Audit Recommendation Follow-Up Report

STATUS UPDATE AS OF June 30, 2018

Office of the City Auditor

City of San Diego

OCA

Independent · Objective · Accurate

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DATE: November 16, 2018

TO: Honorable Members of the Audit Committee

FROM: Kyle Elser, Interim City Auditor

SUBJECT: Recommendation Follow-Up Report

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

We have provided a short summary of data, highlighted 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 November 28, 2018 Audit Committee meeting.

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

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

cc: Honorable Mayor Kevin Faulconer
        Honorable City Councilmembers
        Kris Michell, Chief Operating Officer
        Stacey LoMedico, Assistant Chief Operating Officer
        Rolando Charvel, Chief Financial Officer
        Tracy McCraner, Department of Finance Director and City Comptroller
        Scott Clark, Chief Accountant
        Deputy Chief Operating Officers
        Department Directors

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THE CITY OF SAN DIEGO

SUMMARY

The Administration has continued to make significant progress towards implementing open audit recommendations. During this reporting period, the Administration has implemented 47 of the outstanding recommendations. Additionally, we issued 6 reports and added 25 new recommendations, and the Administration agreed to implement 100 percent of the recommendations.

Since our last report, we have implemented an automated alert process to notify all departments as their recommendations are nearing their implementation date or have become past due. This notification prompts the departments to update the recommendation as necessary.

There is one recommendation that we deemed as Not Implemented – N/A 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 recommendation.

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

We greatly appreciate the Administration's efforts as they have demonstrated a commitment to implementing audit recommendations to improve City operations and mitigate the risks identified during audits.

IMPLEMENTATION STATUS OF OPEN RECOMMENDATIONS

This report reflects the status of all Office of the City Auditor open audit recommendations as of June 30, 2018. We contacted departments directly to gather recommendation status information, reviewed all outstanding recommendations, and placed the recommendations into the following status categories:

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

As of our last recommendation follow-up report for the period ending December 31, 2017, there were 118 open recommendations. Since then, we have issued two performance audits and four hotline reports which added 25 new recommendations for a total of 143 outstanding recommendations for the period ending June 30, 2018. The table below summarizes this activity:

Activity for the Period Ending June 30, 2018	Number of Recommendations
Recommendations In Process as of December 31, 2017	118
Recommendations Issued January 1, 2018 through June 30, 2018	25
Total Outstanding Recommendations as of June 30, 2018	**143**

During this reporting cycle, we verified that departments and related entities have implemented 47 recommendations out of 143 (33 percent) since our last report. The results of our review for this reporting cycle are as follows for the 143 recommendations:

Number of Recommendations	Status of Recommendations
47	Implemented
72	In Process - With Revised or Past Due Target Dates
23	In Process – Not Due
1	Not Implemented – N/A
143	**Total**

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

- **Exhibit 1** - Summarizes the status of the 143 recommendations by audit report in chronological order.

- **Exhibit 2** - Summarizes the distribution of the 47 recommendations **Implemented** by Department/Agency.

- **Exhibit 3** - Summarizes the distribution of the 72 recommendations **In Process** - **With Revised or Past Due Target Dates** by Department/Agency.

- **Exhibit 4** - Summarizes the distribution of the 23 recommendations **In Process - Not Due** by Department/Agency.

- **Exhibit 5** - Breaks down the 143 recommendations by their status and the length of time the recommendation remains open from the original audit report date.

- **Exhibit 6** - Audit Recommendation Activity for the Period Ending June 30, 2018.

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

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

Attachment B – Recommendations Deemed as Implemented
This schedule includes all recommendations as of June 30, 2018 that have been deemed as **Implemented** by City Auditor staff based on sufficient and appropriate evidence provided by the departments to support all elements of the recommendation.

Attachment C – Recommendations Deemed as In Process With Revised or Past Due Target Dates
This schedule includes all recommendations as of June 30, 2018 that are **In Process** of implementation based on the status information provided; however, target dates have been revised since the last reporting period or the dates are past due with no revised date.

Attachment D – Recommendations Deemed as In Process - Not Due
This schedule includes all recommendations as of June 30, 2018 that are **In Process** of implementation based on the status information provided and target dates are not due.

FUTURE RECOMMENDATION FOLLOW-UPS

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

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

Exhibit 1 below summarizes the status of the 143 recommendations by audit report in chronological order.

EXHIBIT 1: Audit Reports and Recommendation Status

Report No.	Report Title	Implemented	In Process	Not Implemented[1]
12-015	Performance Audit Of The Development Services Department's Project Tracking System		3	
13-009	Performance Audit Of The Real Estate Assets Department		1	
13-011	Performance Audit Of The Public Utilities Department's Valve Maintenance Program		1	
14-002	Performance Audit Of The Public Utilities Department's Industrial Wastewater Control Program		7	
14-006	Performance Audit Of The Police Patrol Operations		1	
14-014	Performance Audit Of Graffiti Control Program	1		
14-016	Hotline Investigation Report Of Public Utilities Warehouse Supply Purchases		1	
14-019	Performance Audit Of Real Estate Assets Department		2	
15-001	Performance Audit Of The Office Of Homeland Security	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]
15-003	Performance Audit Of The City's Waste Reduction And Recycling Programs	1		1
15-009	Performance Audit Of The Community Parking District Program	2		
15-010	Fleet Services Division Fraud Risk Assessment Report		1	
15-011	Performance Audit of the Utilities Undergrounding Program		2	
15-012	The City Needs to Address the Lack of Contract Administration and Monitoring on Citywide Goods and Services Contracts		2	
15-016	Performance Audit of Citywide Contract Oversight	2	7	
15-018	Performance Audit of the Fire-Rescue Department, Lifeguard Services Division		1	
16-005	Performance Audit of the City's Business Improvement District Program	1		
16-006	Performance Audit of the Code Enforcement Division	4		
16-008	Internal Control Issues: San Diego Public Library	1		
16-011	Performance Audit of the Street Preservation Ordinance		1	
16-012	Hotline Investigation of Vendor Fraud		1	
16-016	Citywide Contract Oversight II - Contract Review		2	
16-017	Audit of San Diego Public Library	4		
17-003	Performance Audit of the San Diego Housing Commission – Affordable Housing Fund		1	

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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]
17-005	Performance Audit of the San Diego Housing Commission	1		
17-006	Performance Audit of The City's Programs Responsible For Improving Pedestrian Safety		6	
17-009	Performance Audit of Street Light Repair	1	2	
17-010	Performance Audit of the Affordable / In-Fill Housing and Sustainable Buildings Expedite Program		3	
17-013	Performance Audit of The San Diego Convention Center	2	1	
17-018	Performance Audit of City Gas and Electric Utility Billing		2	
17-020	Performance Audit of The City's Management of Its Advisory Boards		9	
17-021	Hotline Investigation of Recreation Activity Permit Calculation Errors and Abuse	1	2	
17-022	Hotline Investigation of a City Vendor	1	1	
18-001	Performance Audit of the City's Quality Management of Street Repaving Projects		1	
18-002	Audit of Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2016		1	
18-007	Performance Audit of the Economic Development Department's Business Cooperation Program		3	
18-009	Performance Audit of the Park and Recreation Department's Maintenance Operations	3	1	
18-010	Performance Audit of the Communications Department's Charges for Services to Enterprise Funds	2		

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[3] 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[4]
18-011	Performance Audit of Grant Management		5	
18-012	Hotline Investigation of an Information Technology Contract	1	2	
18-013	Fraud Hotline Investigation Report of Waste in the Transportation Alternatives Program	9	3	
18-014	Fraud Hotline Investigation of Water Theft	2	1	
18-015	Performance Audit of the Economic Development Department's Business and Industry Incentives Program	3	7	
18-016	Hotline Investigation of Attempted Theft of City-Provided Clothing	1		
18-017	Fraud Hotline Investigation of City Youth Sports League Referee Background Checks	1		
18-018	Fraud Hotline Investigation of Disabled Person Placard Fraud	1	2	
18-019	Fraud Hotline Investigation of Water Theft and Theft of Cleaning Supplies	1		
18-023	Performance Audit of the Storm Water Division		9	
GRAND TOTAL		47 (33%)	95 (66%)	1 (1%)

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

Exhibit 2 summarizes the distribution of the 47 recommendations **Implemented** by Department/Agency as of June 30, 2018.

EXHIBIT 2: Number of Recommendations Implemented by Department/Agency

Number of Recommendations Implemented	Department/Agency	Number of Recommendations Implemented	Department/Agency
4	Code Enforcement Division - Development Services Department	6	Parks & Recreation
2	Communications Department	4	Public Utilities
6	Economic Development	1	Public Works
1	Environmental Services	1	Public Works – Field Engineering
1	Independent Budget Analyst and Library	1	Purchasing & Contracting
3	Library	11	Transportation & Storm Water
1	Library and Department of Finance[5]	2	San Diego Convention Center Corporation
1	Office of Homeland Security	1	San Diego Housing Commission
1	Department of Finance[5]		

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[5] Formerly known as Office of the Comptroller.

Exhibit 3 summarizes the distribution of the 72 recommendations **In Process – With Revised or Past Due Target Dates** by Department/Agency as of June 30, 2018.

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

Number of Recommendations Outstanding	Department/Agency	Number of Recommendations Outstanding	Department/Agency
1	Chief Operating Officer Environmental Services Chief Financial Officer	10	Office of the Mayor
1	City Treasurer	2	Office of the Mayor Office of the City Attorney
1	Communications	3	Parks & Recreation
2	Chief Operating Officer	3	Police
4	Corporate Partnerships and Development	8	Public Utilities
8	Development Services	1	Public Utilities – Water Operations
1	Fire-Rescue Lifeguard Division and Real Estate Assets	1	Public Works
1	Information Technology	13	Purchasing & Contracting
1	Internal Operations – Fleet Services	3	Real Estate Assets
2	Department of Finance[6]	6	Transportation & Storm Water

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[6] Formerly known as Office of the Comptroller and/or Financial Management

Exhibit 4 summarizes the distribution of the 23 recommendations **In Process - Not Due** by Department/Agency as of June 30, 2018.

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

Number of Recommendations Outstanding	Department/Agency	Number of Recommendations Outstanding	Department/Agency
1	Assistant Chief Operating Officer	1	Public Utilities Department
9	Economic Development	11	Transportation & Storm Water
1	Environmental Services Transportation & Storm Water Parks & Recreation Economic Development Chief Financial Officer		

These exhibits do not include the one recommendation determined as Not Implemented - N/A.

Exhibit 5 breaks down the current 143 open recommendations and the 160, 160, 169, 137, 123, 140 and 152 prior reports recommendations by their status and the length of time a recommendation remains open from the original audit report date for both the current and prior report.[7]

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

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[7] Timing is rounded to the month.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT 5g: 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 June 30, 2018

Activity for the Period Ending June 30, 2018	Number of Recommendations
Open Recommendations Carried Forward from Period Ending December 31, 2017	
Recommendations In Process as of December 31, 2017	118
Recommendations issued January 1, 2018 through June 30, 2018	25
Total Outstanding Recommendations as June 30, 2018	**143**

Recommendations Implemented	47
Recommendations Not Implemented – N/A	1
Recommendations Resolved for Period Ending June 30, 2018	**48**
Carry Forward Open Recommendations	**95**

June 2018

ATTACHMENT A

Recommendations for the Audit Committee's Attention

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

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

Environmental Services

15-003	PERFORMANCE AUDIT OF THE CITY'S WASTE REDUCTION AND RECYCLING PROGRAMS
	(AH)
#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.
Not Implemented – N/A	The department indicated that this recommendation will not be implemented because the result of Response #3 was to incorporate key elements found in the Districted Exclusive Collection Study Final Report into the haulers franchise agreements. Therefore, we will not transition to a districted exclusive collection system.

Priority 1	Issue Date:	Original Target Date:	Current Target Date:
	August 11, 2014	June 2016	~~November 2017~~
			March 2018

June 2018

ATTACHMENT B

Recommendations Deemed As Implemented

This schedule includes all recommendations as of June 30, 2018 that have been deemed as **Implemented** by City Auditor staff based on sufficient and appropriate evidence provided by the departments to support all elements of the recommendation.

14-014 **PERFORMANCE AUDIT OF GRAFFITI CONTROL PROGRAM**

(AH)

#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.

Implemented The San Diego Police Department (SDPD) and the Transportation and Storm Water Department (TSW) partnered with the Communications Department to create a Communications Plan to increase the visibility of the Spray and Pay Program. For example, the Spray and Pay Program is now publicized by the City via Facebook and Twitter. In addition, SDPD now proactively notifies potential witnesses of the Spray and Pay Program during graffiti vandalism investigations.

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 (AR) or similar directives to departments regarding requirements for timely and complete emergency plans.

Implemented The San Diego Office of Homeland Security (SD-OHS) updated provisions in the Municipal Code that pertains to its current operations and responsibilities. SD-OHS has also developed and issued Administrative Regulation 1.03 entitled Citywide Emergency Plans and Protocols (AR 1.03). AR 1.03 requires City departments to maintain and update specific emergency plans and protocols as listed in the established schedule detailed in the regulation.

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.

Implemented   The Environmental Services Department presented the final Districted Exclusive Franchise Study to the City Council in October 2018. The study covered all of the elements listed in the audit recommendation. Although the study concluded that the City should move forward with implementing a districted exclusive franchise system, City staff recommended that the existing non-exclusive franchise system be retained, based on concerns regarding difficulties Los Angeles and New York City are experiencing as they transition to exclusive franchise systems. As part of this proposal, staff recommended additional requirements for haulers to utilize zero-emission vehicles by 2028, and an increase in franchise fee rates to recover a portion of the estimated $2.8 million in additional street damage the City incurs annually due to inefficiencies in the non-exclusive system. The City Council approved the staff recommendation.

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

(AE)

#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.

Implemented   Department staff developed three metrics to measure the productivity of the previous year's plans and budget, for the parking districts. The metrics were described and presented in the staff report for the Community Parking District FY 2019 Annual Plan and Budget presented at City Council on June 19, 2018.

#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.

Implemented   The Department prepared and updated process narratives that implement changes to Allocation of Parking Meter Revenue from Community Parking District Program and Community Parking District Parking Projects and Meter Pricing.

One process narratives provide written procedures to monitor revenue/expenditures along with establishing quality assurance procedures to monitor and communicate program activities and outputs related to revenue. Annually the prior year's work plan and budgets are reviewed to determine percentage of completed projects and information also provided to committees and council.

The other process narrative provides written procedures for time limited parking and parking meter change proposals and review, right-of-way change proposal and review, and implementation of approved recommendations.

15-016   PERFORMANCE AUDIT OF CITYWIDE CONTRACT OVERSIGHT

(SG) (MG)

#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.

Implemented   Public Works has sufficiently defined CIP related Contract Change Order and Closeout processes, including closeout tasks, clearly defined roles and responsibilities for all involved parties, and timelines to fully implement this recommendation.

#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.

Implemented   PUD has implemented the tools needed to automate their construction management and change order process from cradle to grave, and have implemented a robust user acceptance strategy to ensure the system is fully utilized in the daily process of construction project management.

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

(AE)

#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.

Implemented   The data collection for the planned annual reporting of the established metrics was presented to the Economic Development & Intergovernmental Relations Committee on March 22, 2018 and to City Council on April 17, 2018 as part of the FY 2019 Business Improvement District Budgets-Annual Appropriation Process. On May 15, 2018 Council resolution R-311760 confirmed Fiscal Year 2019 budget reports for specified parking and business improvement areas; authorizing the continued levy and collection of annual assessments within those areas; and authorizing the execution of a district management agreement with the business or merchants association for each respective area.

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

(AH)

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

Implemented   The Code Enforcement Division (CED) has implemented the Accela tracking system to manage code enforcement cases. The system has the capability to assign priorities to cases; assign initial inspection due dates; generate performance reports, including reports on investigator response times and times to achieve voluntary or non-voluntary compliance; and maintains relevant case documentation including photos, correspondence, and investigation notes, which has eliminated the need for hardcopy files. In addition, the system further improves efficiency by providing mobile access for investigators.

CED has also updated its Procedures Manual to include supervisory responsibilities for reviewing Accela-generated performance reports, and has developed additional publicly-reported performance measures, including the percentage of code enforcement cases opened on the day of receipt, and the percentage of code enforcement inspections completed on-time. Additional performance metrics, such as the average number of days to achieve voluntary or non-voluntary compliance, will be monitored internally using the reports described above.

#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.

Implemented	The Code Enforcement Division (CED) has implemented the Accela tracking system to manage code enforcement cases. The system has the capability to assign priorities to cases; assign initial inspection due dates; generate performance reports, including reports on investigator response times and times to achieve voluntary or non-voluntary compliance; and maintains relevant case documentation including photos, correspondence, and investigation notes, which has eliminated the need for hardcopy files. In addition, the system further improves efficiency by providing mobile access for investigators.

CED has also updated its Procedures Manual to include supervisory responsibilities for reviewing Accela-generated performance reports, and has developed additional publicly-reported performance measures, including the percentage of code enforcement cases opened on the day of receipt, and the percentage of code enforcement inspections completed on-time. Additional performance metrics, such as the average number of days to achieve voluntary or non-voluntary compliance, will be monitored internally using the reports described above.

While the system does not currently have the capability to actually invoice administrative citations and penalties, CED has developed a process to track citation and penalty information in the system. This satisfies the intent of Recommendation #12, which is to ensure investigators have up-to-date information on citations and penalties issued, and whether they have been paid.

#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.

Implemented	The Code Enforcement Division (CED) has implemented the Accela tracking system to manage code enforcement cases. The system has the capability to assign priorities to cases; assign initial inspection due dates; generate performance reports, including reports on investigator response times and times to achieve voluntary or non-voluntary compliance; and maintains relevant case documentation including photos, correspondence, and investigation notes, which has eliminated the need for hardcopy files. In addition, the system further improves efficiency by providing mobile access for investigators.

CED has also updated its Procedures Manual to include supervisory responsibilities for reviewing Accela-generated performance reports, and has developed additional publicly-reported performance measures, including the percentage of code enforcement cases opened on the day of receipt, and the percentage of code enforcement inspections completed on-time. Additional performance metrics, such as

the average number of days to achieve voluntary or non-voluntary compliance, will be monitored internally using the reports described above.

While the system does not currently have the capability to actually invoice administrative citations and penalties, CED has developed a process to track citation and penalty information in the system. This satisfies the intent of Recommendation #12, which is to ensure investigators have up-to-date information on citations and penalties issued, and whether they have been paid.

#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.

Implemented	The Code Enforcement Division (CED) has implemented the Accela tracking system to manage code enforcement cases. The system has the capability to assign priorities to cases; assign initial inspection due dates; generate performance reports, including reports on investigator response times and times to achieve voluntary or non-voluntary compliance; and maintains relevant case documentation including photos, correspondence, and investigation notes, which has eliminated the need for hardcopy files. In addition, the system further improves efficiency by providing mobile access for investigators.

CED has also updated its Procedures Manual to include supervisory responsibilities for reviewing Accela-generated performance reports, and has developed additional publicly-reported performance measures, including the percentage of code enforcement cases opened on the day of receipt, and the percentage of code enforcement inspections completed on-time. Additional performance metrics, such as the average number of days to achieve voluntary or non-voluntary compliance, will be monitored internally using the reports described above.

While the system does not currently have the capability to actually invoice administrative citations and penalties, CED has developed a process to track citation

and penalty information in the system. This satisfies the intent of Recommendation #12, which is to ensure investigators have up-to-date information on citations and penalties issued, and whether they have been paid.

16-008	INTERNAL CONTROL ISSUES: SAN DIEGO PUBLIC LIBRARY
	(AE)

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

Implemented   The Library Department has completed the development / enhancement of policies and procedures to establish and implement strict internal controls based on a comprehensive risk assessment over Cash Handling, Contract Administration, Environmental & Facility Controls, Inventory, Loss Protection, Physical Security, Timekeeping, and Purchasing of Materials & Supplies. The Library implemented a temporary fix in the area of Environmental Controls that protects Library assets meanwhile budget is obtained for a permanent solution. A fiscal plan and implementation schedule was proposed for an internal control recommendation in the Loss Prevention area which is contingent on General Fund budget. All Library audit recommendations have been implemented and alternate interim action has been taken to consider implemented until budget is available to provide permanent and final fix.

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

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

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

Implemented

On May 21, 2018, the Library went before the City Council to propose revisions to the City's match/"pool" designations pertaining to the following Library matching funds: Materials, Equipment, Programs, and Electronic Resources. A uniform application of the City's match was applied to all donations, then to be placed in a "pool" to be distributed among the branches provided the least amount of resources. The Library received a unanimous approval of the new matching specifications and "pool" methodology and distribution which creates equity of resources throughout the Library system. The final date of passage was May 30, 2018. A new Library Donations Matching Fund (200737) has been created and replaces the four legacy matching funds. Council Policy 100-12 was established to replace the legacy Council Policies 100-07 and 100-08 and Resolution 311762 - Library Donations Matching Fund, formalizes this action. A new Department Instruction (DI) has been developed to ensure adherence to the new process. The Library created a DI for staff to follow when the Library Donations Matching Fund Policy is implemented. The DI outlines specific steps which need to be taken to allocate funds from the pool distribution in accordance with the policy as well as how to proceed with updating the resource model with the most current data sets as they become available. Results will be reviewed on an annual basis to ensure equity issues throughout the library system are being addressed.

#2

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

Implemented

On May 21, 2018, the Library Department went before the City Council to propose revisions to CP 100-08, Library Matching Equipment Fund; Resolution 301122, Library Matching Programs Fund; and Resolution 292453, Electronic Resources Matching Fund in order for Council to consider a percent of the City's matching amount for library equipment, programs, and electronic resources donations are placed in a "pool" to be distributed among the branches provided the least amount of resources. The Library received a unanimous approval of the fund consolidations and new pool distribution method which creates equity of resources throughout the Library system. The final date of passage was May 30, 2018. A new Library Donations Matching Fund (200737) has been created and replaces the four legacy matching funds. Council Policy 100-12 was established to replace the legacy Council Policies 100-07 and 100-08 and Resolution 311762 - Library Donations Matching Fund, formalizes this action. This change enhances the Library's tracking and reporting mechanisms, as well as streamlines activities. A new Department Instruction has been developed to ensure adherence to the new process.

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

- Create a sharing mechanism to ensure best methods of implementing community outreach are available to all library managers.
- Develop and document an outcome-based planning and evaluation model.

- Establish measurable goals and objectives for all types of library programming.
- Prepare and implement SDPL guidance that requires program review quarterly and a basis for determining whether to continue programming that does not meet the established goals and objectives.

Implemented   Through enhanced community outreach and measurement of program outcomes, SDPL has put into place and is implementing more effective targeting of program resources.

Community profiles have been created for each of branch, the Patron Profile Analysis and the Non-Patron Profile Analysis. These detailed, data driven analyses of library users and non-library users in the communities they most directly serve provides branch managers a tool to assist with targeted programming and outreach. Continued guidance is provided by the programming team in order to develop strategies for outreach and creation of programs.

Programming team developed goals and objectives that focus on impactful, outcomes based programming. They also prepared a Program survey to analyze the effectiveness of programs as related to these goals. It will continue to be distributed and used by all branches to ascertain relevancy of all programs, and will be analyzed for trends and changes on a quarterly basis. Programming staff are analyzing the data and cross referencing them with the Patron Profile Analysis to ensure that each branch is providing programs that their patrons rank positively as well as meet the goals and objectives. Programming staff are advising branch managers to adjust their programs to take into consideration both the demographic information from the Patron Profile Analysis and the Program Survey results.

Programming staff is using a two pronged approach to target programming resources. First, is to focus on emphasizing and applying resources to the programs that are most effective, per the goals. Additional support, resources, and outreach are being applied to those programs that have proven themselves effective. Second, in addition, programming staff is using the Patron Profile Analysis, the Program Survey results, and the Harwood Community Conversation themes to target untapped needs and interests of our community. (By way of example, where a program targeting adult literacy needs is not currently offered - but is indicated by comments during a Harwood Conversation and by a high concentration of low-mod income adults in the area - then programming staff is assisting the branch in creating and offering targeted programs.)

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

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

Implemented   In response to Finding #3 of the Performance Audit, the Library has developed a data-driven staffing model to provide guidance in aligning staff and budgeting for the San Diego Public Library (SDPL) personnel requirements. Data was identified and formulated with the use of library staff surveys, classification performance plans, monthly reports and data extracted from the Library's Integrated Library System (SyrsiDynix Symphony WorkFlows). In accordance with other library systems, staffing factors include but are not limited to hours of operation, patron visits, circulation, facility size, youth and adult programs and duties associated with each classification to maintain operations and provide comprehensive service to the public. In addition, the Library assessed the average scheduled and unscheduled absences of staff at any given time to allocate resources at each branch location to minimize movement of staff from one location to another to meet coverage needs. At a Research Institute for Public Libraries (RIPL) workshop February 28-March 1, 2018, this model was used as an evaluation project to obtain feedback regarding our approach and process. Feedback from presenters validated that adequate data had been obtained to begin formulating the model. The workshop also presented tools to measure success such as the use of a pre and post assessment.

The staffing model includes all front line staff across five classifications at 35 branch locations and the Central Library sections. Due to the difference in operations between Branches and the Central Library, formulas have been constructed separately for Branch Libraries and the Central Library to more accurately capture operations and measure optimum staffing needs.

Data in the staffing model designates total number of hours necessary to accomplish duties at each branch and library section per week. Based on the results, shortages and overages were identified across library locations throughout the Library system and while the library cannot achieve a net zero allocation, a greater equity of staff is feasible by a redistribution of positions. The model identifies proposed changes within classifications by employee group status to attain optimum staffing levels.

Beginning Fiscal Year 2019, the Library will continue to utilize the model to optimize staffing at each location and reassess staff time spent on routine tasks and make appropriate staffing adjustments. Each location will complete a pre-assessment based on recorded data to identify how often coverage was needed from other locations prior to reassignment of staff. Six months after implementation, a post assessment will be issued to determine if the new staffing levels at locations/sections have minimized the need to utilize staff from other

locations/sections to maintain operations. This exercise will be completed each time staffing is reallocated.

At the start of each fiscal year, data will be updated in the staffing model to ensure that current staffing needs are assessed and modified as needed which is articulated in the Library's Department Instruction regarding maintenance of the staffing model. SDPL management will use the model to expand the current approach to staffing by using data to analyze system-wide staff resources.

17-005   **PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION**

(CK) (LB)

#2   The San Diego Housing Commission should establish an evaluation methodology that includes performance measures and benchmarks to demonstrate that the San Diego Housing Commission's projects provide the best option for achieving cost-effectiveness in affordable housing expenditures. The San Diego Housing Commission should report the results no less than annually to the San Diego Housing Commission Board and also to the San Diego Housing Authority.

Implemented   The San Diego Housing Commission (SDHC) includes Key Performance Indicators in their loan recommendations for new development of affordable housing. The developments are summarized in their annual report presented to the SDHC Board and has metrics on housing production goals and details on funded projects. This recommendation is implemented as the requirement to submit the annual report to the San Diego Housing Authority is no longer applicable. The report was submitted to the SDHC Board and is available to the public on the SDHC website.

17-009   **PERFORMANCE AUDIT OF STREET LIGHT REPAIR**

(AE)

#1   In order to effectively analyze repair performance and identify operational factors affecting street light repair times, the Street Division Deputy Director should complete the following actions. Review and revise the categorization of street light repair data and develop measurable performance metrics to ensure the efficient repair of street lights. Develop a written quality assurance process for reviewing performance data to identify specific causes for missing any organizational goals. The process should also include actions required when goals are not met. Establish a written policy for creating data reliability controls and implementation procedures providing oversight.

Implemented   As part of the Infrastructure Asset Management (IAM) San Diego implementation, street light repair categories were revised to allow for more effective performance monitoring. A Standard Operation Procedure (SOP) has been developed to support reporting and monitoring performance data from IAM. Performance data will continue to be analyzed each quarter as part of Street Division's Quarterly Monitoring Program.

17-013   **PERFORMANCE AUDIT OF THE SAN DIEGO CONVENTION CENTER**

(SP)

#1   Upon renewal of the San Diego Tourism Authority Sales and Marketing Contract, the San Diego Convention Center Corporation should:

- Review and revise the contract to include specific, measurable, achievable, relevant, and timely performance targets for evaluating the San Diego Tourism Authority's booking performance. The performance targets should include the annual minimum total projected room night goal.
- Include a corrective action clause with annual review for San Diego Tourism Authority performance. This clause should include escalating corrective action options ranging from a written warning, a formal corrective action plan, up to contract termination.

Implemented   The contract between the San Diego Convention Center Corporation (SDCCC) and the San Diego Tourism Authority (SDTA) includes performance targets for room nights and projected revenue in its Annual Program of Work. The contract also includes a termination clause that states that SDCCC can terminate the contract if SDTA fails to perform and meets its obligations as delineated in the Program of Work.

#2   Upon renewal of the San Diego Tourism Authority Sales and Marketing Contract, the San Diego Convention Center Corporation should:

- Establish the Booking Guidelines as a framework and not as the standard for the San Diego Tourism Authority's performance evaluation. If included in the new contract, the Booking Guidelines should:

  o   Include a complete Booking Time Frame Scale; and

  o   Identify how Booking Time Frame and Exhibit Hall Allocation Requirements will be monitored, reviewed, and prioritized.

Implemented   The contract between the San Diego Tourism Authority (SDTA) and the San Diego Convention Center Corporation (SDCCC) no longer includes the Booking Guidelines. The contract specifies that the Annual Program of Work delineates SDTA's annual room night goals and projected revenues. The Annual Program of Work is the document by which SDTA will be evaluated on its performance.

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

(AH)

#3 We recommend that the Park and Recreation Department:

- Develop internal control procedures to review permit fee calculations to ensure that the amounts due are computed correctly and verify that the permit was issued in advance of the event, as required.

Implemented The Department strengthened internal control procedures to review permit fee calculations through internal audits, and provided training to staff to ensure that fees are calculated correctly and issued in advance of events, as required.

17-022 **FRAUD HOTLINE INVESTIGATION OF A CITY VENDOR**

(AH)

#4 We recommend that the Assistant Chief Operating Officer:

- Ensure that Purchasing & Contracting develops risk-based document validation procedures and implements the procedures on a routine basis.

Implemented Purchasing & Contracting management provided new screening criteria for higher risk industries and evidence that the procedures were being used routinely. Therefore, this recommendation has been implemented.

18-009 **PERFORMANCE AUDIT OF PARK AND RECREATION DEPARTMENT'S OPERATIONS MAINTENANCE**

(LB) (NO)

#1 The Park and Recreation Department (PRD) should develop or refine maintenance standards for all Citywide park maintenance functions so that they can be tracked in the ManagerPlus® work order system.

> a) For park maintenance tasks that depend on outside departments for completion or that are not routine, PRD should develop maintenance standards that capture its response time instead of completion time.

Implemented The Park and Recreation Department revised its Park Maintenance Standards related to response/completion time for all Citywide park maintenance functions so that these can be tracked in the Manager Plus work order system.

#2	The Park and Recreation Department should continue to regularly assess the Citywide Management Team's performance by analyzing data from its work order system, ManagerPlus®. Specifically, PRD should track work order completion times and whether they comply with Park Maintenance Standards.
Implemented	The Park and Recreation Department (PRD) has continued assessing the Citywide Maintenance Team's performance by analyzing data from the Manager Plus system on a monthly and quarterly basis. Specifically, PRD uses data from Manager Plus to calculate an average completion time for different repair categories and whether this meets the requirements specified in the Park Maintenance Standards.
#3	The Park and Recreation Department should improve its assessment and monitoring of grounds maintenance outcomes by developing and/or reinstituting additional systematic evaluations that solicit public feedback on park maintenance.
Implemented	The updated Parks and Recreation Customer Satisfaction Survey now directly asks citizens to rate their satisfaction with park maintenance. (Question 4). The spirit of the recommendation is fulfilled.

18-010	PERFORMANCE AUDIT OF THE COMMUNICATIONS DEPARTMENT'S CHARGES FOR SERVICES
	(SP) (GC)
#1	To ensure billing accuracy, the Communications Department should require activity logs for all employees who are assigned to and/or who assist with Enterprise Fund projects. Moreover, the activity log should include Internal Order numbers and a description of project activities completed, to provide sufficient detail to justify charges.
Implemented	The Communications Department (CommD) has established, and employees use, a work activity log to record activities and billing related to Enterprise Fund Departments. The template includes internal order numbers and a description of project activities completed.
#2	The Communications Department should provide Enterprise Fund Departments detailed and timely activity reports on a periodic basis, to justify charges for services. Detailed reports, at minimum, should include employee information, time charged, internal order number charged, and work or deliverable associated with the charge.
Implemented	The Communications Department (CommD) has developed mechanisms that will allow it to provide Enterprise Departments with detailed and timely monthly activity reports. The reports will help to ensure that CommD accurately bills and receives funds for services provided to Enterprise Fund departments.

18-012   **HOTLINE INVESTIGATION OF AN INFORMATION TECHNOLOGY CONTRACT**

(AH)

#5   We recommend that the Office of the City Comptroller revise the Internal Controls
                     Process Narrative regarding Purchase Order invoice processing to strengthen
                     internal controls.

Implemented   The Office of the City Comptroller revised their procedures to strengthen internal
                     controls over invoice processing.

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

(AH)

#1   We recommend that TAP management strengthen internal controls over cash
                     handling at all sites as described in the confidential report.

Implemented   Transportation Alternatives Program management have created and implemented
                     new procedures that strengthen internal controls over cash handling.

#2   We recommend that TAP management:

                     a) Consult with the Office of the City Attorney to determine if overpayments
                        can be recovered from MTS given that no contracts exist for the monthly
                        passes;
                     b) If overpayments can be recovered, TAP should perform detailed invoice
                        reconciliations for the October through December 2016 and April 2017
                        invoices, and work with MTS to recover to the extent possible overcharges
                        that we identified from January 2017, and any additional overcharges
                        identified by TAP reconciliations.

Implemented   Transportation Alternatives Program management requested and received a credit
                     from the Metropolitan Transit System in the amount of $6,314. This exceeds the
                     amount identified in the report, indicating that reconciliations for other months were
                     done as recommended.

#3   We recommend that TAP management work in coordination with the Human
                     Resources Department's Citywide Volunteer and Youth Development Programs in
                     order to implement a process of regular verification of intern and volunteer
                     eligibility.

Implemented   Transportation Alternatives Program management coordinated with the Human
                     Resources Department's Citywide Volunteer and Youth Development Programs to
                     implement a process for verifying intern and volunteer eligibility.

#4	We recommend that TAP management implement a consistent numbering system policy for intern and volunteer identifications numbers.
Implemented	Transportation Alternatives Program management implemented a new numbering system policy for intern and volunteer identification numbers based on numbering from the intern and volunteer database managed by the Human Resources Department.
#5	We recommend that TAP staff perform a review of current participant records to identify errors in employee identification numbers, and correct the records when the errors are identified.
Implemented	Transportation Alternatives Program management implemented a process for verifying the accuracy of participant records going forward. From this process, past participant records may be corrected as needed.
#6	We recommend that TAP staff and management:

a) Investigate the instances of underpayments and overpayments we identified in the confidential report;
b) Identify and investigate instances of underpayments and overpayments for the months of October through December 2016 and April 2017;
c) Recover underpayments where appropriate, and refer participants to their respective Appointing Authority for appropriate corrective action; and
d) Determine whether refunds or credits for eligible participants who made overpayments are appropriate.

Implemented   Transportation Alternatives Program (TAP) management investigated instances of underpayments and overpayments for the time periods specified in the report. For underpayments, refunds were issued to 10 of 12 employees that overpaid. According to TAP management, two employees were no longer with the City at the time the refunds were issued. For underpayments, no payments were recovered and no employees were referred to their respective Appointing Authority.

According to TAP management, the process for collecting the underpayments would have been cost-prohibitive and employee intent could not be substantiated. Accordingly, TAP management identified an enrollment form for a benefit program once offered by the Municipal Employee Association (MEA). The program allowed non-MEA employees to participate, and offered discounted tickets. However, according to TAP management, although this program did not include transit benefits, it may have appeared that way to some. Additionally, TAP management has implemented new procedures that are effectively designed to prevent this issue from reoccurring.

#8   We recommend that TAP management review the instances of shortages we identified. TAP should recover the shortages where appropriate, and refer participants to the appropriate Appointing Authority for potential corrective action.

Implemented Transportation Alternatives Program (TAP) management reviewed the shortages we identified and determined that the shortages were a result of clerical errors. TAP management has implemented new sales processes and internal controls that are designed to prevent these types of errors from occurring again.

#10 We recommend that TAP management:

    a) Prepare and execute a contract with MTS for the monthly pass program; and

    b) Work in coordination with the Office of the City Attorney and the Human Resources Department to ensure that future monthly and annual pass contracts comply with both the City Charter and San Diego Municipal Code.

Implemented Transportation Alternatives Program management, in coordination with the Office of the City Attorney and the Human Resources Department, successfully worked to execute new contracts between the City and the Metropolitan Transit System. The contracts address both monthly and annual passes, and the contract for annual passes was approved by City Council resolution to comply with the City Charter and San Diego Municipal Code.

#11 We recommend that TAP management work in coordination with the Human Resources Department and MTS to ensure that future annual pass contracts include discounts for both Regional and Premium passes.

Implemented Transportation Alternatives Program management, in coordination with the Human Resources Department and MTS, executed an annual pass contract that includes discounts for both Regional and Premium passes.

18-014 **FRAUD HOTLINE INVESTIGATION OF WATER THEFT**

(AH)

#1 We recommend that the Public Utilities Department's Customer Support Division conduct an investigation to determine if an Administrative Citation or Administrative Warning is warranted based on the information contained in the confidential version of this report and take the appropriate action.

Implemented The Public Utilities Department determined that neither a citation nor a warning is warranted because the vendor was directed by City staff to use City water without paying for it.

#3 We recommend that the Public Utilities Department, in consultation with the Office of the City Attorney, determine if the costs of water use related to the 2012, and prior contracts, should be recovered from the vendor, and take the appropriate action.

Implemented   PUD consulted with the City Attorney's Office and determined the Real Estate Assets Department (READ) will be held responsible for reimbursement of the estimated water costs of $17,600 ($4,400/year over 4 years). READ included language in their future contracts that vendors obtain a fire hydrant meter to capture and pay for future water use, or READ should obtain their own fire hydrant meter to pay for the water use. READ's current contract for street sweeping services at Montgomery and Brown Field airports contains these requirements for the vendor. On August 22, 2018, the funds were transferred.

18-015   **Performance Audit of the Economic Development Department's Business and Industry Incentives Program**

(AH) (KC)

#3   EDD should implement a Customer Relationship Management (CRM) system that documents: (1) business 'touches' (contacts with various businesses); (2) details concerning incentives that were requested and/or provided by the business; and (3) time spent assisting the businesses (e.g. EDD staff technical assistance), if the time spent is above and beyond what EDD would provide in the normal course of business.

Implemented   The information in the CRM and the associated training on using the system satisfies the recommendation. Specifically, below include the relevant portions of the CRM includes as they relate to specifics in the recommendation:

Business touches, business assist, and projects -- The CRM includes specifically data field for tasks related to a business account. Staff is instructed to include data on the name of the project, address, PTS or Accela identifiers, the Program providing assistance (e.g. Business and Industry Incentive Program), and a brief project description. Staff is further instructed to include updates on the business assistance provided including calls, site visits, research.

Details concerning incentives that were requested and/or provided -- The CRM includes specifically data field for tasks related to business accounts and requires that staff record business assistance provided to an Account in a specific Fiscal Year. The CRM includes data fields to denote the status of the assistance, including "Request Received", "Application Received", "Pending" , "Under Review", "Processing Payments", "Fee Payments", "Project Complete", "Denied", "Under Construction", "Referred to Other City Department", "Referred to BID", "Referred to Chamber", "Referred to EDC", and "Other Services Provided". The CRM includes fields for the "Assistance Provided" including: "None", "Concierge Service", "Due Diligence", "Fee Payment Incentive (Not Reimbursement)", "Fee Reimbursement", "Permit Expediting Assistance", and "Referred".

Time spent assisting the business -- The CRM includes specifically data field for tasks related to business accounts and requires that staff record project activity on business accounts to include the time you spend working on your project. Specifically, a data field exists titled, "Time Spent Providing Assistance" and staff is instructed to "Enter hours."

#4   EDD should create policies and procedures and train EDD staff to document the information above pertaining to businesses seeking and receiving assistance in the case management system.

Implemented   The information in the CRM and the associated training on using the system satisfies the recommendation. Specifically, below include the relevant portions of the CRM includes as they relate to specifics in the recommendation:

Business touches, business assist, and projects -- The CRM includes specifically data field for tasks related to a business account. Staff is instructed to include data on the name of the project, address, PTS or Accela identifiers, the Program providing assistance (e.g. Business and Industry Incentive Program), and a brief project description. Staff is further instructed to include updates on the business assistance provided including calls, site visits, research.

Details concerning incentives that were requested and/or provided -- The CRM includes specifically data field for tasks related to business accounts and requires that staff record business assistance provided to an Account in a specific Fiscal Year. The CRM includes data fields to denote the status of the assistance, including "Request Received", "Application Received", "Pending" , "Under Review", "Processing Payments", "Fee Payments", "Project Complete", "Denied", "Under Construction", "Referred to Other City Department", "Referred to BID", "Referred to Chamber", "Referred to EDC", and "Other Services Provided". The CRM includes fields for the "Assistance Provided" including: "None", "Concierge Service", "Due Diligence", "Fee Payment Incentive (Not Reimbursement)", "Fee Reimbursement", "Permit Expediting Assistance", and "Referred".

Time spent assisting the business -- The CRM includes specifically data field for tasks related to business accounts and requires that staff record project activity on business accounts to include the time you spend working on your project. Specifically, a data field exists titled, "Time Spent Providing Assistance" and staff is instructed to "Enter hours."

#10   EDD and City should convene industries targeted by Economic Development Strategy, including base sector industries as well as business groups in older, underserved areas of the City, to determine what incentives would provide the greatest support and have the greatest impact in meeting economic growth goals. EDD should use feedback provided by these businesses, in conjunction with current research on economic development incentives and successful practices, to propose an update to the incentives offered in Council Policy 900-12. EDD should ensure that the proposed update provides specific definitions of each incentive offered, and lists only those incentives that are not already provided during the normal course of business.

Implemented   EDD provided evidence showing that EDD attended meetings with business groups in older, undeserved areas of the City. During these meetings the updated Council Policy 900-12 was discussed. EDD updated Council Policy 900-12 which was approved by the San Diego City Council on July 24, 2018.

18-016   Hotline Investigation of Attempted Theft of City-Provided Clothing

(AH)

#1   We recommend that the Public Utilities Department conduct an independent investigation to determine if City policies were violated and take the appropriate corrective action with respect to the identified City employees and supervisors.

Implemented   The Public Utilities Department conducted an independent investigation and took the appropriate corrective actions with respect to the identified employees.

18-017   Fraud Hotline Investigation of City Youth Sports League Referee Background Checks

(AH)

#1   We recommend that the Parks and Recreation Department require City youth sports league referees to operate under contracts that include background checks for all staff, and insurance coverage.

Implemented   The Department has completed the Request for Statement of Qualifications process to identify referee vendors. The contract includes background checks for all staff, and insurance coverage.

18-018   Fraud Hotline Investigation of Disabled Person Placard Fraud

(AH)

#2   We recommend that the Public Utilities Department coordinate the installation of appropriate signage and striping at the identified City facility to ensure that Disabled Person Placard violations are enforceable.

Implemented   We confirmed that the appropriate signage and striping has been completed through field observation.

18-019   Fraud Hotline Investigation of Water Theft and Theft of Cleaning Supplies

(AH)

#1   Conduct an independent investigation to determine whether the identified employee violated City policies, and take the appropriate corrective action.

Implemented   We confirmed that the Department conducted an independent Fact Finding investigation to determine whether the identified employee violated City policies, and took the appropriate corrective action.

June 2018

ATTACHMENT C

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

Sorted by Department

This schedule includes all recommendations as of December 31, 2017 that are **In Process** of implementation based on the status information provided; however, target dates for implementation were revised from the last reporting period.

Chief Operating Officer

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

(AH) (DN)

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

In Process In effort to address the long-term goals of the Vision Zero program and to address recommendations made in the Advisory Boards audit, the Office of Boards and Commissions is analyzing the potential for creating a permanent space within an existing or new City board where the functions of the Vision Zero Taskforce will reside. This boards workplan will include, but not be limited to, the development of a multi-year Vision Zero Long Range Plan to address the engineering, education, and enforcement components of Vision Zero through 2025, which will identify funding needs over the life of the plan. The Vision Zero Long Range plan will include performance metrics and benchmarking goals. As a "living document", the Vision Zero Long Range Plan will prioritize projects by a data-driven approach.

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

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

In Process In effort to address the long-term goals of the Vision Zero program and to address recommendations made in the Advisory Boards audit, the Office of Boards and Commissions is analyzing the potential for creating a permanent space within an existing or new City board where the functions of the Vision Zero Taskforce will reside. This boards workplan will include, but not be limited to, the development of a multi-year Vision Zero Long Range Plan to address the engineering, education, and enforcement components of Vision Zero through 2025, which will identify funding needs over the life of the plan. The Vision Zero Long Range plan will include performance metrics and benchmarking goals. As a "living document", the Vision Zero Long Range Plan will prioritize projects by a data-driven approach.

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

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

In Process   Several grant opportunities were discussed and shared with staff during the May 17th, 2018 meeting with the Vision Zero Task Force. As part of the development of responsibilities for the more permanent Vision Zero Task Force, as alluded to in the response to Audit Recommendations #14 and #15, a more formalized process of grant identification and recommendation will be developed with the Department of Government Affairs.

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

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

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

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

In Process   In effort to address the long-term goals of the Vision Zero program and to address recommendations made in the Advisory Boards audit, the Office of Boards and Commissions is analyzing the potential for creating a permanent space within an existing or new City board where the functions of the Vision Zero Taskforce will reside. This boards workplan will include, but not be limited to, the development of a multi-year Vision Zero Long Range Plan to address the engineering, education, and enforcement components of Vision Zero through 2025, which will identify funding needs over the life of the plan. The Vision Zero Long Range plan will include performance metrics and benchmarking goals. As a "living document", the Vision Zero Long Range Plan will prioritize projects by a data-driven approach.

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

17-013   **PERFORMANCE AUDIT OF THE SAN DIEGO CONVENTION CENTER**

(SP)

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

In Process   With the potential of a ballot measure for an expanded Convention Center being discussed, the Port District and City officials determined it was best to hold off on any final decisions on the funding until such time it was determine if the measure would be forthcoming or not.

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

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

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

(AE) (NK)

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

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

In Process　　ESD is submitting this update to provide evidence that staff has taken actions to meet the recommendation ahead of the implementation date.

- Develop a written process that establishes responsibility among various departments and methodology for periodic review of utility rates assigned to City accounts and for review and payment of utility bills has been completed through (1) completion of benchmarking peer groups and proposal responses from EDI solicitation for best practices; (2) completion of interviewing other departments on current process concerns and potential improvements; (3) completion of one Process Narrative that addresses monthly utility report review by City Departments and Divisions and another that addresses utility bill payment; (4) completion of a Standard Operating Procedures Manual.
- Establish procedures to provide utility reports with appropriate information to the appropriate personnel for review is currently being addressed through (1) implementation of the new EDI system, EnergyCap, which will provide reports to the appropriate staff (to be completed by May 2019); (2) completion of one Process Narrative that addresses monthly utility report review by City Departments and Divisions and another that addresses utility bill payment; (3) completion of a Standard Operating Procedures Manual.
- Provide training for personnel responsible for reviewing gas and electric utility rates and accuracy of utility invoices is completed through (1) completion of one Process Narrative that addresses monthly utility report review by City Departments and Divisions and another that addresses utility bill payment; (2) completion of a Standard Operating Procedures Manual; (3) completion of SDG&E provided billing and rates training for ESD and PUD staff; (4) completion of fact sheet for personnel in other departments responsible for reviewing gas and electric utility costs and consumption reports.
- Establish oversight monitoring responsibility for ensuring the account rate analysis process operates as intended and appropriate utility invoice reviews are conducted is being addressed through (1) continuation to formally include the City's energy consultant on rate analysis for incorporation into ongoing and future forecasts and regulatory engagements; (2) completion of a Standard Operating Procedures Manual; (3) implementation of the new EDI system, EnergyCap, which will stablish additional oversight monitoring and auditing (to be completed by May 2019).

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

18-012   HOTLINE INVESTIGATION OF AN INFORMATION TECHNOLOGY CONTRACT

(AH)

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

In Process   As a part of the FY19 adopted budget, the Office of Comptroller and the Financial Management Department merged and renamed Department of Finance. Due to the changes in operations, there will be a new routing system, which was not anticipated when the initial completion date of June 2018 was determined. It is anticipated the revised A.R. 3.20 will be completed in the fall.

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

City Treasurer

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

(RG)

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

In Process   City Treasurer's indicated that fieldwork has been completed. They have provided tentative audit findings to Newport. Treasurer's is working with READ and Office of the City Attorney on a couple of pending issues. Target date was changed to 12/31/2018.

Priority 2	Issue Date: August 31, 2017	Original Target Date: June 2018	Current Target Date: ~~June 2018~~ ~~October 2018~~ December 2018

Communications Department

17-020	PERFORMANCE AUDIT OF THE CITY'S MANAGEMENT OF ITS ADVISORY BOARDS
	(AH) (DN)

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

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

In Process No change since last reporting period. Awaiting feedback from the City Attorney's office on the concept/script before we can move forward. After we receive their content, the video is expected to be complete four-six weeks later.

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

Corporate Partnerships and Development

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

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

In Process The second reading of the ordinance was on City Council consent agenda on June 26, 2018. Completion of review by City Clerk and Mayoral signature was June 25, 2018. Final Municipal Code amendment approval date: 30 day referendum from Mayoral signature: August 25, 2018. Launch to occur within 30-60 days of final approval.

Priority 2	Issue Date:	Original Target Date:	Current Target Date:
	October 20, 2017	December 2017	~~December 2017~~
			~~March 2018~~
			~~July 2018~~
			October 2018

45

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

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

In Process   Corporate Partnerships presented the streamlining process to City Council on June 12, 2018. City Council voted unanimously to approve the municipal code amendment establishing the new grants approval process. This process delegates approval authority to the Mayor or designee to allow staff to apply for, accept, expend, and appropriate all grants with an aggregate value of $1,000,000 or less with specified exceptions. The second reading of the ordinance was on City Council consent agenda on June 26, 2018. Completion of review by City Clerk and Mayoral signature was June 25, 2018. Final Municipal Code amendment approval date: 30 day referendum from Mayoral signature August 25, 2018. Launch to occur within 30-60 days of final approval.

On June 29, 2018 the draft A.R. 1.80 was submitted to Human Resources and Comptroller Internal Control for review. The A.R. 1.80 establishes CPD's authority over the City's grant application process. Per the A.R. process (A.R. 1.0) after review is completed by Human Resources and Comptroller Internal Controls it will be reviewed by appropriate DCCO, CFO, by City Attorney Liaison for a clearance memo. The A.R. will then be routed to impacted Recognized employee organizations before finalization.

Funding opportunities are continually being routed from a variety of sources such as GrantsFinder, Grants.gov, Grantwatch, Federal Register, USA.Gov, and Catalog of Federal Domestic Assistance. These resources are also available on Citynet for staff to utilize located on the Citywide Grants and Gift Resource Center page. Additional resources are added as identified. Staff will have access to all city staff grant applications approved and denied to be utilized for information and planning purposes on Sharepoint once it is live.

Comptroller and Corporate Partnerships have identified necessary training topics for common grant identification, application, and management needs. Since March 2018, grant trainings have been made available to City of San Diego employees. Topics included Capacity Development and Grant Writing training (July 11), Grant Writing (Aug 8-9), Grants Management (October 3-4), Federal Grant Proposal Writing (Oct. 22), Grants Searching and Writing workshop (October-TBD). Comptroller has completed two Success Factors Grants Module Training Videos. Comptroller staff are providing one on one trainings with grant analysts in each department. Comptroller staff have purchased Thompson Online Grant Training tool for a one year subscription. Information about how to utilize this resource has been disseminated to each department. CPD sends reminders on pertinent webinars Thompsons' offers. Trainings will be given to all staff on the new grants streamlining process August 2018.

Priority 2	Issue Date:	Original Target Date:	Current Target Date:
	October 20, 2017	March 2018	~~March 2018~~
			October 2018

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

- Encourage City departments to systematically search for grant opportunities;
- Require departments to analyze grant requirements to ensure the grant is consistent with the government mission, strategic priorities and/or plans, and a multi-year cost/benefit analysis to avoid the risk that the government will unexpectedly spend its own funds to support a grant prior to preparing the grant application;
- Establish a Grant Oversight Committee and require departments to provide a comprehensive analysis before grant application and approval; and
- Create a review process for denied grant applications.

In Process After the final approval of A.R. 1.80 the Grants Administration Manual will be revised to reflect any changes made while routing for approval. The Grants Manual will encourage city departments to systematically search for grant opportunities, and properly analyze the grant requirements to ensure alignment with the mission, strategic priorities and/or plans, and a multi-year cost benefit analysis to avoid risk. The manual will discuss in detail the role and responsibilities of the newly established Grant Review team as well as City staff's role in the grant application and approval process. The manual will also address the process for denied grant applications. Implementation date 10/31/18.

Priority 2	Issue Date:	Original Target Date:	Current Target Date:
	October 20, 2017	January 2018	~~January 2018~~
			~~June 2018~~
			October 2018

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

- Outline the authority and responsibility for the control environment, risk assessment of the grant management process, entity-wide communication, and process monitoring;

- Include procedures to provide for grant management training opportunities or direct departments to ensure staff has received sufficient training;

- Direct City departments with grants to establish written procedures supplementing the manual for effective administration of grants that

addresses financial management, internal controls, inter-departmental communication, and sub-recipient monitoring; and

- Clearly identify who in the City is responsible for providing oversight to the various aspects of grant management.

In Process   Corporate Partnerships presented the streamlining process to City council on June 12, 2018. City Council voted unanimously to approve the municipal code amendment establishing the new grants approval process. This process delegates approval authority to the Mayor or designee to allow staff to apply for, accept, expend, and appropriate all grants with an aggregate value of $1,000,000 or less with specified exceptions. The second reading of the ordinance was on City Council consent agenda on June 26, 2018. Completion of review by City Clerk and Mayoral signature was June 25, 2018. Final Municipal Code amendment approval date: 30 day referendum from Mayoral signature August 25, 2018. Launch to occur within 30-60 days of final approval.

On June 29, 2018 the draft A.R. 1.80 was submitted to Human Resources and Comptroller Internal Control for review. The A.R. 1.80 outlines the authority and responsibility for the control environment, risk assessment of the grant management process, entity-wide communication, and process monitoring, include procedures to provide for grant management training opportunities or direct departments to ensure staff has received sufficient training; directs City departments with grants to establish written procedures supplementing the manual for effective administration of grants that addresses financial management, internal controls, inter-departmental communication, and sub-recipient monitoring; and clearly identifies who in the City is responsible for providing oversight to the various aspects of grant management. Per the A.R. process (A.R. 1.0) after review is completed by Human Resources and Comptroller Internal Controls it will be reviewed by appropriate DCCO, CFO, by City Attorney Liaison for a clearance memo. The A.R. will then be routed to impacted Recognized employee organizations before finalization.

The Grants Manual is in draft form and is currently being updated with input from Department of Finance.

Priority 2	Issue Date:	Original Target Date:	Current Target Date:
	October 20, 2017	March 2018	~~March 2018~~
			October 2018

15-016	PERFORMANCE AUDIT OF CITYWIDE CONTRACT OVERSIGHT

(SG) (MG)

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

       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   No change since last reporting period. Upon further review of the content and intent of this recommendation, P&C submits that this recommendation is best addressed by the Office of the City Comptroller. Although P&C provides guidance to client departments on certain aspects of contract administration, invoice payment processes are outside of that scope.

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

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

(AE)

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

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[8] Formerly Financial Management Department and/or the Office of the Comptroller

In Process　　　We are planning to release FY2020 Budget Reference Manual (BRM), mid-November. At that time we will be able to complete this recommendation.

Priority 3	Issue Date:	Original Target Date:	Current Target Date:
	October 20, 2017	April 2018	~~April 2018~~
			November 2018

Department of Information Technology

18-012　　　**HOTLINE INVESTIGATION OF AN INFORMATION TECHNOLOGY CONTRACT**

(AH)

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

In Process　　　We had completed the initial inventory of the 2000+ circuits in October 2018. From that we learned, that the inventory data gathered from AT&T and our files was not sufficient to perform a detail allocation to meet the recommendation from the Auditor's Office.

The issues were as follows:

1. Many of the circuits will require a physical onsite visit to confirm the circuit is still in use or should be shut off and the location is a valid City location and Department(s) using that service at that location.
2. The location information contained in the file has not been normalized in a manner to perform an allocation.
3. Many of the circuits have a shared usage. So that will require a fair way of splitting the cost of the circuit upon the Department using the circuit. The recommendation is to related the circuit location to the PC inventory location so that a % of use by department computers at each location can be used as a way to split the circuit cost.
4. The current PC inventory location information is not normalized in a manner to be able to link to circuit locations to determine what department(s) are using each circuit.
5. The City needs a way to be able to keep the inventory of circuits updated and validated so that it can easily and accurately ensure the City is paying for valid circuits in use and is able to produce an accurate allocation on a monthly basis to be able to charge back services to Department as bills are received.

Taking in account of the issues, the following actions are being completed:

1. Creation of a new location database in SAP that normalizes all City building (lease or owned) into a single database that are normalized into a location code that allows an easy cross match of circuits to PCs.
2. Creation of a new IT Asset Management database in our ServiceNow (ServiceDesk tool) to be able to create a City controlled single source of truth for all City IT assets/resources.
3. Create an RFP that will go out to bid to source a vendor that can complete a physical inventory of all of our circuits and gather all necessary additional data needed to establish a new validated baseline inventory of circuits
4. Create an RFP that will hire a vendor that will perform Telecommunications Expenses Management via an automated system that will compare monthly bills to inventory/monthly service amounts. This will ensure we are only paying for valid services and if any mismatches occurs then it will require corrections on the invoices or in the inventory so that inventory will stay up to date on a month basis.
5. Update the PC inventory to match the new inventory database so they can be cross referenced to circuits.
6. Develop a process to be able to download circuit inventory/expenses, match up against PCs to determine split by department, and then produce summary of bills by Department.
7. Work with Department of Finance to update the allocation process so that DoT gets invoiced and pays bill each month and then bills out to departments based on usage each month.

The current target to complete all of this is by the end of Fiscal Year 2019.

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

Development Services

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

(SG)

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

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

b) Remove programmer access to the Production Environment.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(SM)

#7   The Development Services Department should configure their new permitting system so it can identify and report on Street Damage Fees and the corresponding permits.

In Process   This recommendation came after the issuance of the contract with Accela and is therefore outside the contract's scope of work. The Department has the ability to add additional reporting capability and will evaluate what additional reports are needed once Accela has been fully implemented.

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

17-003   **PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – AFFORDABLE HOUSING FUND**

(CK) (LB)

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

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

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

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

(KC) (NO)

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

In Process   No change since last reporting period. Functionality in Accela is being evaluated and will be modified as needed to ensure performance tracking ability is realized. Confirmation will be available upon full implementation and stabilization of Accela.

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

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

In Process   No change since last reporting period. Functionality in Accela is being evaluated and will be modified as needed to generate managerial reports on individual cycle review timeframes. Periodic reviews will be conducted to ensure that timeframes are changed as necessary to facilitate timely project completion. Confirmation will be available upon full implementation and stabilization of Accela.

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

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

In Process   No change since last reporting period. Once Accela is fully implemented and stabilized, DSD management will be able to develop and generate reports specific to tracking individual project milestones and overall project schedule, from project application to permit issuance.

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

Fleet Services

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

                 (AH)

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

In Process   As of the 4th Quarter of Fiscal Year 2018, the Fleet Operations Department has begun the automated inventory process utilizing the Department's fleet management information system-FleetFocus. Staff are assigned random "bins" within a storage location and use handheld devices to perform a count of the

contents of the "bin." As this is a relatively new process, staff have encountered

issues that are preventing this recommendation from being fully implemented including:

> 1) Technical issues with the WiFi network at some of the locations;
>
> 2) Technical issues with the handheld devices and the Fleet Focus interface;
>
> 3) Development of new procedures and staff training;
>
> 4) The reconciliation and resolution process associated with inventory discrepancies.

While the Fleet Operations Department has taken large steps toward bringing this recommendation to fruition, it has not been fully implemented. We will continue to work through the issues that arise and are hopeful that we be able to close this recommendation by December 2018.

Priority 3	Issue Date:	Original Target Date:	Current Target Date:
	December 23, 2015	May 2016	~~May 2016~~
			~~February 2017~~
			~~June 2018~~
			December 2018

Fire-Rescue Department - Lifeguard

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.

In Process READ completed fee reviews for the concessions in February 2018. It was determined that the current rates are market for the Kayaking concessions and they were extended for one additional year per the terms of the agreements. Lifeguard Services, READ and Parks and Recreation are currently working on an RFP for Surf concessions which is anticipated to be completed by February 2019. As part of the RFP a full appraisal on market rates is in process to ensure that the City receives appropriate compensation from the concessions.

Priority 3	Issue Date:	Original Target Date:	Current Target Date:
	May 27, 2015	February 2018	~~February 2018~~
			February 2019

Office of the Mayor

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

                   (AH) (DN)

#4   The Mayor's Office, in consultation with the Office of the Council President and the
                   City Attorney's Office, should consider a proposal to amend the Municipal Code
                   regarding appointments to Advisory Boards that require the Mayor to appoint only
                   from nominees provided by the City Council. The amendment should include a
                   deadline for Councilmembers to provide nominees to the Mayor after a vacancy has
                   occurred, after which time the Mayor may name an appointee even if the Council has
                   not provided a nominee. The appointee should still be required to meet all other
                   qualifications required for the Advisory Board position, and be confirmed by the City
                   Council.

In Process   No change since last reporting period. Ongoing negotiations between the Mayor's
                   Office and the Office of the Council President regarding exact language and process.

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

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

In Process   No change since last reporting period. Draft language is being prepared to revise
                   Council Policy 000-13 in consultation with the Office of the Council President.

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

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

In Process   No change since last reporting period. The Mayor's Office, in consultation with the
                   City Attorney's Office is securing a date whereby staff liaisons will be trained on the
                   Brown Act. A timeline is being developed for periodic training for Advisory Board
                   members on a rotating basis so as to not violate the Brown Act.

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

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

In Process   No change since last reporting period. The Mayor's Office has selected a standard Brown Act document that will be posted to the City's website, upon approval from the City Attorney's Office. A draft of a documented procedure for posting agendas, minutes, and other applicable documents online is in development. Upon completion, the Mayor's Office will post the document to the City's website. Each staff liaison will have the ability to post agendas, minutes and documents to their designated site.

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

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

In Process   No change since last reporting period. A consolidation of several boards has been presented by the Mayor's Office to Rules Committee and is currently under review at the Office of the City Attorney. It should be docketed for council approval by May 2018.

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

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

In Process   No change since last reporting period. While there are no plans to create any new boards before a full review and consolidation occurs, the Mayor's Office is developing a draft standard report to evaluate any new Advisory Board.

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

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

- The mission and duties of the Advisory Board, as established by the Mayor and City Council, and stated in the Municipal Code;
- A brief summary of the actions taken by the Advisory Board that year;
- The number of Advisory Board meetings held (including the number of meetings cancelled and the reason for any cancellation);
- Whether the Advisory Board has experienced any issues with quorum;
- The number of vacant positions on the Advisory Board;
- The number of members serving on expired terms;
- Any concerns the board would like to bring to City Council's attention; and
- An estimate of the City staff hours/cost to administer the board.

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

In Process   No change since last reporting period. Currently evaluating the boards that have reporting requirements in order to identify best management practices and potentially adopt a preexisting format.

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

#14   The Mayor's Office, in coordination with the Office of the Council President, should develop and implement a formal review process/policy for City Advisory Boards. This review of all Advisory Boards should be completed at least once every two years, and should include consideration of the potential to reorganize or consolidate existing Advisory Boards, revise Advisory Board membership requirements to facilitate recruitment, and sunset Advisory Boards that are obsolete or redundant.

In Process   No change since last reporting period. The Mayor's Office has had ongoing conversations with the Office of the Council President regarding how to best proceed legislatively, operationally and legally.

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

Parks and Recreation Department

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

              (AH)

#2   We recommend that the Park and Recreation Department:

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

In Process   The Department is in process of reviewing permit errors, documenting proper fees
                 and notifying permittees.

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

#4   We recommend that the Park and Recreation Department:

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

In Process   The Department will restructure the permit based business model within the existing
                 software system to allow fees to auto-populate during reservation creation or when
                 customers request a reservation online. The Department is working with a consultant
                 to assist with conditional logic development for various processes to include
                 identification, analysis and mapping of the department's Fee Schedule and
                 verification. Upon completion of these requirements, a confirmation phase is
                 necessary before moving to the next phase. Implementation is anticipated July 1,
                 2019.

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

18-009   PERFORMANCE AUDIT OF PARK AND RECREATION DEPARTMENT'S OPERATIONS
              MAINTENANCE

              (LB) (NO)

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

In Process   The Department will review and compile the results from the public survey as an assessment of park maintenance. The survey will be distributed this summer with results available in spring 2019. Based on survey results, the Department will develop a plan to address park maintenance issues and staff deployment. Implementation anticipated April 2019.

Priority 3	Issue Date: October 12, 2017	Original Target Date: July 2018	Current Target Date: ~~July 2018~~ April 2019

Public Utilities Department

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

(SM) (AH)

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

In Process   PUD has been discussing the Black & Veatch IWCP Analysis with the Auditor's Office, the City Attorney's Office and the Mayor's Office. Based on those discussions and in preparation of the upcoming wastewater cost of service study, PUD is issuing a task order to Raftelis, PUD's current rate consultant, to review and update the Black & Veatch IWCP Analysis. Raftelis will first develop the study framework (goals, approach, objectives, timeline, areas of concern) for the City's approval. Then Raftelis will obtain and review reports, cost and budget information, fee models, and any other relevant information regarding IWCP costs and fees for services provided both to City customers and customers of the Participating Agencies. Raftelis will also examine how costs are allocated to the IWCP based on industry standards and recommend any adjustments, if necessary. The review will be completed by September 30, 2018. The City will then complete its review of the report and establish an action timeline based on Raftelis' findings by November 30, 2018.

Priority 2	Issue Date: August 5, 2013	Original Target Date: January 2014	Current Target Date: ~~July 2018~~ November 2018

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

In Process PUD has been discussing the Black & Veatch IWCP Analysis with the Auditor's Office, the City Attorney's Office and the Mayor's Office. Based on those discussions and in preparation of the upcoming wastewater cost of service study, PUD is issuing a task order to Raftelis, PUD's current rate consultant, to review and update the Black & Veatch IWCP Analysis. Raftelis will first develop the study framework (goals, approach, objectives, timeline, areas of concern) for the City's approval. Then Raftelis will obtain and review reports, cost and budget information, fee models, and any other relevant information regarding IWCP costs and fees for services provided both to City customers and customers of the Participating Agencies. Raftelis will also examine how costs are allocated to the IWCP based on industry standards and recommend any adjustments, if necessary. The review will be completed by September 30, 2018. The City will then complete its review of the report and establish an action timeline based on Raftelis' findings by November 30, 2018.

Priority 2	Issue Date:	Original Target Date:	Current Target Date:
	August 5, 2013	January 2014	~~July 2018~~
			November 2018

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

In Process PUD has been discussing the Black & Veatch IWCP Analysis with the Auditor's Office, the City Attorney's Office and the Mayor's Office. Based on those discussions and in preparation of the upcoming wastewater cost of service study, PUD is issuing a task order to Raftelis, PUD's current rate consultant, to review and update the Black & Veatch IWCP Analysis. Raftelis will first develop the study framework (goals, approach, objectives, timeline, areas of concern) for the City's approval. Then Raftelis will obtain and review reports, cost and budget information, fee models, and any other relevant information regarding IWCP costs and fees for services provided both to City customers and customers of the Participating Agencies. Raftelis will also examine how costs are allocated to the IWCP based on industry standards and recommend any adjustments, if necessary. The review will be completed by September 30, 2018. The City will then complete its review of the report and establish an action timeline based on Raftelis' findings by November 30, 2018.

Priority 2	Issue Date:	Original Target Date:	Current Target Date:
	August 5, 2013	January 2014	~~July 2018~~
			November 2018

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

In Process   PUD has been discussing the Black & Veatch IWCP Analysis with the Auditor's Office, the City Attorney's Office and the Mayor's Office. Based on those discussions and in preparation of the upcoming wastewater cost of service study, PUD is issuing a task order to Raftelis, PUD's current rate consultant, to review and update the Black & Veatch IWCP Analysis. Raftelis will first develop the study framework (goals, approach, objectives, timeline, areas of concern) for the City's approval. Then Raftelis will obtain and review reports, cost and budget information, fee models, and any other relevant information regarding IWCP costs and fees for services provided both to City customers and customers of the Participating Agencies. Raftelis will also examine how costs are allocated to the IWCP based on industry standards and recommend any adjustments, if necessary. The review will be completed by September 30, 2018. The City will then complete its review of the report and establish an action timeline based on Raftelis' findings by November 30, 2018.

Priority 2	Issue Date:	Original Target Date:	Current Target Date:
	August 5, 2013	January 2014	~~July 2018~~
			November 2018

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

In Process   PUD has been discussing the Black & Veatch IWCP Analysis with the Auditor's Office, the City Attorney's Office and the Mayor's Office. Based on those discussions and in preparation of the upcoming wastewater cost of service study, PUD is issuing a task order to Raftelis, PUD's current rate consultant, to review and update the Black & Veatch IWCP Analysis. Raftelis will first develop the study framework (goals, approach, objectives, timeline, areas of concern) for the City's approval. Then Raftelis will obtain and review reports, cost and budget information, fee models, and any other relevant information regarding IWCP costs and fees for services provided both to City customers and customers of the Participating Agencies. Raftelis will also examine how costs are allocated to the IWCP based on industry standards and recommend any adjustments, if necessary. The review will be completed by September 30, 2018. The City will then complete its review of the report and establish an action timeline based on Raftelis' findings by November 30, 2018.

Priority 2	Issue Date:	Original Target Date:	Current Target Date:
	August 5, 2013	January 2014	~~July 2018~~
			November 2018

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

     a. Establish responsibilities and timelines for generating and sending invoices for all IWCP fees and charge;
     b. Establish responsibilities and timelines for performing a periodic reconciliation of all IWCP revenue accounts;
     c. Establish guidelines and procedures for recording labor time, if necessary to determine invoice amounts;
     d. Establish guidelines and procedures for calculating invoice amounts; and
     e. Ensure that appropriate Separation of Duties controls are enforced.

In Process   PUD has been discussing the Black & Veatch IWCP Analysis with the Auditor's Office, the City Attorney's Office and the Mayor's Office. Based on those discussions and in preparation of the upcoming wastewater cost of service study, PUD is issuing a task order to Raftelis, PUD's current rate consultant, to review and update the Black & Veatch IWCP Analysis. Raftelis will first develop the study framework (goals, approach, objectives, timeline, areas of concern) for the City's approval. Then Raftelis will obtain and review reports, cost and budget information, fee models, and any other relevant information regarding IWCP costs and fees for services provided both to City customers and customers of the Participating Agencies. Raftelis will also examine how costs are allocated to the IWCP based on industry standards and recommend any adjustments, if necessary. The review will be completed by September 30, 2018. The City will then complete its review of the report and establish an action timeline based on Raftelis' findings by November 30, 2018.

Priority 2	Issue Date:	Original Target Date:	Current Target Date:
	August 5, 2013	January 2014	~~July 2018~~
			November 2018

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

In Process   PUD has been discussing the Black & Veatch IWCP Analysis with the Auditor's Office, the City Attorney's Office and the Mayor's Office. Based on those discussions and in preparation of the upcoming wastewater cost of service study, PUD is issuing a task order to Raftelis, PUD's current rate consultant, to review and update the Black & Veatch IWCP Analysis. Raftelis will first develop the study framework (goals, approach, objectives, timeline, areas of concern) for the City's approval. Then Raftelis will obtain and review reports, cost and budget information, fee models, and any other relevant information regarding IWCP costs and fees for services provided both to City customers and customers of the Participating Agencies. Raftelis will also examine how costs are allocated to the IWCP based on industry standards and recommend any adjustments, if necessary. The review will be completed by September 30, 2018. The City will then complete its review of the report and establish an action timeline based on Raftelis' findings by November 30, 2018.

| | Priority 2 | Issue Date:
August 5, 2013 | Original Target Date:
January 2014 | Current Target Date:
~~July 2018~~
November 2018 |

18-018   **Fraud Hotline Investigation of Disabled Person Placard Fraud**

(AH)

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

In Process   PUD sought advice from the City Attorney prior to moving forward with the fact finding due to confidentiality concerns. The City Attorney's Office approved. Per discussion with the Fraud Investigator, certain employees have not been available for interviews, so the timeline has been extended through no fault of PUD. PUD will complete the Fact Finding by October 31, 2018.

| | Priority 1 | Issue Date:
May 16, 2018 | Original Target Date:
June 2018 | Current Target Date:
~~June 2018~~
October 2018 |

Public Utilities Department – Water Operations

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

(AH) (MG)

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

- The development of criteria to determine which valves and hydrants are the most critical. Criteria to be considered should include type of area served, potential for the associated main to break, potential for damage and injury resulting from appurtenance failure, and the water shut-off area if the valve fails to operate.
- The recording of this information in the Sewer and Water Infrastructure Management (SWIM) and System Planning and Locator Application for Sewer and Hydrographics (SPLASH) systems so it is easily accessible to PUD's valve maintenance group when scheduling maintenance activities.
- The development of policies and procedures to schedule maintenance according to the criticality tiers developed. These policies and procedures should be developed in conjunction with other audit recommendations.
- An analysis to determine if the valve maintenance section is properly staffed to meet requirements of the risk based approach.

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

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

Also, based on the data we have collected and our experience to date, we determined that a 3/5 year risk based valve maintenance program is not the most cost effective or efficient way to maintain the valves within the distribution system. Originally, it was determined that each valve within the distribution system would be given a weighted score based on installation date, valve type, critical customers and community impact. Valves with a score of 65 or higher would be considered high risk, and would receive PM's every 3 years. Valves with less than a score of 65 would be considered low risk and would receive PM's every 5 years. This often resulted in 2 or more valves within the same intersection having different PM schedules. For example, in the intersection of Mission Gorge Road and Twain Avenue there are 4 valves. Two of those valves within a 4 foot radius received a weighted score of 65 or higher and the other 2 valves received a score less than 65. Based on the 3/5 year risk based maintenance program, crews would be required to visit and perform PM's twice at the same location. This approach is labor and budget intensive and will require crews to set up traffic control and storm water BMP's each time they move forward, and back to PM valves in an area previously worked. Therefore, the cost to PM valves will double in areas that have valves with different PM schedules if a 3/5 year plan is implemented.

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

- Valves replaced should be rescored to determine their criticality. This example is demonstrated using Appendix B of Valve Audit Recommendation #4. In this table, 13 (41%) of the 32 valves scored would be on a 3 year maintenance cycle.

However, consider the same table when a valve weighted at 20 points is replaced to 5 points used for a new valve. Only 2 (6%) remain a 3 year maintained valve.

- San Diego has an aggressive water main and valve replacement program. Valves replaced should trigger a recalculation of and determination if the valve is a 3 or 5 year maintained valve.

- Rescoring will cause a constant moving forward and backtracking of valve teams as valves age moving through the install date criteria.

- The current scoring criteria does not consider water system design: redundancy in the form of looped water mains laid out in a grid. Looped water mains offer redundancy and ability to feed customers and critical facilities from more than one direction. Cul-de-sacs are the exception.

- As previously stated, our recommendation going forward is for a 4 year linear program to be implemented at the conclusion of the accelerated program. It is the simplest, most cost effective way of moving forward with a valve maintenance program. The benefits include:

- We have proven we can do it. The past 3 year accelerated program is linear by its nature.

- A linear program eliminates the constant going forward and backwards based on a valve's age or rescoring.

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

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

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

Public Works Department

18-007	PERFORMANCE AUDIT OF THE BUSINESS COOPERATION PROGRAM

(AH) (KC)

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

In Process As discussed in the update for Recommendation #2, the Public Works Department plans to require BCP participation on all CIP projects of greater than $25 million, and is developing boilerplate contract language for this purpose. Contracts for several large City projects are expected to be awarded in the second half of FY 2019, including Balboa Park Plaza De Panama (Estimated Construction Contract Value: $60M), North City Pure Water Facility (Estimated Construction Contract Value: $374M), North City Morena Blvd Pump Stations & Pipelines (Estimated Construction Contract Value: $260M), North City Water Reclamation Plant Expansion (Estimated Construction Contract Value: $147M), North City Pure Water Pipeline (Estimated Construction Contract Value: $88M), Metro Biosolids Center Improvements (Estimated Construction Contract Value: $28M). The Resident Engineer for each project will be responsible for ensuring contractors comply with BCP participation requirements, and will coordinate with EDD to provide documentation ensuring the City receives the correct tax payments.

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

Purchasing and Contracting

14-016	HOTLINE INVESTIGATION REPORT OF PUBLIC UTILITIES WAREHOUSE SUPPLY PURCHASES

(AH)

#4	The Purchasing and Contracting Department should: Act on the referral from the Public Utilities Department for debarment of Vendor #1 and Vendor #2; Complete a thorough review of Citywide transactions conducted by Vendor #1 and Vendor #2 to determine if there are any additional transaction irregularities with other City Departments.

In Process   The Purchasing and Contracting Department, in consultation and cooperation with the Office of the City Attorney and Public Works submitted to City Council proposed revisions to SDMC Ch. 2, Article, 2, Div. 8 -Debarment. City Council approved the revisions in August 2016, and the implementing Administrative Regulation has been drafted and is currently routing through the final approval process. In consultation with the Assistant Chief Operating Officer and the Office of the City Attorney, Purchasing and Contracting is determining next steps to follow upon final approval of the implementing Administrative Regulation.

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

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   No change since last reporting period. All P&C Procurement Contracting Officers have been trained on contact administration, and that training includes responsibilities for citywide contracts. P&C has implemented a tool to facilitate the management of Citywide contracts; however, the department has not identified all of the existing Citywide contracts and will only flag them as they are renewed or replaced and entered into the new Ariba system. As a result, P&C cannot assign contract managers to the existing Citywide contracts they have not identified and these contracts will continue to be effected by the control failures that previously existed.

Priority 2	Issue Date:	Original Target Date:	Current Target Date:
	January 16, 2015	April 2015	~~November 2016~~
			~~July 2017~~
			July 2022

#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   No change since last reporting period. The Purchasing and Contracting department manages the target value control for renewed and new contracts in their Ariba system, and they have identified a method to manually track and enforce target value controls on existing contracts. However, they have not formally or enforceably implemented this technique to ensure that target value controls are enforced for existing contracts. P&C does not have any additional compensating controls in place.

Priority 2	Issue Date: January 16, 2015	Original Target Date: N/A	Current Target Date: ~~January 2017~~ ~~June 2017~~ June 2022

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   No change since last reporting period. The Purchasing and Contracting Department has a tool to provide contract centralization as required by this recommendation; however, the department is prioritizing entering new or renewed contracts into this tool. As a result, mature contracts are then analyzed to determine as to whether or not having the benefit of this controlled environment is warranted. P&C does not have any additional compensating controls in place.

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

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

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

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

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

In Process   The Chief Operating Officer has included contract oversight as a key responsibility and competency in each Department Director's performance plan. Further P&C's Contract Compliance Unit has continued to train contract administrators on contract oversight and compliance activities. Additionally, the unit engages with departments as needed to help resolve vendor performance and contract compliance issues.

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

#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   No change in since last reporting period. The Contracts Pro module within the Ariba solution establishes target value and other controls, including contract close out and renewal controls that are subject to a defined, repeatable, task driven process. to execute, amend, and close out contracts. All contracts are being uploaded into Ariba on a rolling basis, and outline agreements in SAP can no longer be released unless the contract is first uploaded in Ariba, and thus subject to the controls outlined above. P&C does not have any additional compensating controls in place.

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

#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   P&C's Contract Compliance Unit has continued to train contract administrators on contract oversight and compliance activities. Additionally, the unit engages with departments as needed to help resolve vendor performance and contract compliance issues. P&C is also in the process of implementing a Supplier Information and Performance Management module within the Ariba system, which will allow for systematic collection of vendor performance.

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

| #8 | The Chief Operating Officer should design policies and procedures detailing a vendor debarment process to mitigate the City's contractual risks. At a minimum the vendor debarment process should include: |

a) Defined submission steps and requirement.

b) Assignment of accountability for the process.

c) Establishment of a monitoring process.

d) Designation of a location for and maintenance of the debarred vendor list.

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

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

In Process   The Purchasing and Contracting Department indicated that debarment AR has cleared all routing approvals and is awaiting final clearance by Human Resources.

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

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

In Process   The Purchasing and Contracting Department indicated that debarment AR has cleared all routing approvals and is awaiting final clearance by Human Resources.

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

16-012   HOTLINE INVESTIGATION OF VENDOR FRAUD

(AH)

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

In Process   The Purchasing and Contracting Department, in consultation and cooperation with the Office of the City Attorney and Public Works submitted to City Council proposed revisions to SDMC Ch. 2, Article, 2, Div. 8 -Debarment. City Council approved the revisions in August 2016, and the implementing Administrative Regulation has been drafted and is currently routing through the final approval process. In consultation with the Assistant Chief Operating Officer and the Office of the City Attorney, Purchasing and Contracting is determining next steps to follow upon final approval of the implementing Administrative Regulation.

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

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

(SM) (KC)

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

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

In Process   In addition to the controls implemented for contracts uploaded into the Ariba Contracts Module, P&C compliance unit runs periodic tests on SAP, which are designed to provide controls related to several areas: 1) business license expiration; 2)PO's not connected to contracts/outline agreements; 3) expiring contracts; 4)insurance expiration; and 5) PO split analysis. These tests, in conjunction with the controls in the Ariba Contracts module address the elements and intent of the recommendation.

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

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

In Process   No change since last reporting period. Although P&C has reported this recommendation as Implemented, OCA has not received any supporting documentation for review. OCA is working with P&C to obtain support so implementation can be verified.

P&C reported the Contracts Pro module within the Ariba solution establishes target value and other controls that are subject to a defined, repeatable, task driven process, to execute, amend, and close out contracts. All contracts are being uploaded into Ariba on a rolling basis, and outline agreements in SAP can no longer be released unless the contract is first uploaded in Ariba, and thus subject to the controls outlined above. Although the contracts are being uploaded on a rolling basis, P&C maintains that the intent of the recommendation has been satisfied. Additionally, P&C and client department staff have been trained and continue to receive refresher training on the functionality of Ariba and associated contract processes.

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

17-022   **HOTLINE INVESTIGATION OF A CITY VENDOR**

(AH)

#1   We recommend that the Assistant Chief Operating Officer:

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

In Process   In July 2017, the Purchasing and Contracting Department determined the vendor to be non-responsible, in accordance with San Diego Municipal Code provisions. In accordance with due process requirements, the vendor filed a non-responsibility protest. Following the first day of the hearing by the State Office of Administrative Hearings, the vendor withdrew the non-responsibility protest. As a result, the City's determination of non-responsibility is upheld and the vendor is effectively precluded from being awarded contracts by the City for a period of five years. Purchasing and Contracting, in consultation with the Executive Team and the Office of the City Attorney's Office, will make a determination as to whether further action is warranted.

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

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

(SP)

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

In Process   According to the department, revisions to 700-10 were scheduled to be heard at the July 25, 2018 SG&LU meeting, however the Chair of SG&LU requested the item be moved to the September 27, 2018 SG&LU meeting.

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

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

(NO)

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

In Process   Parks and Recreation and Public Works indicated the project is being prepared for submittal to the Development Services Department in order to begin the EIR process, which will take approximately two years to complete. READ will continue to work with Park and Rec and Public Works so that removal of the residential use occurs at the appropriate time in this timeline.

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

#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   No change since last reporting period. Lease rates have been adjusted based on information from the market rate study. READ and PUD have worked out a plan to adjust and monitor rents annually in relation to the market study findings. Rental rates will be reported via memo to City Council every three years.

Priority 3   Issued Date: Original Target Date: Current Target Date:
                    May 7, 2014   August 2014   ~~December 2016~~
                                                                       ~~February 2017~~
                                                                       December 2017

San Diego Police Department

14-006   PERFORMANCE AUDIT OF THE POLICE PATROL OPERATIONS

                    (NO)

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

In Process   No change since last reporting period. The San Diego Police Department indicated the cutover to the new Intergraph CAD system was completed on schedule on October 17, 2017. The new system offers more detailed data that should allow improved reporting and analysis capabilities into the future. Staffing/service delivery will be reviewed as reports are created and sufficient data to support analysis has been collected.

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

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

                    (AH) (DN)

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

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

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

To that end, the Traffic Division has analyzed data to determine which violations are most likely to cause harm to pedestrians, and has issued an email to the Captains of the various SDPD divisions providing maps detailing locations in each division with high rates of pedestrian collisions, as well as certain pedestrian and driver violations that should be enforced at those locations. The email instructs Captains to have officers incorporate enforcement of violations committed by or against pedestrians at the mapped locations into their daily activities "to the greatest extent possible." In addition, in July 2018, Patrol Captains were informed to direct their officers to include enforcement and education specifically related to Vision Zero as a part of their community engagement efforts. Specifically, this would be done three days per week during first to second watch, and second to third watch overlap for one-half hour, as time is permitted, with the understanding that lower staffing, higher priority radio calls, necessary pro-active part one and part two crime enforcement might affect these efforts at times.

Regarding public outreach, a link to the City of San Diego Vision Zero webpage has been placed on SDPD's webpage. An SDPD PSA has been posted on the Vision Zero website to inform the public of SDPD's focus on pedestrian safety. The Traffic Division has also been issuing press releases for its targeted pedestrian safety enforcements. In addition to planned media press conferences and releases, the department is currently working with data services and media relations to create a link on the department website which will publicly report on SDPD's efforts and progress towards meeting its Vision Zero/pedestrian safety goals. The Traffic Division will make this information available to those tasked to manage the Vision Zero website. That information should include an annual report of SDPD's performance towards increasing enforcement related to pedestrian safety. The Traffic Division has an analyst currently working to analyze citation data to track this progress.

However, OCA will continue to follow up on this recommendation and monitor progress in focusing enforcement on the specific violations that cause pedestrian collisions, injuries, and fatalities, for the following reasons: (1) The measurable goal has not yet been added to the Vision Zero Strategic Plan; (2) OCA found during the last round of recommendation follow up that the citation data for 2016 and the first half of 2017 did not demonstrate that SDPD's approach was successful in increasing enforcement of violations related to pedestrian safety; (3) The additional direction to patrol captains to have officers focus on pedestrian safety during certain watch overlap times was recent and has likely not yet made a measurable impact in the citation data; and (4) The Traffic Division is still working to create a link on the department website to publicly post data on its progress towards meeting its pedestrian safety goals.

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

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

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

In addition, the Traffic Division is currently working on developing curriculum specific to pedestrian safety that will be included in the Advanced Officer Training (AOT), which is mandated by POST and will be attended by all SDPD officers. The next cycle for AOT begins January 2019 and ends December 2020.

OCA will continue to follow up on this recommendation until the Traffic Division provides the following: (1) Evidence that officers have viewed the training video; (2) Training materials for the pedestrian safety session of AOT; and (3) Evidence that officers have begun to attend the AOT training.

	Priority 2	Issue Date: September 15, 2016	Original Target Date: January 2017	Current Target Date: ~~March 2017~~ ~~November 2017~~ ~~June 2018~~ January 2019

Transportation & Storm Water

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

(SP)

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

In Process   According to Transportation & Storm Water, work is proceeding as planned. Staff had sent a list of policy considerations to the consultant, and the consultant has begun work on recommending changes to the code and policy.

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

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

In Process According to Transportation & Storm Water, work is proceeding according to schedule. The governance process is expected to be completed around the end of September, and work will begin after processing a Purchase Order.

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

17-009 **PERFORMANCE AUDIT OF STREET LIGHT REPAIR**

(AE)

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

In Process The IAM inventory management functionality requires further integration with Purchasing & Contracting's procurement software to become fully operational.

17-Street Division will expand its current inventory and control measures. Inventory thresholds will be established to support manual reordering until the IAM solution is fully operational.

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

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

(CK) (SM)

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

In Process   Transportation & Storm Water reported this recommendation as implemented, however after further review the OCA determined that this recommendation will remain "in process" until further data reliability testing is done to ensure TSW has correct dates for repaving work entered into the Cartegraph system and that OCI scores are computed correctly.

Priority 3	Issue Date:	Original Target Date:	Current Target Date:
	July 13, 2017	July 2018	July 2018

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

(AH)

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

In Process   In December 2017, the pricing structure and the different MEA subsidy rates were discussed with the Human Resources Department. In March 2018, HR stated that they would bring TAP pricing and subsidy rate changes forward during the next MOU negotiations with the unions. The current MOUs with the labor unions expire on June 30, 2020.

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

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

In Process   TSW is working with Performance & Analytics, Human Resources, and Risk Management to transfer TAP administration responsibility to Risk Management.

Risk and TSW will be meeting with a 3rd Party Benefits administrator this month. This will help facilitate process improvements, such as payroll deduction and online payments.

As such, we believe that the "payroll deduction" recommendation should be moved to Risk Management.

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

ATTACHMENT D

Recommendations Deemed As In Process And Not Due

Sorted by Department

This schedule includes all recommendations as of December 31, 2017 that are not due but are In **Process** of implementation based on the status information provided.

Assistant Chief of Operating Officer

18-018   **FRAUD HOTLINE INVESTIGATION OF DISABLED PERSON PLACARD FRAUD**

(AH)

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

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

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

Chief Operating Officer

18-007   **PERFORMANCE AUDIT OF THE BUSINESS COOPERATION PROGRAM**

(AH) (KC)

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

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

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

Economic Development

18-007   **PERFORMANCE AUDIT OF THE BUSINESS COOPERATION PROGRAM**

(AH) (KC)

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

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

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

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

(AH) (KC)

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

In Process   The Economic Development Department outreach strategy includes conducting outreach to businesses located in older, under-served communities through organized business walks with city staff, council members and staff, community business leaders, and other non-profits on a quarterly basis, meeting monthly with businesses at the Small Business Advisory Board, attending monthly meetings of the Business Improvement Districts, various Chambers and other economic development organizations, through the Business Resource Matcher online tool and through OpenCounter Online Business Portal. New marketing materials have been produced and are distributed to businesses and to economic development organizations/ stakeholders. Economic Development Department staff also participates in various forums and panels to talk about opportunities in the City and the various programs offered to the business community. These activities have been enhanced and implemented throughout FY18.

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

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

In Process   The Economic Development Department has developed a revised 900-12 policy to address this recommendation. The new 900-12 policy will go to Council in July 2018 and the new program is proposed to launch in December 2018. This recommendation is in process and on track for the target implementation date.

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

#5	EDD should develop policies and procedures governing application and information requirements for companies seeking BIi incentives. Specifically, for a smaller company receiving lower value expedited permitting and minimal technical assistance, EDD management should collect and certify the information used to justify the incentive award. For larger companies receiving more extensive technical assistance, more valuable expedited permits, or other incentives of more substantial value, EDD should require application submittals from companies seeking services or incentives related to the BIi, similar to the 'Economic Development Project Information' form that EDD has required for businesses receiving other EDD services. The information collected by EDD via self-certification or an application submittal should include supporting documentation that would be used in the determination of whether to award an incentive including: the location of the business; the number and types of jobs being created; potential tax revenue; estimated capital investment; and the industry category of the applicant.

In Process   The Economic Development Department has developed a revised 900-12 policy to address this recommendation. The new 900-12 policy will go to Council in July 2018 and the new program is proposed to launch in December 2018. This recommendation is in process and on track for the target implementation date.

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

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

In Process   The Economic Development Department has developed a revised 900-12 policy to address this recommendation. The new 900-12 policy will go to Council in July 2018 and the new program is proposed to launch in December 2018. This recommendation is in process and on track for the target implementation date.

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

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

This analysis should include a quantitative analysis based on various business characteristics and location needs, and may incorporate narrative discussion of other non-quantifiable intangibles, such as the value of maintaining positive relationships. For incentive packages with an aggregated value in excess of $1 million, EDD should require the business potentially requiring the incentive to assume the cost of an independent consultant selected by the City to perform the analysis, consistent with Council Policy 900-12.

In Process   The Economic Development Department has developed a revised 900-12 policy to address this recommendation. The new 900-12 policy will go to Council in July 2018 and the new program is proposed to launch in December 2018. This recommendation is in process and on track for the target implementation date.

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

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

In Process   The Economic Development Department proposed an amendment to Council Policy 900-12 in April 2018, that addresses this recommendation. The new 900-12 policy will go to Council in July 2018.

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

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

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

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

In Process The Economic Development Department proposed an amendment to Council Policy 900-12 in April 2018, that addresses this recommendation. The new 900-12 policy will go to Council in July 2018.

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

Environmental Services

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

(AE) (NK)

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

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

In Process ESD is submitting this update to provide evidence that staff has taking actions to meet the recommendation ahead of the implementation date; TSWD is also providing information that staff has taken action to meet the implementation date.

- The Streetlight Strategic Management Plan, adopted in June 2017, develops City-wide procedures for energizing street light accounts and adding new lights.
- ESD created a Standard Operating Procedures (SOP) Manual to address procedures for reviewing street light bills and accounting information.
- ESD created a Memorandum of Understanding (MOU) between the City and SDG&E to formalize roles and responsibilities for billing processes.

- ESD is formally including the City's energy consultant on street light rate analysis and regulatory engagements.
- TSWD provides the following updates regarding their roles and responsibilities to meet Recommendation 3:
    - The Project Assistant position has been filled.
    - The Electrical Service Order (ESO) process has been refined.
    - TSW will continue to coordinate with ESD and Park & Rec to update the streetlight inventory in order to ensure MAD lighting is appropriately designated and billed.

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

Public Utilities Department

18-014 **FRAUD HOTLINE INVESTIGATION OF WATER THEFT**

(AH)

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

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

Priority 3	Issue Date:	Original Target Date:	Current Target Date:
	December 28, 2017	December 2018	December 2018

Streets Division

17-009 **PERFORMANCE AUDIT OF STREET LIGHT REPAIR**

(AE) (NK)

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

In Process   No change in status since last reporting period. The electrical service order process is comprehensive, with the exception of identifying new MAD lights. TSW is programming funding to complete a network-wide streetlight inventory in FY19. Upon completion the inventory will be reconciled with ESD and Park & Rec to ensure that all MAD lighting is appropriately designated and billed.

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

Transportation & Stormwater

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

(AH)

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

In Process   TEO staff met with HR in December 2017 to discuss the recommended policies and procedures. HR stated that City management wants to continue business as usual. TAP Program benefits will be included in the annual "benefits" memorandum for Unclassified/Unrepresented employees starting with Fiscal Year 2019.

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

18-023   **PERFORMANCE AUDIT OF THE STORM WATER DIVISION**

(AH) (MG) (DN)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

• Identify stakeholders' preferences, priorities, and satisfaction levels. Such efforts should occur before a decision has been made, or to test various ideas and approaches. To elicit public input, SWD may use (but is not limited to) the following mechanisms:

o Focus groups; o Interviews;

o Comment (or point-of-service) cards; o Public meetings, such as hearings, "town hall" meetings, and community vision sessions;

o Interactive priority setting tools;

o Creating public or neighborhood advisory groups, committees, or task forces; or

o Hire a consultant to conduct surveys. o Present the funding strategy to the City Council upon completion.

The funding strategy should include a plan to pursue the desired funding

mechanism(s) based on consideration of information obtained from stakeholders, expert knowledge, objective data, and using the success factors identified by other municipalities in our report.

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

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

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

• Importance of water quality and flood reduction to residents and businesses;

• Whether, and how much residents or property owners are willing to pay for water quality measures, storm water infrastructure, and other SWD activities;

• Funding mechanism structure options, such as tiered fee rates, fee rates that adjust annually by inflation, a sales tax measure, general obligation bonds, etc.;

• Identify objections and strategies to overcome them; and

• Whether the funding mechanism can be obtained by a simple majority or a two-thirds supermajority.

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

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

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

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

- The capability to electronically store and access essential case information, such as photos, documents, case notes, and supervisory review of escalated enforcement decisions, to reduce or eliminate the need for hard copy files;

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

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

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

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

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

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

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

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

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

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