Audit Recommendation Follow-Up Report

STATUS UPDATE AS OF December 31, 2015

Office of the City Auditor

City of San Diego

OCA

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THE CITY OF SAN DIEGO

DATE: April 21, 2016

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: Recommendation Follow-Up Report

Attached is the Office of the City Auditor's Recommendation Follow-Up Report, which provides the status of open recommendations as of December 31, 2015. We will continue reporting on open recommendations semiannually for periods ending around June 30th and December 31st.

We have provided a short summary of data, highlighted one recommendation, 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 April 27, 2016 Audit Committee meeting.

The intent of this report is to keep the Audit Committee informed about the implementation status of recommendations made by the Office of the City Auditor. We welcome any suggestions or recommendations for improving this report to enhance your ability to monitor the effective implementation of City Auditor recommendations.

We would like to thank all the staff from the various departments that provided us with information for this report. All of their valuable time and efforts are greatly appreciated.

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

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SUMMARY

The Administration has continued to make significant progress towards implementing open audit recommendations. During this reporting period, the Administration has implemented 21 of the outstanding recommendations. Additionally, we issued nine reports and added 23 new recommendations, and the Administration agreed to implement 100 percent of the recommendations.

There is one recommendation that is no longer applicable for the reason stated in the report. This recommendation can be found in Attachment A, and will be discussed at an Audit Committee meeting. We will request the Audit Committee consider dropping this one recommendation.

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

IMPLEMENTATION STATUS OF OPEN RECOMMENDATIONS

This report reflects the status of all Office of the City Auditor open audit recommendations as of December 31, 2015. 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 Progress	City staff provided some evidence, however either elements of the recommendation were not addressed, or the department reported it has begun to implement the recommendation and has not yet completed the implementation;
Not Implemented	New audit recommendations that were issued in the last three months of the current reporting period that were not expected to be implemented already, and no evidence of implementation was provided yet. It also includes recommendations where no evidence was provided to support any meaningful movement towards implementation, and/or no update information was provided;
Will Not Implement	The Administration disagreed with the recommendation, did not intend to implement, and no further action will be reported; and
Not Implemented – N/A	Circumstances changed to make the recommendation not applicable.

As of our last recommendation follow-up report for the period ending June 30, 2015, there were 100 open recommendations. Since then, we have issued eight performance audits and one hotline report adding an additional 23 new recommendations for a total of 123 outstanding recommendations for the period ending December 31, 2015. The table below summarizes this activity:

Activity for the Period Ending December 31, 2015	Number of Recommendations
Open Recommendations Carried Forward from Period Ending June 30, 2015	
In Process	95
Not Implemented	5
Sub-Total	**100**
Recommendations issued July – December 2015	23
Total Outstanding Recommendations as of December 31, 2015	**123**

During this reporting cycle, we verified that departments and related entities have implemented 21 recommendations out of 123 (17 percent) since our last report. The results of our review for this reporting cycle are as follows for the 123 recommendations:

Number of Recommendations	Status of Recommendations
21	Implemented
100	In Process
1	Not Implemented
1	Not Implemented – N/A
123	**Total**

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

- **Exhibit 1** - Summarizes the status of the 123 recommendations by audit report in chronological order.

- **Exhibit 2** - Summarizes the distribution of the 21 recommendations **Implemented** by Department/Agency.

- **Exhibit 3** - Summarizes the distribution of the 100 recommendations **In Process** by Department/Agency.

- **Exhibit 4** - Summarizes the distribution of the 1 recommendations **Not Implemented** by Department/Agency.

- **Exhibit 5** - Breaks down the 123 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, 2015.

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

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

Attachment B – Recommendations Deemed as Implemented
This schedule includes all recommendations as of December 31, 2015 that have been deemed as **Implemented** by City Auditor staff based on sufficient and appropriate evidence provided by the departments to support all elements of the recommendation.

Attachment C – Recommendations Deemed as In Process
This schedule includes all recommendations as of December 31, 2015 that are **In Process** of implementation based on the status information provided.

Attachment D – Open Audit Recommendations Not Implemented
This schedule includes a chronological listing of all open recommendations as of December 31, 2015, including new recommendations from reports that were recently issued and were not expected to already be implemented, and no evidence of implementation was provided yet. It also includes recommendations where no evidence was provided to support any meaningful movement towards implementation, and/or no update information was provided. These recommendations are listed as **Not Implemented.**

FUTURE RECOMMENDATION FOLLOW-UPS

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

The intent of this report is to keep the Audit Committee informed about the implementation status of recommendations made by the Office of the City Auditor. We welcome any suggestions or recommendations for improving this report to enhance your ability to monitor the effective implementation of City Auditor recommendations.

Exhibit 1 below summarizes the status of the 123 recommendations by audit report in chronological order.

EXHIBIT 1: Audit Reports and Recommendation Status

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

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[1] This column includes any recommendations deemed Not Implemented – N/A and when a department Will Not Implement.

Report No.	Report Title	Implemented	In Process	Not Implemented[2]
13-011	Performance Audit Of The Public Utilities Department's Valve Maintenance Program		2	
14-001	Performance Audit Of The Park And Recreation Department's Playground Maintenance Program		2	
14-002	Performance Audit Of The Public Utilities Department's Industrial Wastewater Control Program		7	
14-003	Performance Audit Of The Utilities Undergrounding Program		1	
14-005	Performance Audit Of Publishing Services	1	1	
14-006	Performance Audit Of The Police Patrol Operations	1	1	
14-011	Performance Audit Of IT Web Services	1		
14-013	Performance Audit Of Add-On Pays	1		1
14-014	Performance Audit Of Graffiti Control Program		5	
14-016	Hotline Investigation Report Of Public Utilities Warehouse Supply Purchases		1	
14-019	Performance Audit Of Real Estate Assets Department		4	
15-001	Performance Audit Of The Office Of Homeland Security		1	
15-003	Performance Audit Of The City's Waste Reduction And Recycling Programs	2	5	
15-005	Performance Audit Of The San Diego Fire-Rescue Department's Overtime Costs	2	1	
15-009	Performance Audit Of The Community Parking District Program		3	
15-010	Fleet Services Division Fraud Risk Assessment Report	1	5	
15-011	Performance Audit of the Utilities Undergrounding Program	1	5	
15-012	The City Needs to Address the Lack of Contract Administration and Monitoring on Citywide Goods and Services Contracts		2	
15-013	Performance Audit of the Park and Recreation Department's Golf Division	1	2	

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

Report No.	Report Title	Implemented	In Process	Not Implemented[3]
15-015	Performance Audit of the City's Right-of-Way Maintenance Activities	1	1	
15-016	Performance Audit of Citywide Contract Oversight		9	
15-017	Performance Audit of the Real Estate Department, Airports Division		3	
15-018	Performance Audit of the Fire-Rescue Department, Lifeguard Services Division		2	1
16-001	Performance Audit of Citywide Other/Special Funds	1	3	
16-005	Performance Audit of the City's Business Improvement District Program	1	2	
16-006	Performance Audit of the Code Enforcement Division	3	9	
16-008	Internal Control Issues: San Diego Public Library		1	
16-009	Hotline Investigation of Misuse of Scrap Metal and Contract Deficiencies	2	1	
GRAND TOTAL		21 (17%)	100 (81%)	2 (2%)

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

Exhibit **2** summarizes the distribution of the 21 recommendations **Implemented** by Department/Agency as of December 31, 2015.

EXHIBIT 2: Number of Recommendations Implemented by Department/Agency

Number of Recommendations Implemented	Department/Agency	Number of Recommendations Implemented	Department/Agency
2	City Comptroller	3	Fire – Rescue
1	City Treasurer	3	Fleet Services
3	Code Enforcement Division - Development Services Department	1	Park & Recreation - Golf Course
1	Department of Information Technology	2	Performance & Analytics
2	Environmental Services	1	Police
1	Financial Management	1	Transportation & Stormwater

Exhibit **3** summarizes the distribution of the 100 recommendations **In Process** by Department/Agency as of December 31, 2015.

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

Number of Recommendations Outstanding	Department/Agency	Number of Recommendations Outstanding	Department/Agency
1	City Comptroller & Real Estate Assets	2	Performance & Analytics
9	Code Enforcement Division - Development Services Department	1	Police
6	Development Services	7	Public Utilities
5	Economic Development	2	Public Utilities - Water Operations
5	Environmental Services	1	Public Works
1	Financial Management & Fire-Rescue & Police & City Attorney	2	Public Works - Facilities
1	Financial Management & Transportation & Storm Water	1	Public Works – Field Engineering
3	Fire - Rescue	11	Purchasing & Contracting
10	Fleet Services	7	Real Estate Assets
1	Library	3	Real Estate Assets - Airports
1	Office of Homeland Security	2	Real Estate Assets - Stadium
4	Park & Recreation	1	San Diego Housing Commission
2	Park & Recreation - Golf Course	11	Transportation & Stormwater

Exhibit 4 summarizes the distribution of the one recommendation **Not Implemented** by the Department/Agency as of December 31, 2015. This exhibit does not include one recommendation determined as **Not Implemented - N/A**.

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

Number of Recommendations Outstanding	Department/Agency
1	Fire-Rescue Lifeguard Division & Real Estate Assets Department

Exhibit 5 breaks down the current 123 open recommendations and the 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.[4]

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

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

EXHIBIT 5b: 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

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[4] Timing is rounded to the month.

EXHIBIT 5c 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, 2015

Activity for the Period Ending December 31, 2015	Number of Recommendations
Open Recommendations Carried Forward from Period Ending June 30, 2015	
In Process	95
Not Implemented	5
Sub-Total	100
Recommendations issued July – December 2015	23
Total Outstanding Recommendations as December 31, 2015	**123**

Recommendations Implemented	21
Recommendations Not Implemented - N/A	1
Recommendations Resolved for Period Ending December 31, 2015	**22**
Carry Forward Open Recommendations	**101**

December 2015

ATTACHMENT A

Recommendations for the Audit Committee's Attention

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

Requested Action by the Audit Committee:
We request the Audit Committee consider dropping the following recommendation because it has been deemed no longer applicable for the reasons stated below.

14-013   PERFORMANCE AUDIT OF ADD-ON PAYS

                (LB) (MG)

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

Not Implemented – N/A   Effective March 26, 2016, the San Diego Police Department has rescinded the requalification requirements for Intermediate and Advanced POST add-on pays. According to an announcement by the Chief of Police, the department's In-Service Training Unit (ISTU) will determine an officer's eligibility for the add-on pay upon receiving an emailed request from an officer to do so. If ISTU determines an officer is eligible for the add-on pay based on a review of the officer's training file, ISTU will notify the department's payroll unit to begin the add-on pay for the officer. Officers will no longer need to requalify to continue receiving the add-on pay. Due to this change in policy, the recommendation to automate the process of tracking requalification dates and using expiration dates for the POST add-on pays in SAP is no longer applicable.

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

ATTACHMENT B

Recommendations Deemed As Implemented

This schedule includes all recommendations as of December 31, 2015 that have been deemed as **Implemented** by City Auditor staff based on sufficient and appropriate evidence provided by the departments to support all elements of the recommendation.

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

(DK) (SM)

#6   The Purchasing & Contracting Department should:

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

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

Implemented   Since this audit was published, the Procurement Card Program (P-Card) has been moved out of the Purchasing & Contracting Department and now is administered by the Office of the City Comptroller (Comptroller's Office). As previously noted in the prior Recommendation Follow-up report, Administrative Regulation 95.55 has been updated to reflect the current P-Card program requirements, including training attendance. The Comptroller's Office has instituted training for all cardholders and Billing Officials. P-Card Approvers have a self-training that they must self-certify every two years also. We reviewed training records to ensure that the Comptroller's Office was requiring P-Card participants to receive training as required.

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

(SP)

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

Implemented   The actions taken by the Comptroller's Office to: 1) review and revise Personnel Regulation Index Code H-4; and 2) develop and execute training and resource materials for payroll specialists, and by extension the staff and supervisors in their respective offices, meet the intent of the recommendation to provide clear guidance to employees on the entry of allowable overtime hours into the City's payroll system.

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

(AH)

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

Implemented   The Performance & Analytics (P&A) Department's Performance Management section makes public 37 key performance indicators (KPIs) related to the four implemented managed competitions, and also presents these KPIs to the City Council during the annual budget review process. This achieves the intent of this recommendation, which is to ensure that the Mayor and City Council stay apprised of departments' performance relative to the performance indicators originally contained in Preliminary Statements of Work that had been approved by the Council.

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

(SA)

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

Implemented   The Police Department (PD) has solicited feedback from community members via the Citywide Resident Satisfaction Survey, the Patrol Citizen Contact Survey, and the Police-Community Interaction Survey. PD engages with stakeholders via presentations to City Council, attendance at City Planning Group and other neighborhood meetings and through Captain's Advisory Board meetings. The Fiscal Year 2017 Proposed Budget lists new Key Performance Indicators to measure community outreach via community meeting attendance, social media participants, and the ratings on patrol customer surveys.

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

(SA) (AH)

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

Implemented   The strategic vision of online services were set as part of the City's website redesign efforts. The department of IT identified specific objectives for increasing online services offered, as well as the establishment of a project management office to streamline the annual online services review. The project management office developed and applied processes for this annual review.

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

(LB) (MG)

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

Implemented   The San Diego Fire-Rescue Department has created the Payroll Policy and User Manual, which provides written policies and procedures that guide the administration of fire fighter add-on pays at the department. The manual communicates background information for each add-on pay and provides payroll specialists with instructions for processing each add-on pay.

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

(AH)

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

Implemented   The City Council approved the City's Zero Waste Plan on July 13, 2015, which included the goal of specified diversion requirements for franchised waste haulers. In addition, the Council approved amendments to all franchise agreements on February 2, 2016. The amended franchise agreements satisfy all elements of this recommendation, including:

- Minimum diversion requirements that reach 50% of waste collected by 2020;
- Citywide Recycling Ordinance enforcement and reporting requirements; and
- Liquidated damages for noncompliance.

The addition of the above diversion, enforcement, and reporting requirements to the franchise agreements is expected to result in the diversion of an additional 93,000 tons of solid waste annually by 2020.

#2	In order to ensure that commercial and multi-family recycling rates are adequate to achieve the City's long-term waste diversion goals, the Environmental Services Department should establish a policy to annually review the minimum required diversion rate for franchised haulers and determine whether an increase is needed, based on the cost-effectiveness of available materials recovery technology and the City's need to increase overall waste diversion rates.
Implemented	The City Council approved the City's Zero Waste Plan on July 13, 2015, which included the goal of specified diversion requirements for franchised waste haulers. In addition, the Council approved amendments to all franchise agreements on February 2, 2016. The amended franchise agreements include minimum required diversion rates for haulers, and include a process for the City to annually review the required diversion rate and determine whether an increase is needed.

15-005	**PERFORMANCE AUDIT OF THE SAN DIEGO FIRE-RESCUE DEPARTMENT'S OVERTIME COSTS**
	(AH)
#1	The Fire-Rescue Department should perform a staffing analysis annually in order to determine the optimal number of Fire-Suppression employees to hire in order to control overtime. This annual review should be done to coincide with the City's budgeting process and should consider:

- A comparison between the cost of hiring additional employees and the cost of overtime based on workforce composition and associated fringe rates;

- Projections of attrition;

- The average absence rate and the economic benefits of the corresponding relief factor calculation for each Fire-Suppression classification;

- Other activities that take employees away from their posts, such as serving as an instructor for trainings, attending training, and other special assignments; and

- Determination of all activities that contribute to overtime, including:

  o Scheduled overtime;

  o Scheduled and unscheduled leave time;

  o All special assignments;

  o Deployments; and

  o Other factors.

Implemented	The Fire-Rescue Department (Fire-Rescue) has developed a quarterly staffing analysis which evaluates the cost of overtime vs. hiring, taking into account factors such as constant staffing needs, Fire Academy hires, and various forms of attrition such as retirements and resignations.

According to the Fire Chief, based on the quarterly staffing analysis, Fire-Rescue has established a goal of reaching full staffing by the end of FY 2017. The goal of full staffing is being achieved by running three Fire Academies in FY 2016, two with 36 participants each and the most recent Academy with an increased number of 48 participants. In addition, a second Academy is included in the Mayor's FY 2017 Proposed Budget for a total of two Academies proposed for FY 2017. Using current projections, Fire-Rescue anticipates reaching full staffing by approximately April 2017. OCA analysis of Fire-Rescue staffing projections indicate that by reaching full staffing, Fire-Rescue will be able to reduce the cost of overtime related to staffing vacancies, and will be better prepared to respond to the increasing relative cost of overtime as more post-Proposition B employees are hired.

In addition, according to the Fire Chief, Fire-Rescue commits to revising the staffing analysis methodology to include current estimates of workforce composition and fringe rates for new hires and overtime work, and will continue to use the quarterly reports after reaching full staffing to evaluate staffing cost savings and look at cost effective measures to maintain the highest level of public safety and operational readiness.

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

Implemented   The Fire-Rescue Department (Fire-Rescue) conducted an assessment and determined that the Telestaff timekeeping system could not be integrated with SAP at this time. However, Fire-Rescue has developed an automated exceptions report that reconciles any conflicting entries between the two systems. Fire-Rescue provided documentation demonstrating that this report is run every pay period, and is effective at identifying and reducing payroll discrepancies. In addition, Fire-Rescue reported that implementation of this recommendation has significantly reduced payroll processing times.

15-010   **FLEET SERVICES DIVISION FRAUD RISK ASSESSMENT REPORT**

(AH)

#2   The Public Works Department should coordinate with the Park and Recreation Department to ensure that the necessary repairs are made as identified.

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

15-011   PERFORMANCE AUDIT OF THE UTILITIES UNDERGROUNDING PROGRAM

(SP) (SA)

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

- Estimated costs

- Bid amounts

- Percentage completion

- Direct Cost categorization to include;

     o   SDG&E subcontractor costs

     o   SDG&E labor costs

     o   SDG&E materials costs

     o   SDG&E transportation costs

- Overhead cost categorization to include at a minimum the overhead pool costs for;

     o   Engineering Electric Distribution

     o   Incentive Compensation Plan

     o   Contract Administration o Pension & Benefits

     o   Purchasing and Warehouse

Implemented   The invoice tracking spreadsheet provided by SDG&E includes more details on estimated costs, project completion status, and bid amounts. Moreover, the Utility Undergrounding Program (UUP) staff now receives cost breakdown reports from SDG&E for completed jobs. The reports include line items such as subcontractor charges, materials, and purchasing and warehousing overheads. The intent of the recommendation is met for SDG&E to provide more accounting detail for all project phases to the UUP staff. The data in the reports is the extent of the information that SDG&E is willing to provide and UUP staff feels the data provided is enough to complete project cost analyses.

(NK)

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

Implemented   OCA recommended the use of the range ball machine because Golf Division previously kept the range ball inventory in a large, open bin. When a customer purchased range balls, the City employee would scoop balls out of the bin and complete the transaction. Without controls on the range ball inventory, the division was at an increased risk for skimming, as an employee could complete a transaction without entering information into the POS system.

The Golf Division provided OCA with three documents to demonstrate it has satisfied the intent of the recommendation. Golf Division provided (1) a photo of the installed range ball machine, (2) a screenshot of the POS / PIN generator function, and (3) a copy of the range ball report for 3.16.2016. Golf customers now receive a PIN number after they purchase range balls from an employee. The customer then uses the PIN to retrieve their golf ball purchase. Implementation of a range ball machine system which employs a PIN generator helps to ensure employees cannot give customers inventory without creating a transaction record. Furthermore, the copy of the range ball report demonstrates that the Golf Division can trace range ball transactions for future audit and cash count activities.

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

(AH) (LB)

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

        A. Establish a Citywide Customer Service Working Group. The Working Group should include the executive-level champion, as well as key staff from Environmental Services Department, Public Utilities Department, Transportation and Storm Water Department and all other departments that currently have customer service centers; and

        B. Designate Citywide Customer Service Working Group member(s) to participate in the 3-1-1 Synergy Group in order to leverage the experience of other jurisdictions in implementing and operating a centralized 3-1-1customer service center.

Implemented   The Mayor and Chief Operating Officer have designated the Director of the Performance & Analytics Department (P&A) to champion and lead the planning and implementation of a Citywide customer service project that would deploy web- and phone-based technologies to simplify, streamline, and improve the customer experience when interacting with the City to report problems or seek information. P&A has hired a Project Coordinator and designated this staff member to participate in the 3-1-1 Synergy Group meeting in April 2016 and in the future. In addition, a working group for a pilot phase of deployment for a new application has been established, which includes members of the Department of Information Technology, Transportation & Storm Water Department, and Communications Department. According to P&A, the working group will be expanded to represent additional partners, including the Environmental Services Department and Public Utilities Department, as the working group completes a roadmap / strategic plan for this project. P&A expects the strategic plan to be completed by June 30, 2016.

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

(RT) (NO)

#1   To determine that funds will be spent down as planned, Financial Management should continue to formally report on the results of the proposed cash management policies designed to significantly reduce carryover associated with TransNet, Gas Tax, and Capital Outlay funds during the next budget cycle.

Implemented   Financial Management issued the first Semi-Annual CIP Budget Monitoring Report to the Infrastructure Committee on 12/9/15 and subsequently to full City Council on 12/14/15. This report provided updates on the results of the cash management policies, and requested and received Council Authority to modify the CIP budget in order to expedite spend down of the special funds faster and reduce carryover. These reports will continue to be issued twice per Fiscal Year with the next report planned for May 2016.

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

(NK)

#1   In order to enhance current compliance efforts, the Office of the City Treasurer should: Amend City Treasurer Process Narrative 0105 to fully reflect current compliance practices and current data and referral sources; and Utilize additional sources, including San Diego County Assessor's data, to enhance compliance efforts and ensure that all businesses with BIDs are being assessed correctly. The use of any additional data sources should be documented in City Treasurer Process Narrative 0105.

Implemented   The Office of the City Treasurer provided OCA the City's new process narrative (PN-0105) and new process flow (PF-0105) regarding the Business Tax Program's enforcement/compliance operations. Consistent with OCA's recommendation, the process narrative and corresponding process flow address the Business Tax Office's use of (1) State Franchise Tax Board; (2) State Board of Equalization; (3) San Diego County Assessor's Office; (4) CA Contractors State License Board; and (5) private sector information data sources. The process narrative and process flow further describe steps the department will take when it identifies potentially non-compliant businesses. Both documents are listed on CityNet.

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

(AH) (MG)

#1   Configure PTS to: a) assign and track the priority of each case; and b) assign initial inspection due dates based on case priority.

Implemented   When the Performance Audit of the Code Enforcement Division was presented to the Audit Committee in October 2015, the Audit Committee requested that the Code Enforcement Division (CED) immediately implement measures to improve response times for high-priority cases, and requested that the Office of the City Auditor issue a follow up report within 30 days. In our 30-day follow up report, issued in November 2015, we found that CED had implemented interim measures that appeared to be effective in improving response times, and had also reduced its response time goal from two business days to one business day for Priority 1 cases. However, we noted that due to the relatively low number of high-priority cases CED received during the 30-day follow up period, our ability to verify the effectiveness of interim measures to improve response times was limited.

During the current recommendation follow up period, CED provided additional documentation of procedures and Project Tracking System (PTS) upgrades that have been implemented in response to the audit recommendations. These improvements include:

- Revised intake processing, reconciliation, and oversight procedures to ensure monitoring of intake channels and eliminate intake delays;
- PTS upgrades to track case priorities and assign initial inspection due dates based on the case priority;
- Revised case response time tracking and monitoring procedures; and
- Additional training for staff on response time goals, new procedures, and PTS capabilities.

CED also provided data on 326 high-priority cases that were received between November 2015 and March 2016. OCA analyzed this data and found that implementation of the recommended improvements has significantly improved response times for high-priority cases. At the time of the audit, CED was only meeting its two business day response time goal for Priority 1 cases 29 percent of the time, and was only meeting its five business day response time goal for Priority 2 cases 59 percent of the time. According to the data provided by CED, since the implementation of the measures above, CED is meeting its new one business day response time goal for Priority 1 cases 91 percent of the time, and is meeting its five business day goal for Priority 2 cases 82 percent of the time.

#3   Ensure that all investigators are trained to ensure they are aware of response time goals.

Implemented   When the Performance Audit of the Code Enforcement Division was presented to the Audit Committee in October 2015, the Audit Committee requested that the Code Enforcement Division (CED) immediately implement measures to improve response times for high-priority cases, and requested that the Office of the City Auditor issue a follow up report within 30 days. In our 30-day follow up report, issued in November 2015, we found that CED had implemented interim measures that appeared to be effective in improving response times, and had also reduced its response time goal from two business days to one business day for Priority 1 cases. However, we noted that due to the relatively low number of high-priority cases CED received during the 30-day follow up period, our ability to verify the effectiveness of interim measures to improve response times was limited.

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#5   CED should revise its Intake Procedures Manual to establish the following:

- Procedures and staff responsibilities for monitoring CED's online complaint intake account and CED's complaint inbox, and entering complaints into PTS; and

- Procedures for supervisors and managers to monitor and periodically audit the intake process to ensure that complaints are entered into PTS and assigned to an investigator in a timely manner.

Implemented   When the Performance Audit of the Code Enforcement Division was presented to the Audit Committee in October 2015, the Audit Committee requested that the Code Enforcement Division (CED) immediately implement measures to improve response times for high-priority cases, and requested that the Office of the City Auditor issue a follow up report within 30 days. In our 30-day follow up report, issued in November 2015, we found that CED had implemented interim measures that appeared to be effective in improving response times, and had also reduced its response time goal from two business days to one business day for Priority 1 cases. However, we noted that due to the relatively low number of high-priority cases CED received during the 30-day follow up period, our ability to verify the effectiveness of interim measures to improve response times was limited.

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

(AH)

#1   We recommend that the Fleet Division take immediate action to ensure that the scrap aluminum radiators and other parts identified in this report are recycled according to the normal procedures used for scrap metals.

Implemented   We confirmed that the scrap aluminum radiators and other parts identified in our report were recycled according to the normal procedures used for scrap metals. Additionally, management committed to: training sessions on Administrative Regulation 45.50 Private Use of City Labor, Equipment, Materials and Supplies Prohibited; improving identification and placement of scrap metal bins; and implementing a parts exchange program whereby new parts will only be issued from the storeroom after the old part has been returned.

#3   We recommend that the Purchasing and Contracting Department initiate a competitive bid process, or establish a piggyback contract that complies with City policy, for citywide bulk metal recycling services.

Implemented   The Purchasing and Contracting Department awarded a contract for scrap metal recycling services to the lowest responsible and responsive bidder.

December 2015

ATTACHMENT C

Recommendations Deemed As In Process

This schedule includes all recommendations as of December 31, 2015 that are **In Process** of implementation based on the status information provided.

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

(SM)

#4   Stadium management should create a comprehensive business and marketing plan for the Stadium that addresses the following issues: a. Strengths, opportunities, weaknesses, and threats that face the Stadium in both the short and long-term, as well as provide benchmarks for the financial and operational performance of the Stadium over the next three to five years. b. An analysis of major agreements and responsibilities that the Stadium is required to provide. c. A strategic plan for the amounts and types of events the Stadium will be hosting in the future including estimates of the revenues and expenses attributable to each event. d. A capital projects prioritization schedule that the Stadium can follow while determining the use of the Stadium's annual capital improvement budget. The schedule should be reviewed by the Stadium Advisory Board, approved by the Mayor, and presented to the City Council on an annual basis. If Stadium management wishes to significantly deviate from strategies approved within the plan, then the plan should be updated by Stadium management and vetted through a similar review and approval process.

In Process   The new Employee Handbook and Business and Marketing Plan have been drafted and are going through internal review.

Priority 3   Original Target Date: Current Target Date:
                                    February 2010   June 2016

#5   To help alleviate the effects of administrative staff turnover at the Stadium, Stadium management should create a policy and procedure manual specific to Stadium operations. At a minimum, the Stadium should ensure that written policies and procedures are established for the following administrative functions: a. Policies for the creation, content, retention, and approval of Stadium event files. b. Procedures that ensure accurate and timely billings for stadium events and periodic reconciliations of all accounts within the Stadium Fund.

In Process   The policy and procedure manual has been completed by the Department and being reviewed by the Human Resources and Personnel Departments.

Priority 3   Original Target Date: Current Target Date:
                                    December 2009   March 2016

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

(CK)

#6   San Diego Housing Commission (SDHC) management should facilitate the modification of San Diego Municipal Code (SDMC) §98.0301(f)(1) to indicate "… commissioners appointed pursuant to this section shall be tenants of housing commission units or Section 8 rental assistance program voucher recipients."

In Process   SDHC stated the work is not completed and has extended the target date to June 2016. SDHC and its counsel are working with the City Attorney's Office (CAO) on revisions to the ordinance. In this regard the CAO is planning to have a draft of the proposed ordinance ready for preliminary review by June 30, 2015. NOTE: Per CAO, on target to receive draft by June 30. Once a draft is complete there are additional tasks and approvals before this is completed that are outside the control of SDHC and the CAO; therefore, completion is anticipated in December 2015.

Priority 3	Original Target Date:	Current Target Date:
	April 2010	June 2016

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

(SG)

#1   Review current deficit account balances and immediately refer existing past due accounts to the Treasurer's Delinquent Accounts Program.

In Process   According to DSD, they have been researching and referring accounts and have nearly 150 left to refer. They have been researching and referring in order of deficit amount. The average on remaining accounts is $25 each and the sum of the deficits remaining is nearly $4,000.

Priority 2	Original Target Date:	Current Target Date:
	April 2010	June 2016

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

In Process   DSD's fee study has been substantially completed by the consultant and the study has already begun stakeholder review. The proposal will be presented to the City Council's Budget and Finance Committee in May and full City Council in July 2016.

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

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

In Process   DSD's fee study has been substantially completed by the consultant and the study has already begun stakeholder review. We expect the fee study to go to Budget Committee in May 2016 and get through Council by August 2016.

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

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

(AH)

#5   To ensure that the City establishes a uniform and effective process to review the public safety needs and justification of take-home vehicle assignments, we recommend that the City Administration work in consultation with the San Diego Police Department and the San Diego Fire-Rescue Department to revise Council Policy 200-19 regarding the use of City vehicles by City employees. The revised policy should require that a complete listing of take-home vehicles be provided by each City department yearly with a justification for those assignments. In addition, the revised policy should clearly define the purpose of take-home vehicles and restrict their assignment to the greatest extent possible.

In Process   Staff anticipates the revisions will be docketed for Council Committee in the fall 2016.

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

#6   To increase oversight of the costs associated with take-home vehicles, we recommend the San Diego Police Department and the San Diego Fire-Rescue Department work with the Fleet Services Division to calculate the cost of commuting in department vehicles. These costs should be calculated and reported to the City Administration on an annual basis by the Fleet Services Division.

In Process   The department indicated there is no additional update since the last reporting period.

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

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

#11   In addition, to ensure that adequate data is available to enable the City to track, and where applicable, seek reimbursement for vehicle-related costs, we recommend that the Public Works Department's Fleet Services Division maintain backup files of all data on vehicle maintenance and fuel costs according to Internal Revenue Service records retention regulations.

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

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

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

(SG)

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

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

b) Remove programmer access to the Production Environment.

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

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

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

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

In Process   PTS Changes have been completed, the remainder of this item will complete with the Accela Replacement implementation.

Priority 1   Original Target Date: Current Target Date:
Disagreed   May 2017

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

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

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

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

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

In Process   PTS Changes have been completed, the remainder of this item will complete with the Accela Replacement implementation.

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

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

a) Current and anticipated business needs;

b) Internal and external customer requirements;

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

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

e) Anticipated funding needs and source of funds.

In Process   PTS Changes have been completed, the remainder of this item will complete after the Accela Replacement implementation.

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

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

(DK) (SM)

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

In Process   Purchasing & Contracting has designated staff to review reports, as received from the Office of the Comptroller's, to ensure that proper use of P-Card is occurring and to also find sourcing opportunities to formulate contracts to get best value for the City on items or vendors frequented.

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

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

In Process   With a new Administrative Services Manager hired in fall 2015 the Fleet Services Division is actively recruiting to fill vacant positions as well as pursuing a contract to assist in memorializing procedures in order to meet the recommendation. To assist in this effort, the Fleet Division is utilizing two staff from Purchasing & Contracting on a temporary basis to assist in updating purchasing information.

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

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

(AH)

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

In Process   The Department has prepared a draft Process Narrative for an Accountability Committee. Upon completion, the Process Narrative will be forwarded to Human Resources and Labor Relation for review of any potential meet and confer issue.

The Department's agreed that a representative sampling across all recreation centers could be reviewed, and that an Accountability Committee will be created to review specific records such as cancelled checks, bank statements, and financial reports to ensure they reconcile. The Department reported that a Process Narrative that outlines the role and duties of this committee has been drafted.

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

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

In Process   The Department has prepared a draft Process Narrative for an Accountability Committee. Upon completion, the Process Narrative will be forwarded to Human Resources Department for review of any potential meet and confer issues.

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

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

(SA)

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

In Process   The General Fund Facility assessment has been completed. It will be City Council that will decide Service Levels and funding amounts. The assessment information is being given to the newly created I AM San Diego program to help with both priority models and funding levels.

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

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

In Process   Converting Facilities to an Internal Service Fund is still a discussion item. It will be up to FM and COO to decide if implemented.

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

13-009   PERFORMANCE AUDIT OF THE REAL ESTATE ASSETS DEPARTMENT

(SP)

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

In Process   The draft Portfolio Management Plan is being circulated for final distribution.

Priority 3   Original Target Date: Current Target Date:
                                                        July 2013   May 2016

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

In Process   The Department's Tactical Plan including new Key Performance Indicators (KPI) was completed in December 2015 and will be presented in the Mayor's Proposed FY 2017 Budget.

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

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

In Process   Draft of proposed changes in Council Policy 700-10 to address non-profit agreements is currently under review.

Priority 3   Original Target Date: Current Target Date:
                                                        June 2013   December 2015

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

(AH) (MG)

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

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

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

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

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

In Process   On January 2, 2015 the Water Construction and Maintenance Division of the Public Utilities Department started implementing its three year accelerated valve maintenance program. As of December 31, 2015, WCM Division performed preventive maintenance on 30,418 valves of the total 74,828 within the distribution system. In addition, staff has gathered the necessary valve field data to update the database for the valves that were maintained and acquired the equipment and vehicles needed for the implementation of this maintenance program. At the end of three year period (Jan 2, 2018) the division will then transition into the established risk based 5 and 3 year maintenance program.

Priority 3   Original Target Date: Current Target Date:
                                                    December 2013   January 2018

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

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

In Process   PUD indicated there is no additional update since the last reporting period.

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

Priority 3   Original Target Date: Current Target Date:
                       December 2013   January 2018

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

(SP) (LB)

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

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

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

#3   In order to improve efforts to assess playground equipment, the Park and Recreation Department (PRD) should: Inventory playground equipment and surfacing at City playgrounds every three years. At minimum, the inventory should include:

    (1) The type of playground equipment and surfacing;

    (2) The condition of the playground equipment and surfacing; and

    (3) The equipment/surfacing manufacturer or substitute vendors. The inventory should be updated with new equipment as equipment is replaced.

    (4) Develop or adopt a template for assessing the condition of playground equipment and surfacing. Comprehensively assess the condition of at least 20 percent of all playground assets and surfacing each year, with 100 percent of playground assets and surfacing being inspected at least once every 5 years. Continue efforts with the Enterprise Asset Management System (EAM) and, when EAM becomes live, expand assessments to include calculating the useful life and value of playground inventory.

In Process   The Department assumes this Audit recommendation refers to park condition assessments, which are conducted as needed to evaluate age, play value, need for replacement, and accessibility.

Item #1 - has been completed.

Item #2 - the Department agrees that whenever a playground is renovated or given new equipment, it will be inputted into Manager Plus.

Item #3 - the consultant retained for the park condition assessments has developed a criteria/evaluation process for assessing the condition of play equipment and playground surfacing.

Item #4 - the Department is working with the Infrastructure Asset Management San Diego program manager hopes to be included in a future-year phase of IAM San Diego implementation. Ideally, staff can merge data from the park condition assessments and Manager Plus into a future asset management module once it is activated. Due to the need for funding to accomplish many of these recommendations, no completion date has been established at this time.

Priority 3   Original Target Date: Current Target Date:
                       June 2015   TBD

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

(SM) (AH)

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

In Process   PUD indicated there is no additional update since the last reporting period.

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

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

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

Priority 2   Original Target Date: Current Target Date:
                                                             January 2014   June 2016

#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 indicated there is no additional update since the last reporting period.

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

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

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

Priority 2   Original Target Date: Current Target Date:
                                                            January 2014   June 2016

#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 indicated there is no additional update since the last reporting period.

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

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

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

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

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

In Process   PUD indicated there is no additional update since the last reporting period.

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

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

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

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

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

In Process   PUD indicated there is no additional update since the last reporting period.

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

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

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

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

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

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

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

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

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

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

In Process   PUD indicated there is no additional update since the last reporting period.

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

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

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

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

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

In Process   PUD indicated there is no additional update since the last reporting period.

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

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

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

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

14-003   PERFORMANCE AUDIT OF THE UTILITIES UNDERGROUNDING PROGRAM

(SA) (AH)

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

In Process   The Department continues to make strides in reducing the cash balance within the program through internal project delivery and implementing process enhancements. In FY16, the UUP added a Senior Planner position to help expedite the environmental review process so projects can move to design and construction faster. Also, the UUP has retained a consultant to analyze the Program and provide a cash-flow management plan, meanwhile, the UUP staff in coordination with the utility companies continue to work on aggressive implementation of current projects and initiation of new projects. Please note that since this Audit was conducted, the surcharge revenue remitted to the City by SDG&E has increased from approximately $50 million annually to approximately $64 million in fiscal years 2015 and 2016. As a result of this increase, the reduction of the surcharge balance to the targeted level will take longer to achieve and would be gradual as the UUP continues to take steps and add appropriate resources to improve the project delivery. It is anticipated the surcharge balance will begin to show a decrease around December 2019.

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

14-005   PERFORMANCE AUDIT OF PUBLISHING SERVICES

(AH)

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

In Process   This recommendation cannot be implemented until a revised Managed Competition process has been adopted. The development of a revised process is an extensive endeavor that includes meet and confer with impacted recognized employee organizations, consistent with the City's obligations under the Meyers-Milias-Brown Act (MMBA).

However, in the interim period, the Performance & Analytics Department (P&A) has been working to ensure that resources and expertise are available to support operational excellence projects, including any future managed competitions. For example, P&A has secured funds for outside consulting in FY 2017 to supplement staff expertise when needed. In addition, since the creation of P&A in FY 2015, seven staff members have received black belt certification in Lean Six Sigma (LSS), a methodology that relies on a collaborative team effort to improve performance by systematically removing waste. The LSS skill set was not present when the first four managed competitions occurred. Combined, P&A's enhanced staff expertise and consulting budget will help ensure that workload levels are adequately vetted and that sufficient support is available to employee proposal teams on any future managed competitions.

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

14-006   PERFORMANCE AUDIT OF THE POLICE PATROL OPERATIONS

(SA)

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

In Process   PD anticipates the opportunity to enhance operations with the implementation of the new Computer Aided Dispatch (CAD) system. The new system is expected to have the capability to generate enhanced out-of-service time and workload calculations, which will improve our ability to analyze dispatch data, refine the current sworn staffing model, and further evaluate service levels. PD staff recently began working with the selected CAD system vendor on preparations for the installation of the system hardware and software, and to begin the initial configuration process. It is anticipated to take several months to configure and test the new system, and to complete training. The projected implementation date is late-2017.

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

14-014   PERFORMANCE AUDIT OF GRAFFITI CONTROL PROGRAM

(AH)

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

In Process   Preliminary information supports graffiti abatement being performed by City crews, but additional analysis concerning benefits and disadvantages is still being evaluated.

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

#6   The Transportation and Storm Water Department (TSWD) revise its existing Standard Operating Procedure (SOP) for graffiti removal to include performance measures for graffiti abatement and include those performance measures in quarterly reporting to the City Council. Performance measures should include target response times for graffiti removal as well as total instances of graffiti removed and square footage. The SOP should also include direction on how to track work order information and log the information into SAP. The SOP should describe how to determine and record the following:

- The date the request was submitted to TSWD (the 'Report Date')

- The date the request was entered into SAP (the 'Notification Date')

- The start and end date/time for graffiti removal in the field

- Whether the graffiti was removed using paint or hydroblasting

- How to measure and record quantity of graffiti removed.

In Process   The SOP was developed and implemented. The department tracks abatement quantity, area, and response time. The response time performance measure has been included in the department's tactical plan and will be reported in tandem with the budget.

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

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

In Process   The Department is working with the Communications Department, Office of the City Attorney, and San Diego Police Department to document procedures and market the Spray and Pay program. Outreach will be scheduled for the end of the fiscal year.

Priority 2   Original Target Date: Current Target Date:
                                               September 2014   June 2016

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

In Process   SANDAG hosts an ARJIS meeting that includes discussion and coordination between all area jurisdictions involved in graffiti abatement. Additionally, the Utilities Coordination Committee meets on a monthly basis to discuss items of mutual benefit. Graffiti coordination can be included as an agenda item for this group, as necessary.

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

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

In Process   TSW indicated there is no additional update since the last report. Staff is evaluating the resources needed for graffiti control efforts.

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

Priority 2	Original Target Date:	Current Target Date:
	June 2016	N/A

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   Currently, the SDMC section for debarment is being reviewed for changes for both the Public Works Contracting Group and the Purchasing & Contracting Department

Priority 2	Original Target Date:	Current Target Date:
	N/A	July 2016

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

(SA) (DK)

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

In Process   Process still on track as updated previously.

Construction phase anticipated in FY 2018, as adopted in the FY16 CIP budget. . The removal of the Sunset Cliffs structures has been included in a capital improvement project (CIP) that is expected to be in design in FY16. Based upon the timeline of the CIP it is anticipated that the demo will occur in the first construction phase of the CIP project in FY18.

Priority 2   Original Target Date: Current Target Date:
                                                               June 2017   Fiscal Year 2018

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

In Process   READ reported that the rent review portion of study to commence in April 2016.

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

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

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

In Process   All occupied homes will be inspected by end of March 2016. Vacant homes to be scheduled when funding is identified in upcoming budget cycle. On track as previously updated.

Priority 3   Original Target Date: Current Target Date:
                                                               June 2014   March 2016

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

In Process   Lease is under further negotiations and legal review.

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

15-001   **PERFORMANCE AUDIT OF THE OFFICE OF HOMELAND SECURITY**

               (SP)

#1   In order to improve coordination between San Diego-Office of Homeland Security (SD-OHS)
               and City departments, SD-OHS should work with the City Attorney to update the applicable
               provisions in the Municipal Code to reflect SD-OHS' current operations and responsibilities.
               Furthermore, SD-OHS should work with the Chief Operating Officer to develop an
               Administrative Regulation or similar directives to departments regarding requirements for
               timely and complete emergency plans.

In Process   The revisions to the San Diego Municipal Code continues under legal review. No substantial
               changes have been made. OHS will now proceed with finalization and routing of the related
               draft AR even without the formal adoption the Municipal Code. Estimated routing date for
               the draft AR is May 31, 2016.

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

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

               (AH)

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

In Process   The RFI was issued August 2015. ESD is working with Purchasing and Contracting to
               finalize the RFP. It is anticipated to be released in Spring/Summer 2016. The study is
               anticipated to be presented at Committee by May 2017.

	Original Target Date:	Current Target Date:
Priority 1	March 2016	June 2017

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

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

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

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

In Process   The Department made a request within their FY17 budget submittal.

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

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

In Process   ESD staff have held two quarterly meetings with recycling liaisons from each City department in support of implementing the efforts captured in the May 28, 2015 memo from the COO, titled, "Compliance With the City's Recycling Ordinance." We are working with the City departments and City's hauler and to develop waste diversion plans specific to each department, and collecting data necessary to provide an annual report by October 2016.

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

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

In Process   READ is continuing to work with the City Attorney's office as described in the August 2015 Department Implementation Status Update. READ is the lead department to ensure implementation of this item. This recommendation can now be transferred to READ, who will have the responsibility of ensuring they meet the timeline reflected in the Department Update for this Response.

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

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

(AH)

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

In Process   The Human Resources Department along with Fire-Rescue, Financial Management, City Attorney, and Comptroller's Office evaluated the financial impact to the City of annual leave cap limits. Any proposed changes presented as a result of those efforts that impact wages, hours, or other terms and conditions of employment would need to be met and conferred over in compliance with the MOU and the Meyers-Milias-Brown Act prior to implementation. Currently, constant staffing requirements may impact the ability for individual (at various ranks) to take leave since the Department will have to back-fill that position on overtime. The department has daily annual leave limits allowable per rank for constant staffing.

Priority 2   Original Target Date: Current Target Date:
                                             January 2015   TBD

15-009   **PERFORMANCE AUDIT OF THE COMMUNITY PARKING DISTRICT PROGRAM**

(RT)

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

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

In Process   The department updated draft Process Narrative regarding parking meter revenues and it was shared with staff from City Treasurer in June 2015 and other affected departments in September 2015. Further revisions will be completed and another draft distributed this fall for final review and comment. An additional position was authorized for FY16 to support development of procedures for implementing CPD projects/program. It is anticipated the position will be filled in Spring 2016.

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

#2	To fully measure and manage program outcomes, Economic Development should:

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

- Periodically report the performance of the Community Parking District program to key program stakeholders, including City Council, City Management, Community Parking Districts, and other interested parties.

In Process	Economic Development staff met with key program stakeholders to develop and finalize the list of performance metrics (draft performance metrics spreadsheet attached). CPD advisory boards are tasked to provide annual performance reports to include the most recently completed fiscal year and the first six months of the current fiscal year. Staff anticipates to present results of the first annual performance report to Smart Growth and Land Use Committee on April 27, 2016.

Priority 3   Original Target Date: Current Target Date:
                                                                June 2016   April 2016

#3	Economic Development should establish written procedures that encompass:

- Monitoring of (revenues and) expenditures from CPD funds to enable key program stakeholders, including City Council, City Management, Community Parking Districts, and other interested parties to monitor CPD performance;

- Strengthened monitoring procedures to enable Economic Development staff to have access to the status of City-implemented projects in progress in order to plan and report on those accomplishments in the respective CPD annual plans.

- Process and quality assurance procedures to monitor program activities and outputs, and enable communication between City departments to resolve compliance and quality issues with the staff and managers regarding City's use of 55% share of parking meter revenue.

In Process	An additional position was authorized for FY 16 to support monitoring/reporting regarding City-implemented projects. It is anticipated the position will be filled in early Spring 2016.

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

15-010   **FLEET SERVICES DIVISION FRAUD RISK ASSESSMENT REPORT**

(AH)

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

In Process   Fleet is reevaluating the placement of security cameras on perimeter fences only. Funding sources for installation and maintenance has not been identified. This effort will need to be coordinated with all Departments that occupy the Chollas Operating Yard.

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

#3   The Public Works Department should consider evaluating the costs and benefits of acquiring a software bridge between FleetFocus and SAP once the other changes to the Fleet Parts function have been implemented.

In Process   Fleet is currently undergoing a full upgrade of the FleetFocus system. Including expanding the system by adding additional modules. The exact project scope and timeline has not been determined yet, however, increased efficiencies through interfaces with SAP will be explored for a variety of processes that are currently done manually.

Priority 1   Original Target Date: Current Target Date:
                                                July 2015   December 2016

#4   The Public Works Department should perform a review of FleetFocus system access rights to ensure that the lowest level of access necessary for an individual to perform their job duties is granted.

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

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

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

In Process   Fleet has not had the personnel resources to conduct the recommended inventory due to vacancies and retirements. They are evaluating using a third party to be able to come in and complete the inventory. They have also engaged the City's performance and analytics department to conduct an operational review of the Parts operations.

Priority 1   Original Target Date: Current Target Date:
                                                April 2015   October 2016

#6	The Fleet Services Division should perform the revised cyclical inventory count procedures at the four primary Fleet Services Division locations by the beginning of the 2015 calendar year.

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

		Original Target Date:	Current Target Date:
Priority 1		March 2016	May 2016

15-011   **PERFORMANCE AUDIT OF THE UTILITIES UNDERGROUNDING PROGRAM**

(SP) (SA)

#2	The Transportation & Storm Water Department should periodically, but no less than annually, conduct a verification of a sample of Utility Undergrounding Program project reimbursements for direct and overhead costs to the SDG&E recorded costs to determine the accuracy of the costs based on the supporting documentation maintained by SDG&E.

In Process   UUP staff met with SDG&E staff and initiated the process, however, it was determined that the review and verification required a certain level of expertise which staff did not have, therefore, the task was assigned to a UUP consultant to conduction this verification and establish a process for future reviews. It is anticipated that this work completed by September 2016.

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

#3	The Transportation & Storm Water Department in conjunction with the Chief Operating Officer should formally request that the Project Tracking Invoice prepared by SDG&E include for all project phases:

- Estimated Start and Finish Dates that match the dates SDG&E uses in its own internal project management software; and

- Actual Start and Finish Dates that match the dates SDG&E uses in its own internal project management software.

In Process   Data within SDG&E's system contains nuances that necessitate consideration of other options to fulfill the recommendation. Fundamentally, the recommendation requires the department to identify an agreed upon start and finish date that the City can use to track project progress, validate payment of invoices, communicate with residents, and enforce fines as allowed in the Municipal Code.

In response to a separate recommendation (Recommendation 5), the department is currently developing a scope of work to secure a contractor to assist with the development of a project management system, inclusive of logistical details such as project timeline dates. Given this development, implementation of the recommendation is contingent upon satisfactory implementation of Recommendation 5 and the identification of an agreed upon date that will consistently baseline and track project progress. Developing a system will take time. However, the department has indicated that it will begin implementing an interim

means of documenting baseline dates and notifying SDG&E of the baseline schedule.

Priority 2   Original Target Date: Current Target Date:
                                                             N/A   June 2016

#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   UUP staff will include the Master Plan and San Diego Municipal Code updates to City Council
            at the same time.

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

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

In Process   Due to the complexity of this task, The UUP staff will issue a task order to the UUP consultant
            to prepare an actual version of the report and model the use of software to perform analysis.
            Expected completion December 2016.

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

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

    •   Scheduling analysis including, at minimum, an evaluation of project timeliness in
        comparison to the timelines prescribed in the Municipal Code; and

    •   Cost variance analyses including, at minimum, an evaluation of project actual costs
        in comparison to project estimates.

In Process   The first semi-annual report to Council was presented in October 2015. The department
            plans to docket the second semi-annual report for May 2016. Once the second report is
            completed and pending review of its contents, the recommendation will be considered
            implemented.

Priority 2   Original Target Date: Current Target Date:
                                                             N/A   May 2016

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

(SG) (AE)

#1   The Purchasing & Contracting Director should take immediate action to ensure contract
                administration responsibilities are assigned to appropriate personnel for all Citywide
                contracts and provide those individuals with the tools to properly monitor each contract.
                This should include but is not limited to providing a copy of contract with all terms and
                conditions listed, pricing agreements, and the responsibilities involved with contract
                administration.

In Process On March 3, 2016, a new classification of staff for the Purchasing & Contracting Department
                was approved by the Civil Service Commission. The new classification will combine existing
                procurement responsibilities with new contract management duties. In doing this,
                Purchasing & Contracting will be able to enforce contract oversight in a partnership with
                our customer departments. Approval of these positions for addition into the salary
                ordinance is anticipated in April of 2016. After approval, Purchasing & Contracting can work
                on transitioning those positions into the department.

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

#2   The Purchasing & Contracting Director should take immediate action to ensure the Target
                Value control is enforced on contractual purchases. Specifically, the Director should
                implement the following detective controls:

- Ensure that the report in development will clearly identify orders made without
  references to the appropriate contract and his staff is trained to utilize the report.

- Create a policy defining the intervals of review and actions taken to correct the
  control weakness.

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

In Process Purchasing & Contracting is currently working with the City's ERP team on improving
                reports and an overhaul of the MM module. The improvements in the system and time line
                for this work have not been fully planned - there is a technology dependency on this item
                for the process. A decisions was made in February 2016 to pursue ARIBA as the product to
                add onto SAP for contract compliance efficiency gains. A revised project plan will be made
                public April 2016.

        Priority 2   Original Target Date: Current Target Date:
                                                                               N/A   April 2016

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

(NK)

#1   The Golf Division should finalize the functional and technical requirements for the reservation and point-of-sale system and prioritize the acquisition and implementation of the system. The system should include the following capabilities:

- Integration of credit card processing;

- Integration of the Golf Division's and pro shop lessee's point-of- sale systems; and

- Online tee time reservations.

In Process   Golf Division staff are working with the selected vendors and Purchasing and Contracting to finalize the service agreements. System testing and staff training will occur during March/April with full implementation expected to be May 1, 2016.

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

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

- Specials and promotions;

- Media outreach;

- Customer database development;

- Customer communication and outreach; and

- An enhanced web presence for Golf Division properties.

In Process   Golf Division and the Communications Department have collaborated to implement new media outreach opportunities and the web redesign. Both Departments, continue to work on implementing the remaining recommendations. The Marketing and Business Development Strategy, Specials and Promotions, and Customer Database Capabilities and Communications are in various stages of implementation.

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

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

(AH) (LB)

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

include the following elements:

    A. The City's customer service mission, including key City goals and performance measures for customer service, such as caller wait times and dropped call rates;

    B. A strategy and timeline for acquiring and implementing a Customer Relationship Management (CRM) software system. This system should have the ability to integrate with departmental work order systems, provide a knowledge base to assist call center staff, and track key performance measures;

    C. A strategy and timeline for migrating existing customer service functions into the 3-1-1 customer service center;

    D. A timeline for developing a marketing strategy, including branding, media outreach, and social media utilization, for City services included in the 3-1-1 customer service center;

    E. A change management strategy to manage the transition to a single 3-1-1 customer service center for public right-of-way maintenance and other customer facing services; and

    F. A strategy for measuring customer satisfaction, such as periodic surveys of customers who have contacted the City for information or to submit a service request.

In Process   According to the Performance & Analytics Department, a roadmap / strategic plan is being developed that will include all of the elements in the audit recommendation. The roadmap / strategic plan is expected to be completed by June 30, 2016. OCA will continue to follow up on this recommendation as the roadmap / strategic plan is completed to verify that it includes the necessary components to centralize the City's phone, web, and mobile application customer service functions.

Priority 1   Original Target Date: Current Target Date:
                                         December 2015   June 2016

15-016   **PERFORMANCE AUDIT OF CITYWIDE CONTRACT OVERSIGHT**

(SG) (MG)

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

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

    b) The City should track total contract awards in SAP in accordance with the full value of the awarded contract to facilitate accurate controls and reporting;

    c) The configuration of contract terms is standardized in SAP, in accordance to contractual terms, to facilitate better control and reporting across all contract, including the Target Value, Total Award Value, and Contract Validity Dates; and

    d) Supporting contracting documentation is centralized and stored electronically in SAP, i.e. attaching all contracts and related documentation to an SAP Outline Agreement.

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

In Process   Purchasing & Contracting and the City's ERP team continue to make progress on the P2P Project. There have been some project changes in scope, with the outcome being a catalog solution coming sooner to the City which will make a huge difference in the City's contract oversight capabilities and internal controls. The new project plan has not yet been made public. We anticipate a roll out of the project plan soon.

Priority 2   Original Target Date: Current Target Date:
                                                               TBD   July 2016

#2   The Chief Operating Officer should establish procedures detailing requirements for contract administrators, defining the responsibilities they have to complete prior to approving invoices for payment and submitting them to Comptrollers for processing. Specifically, the procedures should include:

   a) Develop analytical procedures to ensure that payments are made in compliance with contractual costs and fees.

   b) Attach the pertinent documentation supporting the payment approval in the SAP Invoice as defined in the contract's Quality Assurance Surveillance Plan to ensure the payment can be verified as appropriate.

   c) Establish responsibility for training contract administrators on procedures that must be accomplished prior to recommending or approving invoices for payment.

   d) Establish responsibility for monitoring the contract administrators' responsibilities prior to recommending or approving invoices for payment.

   e) An annual review of the City's contract administration invoice approval process to ensure it is working as intended and effective; additionally, the policies and procedures should be updated as necessary resulting from this review.

In Process   Purchasing & Contracting Department staff continue to make progress on staff resource tools (Contract Administration manual, etc.). We are targeting a release date of July 1.

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

#3   The Chief Operating Officer should design policies and procedures detailing a standardized citywide contract administration process to mitigate the City's contractual risks and ensure compliance with contractual terms and receipt of contracted construction, reconstruction, repairs, goods, and services. At a minimum the contract administration requirements should include:

   a) Preparation of a Quality Assurance Surveillance Plan for each contract awarded to be attached and maintained with supporting documentation to the SAP Outline Agreement;

   b) Mandatory training for contract administrators in contract monitoring and ethics; and

   c) An annual review of the City's contract administration oversight process to ensure it

is working as intended and effective; additionally, the policies and procedures should be updated as necessary resulting from this review.

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

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

#4   The Purchasing & Contracting Department should clearly define the contract amendment and close-out processes for goods, services and consultant contracts, including amendment and close-out tasks and responsible parties. Specifically, Purchasing & Contracting should:

    a)   Develop contract amendment and contract close-out policies and procedures around the process to ensure that it is performed uniformly across contract types, but with adjustable scope based on contract size and type.

    b)   Identify aspects of the process that can be automated in the Citywide Financial System where possible.

    c)   Provide training to Citywide Contract Administrators on the new policies and procedures developed for the contract amendment and close-out processes.

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

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

#5   The Public Works Department should clearly define the CIP and CIP related contract change order and closeout processes, including closeout tasks, clearly defined roles and responsibilities for all involved parties, and timelines.

In Process   CMFS is working with the Construction Industry to track the CCO process and better define the Close-out process. I am attaching the most recent DRAFT documents that have been provided to the Construction Industry to create a dialogue and an agreement on how to better understand how both the City and Contractors have a role in the process.

The goal is to have a clear definition of what it means when we use the same terms and how each unit impacts the process.

Another goal is to make the CCO process an electronic process, if not in its entirety at least in the creation of it.

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

#6   The Public Works Department should continue to pursue the automation of these processes to increase the efficiency and effectiveness of their operations. Specifically, the department should:

     a)   Complete the refined requirements for automating their construction project management process (from cradle to grave), ensuring the software is process driven, effective at document storage & management and user friendly to mitigate current inefficiencies, and pursue the acquisition of the Construction Management Software.

     b)   Develop a robust implementation plan that includes a detailed user acceptance strategy to ensure the system is fully utilized in the daily process of construction project management.

In Process   Automation is key for process improvements. CMFS is working with the PW-IT & DoIT to implement new software & enhance existing software that can improve efficiencies in the division processes. VPM is an existing CM software that we are working with to make our CM Teams more mobile, so they don't have to be at their desks to do their documentation; REs have been given tablets (2014) and smart phones (2015); We have recently implemented a Mobile Committee to identify task that can be implemented rapidly and prioritize task that are more difficult but important so that we can improve existing practices. Any process that becomes electronic makes it more effective to store and manage the project documentation. We are also pursuing the Primavera module that will assist in better reporting mechanisms for the construction phase of the projects. Another automation we are working on is to put the Change Order (CCO) Process into SIRE like the e1472, we believe this would significantly cut down the routing time to execute a CCO. Challenges that we have been encountering is creating the electronic forms, wet signatures (PW-Contracts is working on this), increased workloads and training staff (both new and existing).

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

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

     a)   Are defined at a high enough level for both the Purchasing and Public Works departments to use and add more detailed information as appropriate;

     b)   Define specified periods in a contract lifespan;

     c)   Ensure that all evaluations are centrally attached to vendor record, such as the SAP Vendor Master files Attachment;

     d)   Ensure that past Vendor Performance is taken into account prior to issuing or renewing contracts with that vendor;

     e)   Design a formalized vendor dispute and arbitration process to ensure evaluations are performed equitably; and

     f)   Ensure that the process is robust enough to pursue vendor debarment when appropriate.

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

In Process   Purchasing & Contracting has developed a vendor evaluation sheet for goods and services and has completed a Process Narrative on how to complete and notify Purchasing & Contracting staff of a non-performing/problematic vendor. Additionally, the P2P Project underway in a joint effort of Purchasing & Contracting and the Department of IT - will address this issue with vendor evaluation capabilities.

On Contract Close-Out Purchasing & Contracting has developed a contract close-out checklist and is developing a Contract Compliance training.

Priority 2   Original Target Date: Current Target Date:
                                                           TBD   TBD

#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 action plan for this recommendation is in progress. The debarment A.R and SDMC changes are being drafted. Purchasing & Contracting Department is developing a Contract Administration training. The A.R. will clearly define steps and roles/responsibilities.

Priority 2   Original Target Date: Current Target Date:
                                                           N/A   July 2016

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

In Process   Currently, the Purchasing & Contracting is working with the City Attorney for updated debarment language and an Administrative Regulation to clarify the roles/responsibilities and process for debarment and suspension. It is anticipated that this will be complete by July 1, 2016.

Priority 2   Original Target Date: Current Target Date:
                                                           N/A   July 2016

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

(SP) (SA)

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

In Process   The FAA has informed the Airports Division that they will fund Airport Master Plans for both MYF and SDM during their current FY. Airports Division is in the process of issuing an RFP to start this process with a contract ultimately going to City Council in July. The Master Planning process should begin in the fall of 2016.

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

#2   The Airports Division should develop an annual planning document that defines short-and long-term goals for development and revenue generation for Brown Field and Montgomery Field airports. The Airports Division should present the plan to the Airports Advisory Committee and the Economic Development and Intergovernmental Relations Committee annually. Specifically, the plan should include:

       a. Vision, Mission, Value, Objectives;

       b. Updated inventory of leasing agreements and City assets;

       c. A plan for completing regular market rate studies for all relevant leaseholds;

       d. Identification of aviation and non-aviation leaseholds; and

       e. A review of the status of the long-term airports planning documents, specifically the aster Plans or Airport Layout Plan Update Narrative Reports for Brown Field Airport and Montgomery Field airports.

In Process   The Airports Division presented an Airports Division Business Plan to the ED & IR Committee on December 10, 2015. The plan addressed Vision, Mission, Value, Objectives, the status of the long-term airports planning documents, specifically the Master Plans or Airport Layout Plan Update Narrative Reports, and a concise financial analysis of the Airport Enterprise Fund. An Airports Real Estate Management SOP will be developed by July 1, 2016 to address the remaining issues.

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

#3   The Airports Division should review, update and develop as necessary written policies and procedures that govern the day-to-day airport operations including, but not limited to:

       a. The process and frequency for updating and tracking leaseholds;

       b. The process and frequency for reviewing and implementing rent adjustments;

       c. The process and frequency for completing leasehold inspections;

       d. The process and frequency for updating airport fees, such as commercial landing

fees, vehicle parking fees, transient aircraft parking fees, fuel flowage fees, and monthly tie-down and hangar rental fees, in order to ensure adherence to Council Policies, Administrative Regulation, and any applicable laws and regulations. The Airports Division should consult with the City Attorney's Office regarding any adjustments to airport fees.

In Process An Airports Operations Manual has been written that governs day-to-day airport operations. An Airports Business Plan has been written to address leasehold inspections, Airport fees and their adjustment. The remaining items will be addressed in an Airports Real Property Management Manual to be written by July 1, 2016.

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

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

(SM) (KC)

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

- Involving management to develop a plan with measurable goals;

- Identifying critical work functions required to maintain capacity and capabilities;

- Identifying staffing requirements, including operational expansion plans;

- Projecting workforce and identifying gaps;

- Developing priorities and solutions to maintain needed capabilities and meet operational expansion goals; and

- Periodically evaluating factors and goals that affect workforce planning.

In Process The draft Workforce Plan evaluates critical work functions, staffing requirements, projection of future workforce and workforce gaps. Workforce gaps were identified in six areas, including: (1) Boating Safety Unit Operations; (2) Beach Operations; (3) Lifeguard Training; (4) Hiring, Recruitment and Division Diversity; (5) Dive Team Operations; and (6) Administrative Operations.

Although there is no requirement to meet and confer over the drafting of the workforce plan, the City has shared the initial draft with Teamsters Local 911. In addition, the City's negotiations team is currently in contract negotiations with Teamsters Local 911 over mandatory subjects of bargaining. Negotiations likely will conclude within the next 60 days. Once the City has concluded contract negotiations, City management will finalize the Workforce plan as well as identify costs associated with implementation.

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

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

- Outreach to all communities;

- Job advertisements in mediums like newspapers and job boards Lifeguard Services has not previously used, and that targets underrepresented groups;

- Recruiting materials reflective of a diverse workforce;

- Review of current hiring practices for the Lifeguard II position to evaluate options that do not exclude applicants that cannot afford to work seasonally and part time for several years before they are able to obtain fulltime employment; and

- Establishment of a small diversity committee to periodically evaluate whether its diversification strategies are meeting its goals.

In Process   The draft Workforce Plan evaluates critical work functions, staffing requirements, projection of future workforce and workforce gaps. Workforce gaps were identified in six areas, including: (1) Boating Safety Unit Operations; (2) Beach Operations; (3) Lifeguard Training; (4) Hiring, Recruitment and Division Diversity; (5) Dive Team Operations; and (6) Administrative Operations.

Although there is no requirement to meet and confer over the drafting of the workforce plan, the City has shared the initial draft with Teamsters Local 911. In addition, the City's negotiations team is currently in contract negotiations with Teamsters Local 911 over mandatory subjects of bargaining. Negotiations likely will conclude within the next 60 days. Once the City has concluded contract negotiations, City management will finalize the Workforce plan as well as identify costs associated with implementation.

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

16-001   PERFORMANCE AUDIT OF CITYWIDE OTHER/SPECIAL FUNDS

(NO)

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

In Process   Financial Management has reviewed Council Policy 200-02 and determined that maintaining a separate Council Policy is not necessary to ensure that the City is in compliance with current state law in regards to the Gas Tax funds. Financial Management and the City Attorney's Office will bring a recommendation for the City Council to repeal the redundant council policy by the end of Fiscal Year 2016.

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

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

In Process   Financial Management has reviewed Council Policy 500-07 and determined that maintaining a separate Council Policy is not necessary to ensure that the City is in compliance with current state law in regards to the Public Safety Services & Debt Service Fund. Financial Management and the City Attorney's Office will bring a recommendation for the City Council to repeal the redundant council policy by the end of Fiscal Year 2016.

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

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

In Process   The City Comptroller provided a draft Real Estate Land Sale Revenue Reconciliation work instruction, once the work instruction is finalized and codified the recommendation will be implemented.

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

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

(NK)

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

In Process   Economic Development (ED), confirmed that the template sent to them by the Office of the City Treasurer was received and is now being used by the BIDs to report businesses within districts that are potentially not paying Business Tax or required BID assessments. According to Economic Development, ED staff has developed a written process for BIDs to follow when reporting non-compliant business to the City. It is anticipated it will be implemented in May 2016.

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

| #3 | The Economic Development Department, in conjunction with BID association management, should develop metrics to evaluate BID performance. Performance reporting should incorporate BID budget priorities in order to measure data against individual BID association missions; and be reported as part of annual reporting. For each metric, the Economic Development Department, in conjunction with BID association management, should determine whether the City or the BID association will be responsible for collecting the data. The determination should be based on the access to and the reliability of the data. |

In Process Economic Development Department Staff has developed draft BID Performance Metrics based on metrics used by other cities and by the National Trust for Historic Preservation (for the Main Street Program). The Department has not yet requested input from BID association management, nor included the draft proposed metrics with FY17 BID Budgets to be approved by City Council.

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

16-006   PERFORMANCE AUDIT OF THE CODE ENFORCEMENT DIVISION

(AH)

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

In Process Established Priority 1 and 2 Intake & Assignment Procedure on November 2, 2015. Revised Procedure on February 26, 2016 to assign initial inspections to the FIRST team (First Responders Substandard Team). Completion of revisions to the Procedures Manual expected by June 1, 2016 will include additional interim measures for monitoring and reporting performance in meeting initial response time goals for Priority 3 cases.

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

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

In Process Revision of the Procedures Manual is underway and is on target for completion by June 1, 2016. During this process, supervisors and managers are conducting weekly 1:1 meetings to regularly review and monitor investigator response times.

Priority 1   Original Target Date: Current Target Date:
                                                                June 2016   N/A

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

- Identify specific points in the code enforcement process where fines and penalties should be assessed. These points may vary by violation type, whether there have been multiple violations on the property, and/or whether a health and safety risk is present;

- Establish responsibilities and processes for supervisors to review and monitor investigators' adherence to the framework; and

- Provide for exceptions to be made in appropriate circumstances with supervisor approval.

In Process   Re-inspection fee process training and implementation was completed on November 2, 2015. The remedy and fine/penalty process will be included in the Procedure Manual revision with training to follow.

Priority 2   Original Target Date: Current Target Date:
                                                        June 2016   N/A

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

In Process   Revision to the Procedures Manual is in process. Analysis is underway and will result in revisions to the Procedures Manual. Training and monitoring by managers and supervisors will follow.

Priority 2   Original Target Date: Current Target Date:
                                                        June 2016   N/A

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

In Process   Weekly 1:1 meetings are being conducted by managers and supervisors to ensure that PTS entries are being made accurately. Case audit procedures are being developed and will be included in the Procedure Manual revision.

Priority 2   Original Target Date: Current Target Date:
                                                        June 2016   N/A

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

In Process   The previous metric, "% of Code Enforcement Cases Meeting Action Deadlines," was discontinued on October 30, 2015. Priority 1 and 2 cases are tracked by spreadsheet, outside of PTS, as an interim process until Accela is implemented in April, 2017. Other performance indicators will be added after Accela implementation and have been identified in the Development Services Department (DSD) Tactical Plan for FY 2017.

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

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

        a) Percentage of initial inspections completed on time or average response time, by case priority;

        b) Average days to achieve voluntary compliance, or percentage of cases achieving voluntary compliance within a specified timeframe; and

        c) Average days to achieve forced compliance, or percentage of cases achieving forced compliance within a specified timeframe.

In Process   Recommendation #10 (a) to revise performance metrics to measure percentage of initial inspections completed on time by case priority was implemented for Priority 1 and 2 cases on November 2, 2016 and is tracked outside of PTS by spreadsheet.

The remaining revisions to performance metrics will be made with the implementation of Accela in April 2017. The DSD Tactical Plan for FY 2017 identifies additional performance metrics.

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

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

In Process   Spreadsheet tracking of Priority 1 and 2 cases started on November 2, 2015. Further reporting capabilities will be provided when Accela is implemented.

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

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

        a) The capability to assign priorities to each case, and assign initial inspection due dates for high-priority cases.

        b) The capability for Code Enforcement Division management and staff to generate reports for essential performance metrics on-demand, including those listed below. The system should produce reports on these metrics by case priority, investigator,

and inspection district.

    1. Percent of initial inspections completed on time

    2. Average days to achieve voluntary compliance

    3. Average days to achieve non-voluntary compliance

    4. Percent of cases achieving voluntary compliance

c) Mobile access for investigators, to reduce the need to travel to the Development Services Department to enter case information.

d) The capability to upload relevant case documentation such as photographs, correspondence, administrative citation and penalty notices, thus eliminating the need for hardcopy files.

e) The capability to invoice and track administrative citations and penalties.

In Process   The Code Enforcement Division began the Accela analysis phase of system configuration on November 17, 2015. Work is on-going to build the prototype Code Enforcement module for testing. In preparation for future data migration, Complaint Types in PTS have been consolidated to streamline the intake process and new Complaint Types have been added to track specific case types to enhance future reporting capabilities. Efforts to maximize automation are being made during the configuration of Accela.

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

16-008   **Internal Control Issues: San Diego Public Library**

    (AE)

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

In Process   On November 18, 2015 the Library Director and Office of the City Comptroller staff met to begin the coordination to address the recommendation. Based upon the issuance of the final performance audit and recommendations, the Library Director, in consultation with the Office of the City Comptroller and Risk Management Department, will develop a scope for a risk assessment of SDPL operations. Based upon the assessment and in conjunction with the Office of the City Comptroller, SDPL will develop a plan to prioritize and implement additional internal controls in areas identified by the risk assessment beyond those that currently exist within the City's municipal codes, ordinance, and Administrative Regulations (ARs).

Last month the Library Department staff began the comprehensive review of the SDPL'sis reviewing all Department Instructions (DIs) for consistency with updated city policies and

procedures.]n addition, the SDPL's Code of Conduct, and other policies and procedures such as staff computer use, reservation and usage of meeting rooms, and the Department's emergency management and response policies were all updated.

Priority 2   Original Target Date: Current Target Date:
                                                              February 2018   July 2016

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

(AH)

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

In Process   The City implemented a new Citywide Administrative Regulation (AR) 95.91 Employee Rewards and Recognition Program effective January 1, 2016 which the Division will use.

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

December 2015

ATTACHMENT D

Open Audit Recommendations – Not Implemented

This schedule includes a chronological listing of all open recommendations as of December 31, 2015 including new recommendations that were issued in the last three months of the current reporting period but were not expected to be implemented already, and no evidence of implementation was provided yet. It also includes recommendations where no evidence was provided to support any meaningful movement towards implementation, and/or no update information was provided. These recommendations are listed as **Not Implemented.**

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

(SM) (KC)

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

Not Implemented   Fire-Rescue, Lifeguard Division and Real Estate Assets will review fee terms with other municipalities for similar concession activities. Kayak concession agreements expire on March 31, 2018. We will complete a fee review by February 1, 2018 in preparation for concession agreement extensions.

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