization, and present recommendations to the City Council for consideration.

In Process According to the Mayor's Office, the recent creation of the Office of Boards and Commissions will help facilitate the review and standardization of advisory boards. In addition, the Mayor's Office provided a standard reporting template for advisory boards to use to create and submit annual reports, and indicated that advisory board members are eager to use this avenue to communicate more effectively with the City Administration and City Council. However, according to the City Clerk's tracking matrix, and the Mayor's Office, changes have not yet been implemented to actually require all advisory boards to submit these reports, and relatively few advisory boards have actually done so. According to the Mayor's Office, implementing formal reporting requirements, as included in Recommendation #12, would best be achieved through a new Council Policy, which has not been proposed.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 1, 2017	October 2017	October 2017 May 2018 May 2019

#11

The Mayor's Office should develop a standard format for reports to City Council regarding new Advisory Boards prior to their establishment. This report should include analysis of whether the functions of the proposed board could be incorporated into an existing board. This report should also include estimates of the City staff hours/cost to administer the proposed new Advisory Board.

In Process

According to the Mayor's Office, the recent creation of the Office of Boards and Commissions will help facilitate the review and standardization of advisory boards. In addition, the Mayor's Office provided a standard reporting template for advisory boards to use to create and submit annual reports, and indicated that advisory board members are eager to use this avenue to communicate more effectively with the City Administration and City Council. However, according to the City Clerk's tracking matrix, and the Mayor's Office, changes have not yet been implemented to actually require all advisory boards to submit these reports, and relatively few advisory boards have actually done so. According to the Mayor's Office, implementing formal reporting requirements, as included in Recommendation #12, would best be achieved through a new Council Policy, which has not been proposed.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 1, 2017	October 2017	October 2017 June 2018 June 2019

#12

The Mayor's Office, in coordination with the Office of the Council President, should develop a standard, form-based annual report template and require each Advisory Board to complete and submit this report to the City Council on an annual basis. The form should include:

- The mission and duties of the Advisory Board, as established by the Mayor and City Council, and stated in the Municipal Code;
- A brief summary of the actions taken by the Advisory Board that year;
- The number of Advisory Board meetings held (including the number of meetings cancelled and the reason for any cancellation);

- Whether the Advisory Board has experienced any issues with quorum;
- The number of vacant positions on the Advisory Board;
- The number of members serving on expired terms;
- Any concerns the board would like to bring to City Council's attention; and
- An estimate of the City staff hours/cost to administer the board.

The Mayor's Office, in consultation with the Office of the Council President and the City Attorney's Office, should determine how the requirement that all Advisory Boards complete this report and provide it to the Mayor, the City Council, and the City Clerk's Office on an annual basis, and appear at City Council or Council Committee meetings upon request, can best be implemented. In addition, the City Administration should document a procedure designating each Advisory Board's department liaison as responsible for providing the board's annual report to the Mayor's Office, the City Council, and the City Clerk's Office, once submitted by the Advisory Board.

In Process

According to the Mayor's Office, the recent creation of the Office of Boards and Commissions will help facilitate the review and standardization of advisory boards.

In addition, the Mayor's Office provided a standard reporting template for advisory boards to use to create and submit annual reports, and indicated that advisory board members are eager to use this avenue to communicate more effectively with the City Administration and City Council. However, according to the City Clerk's tracking matrix, and the Mayor's Office, changes have not yet been implemented to actually require all advisory boards to submit these reports, and relatively few advisory boards have actually done so. According to the Mayor's Office, implementing formal reporting requirements, as included in Recommendation #12, would best be achieved through a new Council Policy, which has not been proposed.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 1, 2017	October 2017	October 2017 June 2018 June 2019

#14

The Mayor's Office, in coordination with the Office of the Council President, should develop and implement a formal review process/policy for City Advisory Boards. This review of all Advisory Boards should be completed at least once every two years, and should include consideration of the

potential to reorganize or consolidate existing Advisory Boards, revise Advisory Board membership requirements to facilitate recruitment, and sunset Advisory Boards that are obsolete or redundant.

In Process

According to the Mayor’s Office, the recent creation of the Office of Boards and Commissions will help facilitate the review and standardization of advisory boards. In addition, the Mayor’s Office provided a standard reporting template for advisory boards to use to create and submit annual reports, and indicated that advisory board members are eager to use this avenue to communicate more effectively with the City Administration and City Council. However, according to the City Clerk’s tracking matrix, and the Mayor’s Office, changes have not yet been implemented to actually require all advisory boards to submit these reports, and relatively few advisory boards have actually done so. According to the Mayor’s Office, implementing formal reporting requirements, as included in Recommendation #12, would best be achieved through a new Council Policy, which has not been proposed.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 1, 2017	January 2018	January 2018 June 2018 June 2019

Parks and Recreation Department

17-021 HOTLINE INVESTIGATION OF RECREATION ACTIVITY PERMIT CALCULATION ERRORS AND ABUSE

(AH)

#2

We recommend that the Park and Recreation Department:

- Review the identified permit fee errors and ensure that the fees due to the permittees, the City, and the Recreation Councils are properly collected and disbursed.

In Process

The Department has reviewed permit errors, documented proper fees based on available information, and notified permittees. Implementation is anticipated June 28, 2019.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 12, 2017	September 2017	September 2017 April 2018 December 2018 June 2019

#4

We recommend that the Park and Recreation Department:

- Improve software configuration to reduce permit processing errors and ensure compliance with the existing Fee Schedule and Departmental policies.

In Process

No change since last reporting period. The Department will restructure the permit based business model within the existing software system to allow fees to auto-populate during reservation creation or when customers request a reservation online. The Department is working with a consultant to assist with conditional logic development for various processes to include identification, analysis and mapping of the department's Fee Schedule and verification. Upon completion of these requirements, a confirmation phase is necessary before moving to the next phase. Implementation is anticipated July 1, 2019.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 12, 2017	July 2018	July 2018 July 2019

18-009

PERFORMANCE AUDIT OF PARK AND RECREATION DEPARTMENT'S OPERATIONS MAINTENANCE

(LB) (NO)

#4

The Park and Recreation Department should incorporate the outcome-based results from either its inspections or the public survey as a factor in its staff deployment decisions within the Community Parks I and Community Parks II Divisions.

In Process

No change since the last reporting period. The Department will review and compile the results from the public survey as an assessment of park maintenance. The survey will be distributed this summer with results available in spring 2019. Based on survey results, the Department will develop a plan to address park maintenance issues and staff deployment. Implementation anticipated April 2019.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	July 26, 2018	September 2018	September 2018 June 2019

Public Utilities Department – Water Operations

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

No change since last reporting period. On January 2, 2015, the Water Construction and Maintenance Division of the Public Utilities Department implemented its 3-year accelerated valve maintenance program. It was determined that the valve maintenance section would need to maintain a staffing level of 28 people to achieve its goal of performing preventative maintenance (PM) on approximately 73,721 valves within a 3-year period. Due to hiring constraints within the past 2 years, the section staffing level has continued to fall, affecting daily production numbers. In addition to the vacancies, the section also had multiple people on industrial leave, as well as limited duty due to injuries. The total number of budgeted positions for this section is 28, which includes 2 supervisors and 26 field staff. We currently have 2 injured field staff (industrial leave/long-term disability) and an additional 8 vacancies which we are in the process of filling.

In addition to the above, it was discovered that the number of valves needing PMs (73,721) during the 3-year accelerated program was inaccurate. A PM for a fire hydrant was counted as 1 valve, but in fact a fire hydrant PM consists of 2 water system components: the hydrant and the valve that controls the water going to the hydrant, increasing the number of valves operated and maintained to 99,270. These additional 25,549 valves which represent a 35% increase over the original number identified, increase the time needed to complete one full cycle of valve maintenance by 12 months, which is the additional time being requested to complete the accelerated program. The valve crews assigned north of Interstate 8 have completed and PM'd all valves in that area. These teams are now working south of Interstate 8 alongside the crews currently performing PM's on the remaining valves in that area. We estimate that the accelerated valve program will be completed by January 31, 2019.

Also, based on the data we have collected and our experience to date, we determined that a 3/5 year risk based valve maintenance program is not the most cost effective or efficient way to maintain the valves within the distribution system. Originally, it was determined that each valve within the distribution system would be given a weighted score based on installation date, valve type, critical customers and community impact. Valves with a score of 65 or higher would be considered high risk and would receive PM's every 3 years. Valves with less than a score of 65 would be considered low risk and would receive PM's every 5 years. This often resulted in 2 or more valves within the same intersection having different PM schedules. For example, in the intersection of Mission Gorge Road and Twain Avenue there are 4 valves. Two of those valves within a 4 foot radius received a weighted score of 65 or higher and the other 2 valves received a score less than 65. Based on the 3/5 year risk based maintenance program, crews would be

required to visit and perform PM's twice at the same location. This approach is labor and budget intensive and will require crews to set up traffic control and storm water BMP's each time they move forward, and back to PM valves in an area previously worked. Therefore, the cost to PM valves will double in areas that have valves with different PM schedules if a 3/5 year plan is implemented.

We are therefore recommending a 4-year linear program which is consistent with the data already gathered and is within the AWWA industry recommendations for valve maintenance. In addition, the scoring criteria established for the 3-year accelerated program does not account for the following:

- Valves replaced should be rescored to determine their criticality. This example is demonstrated using Appendix B of Valve Audit Recommendation #4. In this table, 13 (41%) of the 32 valves scored would be on a 3-year maintenance cycle. However, consider the same table when a valve weighted at 20 points is replaced to 5 points used for a new valve. Only 2 (6%) remain a 3-year maintained valve.
- San Diego has an aggressive water main and valve replacement program. Valves replaced should trigger a recalculation of and determination if the valve is a 3- or 5-year maintained valve.
- Rescoring will cause a constant moving forward and backtracking of valve teams as valves age moving through the install date criteria.

The current scoring criteria does not consider water system design: redundancy in the form of looped water mains laid out in a grid. Looped water mains offer redundancy and ability to feed customers and critical facilities from more than one direction. Cul-de-sacs are the exception.
- As previously stated, our recommendation going forward is for a 4 year linear program to be implemented at the conclusion of the accelerated program. It is the simplest, most cost effective way of moving forward with a valve maintenance program. The benefits include:
 - We have proven we can do it. The past 3-year accelerated program is linear by its nature.

- A linear program eliminates the constant going forward and backwards based on a valve's age or rescoring.
- A 4-year program meets AWWA standards as identified in the AWWA Manal M44, page 55, bullet 3: "All gate valves should be physically cycled from full open to close and back open at least once every five years or on a timetable based on the criteria established by the agency." We meet this standard with a 4-year program.

Finally, a 4-year program complies with State of California Code of Regulations (CCR) as defined in Title 22, Division 4. Environmental Health, Chapter 16. California Waterworks Standards, Article 8. Distribution System Operation, §64600. Water System Operations and Maintenance Plan, (a) (9) The schedule and procedures for routine exercising of water main valves.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	December 31, 2012	December 2013	January 2018 January 2019

Purchasing and Contracting

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 & Contracting Department, in consultation with the City Attorney's Office, is finalizing the Administrative Regulation related to debarment (AR 25.90 - Procedures for Initiating Debarment and Debarment Hearings). P&C expects to have the AR finalized and posted in April 2019. Department management will determine if debarment efforts should be undertaken against vendors. Vendor and its parent company have not done business with the City since 2016.

Priority 2	Issue Date:	Original Target Date:	Current Target Date:
	March 18, 2014	N/A	January 2017
		January 2017	June 2017
			April 2018
			March 2019
			April 2019

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

(SG)

#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 All P&C Procurement Contracting Officers (PCO) have been trained on contract administration, and that training includes responsibilities for citywide contracts (P&C provided OCA with a copy). In addition, Ariba allows PCOs to effectively manage citywide contracts; however, the department has not identified all of the existing citywide contracts and will only flag them as they are renewed or replaced and entered into the new Ariba system by December 2020.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	January 16, 2015	April 2015	November 2016
			July 2017
			June 2022
			April 2019
			December 2020

#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

As noted as part of the February 20, 2019 Audit Committee update, until all contracts are implemented in Ariba, not all risks identified with contract administration will be fully mitigated. P&C agrees with this assessment and is working to have all contracts implemented in Ariba by the end of the next calendar year.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	January 16, 2015	N/A	January 2017 June 2017 June 2022 April 2019 December 2020

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:

- All City contracts utilize an SAP Outline Agreement to centralize contract information and utilize centralized controls, access and reporting in the Citywide financial system;
- 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;

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
- 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

The Purchasing and Contracting Department informed the auditor that contracts within the Ariba system meet the recommendation requirements; however, the remaining contracts will not be corrected until they are imported into Ariba.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	April 25, 2015	TBD January 2017	January 2017 June 2017 June 2022 December 2020

#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

The Purchasing and Contracting Department informed the auditor that contracts within the Ariba system meet the recommendation requirements; however, the remaining contracts will not be corrected until they are imported into Ariba.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	April 25, 2015	November 2015	November 2016 June 2017 December 2020

#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

The Purchasing & Contracting Department provided OCA with a draft of its contract close-out and modification processes. OCA reviewed the draft and found the context sufficient; however, in order for OCA to deem this recommendation as implemented, the processes should be formalized and memorialized in an official document and rolled out to the appropriate staff.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	April 25, 2015	N/A	November 2016
		November 2016	June 2017
			June 2022
			April 2019
			June 2019

#7 The Chief Operating Officer (COO) should require the completion of a standardized performance evaluation upon contract completion for both CIP and non-CIP contracts. Specifically, the COO should develop policies and procedures for vendor performance evaluations that:

- a) Are defined at a high enough level for both the Purchasing and Public Works departments to use and add more detailed information as appropriate;
- b) Define specified periods in a contract lifespan;
- c) Ensure that all evaluations are centrally attached to vendor record, such as the SAP Vendor Master files Attachment;
- d) Ensure that past Vendor Performance is taken into account prior to

issuing or renewing contracts with that vendor;

- e) Design a formalized vendor dispute and arbitration process to ensure evaluations are performed equitably; and
- f) Ensure that the process is robust enough to pursue vendor debarment when appropriate.

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

In Process

The Purchasing and Contracting Department informed the auditor that contracts within the Ariba system meet the recommendation requirements; however, the remaining contracts will not be corrected until they are imported into Ariba.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	April 25, 2015	N/A November 2016	November 2016 June 2017 January 2019 December 2020

#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 & Contracting Department, in consultation with the City Attorney's Office, is finalizing the Administrative Regulation related to debarment (AR 25.90 - Procedures for Initiating Debarment and Debarment Hearings). P&C expects to have the AR finalized and posted in April 2019; the AR details a vendor process that includes City Auditor recommendation points a.) - d.), although P&C does not review its ARs each year. P&C will include training on the debarment process as part of its contract compliance training for Procurement Contracting Officers effective fiscal year 2020.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	April 25, 2015	N/A January 2017	January 2017 June 2017 April 2018 May 2018 April 2019

#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 & Contracting Department, in consultation with the City Attorney's Office, is finalizing the Administrative Regulation related to debarment (AR 25.90 - Procedures for Initiating Debarment and Debarment Hearings). P&C expects to have the AR finalized and posted in April 2019.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	April 25, 2015	July 2016	January 2017 June 2017 April 2018 May 2018 April 2019

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.

In Process

P&C indicated that they would wait until the AR is complete before evaluating debarment options further. However, an unrelated vendor was successfully debarred temporarily in 2017 without an AR in place.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	March 30, 2016	June 2016	January 2017 May 2018 March 2019

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 P&C has finalized and published the digital procurement manual. P&C states that the Ariba system has automated features to ensure that purchase requisitions are properly created and linked to contracts.

P&C also reports that any purchase requisitions that are created outside of Ariba and that are not linked to a contract, a review by a Procurement Contracting Officers is required.

The OCA is reviewing evidence and will make a determination of the status of this recommendation for our semi-annual recommendation follow up report.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	April 21, 2016	November 2016	January 2017 June 2017 June 2022 April 2019

#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 In July 2017, P&C implemented a software solution that addresses the intent of the auditor’s recommendations for stronger contract management. Since the system go-live, all contracts that P&C has created or moved into the new system benefit from the automated preventative controls in place. However, the legacy contracts outside the new system do not have the same level of preventative controls. According to P&C management, approximately 232 contracts (34 percent) of the contracts are in the new system which account for approximately \$1 billion in contract value, while 445 contracts (66 percent) of contracts reside in the previous system, also account for approximately \$1 billion in contract value.

P&C indicated that it plans to move the remaining contracts into the new system by the end of Calendar Year 2020. This recommendation remains as In Process until all contracts are sufficiently controlled.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	April 21, 2016	November 2016	January 2017 June 2017 June 2022 December 2020

17-022 HOTLINE INVESTIGATION OF A CITY VENDOR

(AH)

#1 We recommend that the Assistant Chief Operating Officer:

- Review the detailed information provided in the confidential version of our report and initiate permanent debarment proceedings with respect to the named vendor, as appropriate.

In Process P&C determined that the vendor was non-responsible, so the vendor is “effectively precluded from being awarded contracts by the City for a period of five years.” P&C will determine whether further action is warranted. We note that the non-responsible vendor process is not the same as permanent debarment.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	June 26, 2017	August 2017	August 2017 May 2018 March 2019

Real Estate Assets

13-009 PERFORMANCE AUDIT OF THE REAL ESTATE ASSETS DEPARTMENT

(SP)

#4

The Real Estate Assets Department (READ) 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

According to the department, the draft council policy update had been previously scheduled to go to Council Committee, however the date was pushed at the request of the Committee Chair. It was still not scheduled by the beginning of 2019 and new briefings are necessary as there is a new Committee Chair in place as well as new members of City Council that will want to understand the proposed updates.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	December 20, 2012	June 2013	March 2017 April 2017 June 2018 December 2018 June 2019

14-019 PERFORMANCE AUDIT OF REAL ESTATE ASSETS DEPARTMENT

(NO)

#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 Parks and Recreation and Public Works indicated the project will require an additional EIR. Therefore, the timeline to remove the residential uses has been pushed out while the process is completed.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	May 7, 2014	June 2017	Fiscal Year 2018
			June 2018
			July 2020
			July 2021

San Diego Police Department

14-006 PERFORMANCE AUDIT OF THE POLICE PATROL OPERATIONS

(NO)

#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 Recruitment and candidate selection continue to be in progress to hire the data and reporting analyst position that was previously approved. The selected candidate will need to complete the SDPD backgrounds process before they can begin to learn the database and create data extracts and reporting that can be analyzed by existing staff.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	September 23, 2013	June 2017	June 2017 October 2017 June 2018 June 2020

17-006 PERFORMANCE AUDIT OF THE CITY'S PROGRAMS RESPONSIBLE FOR IMPROVING PEDESTRIAN SAFETY

(AH) (DN)

#5 The San Diego Police Department (SDPD) should set a measurable goal to increase enforcement of the driver violations that are most likely to result in pedestrian injuries and fatalities in the City. This goal should be included in the City's Vision Zero Strategic Plan. To ensure that the enhanced enforcement of certain traffic violations is as effective as possible at improving pedestrian safety, the City should:

- Use a combination of data analysis and SDPD's expertise to determine the violations that SDPD should prioritize.
- Use a method to ensure the public is aware of the violations being targeted.
- Publicly report SDPD's performance towards meeting its measurable goals on at least an annual basis.

In Process The SDPD Traffic Division has taken significant steps to implement this recommendation. The Traffic Division has set a measurable goal of increasing enforcement (time spent focusing on pedestrian safety) of the most likely violations, in the most common locations, contributing to pedestrian and bicycle accidents by 10%. This will include a minimum of two Traffic Division grant funded enforcement/educational details per month in the identified areas. Additionally, proactive enforcement, on the part of patrol officers assigned to the identified areas, will augment the Traffic Division's efforts and assist with increasing awareness through education and enforcement. Plans are in place to utilize data and educate the public prior to, and during enforcement details.

To that end, the Traffic Division has analyzed data to determine which violations are most likely to cause harm to pedestrians, and has issued an email to the Captains of the various SDPD divisions providing maps detailing locations in each division with high rates of pedestrian collisions, as well as certain pedestrian and driver violations that should be enforced at those

locations. The email instructs Captains to have officers incorporate enforcement of violations committed by or against pedestrians at the mapped locations into their daily activities "to the greatest extent possible." In addition, in July 2018, Patrol Captains were informed to direct their officers to include enforcement and education specifically related to Vision Zero as a part of their community engagement efforts. Specifically, this is to be done three days per week during first to second watch, and second to third watch overlap for one-half hour, as time is permitted, with the understanding that lower staffing, higher priority radio calls, necessary pro-active part one and part two crime enforcement might affect these efforts at times.

Regarding public outreach, a link to the City of San Diego Vision Zero webpage has been placed on SDPD's webpage. An SDPD PSA has been posted on the Vision Zero website to inform the public of SDPD's focus on pedestrian safety. The Traffic Division has also been issuing press releases for its targeted pedestrian safety enforcements. In addition to planned media press conferences and releases, the Police Department Media Services Office emailed enforcement statistics to those responsible with updating the Vision Zero website. Specifically, this data includes calendar years 2017 and 2018 enforcement statistics for citations written at the locations identified by statistically based maps as having three or more injury crashes. The corresponding maps were sent as well. According to the Traffic Division, the data will include statistics near the targeted locations and during all time periods, not just the saturation patrols, a comparison of the statistics from the previous time period, and the amount of time officers (30 minutes when time permits) spend enforcing target locations Citywide.

While much progress has been made, there are few steps still needed. Specifically, OCA will continue to follow-up on this recommendation until the data is posted on the Vision Zero page and the measurable goal is added to the City's Vision Zero Strategic Plan.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	September 15, 2016	January 2017	March 2017
			December 2017
			June 2018
			January 2019
			June 2019

Streets Division

17-009 PERFORMANCE AUDIT OF STREET LIGHT REPAIR

(LRC)

#5 In order to improve the operational efficiency of street light repairs and reduce the risk of theft, the Street Division Deputy Director should: create an inventory to account for street light repair parts and materials; establish inventory controls over parts and materials that encompass receipts, distribution, and periodic inventory of the items on hand; and develop inventory thresholds that will automatically trigger parts reordering in response to demand.

In Process This recommendation should remain "In Process" because additional documentation to support the implementation of the drafted inventory controls is needed.

Based on documents provided by the Transportation & Storm Water Department thus far, it is clear that steps have been taken to implement this recommendation. The Department has drafted standard operating procedures for the Inventory Control Process, created inventories with minimum reorder quantities, and began conducting inventory counts. Additionally, according to the Department, it has hired a provisional Storekeeper to maintain the inventory and prepare for process automation. However, the Department could not provide documentation to support ongoing inventory counts and receipts/distribution of materials and parts.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	December 1, 2016	December 2017	December 2017 March 2018 December 2018

#6 To ensure the City has accurate asset data used for street light repairs, the Street Division Deputy Director should: prioritize hiring of asset management positions; update street light asset information to include fixture and pole data needed to make street light repairs more efficient; and develop operational guidelines for updating street light asset data when the City makes modifications to assets, and if asset additions and removals occur.

In Process

Street Division has coordinated with DoIT/ERP to update the TSW Streetlight Asset Layer with recent ESD and DSD inventory data. Moving forward, the Streetlight Asset layer will be refreshed as City stakeholders process inventory updates. It is anticipated that the new asset layer will be ready to 'go-live' no later than June 2019.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	December 1, 2016	December 2018	December 2018 June 2019

Transportation & Storm Water

15-011 PERFORMANCE AUDIT OF THE UTILITIES UNDERGROUNDING PROGRAM

(SP)

#4 The Transportation & Storm Water Department in conjunction with the City Attorney's Office should review, reconcile, and amend the Municipal Code and Council Policy to ensure consistency as needed and provide project timeline expectations.

In Process According to Transportation & Storm Water, work is proceeding on schedule. Staff have determined that only revisions to Council Policy 600 -08 are needed to remove the conflicting timeline requirements. The implementation of this audit recommendation therefore will be limited to minor changes to Council Policy with no changes to the Municipal Code. These changes are underway and will be brought to City Council for approval in the upcoming months. Staff intend to complete the implementation ahead of schedule.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	January 15, 2015	June 2016	June 2017 June 2018 December 2019

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

In Process According to Transportation & Storm Water, work is proceeding on schedule. The Purchase Order was issued in December and the building of the database is well underway. User Acceptance Testing (UAT) scheduled for April 2019.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	January 15, 2015	January 2016	June 2017 June 2018 June 2019

**18-013 FRAUD HOTLINE INVESTIGATION REPORT OF WASTE IN THE
TRANSPORTATION ALTERNATIVES PROGRAM**

(AH)

#7 We recommend that TAP management work in coordination with the Human Resources Department to revise the current discount-pricing structure for Regional and Premium passes sold to members of the Municipal Employees Association. The revised discount should be applied consistently to all passes and included in future agreements with the Municipal Employees Association.

In Process No change in status since last reporting period. In December 2017, the pricing structure and the different MEA subsidy rates were discussed with the Human Resources Department. In March 2018, HR stated that they would bring TAP pricing and subsidy rate changes forward during the next MOU negotiations with the unions. The current MOUs with the labor unions expire on June 30, 2020.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	December 22, 2017	August 2018	August 2018 July 2020

#9 We recommend that TAP management create and implement program policies that define program eligibility for volunteers, interns, and all classes of employees. TAP management should ensure these policies are approved by the appropriate level of City management.

In Process No change in status since last reporting period. Transportation Alternatives Program management worked in coordination with the Human Resources Department to clarify program eligibility for all classes of employees by defining the benefits in the Fiscal 2019 Terms Memo for Unclassified/Unrepresented and Classified/Unrepresented Employees. However, benefits have not been defined for volunteers and interns. Further action is needed, and this recommendation should be referred to the Human Resources Department.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	December 22, 2017	July 2018	July 2018

#12

We recommend that TAP management work in coordination with the Office of the City Comptroller to implement a process for automatic payroll deductions for monthly and annual transit pass sales. TAP management should ensure that this process is documented and approved by the appropriate Appointing Authority. Prior to implementation of the payroll deduction process, TAP management should consider whether SAP can automatically generate pass orders and reports for the types and number of passes sold.

In Process

Risk Management has determined that the most prudent way to automate the TAP program would be to transfer management of the program to a third-party administrator. Risk Management has worked with our Benefits Consultant to determine the scope of the administration services of the TAP program, including online enrollment and automated payroll deductions. Risk Management will be requesting quotes for commuter benefits services with an expected implementation date of July 1, 2019.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	December 22, 2017	April 2018	April 2018 December 2018 July 2019

18-023

PERFORMANCE AUDIT OF THE STORM WATER DIVISION

(AH) (MG) (DN)

#1

To more quickly and efficiently replace the City's aging corrugated metal pipes, the Transportation and Storm Water Department Storm Water Division (SWD) should continue with its plans to determine the optimal size of its in-house pipe repair crew (crew) and equipment needs, and continue to request funding for the additional staff, as needed. Specifically, SWD should conduct the following analysis to justify the funding request:

- Review all projects on its Capital Improvement Program Needs List and determine which projects the crew can complete; and
- Project future repair and replacement needs based on the City's aging storm water pipes and condition assessment data to help determine the optimal size of the crew.

If SWD is not granted funding for additional FTEs to optimize the size of the crew (based on the results of the analysis above), SWD should develop and implement an annual process to analyze its funding and determine whether funds can be reallocated to fund additional repairs by the crew.

In Process

The Storm Water Division (SWD) has partially implemented this recommendation. As of January 30, 2019, a consultant completed a review of 32.2 miles of corrugated metal pipe (CMP) and assessed the repair options for individual pipe segments. The consultant recommended a phased doubling of in-house staff over FY20 and FY21. SWD stated that it has requested funding for an additional 12 FTEs in its FY20 budget request, and plans to request the funding for the remaining FTEs in its FY21 budget request.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	June 14, 2018	January 2019	January 2019 June 2020

December 2018

ATTACHMENT D

**Recommendations Deemed As In
Process
And Not Due**

Sorted by Department

This schedule includes all recommendations as of December 31, 2018 that are not due but are In **Process** of implementation based on the status information provided.

**ATTACHMENT D
RECOMMENDATIONS DEEMED AS IN PROCESS – NOT DUE**

Chief Operating Officer

19-008 HOTLINE REPORT OF JURY DUTY SERVICE FRAUD

(AH)

#2 We recommend that the Assistant Chief Operating Officer consider whether City employees should serve the minimum frequency of jury duty required, or that the service should be performed as often as summoned, or that the appointing authorities in each City department should exercise their discretion regarding the frequency of jury duty service, in consultation with the employee.

In Process This is a new recommendation that was issued within the last three months of the current reporting period but is not expected to be implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	September 28, 2018	March 2019	March 2019

Department of Finance⁷

19-010 PERFORMANCE AUDIT OF THE CITY'S ANNUAL EMPLOYEE COMPENSATION REPORTS

(NO) (LRC)

#1 As part of its upcoming annual compensation report, the Department of Finance should calculate and/or estimate the amount of employer contributions for employees in the defined benefit retirement plans using the most accurate methodology feasible. This figure should be included in future annual compensation reports submitted to the State.

In Process This is a new recommendation that was issued within the last three months of the current reporting period but is not expected to be implemented.

⁷ Formerly Financial Management Department and/or the Office of the Comptroller.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	November 16, 2018	April 2019	April 2019

#2 The Department of Finance should calculate and/or estimate the amount of employer contributions for each employee's pension retirement plan for calendar year 2017, resubmit the report to the State Controller, and provide clarifying notice to the State Controller and Transparent California. In addition, the Department of Finance should analyze the feasibility and value of resubmitting prior year reports, and further consult with the State Controller to determine if reports prior to the calendar year 2017 report should be updated as well.

In Process This is a new recommendation that was issued within the last three months of the current reporting period but is not expected to be implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	November 16, 2018	June 2019	June 2019

Development Services Department

19-011 PERFORMANCE AUDIT OF DEVELOPMENT SERVICES' ACCELA PERMITTING SYSTEM IMPLEMENTATION

(SG)

#1 The office of the Chief Operating Officer (COO) should develop an Administrative Regulation (AR) defining the authority of the Chief Information Officer (CIO). Specifically, the AR should provide the CIO with sufficient authority to define and enforce Enterprise IT Governance in accordance with standards across the entire user environment of the City through the information system lifecycle, including the procurement, implementation, maintenance, and retirement of information systems.

In Process This is a new recommendation that was issued within the last three months of the current reporting period but is not expected to be implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	November 16, 2018	June 2019	June 2019

#2 The Chief Information Officer (CIO) should expand their System Implementation Governance model to facilitate best practice system implementations for City Departments. This model must meet COBIT 5's Build, Acquire, and Implement Domain requirements to ensure compliance with best practice. Specifically, the CIO should:

- a) Provide required steps to implement a new system that cannot be bypassed;
- b) Further develop guidance for each phase of a system implementation appropriate to its scope and impact to the City;
- c) Track alignment of business IT controls and enterprise IT controls throughout the system development lifecycle with a high-level review at key points in the implementation process; and
- d) Analyze process impacts to current Department of IT Team staffing and allocate resources appropriately to ensure additional implementation process requirements do not overly burden existing staff workload.

In Process This is a new recommendation that was issued within the last three months of the current reporting period but is not expected to be implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	November 16, 2018	April 2019	April 2019

#3 The Department of Information Technology (DoIT) should maintain a central repository to track current system information to establish controls to maintain current system documentation. Additionally, DoIT should analyze this process impact to current IT Team staffing and allocate resources appropriately to minimize impact to their operations. This repository should:

- a) Track Information System Data from cradle to grave in a centralized, searchable, tracking repository system; while DoIT is automating this process, they should record this information using available resources; and
- b) Integrate with the system implementation process data created during the implementation phase.

In Process This is a new recommendation that was issued within the last three months of the current reporting period but is not expected to be implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	November 16, 2018	September 2020	September 2020

#4 The Chief Information Officer (CIO), working with Chief Operating Officer (COO), should develop a training program for system implementations executive project management within the City's training application, based on best practices, to ensure project management are sufficiently aware of best practices embedded into the City's information system implementation process prior to acquiring new systems.

In Process This is a new recommendation that was issued within the last three months of the current reporting period but is not expected to be implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	November 16, 2018	June 2019	June 2019

Economic Development

18-015 PERFORMANCE AUDIT OF THE ECONOMIC DEVELOPMENT DEPARTMENT'S BUSINESS AND INDUSTRY INCENTIVES PROGRAM

(AH) (KC)

#1 EDD should develop a more comprehensive outreach strategy to spread information about the BII and other EDD programs. Specifically incorporating outreach to potential businesses located in older; underserved areas of the City as stated in Council Policy 900-12 and the Economic Development Strategy.

In Process No change since the last reporting period. The Economic Development Department outreach strategy includes conducting outreach to businesses located in older, under-served communities through organized business walks with city staff, council members and staff, community business leaders, and other non-profits on a quarterly basis, meeting monthly with businesses at the Small Business Advisory Board, attending monthly meetings of the Business Improvement Districts, various Chambers and other economic development organizations, through the Business Resource Matcher online tool and through Open Counter Online Business Portal. New marketing materials have been produced and are distributed to businesses and to economic

development organizations/ stakeholders. Economic Development Department staff also participates in various forums and panels to talk about opportunities in the City and the various programs offered to the business community. These activities have been enhanced and implemented throughout FY18.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	January 16, 2018	January 2019	January 2019

#2 EDD should develop a written internal process to ensure the Office of the City Treasurer, Development Services Department, and other departments provide information about the BII to new business and permit applicants.

In Process

No change since the last reporting period. The Economic Development Department has developed a revised 900-12 policy to address this recommendation. The new 900-12 policy will go to Council in July 2018 and the new program is proposed to launch in December 2018. This recommendation is in process and on track for the target implementation date.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	January 16, 2018	January 2019	January 2019

#5 EDD should develop policies and procedures governing application and information requirements for companies seeking BII incentives. Specifically, for a smaller company receiving lower value expedited permitting and minimal technical assistance, EDD management should collect and certify the information used to justify the incentive award. For larger companies receiving more extensive technical assistance, more valuable expedited permits, or other incentives of more substantial value, EDD should require application submittals from companies seeking services or incentives related to the BII, similar to the 'Economic Development Project Information' form that EDD has required for businesses receiving other EDD services.

The information collected by EDD via self-certification or an application submittal should include supporting documentation that would be used in the determination of whether to award an incentive including: the location of the business; the number and types of jobs being created; potential tax revenue; estimated capital investment; and the industry category of the applicant.

In Process

No change since the last reporting period. The Economic Development Department has developed a revised 900-12 policy to address this recommendation. The new 900-12 policy will go to Council in July 2018 and the new program is proposed to launch in December 2018. This recommendation is in process and on track for the target implementation date.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	January 16, 2018	July 2019	July 2019

#6

EDD should implement policies and procedures to require the performance of the following steps when analyzing and documenting applications or requests for incentives, including (1) the determination of whether the company satisfies the criteria established in Council Policy 900-12 and the Economic Development Strategy; and (2) Specific benefits the City expects the business to generate, including evaluation of the tax base impact, number and type of jobs created, estimated capital investment, and benefits to the surrounding neighborhood. This analysis and supporting documentation should be documented in the case management system.

In Process

No change since the last reporting period. The Economic Development Department has developed a revised 900-12 policy to address this recommendation. The new 900-12 policy will go to Council in July 2018 and the new program is proposed to launch in December 2018. This recommendation is in process and on track for the target implementation date.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	January 16, 2018	July 2019	July 2019

#7

EDD should develop policies and procedures for analyzing potential financial incentives which requires that a detailed 'but for' analysis be completed as a component of the cost-benefit analysis. The complexity of the 'but for' analysis should be scaled based on the size of the incentive provided and be designed to determine whether a financial incentive being considered is likely to influence the target business's decision-making regarding whether to remain or expand within the City, and to determine the ideal amount to be offered to influence the business' decision.

This analysis should include a quantitative analysis based on various business characteristics and location needs, and may incorporate narrative discussion of other non-quantifiable intangibles, such as the

value of maintaining positive relationships. For incentive packages with an aggregated value in excess of \$1 million, EDD should require the business potentially requiring the incentive to assume the cost of an independent consultant selected by the City to perform the analysis, consistent with Council Policy 900-12.

In Process

No change since the last reporting period. The Economic Development Department has developed a revised 900-12 policy to address this recommendation. The new 900-12 policy will go to Council in July 2018 and the new program is proposed to launch in December 2018. This recommendation is in process and on track for the target implementation date.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	January 16, 2018	July 2019	July 2019

#8

EDD should propose an amendment to Council Policy 900-12 which specifically requires at least a basic form application/agreement for larger companies receiving more extensive technical assistance, more valuable expedited permits, or other incentives of more substantial value through the BII. The application / agreement should include the requirement that the incentive recipient certify information EDD needs to verify program eligibility.

In Process

No change since the last reporting period. The Economic Development Department proposed an amendment to Council Policy 900-12 in April 2018, that addresses this recommendation. The new 900-12 policy will go to Council in July 2018.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	January 16, 2018	July 2019	July 2019

#9

EDD should propose a revision to Council Policy 900-12 that:

- a) Specifies that the basic form application / agreement discussed above should require each program beneficiary to provide basic information about the business on a periodic basis, such as capital investments and jobs created, when necessary to allow EDD to analyze the effectiveness of the BII

- b) Requires EDD to establish specific performance measures for the BII, and to report the BII's performance on the measures to the City Council annually, such as through EDD's annual report. In addition, EDD should document and implement a written, clearly defined monitoring process, using data acquired from businesses using the BII and from other sources, in order to evaluate and report on the BII's performance against the measures identified above.

In Process No change since the last reporting period. The Economic Development Department proposed an amendment to Council Policy 900-12 in April 2018, that addresses this recommendation. The new 900-12 policy will go to Council in July 2018.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	January 16, 2018	July 2019	July 2019

Fleet Operations Department

19-007 PERFORMANCE AUDIT OF THE FLEET OPERATIONS' VEHICLE ACQUISITION PROCESS

(SM) (JP)

#1 The Fleet Operations Department should set performance goals for acquisition time including up-fitting time based on vehicle class.

In Process The finding related to the Performance Audit of the Fleet Operations' Vehicle Acquisition Process (19-007) were presented to the Audit Committee on October 31, 2018 and the full City Council on January 7, 2019. As of February 25, 2019, the Fleet Operations Department is focusing its efforts on creating and filling the position that was recommended as part of this audit which will develop goals for acquisition time, including up-fitting, and policies surrounding the Fleet Focus EAM.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	September 27, 2018	June 2019	June 2019

#2 The Fleet Operations Department (Fleet Operations) should track and monitor total acquisition time including up-fitting time (Vehicle Delivery to In-Service), for all vehicles and equipment. At a minimum, Fleet Operations should establish policies and procedures to collect data needed to measure total acquisition time, including up-fitting time. These policies and procedures should include steps that would require investigating when performance goals are not met. In order to evaluate the timeliness of these processes, Fleet Operations should collect (at a minimum) the following data:

- Start Vehicle Purchase Process Date;
- Order Placed Date;
- Estimated Delivery Date;
- Vehicle Delivery Date (and any updated delivery dates);
- Initial Inspection Date; and
- In-Service Date.

In Process As of February 25, 2019, the Fleet Operations Department tracks Order Placed Date, Estimated Delivery Date, Actual Delivery Date, and In-Service Date. The Fleet Operations Department is still evaluating if the Start Vehicle Purchase Process Date and Initial Inspection Date can be effectively monitored through the FleetFocus EAM.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	September 27, 2018	June 2020	June 2020

#3 The Fleet Operations Department should establish Service Level Agreements or a City Administrative Regulation to define roles and responsibilities for City departments involved in the vehicle acquisition process.

In Process As of February 25, 2019, The Department is focusing its efforts on creating and filling the position that was recommended as part of this audit which will develop goals and data collection methodologies for acquisition time (including up-fitting) and policies surrounding the deliverables of the Fleet Operations Department to customer departments. This position will be responsible for developing an Administrative Regulation surrounding roles and responsibilities for both Fleet Operations and Fleet customers related to service levels surrounding the acquisition process.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	September 27, 2018	June 2020	June 2020

#4 Fleet Operations Department (Fleet Operations) should evaluate and implement solutions for project tracking, customer communications, and acquisition planning by utilizing FleetFocus EAM to the greatest extent possible. As part of the implementation, Fleet Operations should collect more specific data so that it can be used to evaluate acquisition process operations. Fleet Operations should ensure that key steps of the acquisition process are entered into FleetFocus EAM in a standardized way so that it can monitor acquisition and up-fitting timelines.

In Process The Department is currently focusing its efforts on creating and filling the position that was recommended as part of this audit which will develop goals, data collection methodologies for acquisition time (including up-fitting), and policies surrounding the use of Fleet Focus. This position will focus on maximizing the use of Fleet Focus to the greatest extent possible thus enhancing the services that the Fleet Operations Department provides to its customers and the capabilities of the FleetFocus EAM.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	September 27, 2018	June 2020	June 2020

#6 The Fleet Operations Department should develop policies and procedures for FleetFocus EAM data collection to ensure data accuracy, completeness, validity, and timely entry. The policies should include a data monitoring component.

In Process The Department is currently focusing its efforts on creating and filling the position that was recommended as part of this audit which will develop goals, data collection methodologies for acquisition time (including up-fitting), and policies surrounding the use of Fleet Focus, including data entry, accuracy and monitoring.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	September 27, 2018	June 2020	June 2020

Planning Department

19-013 PERFORMANCE AUDIT OF COMMUNITY PLANNING GROUPS

(CK) (JP)

#1

To help ensure Community Planning Group (CPG) transparency, compliance, diverse community representation, and performance, we recommend that the Planning Department develop a proposal for City Council to consider revisions to Council Policy 600-24 and the Administrative Guidelines to Council Policy 600-24 to include, but not be limited to:

- a) Requiring annual training for all CPG members, not just new members;
- b) Expanding the components for the annual report to include a member summary (number of members, turnover, elections), overall summary of project review with voting results, the number of times the applicant presented to the group per project and any major modifications to the project proposed by the group (also see Finding 2);
- c) Including election results in the record retention requirements;
- d) Defining CPG representation to include a distinct category for renters and consider setting a minimum number of seats for that category;
- e) Making Membership Applications mandatory and subject to record retention requirements;
- f) Identifying deadlines for CPGs to provide the Planning Department with rosters, minutes, and annual reports, so that the Planning Department can post them online to ensure this information is available to the public in a centralized location; and
- g) Ensuring that the CPG rosters, annual reports, and meeting minutes contain all the required elements as described in Council Policy 600-24 through proactive monitoring of those documents.

In Process

This is a new recommendation that was issued within the last three months of the current reporting period but is expected to be implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	December 13, 2018	December 2019	December 2019

#2 To help ensure Community Planning Group (CPG) transparency, compliance, and performance, we recommend that the Planning Department develop a proposal for City Council to consider revisions to Council Policy 600-24 and the Administrative Guidelines to Council Policy 600-24 to include, but not be limited to:

- Developing a formal mechanism for recording and posting CPG project review recommendations, either using a revised annual report that includes all project recommendations or using the Bulletin 620 Distribution Form revised to include the number of times the applicant presented to the group per project and any major modifications to the project proposed by the group.
- Establishing a due date for receipt of CPG recommendations by Development Services Department Project Managers.

In Process This is a new recommendation that was issued within the last three months of the current reporting period but is not expected to be implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	December 13, 2018	December 2019	December 2019

#3 To ensure the City and other stakeholders have sufficient information to analyze Community Planning Group (CPG) performance and influence, we recommend the following:

The Planning Department, in conjunction with the Development Services Department, should improve its documentation of CPG recommendations and post all CPG documents, including project review recommendations, on the City's website.

In Process This is a new recommendation that was issued within the last three months of the current reporting period but is not expected to be implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	December 13, 2018	December 2019	December 2019

#4 To ensure that applicants fully understand the role of Community Planning Groups (CPGs) and their impact on the project review process, we recommend the following:

The Planning Department should coordinate with the Development Services Department to communicate a consistent message to project applicants on the role of CPGs in the project review process.

In Process This is a new recommendation that was issued within the last three months of the current reporting period but is not expected to be implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	December 13, 2018	February 2019	February 2019

#5 To ensure that Community Planning Groups (CPGs) do not make unenforceable recommendations, we recommend the following:

The Planning Department, in conjunction with relevant City departments, should provide a more comprehensive training program that includes:

- A mandatory training segment focused entirely on project development reviews; and
- Sessions open to both CPG members and the public to increase understanding of the review process and roles and responsibilities.

In Process This is a new recommendation that was issued within the last three months of the current reporting period but is not expected to be implemented.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	December 13, 2018	May 2019	May 2019

Public Utilities Department

19-003 PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT'S WATER BILLING OPERATION⁸

(SP) (SG) (JP)

#2

The Public Utilities Department (PUD) should periodically assess the strength and effectiveness of their billing control environment. Specifically, to determine the effectiveness of current controls at a macro level, PUD should at least twice a year evaluate the number of implausible readings created and changed, in addition to the number of customers rebilled and the number of customer complaints. PUD could then assess if these numbers are high, identify causes, and adjust controls to address root causes, such as poor meter reader performance. Additionally, PUD should:

- a) Post these metrics and the results of its assessment on its public website as soon as they become available, along with any actions taken to improve the control environment;
- b) Add key performance indicators relating to billing accuracy to its annual budget; and
- c) Report the results of this assessment and billing accuracy performance in its annual budget and to relevant committees and oversight bodies.

In Process

While PUD has made progress towards implementing mechanisms to periodically assess the strength and effectiveness of their billing control environment, there are items that require further review, and there are items with deliverable targets dates as late as June 2019.

To date, PUD has provided evidence of:

- A new Customer Care Solutions report developed to record the number of rebillings;
- A standard operating procedure to track the number of customer complaints, as well as evidence of staff training on the new standard operating procedure; and

⁸ Recommendations related to this audit are a phased approach. The Original Target Date was the first and/or second phase while the Current Target Date is when full implementation should be reached.

- Providing reports on the previous month's rebillings and customer complaints, including both district-specific and citywide information, to two Council Offices (Districts 1 and 9).

However, PUD will need to provide additional information on how developed mechanisms are used to evaluate the effectiveness of the control environment or make adjustments based on the assessed strength of those controls. For example, PUD provided evidence of daily generation of the implausible review report. However, this report provides a daily queue, meaning, if PUD is unable to review the implausible reading on the day it is generated, it may appear in multiple daily reports. The report also does not indicate if a resolved implausible is changed or verified as correct. Therefore, this report alone is insufficient to evaluate the total number of implausibles created and changed in a given period.

PUD will also need to provide evidence that it is reporting the results of its assessment of the billing control environment and billing accuracy to relevant committees and oversight bodies. Although PUD provided evidence of some communication with Council offices regarding its billing performance and customer complaints, these reports alone do not meet the recommendation's requirements. To meet this requirement, PUD must finish its assessment of the billing control environment and include it in its annual budget, which has a target implementation date of April 2019, and report on that assessment to relevant committees and oversight bodies.

We should note that the last key deliverable target date is June 2019. Forthcoming deliverables include:

- Posting of documented metrics on PUD's public website (target date June 2019);
- Addition of key performance indicators (target date June 2019); and
- Report assessment and billing accuracy in the annual budget (target date April 2019).

We will continue in the interim to evaluate deliverables as received and monitor the progress of this recommendation towards implementation.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	July 26, 2018	April 2019	April 2019 June 2019

#3

The Public Utilities Department (PUD) should develop, track, and analyze employee performance metrics to increase the effectiveness of the meter reading program and reduce potential billing errors before they impact customers. Specifically, PUD should annually:

- a) Develop performance metrics based on the time taken to complete each route and the average number of errors and estimations for that route;
- b) Identify methods to reduce the number of errors and skipped readings per route;
- c) Track specific meter reader performance against route averages and incorporate this into annual performance evaluations;
- d) Define acceptable boundaries of performance for each route and adjust them as necessary;
- e) Track metrics for each route over time, such as route difficulty, ease of meter access, which routes take longer, why they take longer, etc. and adjust as necessary for maximum efficiency.

In Process

PUD has developed a draft Standard Operating Procedure (SOP) to track and analyze employee performance to increase the effectiveness of the meter reading program and reduce potential billing errors before impacting customers. Identified performance metrics include:

- Meter Reading Accuracy Percentage which quantifies the number of misreads;
- Percentage of Assigned Routes Completed which compares the number of routes assigned to a meter reader at the start of a shift to the number of routes fully completed at the end of the day;
- Completion of Route (within an established timeframe) which measures route completion in comparison to average route times; and
- Percentage of Skip Codes Entered with the Proper Trouble Code which measures the total number of skip codes entered into the handheld device with the properly assigned trouble code.

The SOP states that staff will be trained on the metrics and expectations for performance. According to PUD, the draft SOP is pending labor union approval. This recommendation will be considered implemented once the SOP is finalized, staff have been trained, PUD demonstrates that it is consistently tracking and analyzing employee performance, and addresses any other auditor concerns.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	July 26, 2018	January 2019	January 2019 July 2019

#4 The Public Utilities Department (PUD) should re-evaluate its meter reading routes based on the metrics identified in Recommendation 2 and determine if routes should be split, assigned to specific meter readers, or reallocated based on more or less time needed.

In Process

The Public Utilities Department (PUD), in partnership with the Department of IT (DoIT), has developed a Meter Reading Testing Plan for conducting an initial analysis, testing, and modeling of meter reading routes. As part of its testing, PUD is prioritizing problematic routes, defined as those that were regularly split due to size, known for not being completed, or were completed in more than six hours. PUD anticipates completion of the first cycle of testing in April 2019. This recommendation will be deemed implemented after PUD demonstrates that the newly optimized routes have been fully incorporated into their operations and after PUD addresses any other auditor concerns.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	July 26, 2018	January 2019	January 2019 July 2019

#6 The Public Utilities Department's Customer Support Division should identify all skip codes that require a trouble code entry and those that require immediate supervisory attention (such as locating meter). To that end, meter readers should enter a trouble code for every skip code that requires it. Also, PUD should update their Process Narrative (PN-0326) to align with revisions.

In Process

PUD has developed a Standard Operating Procedures (SOP) (WtrBillOps-03) that requires entry of a skip code identifying the reason the meter was skipped. Meter readers must enter the accompanying trouble code, when applicable, to identify the additional work needed at the meter to resolve the issue. PUD has also conducted an analysis and trial run of skip codes. While PUD has made progress towards implementing the recommendation, there are items that require further review.

First, PUD identified a list of skip codes that require a trouble code. In that list, it is noted that a new trouble code to “Locate Meter” would be created for the “Can’t Locate to Read” skip code. According to PUD, after conducting an internal analysis, PUD determined that the “Locate Meter” trouble code is not needed. According to PUD, it will have its Field Services and Investigation Unit try and locate the meter without forwarding the issue to another division. As part of its process, PUD will develop a list of the last 60-day billing cycle to identify correct locations, remove meters no longer in service, and refer out those meters for which all other efforts have been exhausted. This process needs review to ensure that it is occurring and is producing the intended result of efficiently updating customer meter locations in the billing system for the purposes of obtaining an accurate meter read. Moreover, once established as the process, PUD should update its Process Narrative.

Secondly, PUD conducted an internal analysis of staff’s understanding of the skip and trouble codes before and after an October 2018 employee training. Based on their analysis, the October 2018 and November 2018 results showed no significant improvements. As a result, the Program Manager noted that he would ask Supervisors to conduct a refresher training. Ensuring that problematic meters are identified and correctly routed to the appropriate resource(s) for resolution is fundamental to water billing accuracy. A training and re-evaluation of the staff’s level of understanding with the skip and trouble codes is still necessary.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	July 26, 2018	September 2018	September 2018 June 2019

#7

The Public Utilities Department should facilitate stronger coordination between the Customer Support Division and the Meter Shop to prioritize repairs and reduce the backlog of unrepaired meters that impact accurate and timely customer billing. Additionally, the Customer Support Division should communicate high priority trouble code entries to the Meter Shop to expedite critical maintenance.

In Process

PUD has developed a SOP (WtrBillOps-02) – Meter Maintenance Communication that establishes standards for enhanced communications between the Customer Support Division (CSD) and the Water Construction Management (WCM) Division. Moreover, in its Management Response, PUD states that the Deputy Chief Operating Officer and the Director of PUD will receive quarterly updates. According to PUD, progress reports have been verbally provided to management at recurring Billing Strike team meetings. While PUD has made progress towards implementing the recommendation, there are items that require further review.

First, the SOP requires the distribution of a system-generated backlog report weekly for use in weekly discussions and tracking overall improvement. According to PUD, it, in partnership with the City's ERP support staff, is refining the reporting criteria for this report because it was not confident in accuracy of the outputs in previous iterations of the report. In the interim, PUD is generating manual reports for the discussions about backlogs at the weekly meetings. Second, in its Management Response, PUD indicated that it would document the list of high priority trouble codes and work orders. A review of these high priority codes, as well as a review of the process for forwarding high priority trouble codes for resolution, is necessary. In both cases, further review is necessary to ensure implemented processes are producing the intended result of efficiently correcting identified meter issues in the field for the purposes of obtaining an accurate meter read.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	July 26, 2018	August 2018	August 2018 June 2019

#8 The Public Utilities Department's Customer Support Division (CSD) should strengthen its supervisory review of meter reader accuracy. Specifically, to facilitate a determination about whether skipping the meters was appropriate, and to facilitate remedial action for affected meters, CSD should revise the supervisor review form to include trouble code information in addition to skip code information.

In Process

PUD has developed a SOP (WtrBillOps-03) describing expectations for supervisory review of skip and trouble codes. Also, the Supervisor Route Review Form includes trouble code and skip code items. PUD supervisors conduct field spot checks of entered skip and trouble codes to facilitate a determination about whether skipping the meters was appropriate and to facilitate resolution of meter issues identified in the field. While PUD has made progress towards implementing the recommendation, there are items that require further review.

First, in its Management Response, PUD committed to creating improved daily reports, developing a plan, and conducting assessments with an implementation date of April 2019. An update is expected during the next Recommendation Follow-Up cycle.

Secondly, in its Management Response, PUD indicated that it would document the list of high priority trouble codes and work orders. A review of these high priority codes, as well as a review of the process for forwarding high priority trouble codes for resolution, is necessary to ensure it is producing the intended result of efficiently correcting identified meter issues in the field for the purposes of obtaining an accurate meter read.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	July 26, 2018	September 2018	September 2018 June 2019

19-005 PERFORMANCE AUDIT OF THE PUBLIC UTILITIES DEPARTMENT’S WATER METER COVER REPLACEMENT PROGRAM

(AH) (LB)

#1 To improve productivity, oversight, and accountability within the Box and Lid Group, PUD should establish and enforce productivity standards, goals, quotas, or similar performance targets based on reasonable expectations about how much time crews should spend in the field and what crews should be able to accomplish in that time, on average, given known resource constraints. Finalized performance targets should be communicated to all employees in the group so that all are aware of these expectations.

In Process PUD did not provide OCA with a status update. At the March 20, 2019 Audit Committee meeting, PUD provided the committee with an update and supporting documentation. The OCA has not reviewed the supporting documentation to verify the recommendation status. OCA will provide an update of the status during our next recommendation follow up report.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 31, 2018	January 2019	January 2019

#3 To monitor adherence to the performance targets and work schedule policies from Recommendations 1 and 2, respectively, and to hold employees accountable for delivering expected performance, PUD should establish responsibilities for regularly generating and reviewing performance reports from the service request system. These reports should contain enough information for management to monitor whether employees are keeping up with established expectations for the use of their time and with established production targets.

In Process PUD did not provide OCA with a status update. At the March 20, 2019 Audit Committee meeting, PUD provided the committee with an update and supporting documentation. No supporting documentation was provided. OCA will provide an update of the status during our next recommendation follow up report.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	August 31, 2018	March 2019	March 2019

#4 To hold employees accountable for delivering expected performance, PUD should include the results of the reports from Recommendation 3 in the normal process of evaluating employees' performance. If management finds employees are deficient, PUD should use formal performance plans and discipline methods as appropriate.

In Process PUD did not provide OCA with a status update. At the March 20, 2019 Audit Committee meeting, PUD provided the committee with an update and supporting documentation. No supporting documentation was provided. OCA will provide an update of the status during our next recommendation follow up report.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	August 31, 2018	March 2019	March 2019

#5 PUD should identify or develop and use data fields in the IAM system that provide more complete and accurate information about site conditions (box/lid size, whether in concrete or dirt, etc.)

In Process PUD did not provide OCA with a status update. At the March 20, 2019 Audit Committee meeting, PUD provided the committee with an update and supporting documentation. The OCA has not reviewed the supporting documentation to verify the recommendation status. OCA will provide an update of the status during our next recommendation follow up report.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 31, 2018	January 2019	January 2019

#6 PUD should research and implement the capability to attach pictures to a service request within the IAM system. Alternatively, PUD should standardize the use of the Get It Done app for all field crews that refer work to the Box and Lid Group, including meter readers.

In Process PUD did not provide OCA with a status update. At the March 20, 2019 Audit Committee meeting, PUD provided the committee with an update and supporting documentation. The OCA has not reviewed the supporting documentation to verify the recommendation status. OCA will provide an update of the status during our next recommendation follow up report.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 31, 2018	January 2019	January 2019

#7 PUD should train all PUD field crews, including meter readers, on how to properly identify and report box/lid problems. This training should be made available to field crews after being hired and once a year as refresher training during PUD's annual spring training.

In Process PUD did not provide OCA with a status update. At the March 20, 2019 Audit Committee meeting, PUD provided the committee with an update and supporting documentation. The OCA has not reviewed the supporting documentation to verify the recommendation status. OCA will provide an update of the status during our next recommendation follow up report.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 31, 2018	February 2019	February 2019

#8 PUD should develop and distribute a pocket reference guide for field crews that refer problems to the Box and Lid Group so that field crews can more accurately diagnose problems in the field.

In Process PUD did not provide OCA with a status update. At the March 20, 2019 Audit Committee meeting, PUD provided the committee with an update and supporting documentation. The OCA has not reviewed the supporting documentation to verify the recommendation status. OCA will provide an update of the status during our next recommendation follow up report.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 31, 2018	February 2019	February 2019

#9 To improve management oversight of the box/lid replacement process, PUD should develop monitoring procedures and measures-which should include generating reports from the IAM system on an ongoing basis-to ensure that no trips are wasted in the process of completing box/lid replacements.

In Process PUD did not provide OCA with a status update. At the March 20, 2019 Audit Committee meeting, PUD provided the committee with an update and supporting documentation. The OCA has not reviewed the supporting documentation to verify the recommendation status. OCA will provide an update of the status during our next recommendation follow up report.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	August 31, 2018	January 2019	January 2019

#10 PUD should develop a more efficient routing procedure for box/lid replacements. For example, every work day, the box/lid supervisor could group service requests in one specific area of the City and assign crews to complete replacement work there that day. To ensure work is completed throughout the City, the crews could have a rotation of work areas that would take them to a different area every day. One application of this approach might be to group service requests within the same Council District and work in a different Council District every day.

In Process PUD did not provide OCA with a status update. At the March 20, 2019 Audit Committee meeting, PUD provided the committee with an update and supporting documentation. No supporting documentation was provided. OCA will provide an update of the status during our next recommendation follow up report.

Priority 2	Issue Date: August 31, 2018	Original Target Date: February 2019	Current Target Date: February 2019
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#11 To ensure the Box and Lid Group has the necessary staffing capacity to meet service demand and performance targets, PUD should reevaluate the size of the Box and Lid Group. This assessment should include a consideration of time that employees spend on activities other than regular work duties, such as vacation, industrial leave, restricted duty assignments, training, and any other activities that take employees away from work. When conducting this assessment, PUD should also re-evaluate the Box and Lid Group's current six-month performance goal, given the potential for public liability and the City's emphasis on customer service. Lastly, PUD should also evaluate alternate means of completing box/lid replacement work, which may include outsourcing these activities to an outside contractor.

In Process PUD did not provide OCA with a status update. At the March 20, 2019 Audit Committee meeting, PUD provided the committee with an update and supporting documentation. No supporting documentation was provided. OCA will provide an update of the status during our next recommendation follow up report.

Priority 2	Issue Date: August 31, 2018	Original Target Date: April 2019	Current Target Date: April 2019
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Purchasing and Contracting Department

**19-006 AGREED-UPON PROCEDURES RELATED TO THE CENTRAL STORES
PHYSICAL INVENTORY - FISCAL YEAR 2018**

(DK)

#1 During the observation counts, MGO noted that Central Store does not have formal documentation of its policy and procedures for the inventory cycle counts. MGO recommends the implementation of formal policy and procedures of planning and executing systematic inventory counts.

In Process Central Stores Management completed draft Standard Operating Procedures (SOPs) in March 2019. Draft SOPs are currently being reviewed by the Department Director and finalized versions are expected to be distributed to staff in April 2019.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	September 4, 2018	January 2019	January 2019 April 2019

#2 In addition, MGO recommends that the Purchasing and Contracting Department consider procuring handheld devices that are compatible with the SAP inventory record module. These devices can be used to scan the barcodes that already exist on each stock item tag and will allow storekeepers to update inventory records in real-time for their inventory cycle counts.

In Process After the SOPs are implemented, Department management will consider the need for handheld devices in Central Stores.

Priority	Issue Date:	Original Target Date:	Current Target Date:
3	September 4, 2018	March 2019	March 2019

Real Estate Assets

19-002 PERFORMANCE AUDIT OF THE REAL ESTATE ASSETS DEPARTMENT'S PORTFOLIO MANAGEMENT PRACTICES

(SM) (KC)

#1 READ should work with land-managing departments to compile accurate classifications of property which should include at minimum:

- Acreage, managing department, current use, and designated use.

In Process READ is currently working with departments to compile this information and the implementation is on track.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	July 23, 2018	July 2019	July 2019

#2 READ should consult with the Mayor and City Council to determine whether to work with land-managing departments to conduct an analysis of City property that ensures a good match between the property and its function. This analysis should focus on key information such as whether the property is:

- A good match between the property and function, unlikely to change;
- To be considered for relocation of the function to anchor another property with a better match, good fit with upcoming events, or held for future use; and
- Surplus, or property unused by City functions.

These designations should then be included with property information in REPortfolio. To ensure a review of the most valuable properties, and not the entire real estate portfolio, READ should determine how to prioritize properties for analysis (e.g., minimum acreage threshold, high profile, etc.).

In Process Department did not provide an update.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	July 23, 2018	June 2019	June 2019

#4 Throughout the process of updating Council Policy 700-10, READ, in consultation with the City Attorney's Office and City Council, should determine the most appropriate channel of presenting the Portfolio Management Plan, and clarify expectations and language, to ensure consistent expectations and guidelines.

In Process The draft council policy update had been previously scheduled to go to Council Committee, however the date was pushed at the request of the Committee Chair. It was still not scheduled by the beginning of 2019 and new briefings are necessary as there is a new Committee Chair in place as well as new members of City Council that will want to understand the proposed updates.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	July 23, 2018	January 2019	January 2019 June 2019

Transportation & Storm Water

18-023 PERFORMANCE AUDIT OF THE STORM WATER DIVISION

(AH) (MG) (DN)

#2 To more efficiently and cost-effectively rehabilitate the City's aging corrugated metal pipes (CMP), and help lower the risk of CMP-related failures, the Transportation and Storm Water Department Storm Water Division (SWD) should:

- Continue with its plan to enter into a contract for pipe lining; and
- Continue to use its CMP condition assessment data to help determine which pipe segments may be good candidates for pipe lining rather than full replacement.

If SWD is not granted funding for a contract for pipe lining, SWD should develop and implement an annual process to analyze its funds and determine whether funds can be reallocated to fund a contract for pipe lining.

In Process The department indicated that the pipe lining contract procurement is in process and on schedule to be completed in September 2019.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	June 14, 2018	September 2019	September 2019

#3

To accurately measure the extent of deterioration and establish priorities for proactive repairs by the in-house crew or for pipe lining, the Transportation and Storm Water Department Storm Water Division (SWD) should continue with its Condition Assessment Program. Specifically, SWD should:

- Determine the feasibility of the division conducting proactive repairs;
- Consider requesting funding for an updated condition assessment of the City's remaining corrugated metal pipes if SWD determines that the existing data is too outdated to be useful and if SWD determines that the benefits of updating the condition assessment outweighs the associated costs; and
- Continue to use condition assessment data to establish priorities for proactive repairs and for pipe lining.

In Process

The department indicated that the Storm Water Division is continuing to develop its Condition Assessment Program and on schedule to be completed in July 2019.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 14, 2018	July 2019	July 2019

#4

To ensure that stakeholders are educated on storm water issues, the Communications Department should, in consultation with the Transportation and Storm Water Department Storm Water Division, develop and execute a strategic communications plan to educate stakeholders on specific storm water issues, including: flood prevention, the storm water funding gap, the deferred capital backlog, ongoing operational and capital costs, and water quality regulations. The plan will include execution options with resource considerations.

In Process

The Communications Department, in consultation with the Transportation and Storm Water Department, has developed a communications plan that addresses our recommendation. Specifically, the plan includes items like completing a baseline phone survey to gauge residents' knowledge of the storm water system, developing informational materials designed to increase public awareness of the complexity of the storm water infrastructure, and engaging with community members through events

and partnerships to increase the Think Blue program awareness. However, as the recommendation requires the development and execution of a communications plan, we will continue to follow up until some elements of the plan are shown to be executed.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	June 14, 2018	January 2019	January 2019 June 2019

#5

To ensure that the City meets its municipal permit requirements, minimizes the risk of noncompliance, appropriately maintains the storm drain system, and avoids additional deferred maintenance costs, the Transportation and Storm Water Department Storm Water Division (SWD) should initiate the development of a long-term funding strategy to meet its present and future capital and operational needs identified in the Watershed Asset Management Plan (WAMP) and Jurisdictional Runoff Management Plan (JRMP). The funding strategy should be finalized and publicly documented once the WAMP and JRMP have been updated to reflect future compliance costs, to be determined upon completion of SWD's current negotiations with the San Diego Regional Water Quality Control Board regarding SWD's request to utilize the Integrated Planning Framework program. SWD should work with the City of San Diego's Independent Budget Analyst to review long-term funding options, such as: continued / increased reliance on the General Fund, general obligation bonds, a general tax measure, increasing the storm water fee, and any other options that may significantly contribute to closing the existing funding gap. Additionally, SWD should consult with the Office of the City Attorney to ensure that the selected funding mechanism(s) meet legal requirements. When developing its funding strategy, SWD should:

- Identify stakeholders' preferences, priorities, and satisfaction levels. Such efforts should occur before a decision has been made, or to test various ideas and approaches. To elicit public input, SWD may use (but is not limited to) the following mechanisms:
 - Focus groups; o Interviews;
 - Comment (or point-of-service) cards;
 - Public meetings, such as hearings, "town hall" meetings, and community vision sessions;
 - Interactive priority setting tools;
 - Creating public or neighborhood advisory groups, committees, or task forces; or

- Hire a consultant to conduct surveys.

Present the funding strategy to the City Council upon completion. The funding strategy should include a plan to pursue the desired funding mechanism(s) based on consideration of information obtained from stakeholders, expert knowledge, objective data, and using the success factors identified by other municipalities in our report.

In Process

The department indicated that the development of a Storm Water long-term funding strategy is in process and on schedule to be completed in January 2021.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	June 14, 2018	January 2021	January 2021

#6

If the selected funding mechanism(s) requires voter approval, then the Transportation and Storm Water Department Storm Water Division (SWD) should ensure that it hires a consultant to conduct an unbiased, statistically reliable survey of potential voters to estimate voter support for a variety of funding options deemed viable by the long-term funding strategy recommended above. When conducting the survey, the consultant should educate stakeholders on specific storm water issues, including: flood prevention, the storm water funding gap, the deferred capital backlog, ongoing operational costs, and water quality regulations. The consultant should then solicit voter opinions and include analysis regarding:

- Importance of water quality and flood reduction to residents and businesses;
- Whether, and how much residents or property owners are willing to pay for water quality measures, storm water infrastructure, and other SWD activities;
- Funding mechanism structure options, such as tiered fee rates, fee rates that adjust annually by inflation, a sales tax measure, general obligation bonds, etc.;
- Identify objections and strategies to overcome them; and
- Whether the funding mechanism can be obtained by a simple majority or a two-thirds supermajority

Based on the survey results, SWD should modify the plan to pursue the selected funding mechanism(s) as needed, and execute the plan.

In Process

The department indicated this recommendation is based on the results of the Storm Water long-term funding strategy that is being developed as part of Recommendation Number 5. If the selected funding mechanism requires voter approval, the Storm Water Division will hire a consultant to conduct an unbiased, statistically reliable survey of potential voters to estimate voter support for a variety of funding options deemed viable by the long-term funding strategy.

Priority	Issue Date:	Original Target Date:	Current Target Date:
1	June 14, 2018	January 2022	January 2022

#8

Once the new system is implemented, and in conjunction with the next update of the Jurisdictional Runoff Management Plan, the Transportation and Storm Water Department Storm Water Division (SWD) should perform an evaluation to determine how the new system is meeting its inspection and enforcement needs, especially with respect to ease of supervisory oversight and ensuring the consistent application of enforcement remedies. Based on the evaluation, SWD should request database updates, as necessary, to ensure a more consistent framework for monitoring the issuance of fines, penalties, and re-inspection fees. SWD should support its request for additional capabilities with a cost-benefit analysis using the estimated efficiencies that would be gained.

In Process

The department indicated the Storm Water Division will begin testing the functionality of the new inspection tracking system after the inspection tracking system is completed in January 2019 and anticipates completing the testing in January 2020.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 14, 2018	January 2020	January 2020

#9

The Transportation and Storm Water Department Storm Water Division should establish a re-inspection fee, and develop, document, and implement policies and procedures for when reinspection fees should be issued, consistent with the City of San Diego's Municipal Code.

In Process

The department indicated the process to establish a re-inspection fee that is consistent with the San Diego Municipal Code and City Policies is in process and on schedule to be completed in January 2020.

Priority	Issue Date:	Original Target Date:	Current Target Date:
2	June 14, 2018	January 2020	January 2020