



Office of the City Auditor

Report to the City Council

City of San José

**STATUS OF OPEN AUDIT
RECOMMENDATIONS AS
OF DECEMBER 31, 2017**

MARCH 2018

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March 16, 2018

Honorable Mayor and City Council
City of San José
200 E. Santa Clara Street
San José, CA 95113

STATUS OF OPEN AUDIT RECOMMENDATIONS AS OF DECEMBER 31, 2017

RECOMMENDATION

We recommend the City Council accept the Status of Open Audit Recommendations as of December 31, 2017, and either affirm or drop the recommendation from the City Council-accepted 2012 *Audit of Environmental Services* to eliminate the public art requirement for underground ratepayer-funded capital projects.

SUMMARY OF RESULTS

The City Auditor’s Office conducts audits and makes recommendations to strengthen accountability and improve the efficiency and effectiveness of City programs. The Office monitors progress toward implementing recommendations and reports on the status of all open audit recommendations every six months.

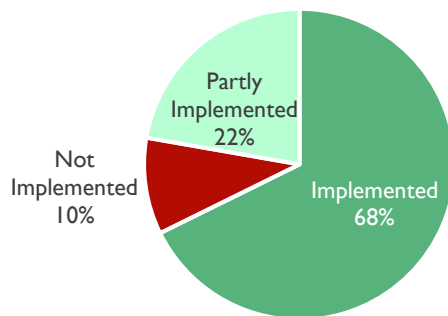
This is a new version of the recommendation status report. The report now contains graphics as well as a summary table highlighting the purpose and overall status of recommendations made in the last five calendar years (Appendix A).

These changes are meant to provide the public and Council with an overview of management’s progress towards implementing audit recommendations. The Office continues to conduct a detailed follow-up with departments concerning every open audit recommendation (Appendix B).

| |
|---|
| As of December 31, 2017: |
| 207 open recommendations |
| 30 were issued in new reports |
| 42 recommendations were implemented or closed in the last six months |
| 4 reports should be prioritized to address basic internal control concerns |
| 10 previously designated priority items remain open |

Departments Implemented 68 Percent of Recommendations Made in the Last Five Years.

Audit Recommendations Implemented Since 2013



Over the last five years, the City Auditor's Office made 420 recommendations to improve or enhance city services. 68 percent of those recommendations have been implemented or closed. This includes:

- 80 percent from 2013
- 84 percent from 2014
- 78 percent from 2015
- 48 percent from 2016
- 31 percent from 2017

For more detail see Appendix A.

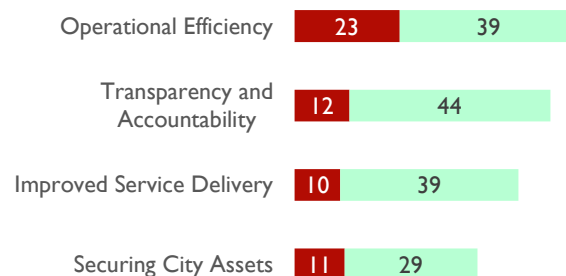
Departments Implemented or Closed 42 Recommendations in the Last Six Months. For example,

- The Environmental Services Department (ESD) implemented 8 of the 10 recommendations from the Sep-2017 *Audit of ESD Consulting Agreement* – resulting in a \$1 million credit to the City and at least half a million dollars in savings going forward.
- The Department of Transportation implemented its electronic inspection system and is using it to resolve identified conflicts and look for ways to further enhance reporting (*Audit of Street Sweeping*, 2016).
- The Development Center updated handouts and website information to reflect current codes and ordinances using plain language where appropriate, and revamped the online permit page (sjpermits.org) to make it clear and intuitive for customers (*Audit of Development Services*, 2014).
- Although golf courses continue to require significant subsidies from the General Fund, PRNS has worked with its operators to implement customer growth, outreach, and retention plans (*Audit of Golf Courses*, 2015).
- The Finance Department implemented the final 3 recommendations from the 2013 *Audit of Indirect Cost Allocation* to improve procedures and transparency around the preparation of the Indirect Cost Allocation Plan.

A Total of 207 Recommendations are Still Pending. This includes 151 recommendations that are partly implemented, and 56 recommendations that have not been implemented (for more detail see Appendix B).

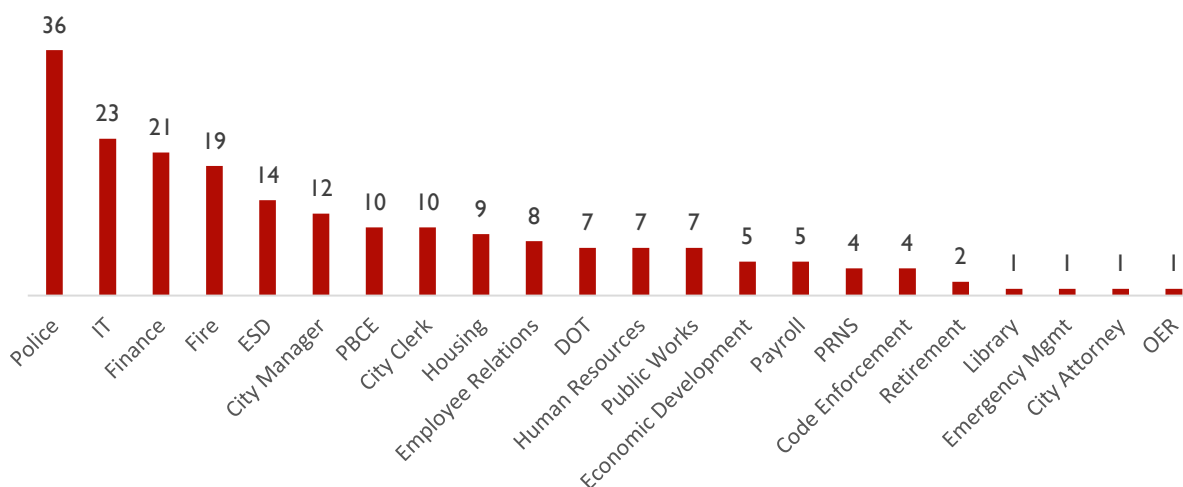
When implemented, a majority of those recommendations will improve operational efficiency of city departments. Others will improve transparency and accountability, or improve service delivery. Others will help secure city assets.

Open Audit Recommendations by Intended Outcome



■ Not Implemented ■ Partly Implemented

Open Audit Recommendations by Lead Department or Office



In Our Opinion, Four Reports Should be Prioritized to Address Basic Internal Control Concerns. Every large organization has a system of controls designed to reduce risk. In our opinion, the City should prioritize implementing the following recommendations to reduce its risk.

- To improve information technology general controls including system security, credit card security, and disaster recovery, the Information Technology Department should finalize the Citywide security policy. This would address nine recommendations from our 2012 *Audit of Information Technology General Controls*.¹
- To gain control of off-duty Police work, the Police Department should improve management of its secondary employment program that allows sworn personnel to work second jobs in uniform in addition to their City work. 21 of the 30 recommendations in that report are still pending (*Audit of Police Department Secondary Employment: Urgent Reform and A Cultural Change Needed to Gain Control of Off-Duty Police Work, 2012*).
- The Office of Economic Development should bring current the backlog of expired leases of City property, and use its property leasing system to estimate fair market rent and subsidies (*Audit of the City's Oversight of Financial Assistance to Community-Based Organizations, 2008*).
- To ensure a more coordinated response and better follow-up to injuries that cost the City about \$9 million per year at the time of our audit, the Fire Department plans to prioritize hiring a safety officer by October 2018. Seven other recommendations from that audit are still pending (*Audit of Fire Department Injuries, 2012*).

Ten Previously Designated Priority Items Are Still Pending. In December 2016, the City Manager and City Auditor provided the City Council with a list of the oldest 26 recommendations without target dates that staff would put a high-priority on resolving during FY 2016-17. Of these recommendations, 10 are still pending. They include:

- 2 recommendations to the Fire Department to improve emergency call response times by restructuring response procedures and determining the long-term feasibility of squad cars (*Audit of the Fire Department Strategic Plan, 2001*).
- 1 recommendation to the Fire Department to assess inspection staffing needed to achieve its inspection goals and objectives (*Audit of Fire Department's Bureau of Fire Prevention, 2003*).

¹ In addition, the department continues to work on several related audit findings from the City's external financial audit (<http://www.sanjoseca.gov/DocumentCenter/View/63133>).

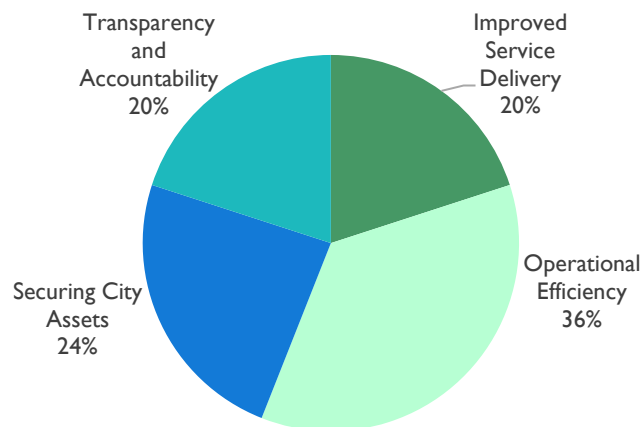
- 5 recommendations to correct pension benefits paid to retired City employees and improve controls surrounding the calculation of retirement contributions and benefits (*Audit of Pensionable Earnings, 2009*).
- 2 recommendations to maximize the number of officers on patrol by reallocating Police Department staff and resources to (*Audit of Police Staffing, 2010*).

Twelve Pending Recommendations Potentially are Subject to Meet and Confer. In addition to appearing in the attached report, we forward open items that may be subject to meet and confer to the Office of Employee Relations for inclusion in their annual labor relations update to the City Council.²

Potential Budget Savings From 25 Open Recommendations Totals \$11.6 Million. This includes:

- Follow up on overdue accounts in the Fire Department (\$1.2 million)
- Eliminating the public art requirement for underground utility projects (\$2.2 million)
- Obtaining a software solution for automating payroll reviews in the Office of Equality Assurance (\$0.3 million)
- Renegotiating the integration agreement with Santa Clara Valley Water District (\$2.8 million)
- Pursuing reductions in overtime and compensatory time for supervisory employees (\$1.6 million)
- Requiring employees to lower compensatory time balances (\$1.1 million)
- Reviewing mobile device billings (\$0.2 million)

Recommendations with Potential Budget Savings by Intended Outcome



These and other recommendations that could result in potential budget savings will be forwarded to the Budget Office for consideration during the upcoming budget process.

Departments Expect to Implement 71 Pending Audit Recommendations Within the Next Six Months. Addressing open recommendations in a timely manner demonstrates management’s commitment to address risk areas and improve city services. Departments are responsible for establishing target dates for each open audit recommendation. While departments expect to implement a significant number of pending audit recommendations within the next six months, the target dates for 112 recommendations have slipped from their previous department-determined target dates.

One Area of Disagreement. In December 2016, the City Manager and City Auditor agreed to bring forward items that the administration recommends should be dropped or closed, but where the City Auditor’s Office disagrees that the problem has been fixed.

The Administration disagrees with recommendation #21 (*Audit of Environmental Services, 2012*). The original recommendation reads:

² For more information, see the 2018 Annual Summary of Labor Negotiations at [San Jose, CA - Official Website - Recent Updates](http://www.sanjoseca.gov/Official-Website-Recent-Updates).

Recommendation #21: The Administration should consider recommending that the City Council amend the public art ordinance to eliminate the public art requirement for certain ratepayer-funded capital projects, including those related to underground utilities and the wastewater treatment process.

In June 2017, the City Council amended the public art ordinance to exempt Regional Wastewater Facility capital improvement projects from the percent for art ordinance – saving ratepayers an estimated \$2.5 million over the next five years. However, it did not eliminate the public art requirement for underground ratepayer-funded projects. The Administration has indicated that it does not plan any further changes to the Public Art Ordinance at this time

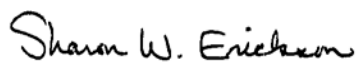
Among the objectives of our audit was to review the use of ratepayer funds and to identify opportunities to create savings for ratepayers (per direction in the Mayor’s [June Budget Message for Fiscal Year 2011-2012](#)). At the time of the audit, the City’s utility rates for sanitary sewer, storm sewer, and potable water resources had risen significantly.

Other jurisdictions, including San Francisco and San Diego, limit the impact on ratepayers of their percent for public art policies by specifically exempting underground utilities, as well as aboveground pipes and similar projects. San José’s Adopted 2018-2022 Capital Improvement Program allocates \$2.2 million to public art in the sanitary sewer, storm sewer, and water utility capital funds, much of which is derived from underground utility projects. In our opinion, the City should prioritize ratepayer funds towards the significant infrastructure backlogs in the sanitary and storm sewer systems – estimated at more than \$200 million for the storm sewer system and additional millions for the sanitary sewer system. It should be noted that if the City Council affirms the recommendation, funds for utility-related education or outreach purposes could be allocated during the normal budget processes.

Because the Administration has indicated that it does not plan any further changes to the Public Art Ordinance at this time, we are asking the City Council to either affirm or drop the recommendation (*Audit of Environmental Services*, recommendation #21). The Administration is submitting its response under separate cover.

The City Auditor’s Office would like to thank the City Manager’s Office and all of the affected departments for their efforts to implement audit recommendations and for their assistance in compiling this report.

Respectfully submitted,





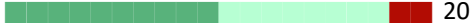

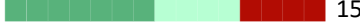





Sharon W. Erickson
City Auditor

- APPENDIX A: Status of Audit Recommendations by Calendar Year (2013-2017)
- APPENDIX B: Detailed Listing Audit Recommendations as of December 31, 2017
- APPENDIX C: Index of Audit Recommendations by Department/Office

**APPENDIX A:
STATUS OF AUDIT RECOMMENDATIONS
BY CALENDAR YEAR (2013-2017)**










Status of Calendar Year 2013 Recommendations

In calendar year 2013, we issued 10 reports that included 125 recommendations – 80 percent of those recommendations have been **implemented or closed**, 13 percent are **partly implemented**, and 7 percent are **not implemented**.

| Year | Audit Number | Audit Title | Department(s) | We made recommendations to: | Current status and total number of recommendations |
|------|--------------|---|--------------------------------|---|--|
| 2013 | #13-02 | Deferred Compensation | Human Resources, City Attorney | Correct past errors in the allocation of participant contributions, reduce costs to participants by decreasing accumulated reserves and streamlining administrative processes, and increase fee transparency. |  8 |
| 2013 | #13-03 | Office of Economic Development Performance Measures | OED | Develop additional performance measures for economic development incentives and business satisfaction. |  4 |
| 2013 | #13-04 | Fire Prevention | Fire | Ensure follow-up on fire code violations, improve the prioritization of inspections, and target public education efforts to reduce the risk of fires. |  20 |
| 2013 | #13-05 | Taxicab Service and Regulation | City Manager | Ensure fairness, consistency, and clarity in taxicab regulation through policy revisions/clarifications, information sharing, and potential regional coordination. |  3 |
| 2013 | #13-06 | Consulting Agreements | City Manager, Finance | Strengthen City oversight of consulting agreements to improve procurement and contract monitoring processes and increase transparency. |  15 |
| 2013 | #13-07 | Master Agreements at the Regional Wastewater Facility | ESD | Improve contract management and monitoring at the regional wastewater facility. |  7 |
| 2013 | #13-08 | Graffiti Abatement | PRNS | Increase visibility and community outreach for the City's anti-graffiti program. |  20 |
| 2013 | #13-10 | Indirect Cost Allocation | Finance | Make the overhead process more transparent for departments and update methodologies for allocating costs to better reflect workload. |  13 |
| 2013 | #13-11 | Code Enforcement | Code Enforcement | Improve code enforcement division operations. |  22 |
| 2013 | #13-12 | Employee Travel | Finance | Streamline the travel reimbursement process through an electronic system and improve the travel policy to ensure employee travel is necessary, reasonable, and consistent with the policy. |  13 |






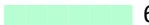




Status of Calendar Year 2014 Recommendations

In calendar year 2014, we issued 9 reports that included 97 recommendations – 84 percent of those recommendations have been **implemented or closed**, 13 percent are **partly implemented**, and 3 percent are **not implemented**.

| Year | Audit Number | Audit Title | Department(s) | We made recommendations to: | Current status and total number of recommendations |
|------|--------------|---|--------------------------|--|--|
| 2014 | #14-01 | City Funding for the Children's Health Initiative | PRNS | Clarify appropriate expenses under the City's grant agreement and implement contract monitoring procedures. |  1 |
| 2014 | #14-02 | Library Hours and Staffing | Library | Extend service hours and improve service for residents by improving staff efficiency and volunteerism at library branches. |  15 |
| 2014 | #14-03 | Senior Membership Fee Revenue | PRNS | Clarify City policy guiding the revenue collection from senior membership fees at community centers. |  1 |
| 2014 | #14-05 | Housing Loan Portfolio | Housing | Adjust homebuyer loan recipient qualifications and continuously monitor financial information to better reach lower income residents and ensure inspections are conducted as needed. |  10 |
| 2014 | #14-06 | Customer Call Handling | City Manager, IT | Improve call monitoring and response to better customer experience and accessibility for all residents. |  13 |
| 2014 | #14-07 | City P-Cards | Finance | Streamline the authorization process for purchases made using City-issued procurement cards, and improve the transparency and public accountability of government spending. |  7 |
| 2014 | #14-08 | Development Services | PBCE | Improve homeowners' customer service experience at the permit center with improved staffing, streamlined coordination with development partners, and better information. |  22 |
| 2014 | #14-10 | Facilities Maintenance | Public Works | Enable better lifecycle management for capital assets, and address the deferred maintenance backlog. |  10 |
| 2014 | #14-12 | Accounts Receivable | Human Resources, Finance | Increase City revenues by improving controls surrounding the City's invoicing and collection processes. |  18 |


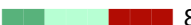

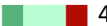


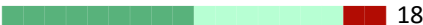
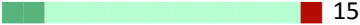
Status of Calendar Year 2015 Recommendations

In calendar year 2015, we issued 10 reports that included 54 recommendations – 78 percent of those recommendations have been **implemented or closed**, 22 percent are **partly implemented**, and none are **not implemented**.

| Year | Audit Number | Audit Title | Department(s) | We made recommendations to: | Current status and total number of recommendations |
|------|--------------|-----------------------------------|--------------------|---|--|
| 2015 | #15-01 | Performance Measures Review | Housing | Enhance the Department of Public Works and Housing Department performance measure calculations. |  2 |
| 2015 | #15-02 | Street Pavement Maintenance | DOT | Improve the condition of City streets and address the maintenance backlog by prioritizing funding, increasing inspection efficiency, and providing greater public accountability. |  4 |
| 2015 | #15-03 | Fund Balance and Reserves | Budget | Increase safety net reserves in the General Fund and write more comprehensive reserve policies. |  2 |
| 2015 | #15-04 | Employee Hiring | Human Resources | Streamline the hiring process and develop a plan to fill the large number of vacant positions Citywide. |  14 |
| 2015 | #15-05 | PRNS Fee Activity Program | PRNS, Budget | Improve cost recovery for recreational classes offered through the City while expanding access for low-income residents. |  6 |
| 2015 | #15-06 | Curbside Recycling | ESD | Enhance the City's single-family residential recycling program to improve waste diversion. |  6 |
| 2015 | #15-08 | Golf Courses | PRNS | Improve the utilization and finances of golf courses through Council direction, increased staffing and oversight, and competitive contracting process. |  5 |
| 2015 | #15-09 | Police Hiring | Police | Bolster recruiting efforts and increase the efficiency of recruiting to fill the growing vacancies in the Police Department. |  12 |
| 2015 | #15-11 | Team San Jose | City Manager | Clarify the City and Team San Jose's respective roles in managing the fee charged to fund facility improvements. |  1 |
| 2015 | #15-12 | Personnel Investigation Structure | Employee Relations | Improve the structure of personnel investigations. |  2 |




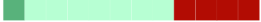



Status of Calendar Year 2016 Recommendations

In calendar year 2016, we issued 8 reports that included 98 recommendations – 48 percent of those recommendations have been **implemented or closed**, 38 percent are **partly implemented**, and 13 percent are **not implemented**.

| Year | Audit Number | Audit Title | Department(s) | We made recommendations to: | Current status and total number of recommendations |
|------|--------------|------------------------------------|--------------------------|---|--|
| 2016 | #16-02 | Street Sweeping | DOT | Improve the effectiveness of sweeping City streets through evaluating program costs, enhancing tools for data monitoring, and improving communication with the public. |  14 |
| 2016 | #16-03 | Use and Coordination of Volunteers | City Manager | Provide tools for City staff to better manage volunteers and allow for better coordination across volunteer programs. |  8 |
| 2016 | #16-04 | Technology Deployments | IT, Finance | Improve and establish additional resources for deploying new technology across the City organization. |  9 |
| 2016 | #16-05 | South Bay Water Recycling | ESD, Finance | Provide more transparency over the accounting of South Bay Water Recycling revenues and expenses and help sustain revenues sufficient to cover costs. |  4 |
| 2016 | #16-07 | Office of the City Clerk | City Clerk, City Manager | Maximize organizational efficiency and consistency, as well as transparency and public accountability, by streamlining processes and clarifying roles. |  19 |
| 2016 | #16-08 | Police Overtime | Police | Increase efficiency of operations' staffing, improve tracking of hours worked by Police Department employees, and improve the tools for supervisors to monitor overtime worked. |  11 |
| 2016 | #16-10 | Apartment Rent Ordinance | Housing | Better deploy resources, improve processes, and recover program costs. |  18 |
| 2016 | #16-11 | Mobile Devices | IT | Ensure efficient, secure, and strategic deployment of mobile devices through the policies and procedures, software solutions, and streamlining of processes. |  15 |

Status of Calendar Year 2017 Recommendations

In calendar year 2016, we issued 7 reports that included 42 recommendations – 31 percent of those recommendations have been **implemented or closed**, 33 percent are **partly implemented**, and 36 percent are **not implemented**.

| Year | Audit Number | Audit Title | Department(s) | We made recommendations to: | Current status and total number of recommendations |
|------|--------------|------------------------------|---|---|---|
| 2017 | #17-01 | Our City Forest | DOT | Ensure consistency and accountability with the City's grant agreements with OCF and improve the off-site tree replacement program. |  4 |
| 2017 | #17-02 | Office of Equality Assurance | Public Works | Reallocate staff and update procedures considering the growing number of OEA responsibilities. |  8 |
| 2017 | #17-03 | Residential High Rises | PBCE | Consistently assure health and safety, and ensure transparency of development reviews for high-rise development projects. |  3 |
| 2017 | #17-04 | Open Government | City Manager, City Clerk, City Attorney | Promote government transparency and ensure compliance with the City's Consolidated Open Government and Ethics Provisions. |  12 |
| 2017 | #17-05 | ESD Consulting Agreements | ESD | Protect City resources by strengthening controls in the amended agreement with Stantec as well as improve contract monitoring. |  10 |
| 2017 | #17-08 | Employee Travel | Finance | Clarify portions of the existing City travel policy to improve compliance; in addition, strengthen controls over the gas card program to protect city resources from potential abuse. |  4 |
| 2017 | #17-09 | Tier 3 Contribution Plan | City Manager, City Attorney | Clarify how contributions to employee accounts are calculated under the Municipal Code and determine whether the City is required to make retroactive corrections for past errors. |  1 |

APPENDIX B:
**DETAILED LISTING OF THE STATUS OF AUDIT
RECOMMENDATIONS AS OF DECEMBER 31, 2017**

01-05 AN AUDIT OF THE CITY OF SAN JOSÉ FIRE DEPARTMENT’S STRATEGIC PLAN REGARDING PROPOSED FIRE STATIONS (Issued 10/18/01)

The purpose of this audit was to review the SJFD’s Strategic Plan, data integrity, and proposed fire stations and configuration options. The report included 5 recommendations.

#3: Develop for City Council consideration plans for expanding its use of the Omega priority response level. These plans should include: obtaining the software necessary to fully implement the Omega priority response level; options and costs for dispensing non-emergency medical advice; and any other issues that need to be addressed.

Fire

Partly Implemented
PRIORITY ITEM

Under the Medical Priority Dispatch System, a standard system used to determine the appropriate level of aid for an emergency call, a 911 call determined to be a medical call with the lowest priority has an Omega priority response level and can receive either an alternate response or no response. However, San José’s EMS contract with Santa Clara County requires SJFD to respond to all 911 calls received, and SJFD would need Santa Clara County EMS agency authorization to expand its use of the Omega priority response level.

Over the past fifteen years, the Department has made steps towards expanding its use of the Omega response level. This work includes: meeting some prerequisites necessary to implement the Omega protocol, such as accreditation of Fire Communications and the use of updated CAD software; participating in EMS stakeholder group meetings to recommend changes to EMS delivery in Santa Clara County; reviewing its patient care data to determine what factors could identify an Omega level response; and successfully obtaining County EMS agency authorization to respond to lower priority medical aid service requests with Basic Life Support resources (BLS).

Meanwhile, over the last several years, the City has frequently been unable to meet the County’s EMS response time targets. Using the Omega protocol would potentially allow SJFD not to respond to lowest level medical calls, reducing the workload on Department staff.

The City has entered into a two-year contract extension with the County, which will expire on June 30, 2019. The Department continues to discuss dispatch policies and response alternatives with the County EMS agency while negotiating a new agreement. Additionally, the Department has funding for a consultant review of the structure of San José’s EMS. The study may have recommendations about the use of the Omega protocol.

| Audit Report and Recommendation | Department | Current Status | Comments |
|---|-------------|---|--|
| | | | <p>The City currently uses ProQA software, the County preferred platform. The Department reports that ProQA is the most current quality assurance software. The County continues to review San José's use of ProQA to inform possible expansion efforts to the rest of the County. Target date: Jun-2018 (delayed from Dec-2017).</p> <p>POTENTIAL BUDGET SAVINGS: The ability to respond using the Omega protocol would potentially reduce the number of EMS response, saving wear and tear on vehicles and reallocating resources to more critical emergencies.</p> |
| <p>#5: Implement a pilot project to evaluate the use of SUVs or Light Units to respond to lower priority emergency medical calls.</p> | <p>Fire</p> | <p>Partly Implemented</p> <p>PRIORITY ITEM</p> | <p>The Department initiated a Squad Car Pilot Program in 2012 to respond to lower priority emergency calls, thus maintaining greater availability of fire engines and trucks for higher priority emergencies. The pilot program will continue through June 30, 2018 as described in the May 2015 Side Letter Agreement between the City and the International Association of Firefighters, Local 230.</p> <p>The FY 2016-17 operating budget redeployed staff from 4 of the 5 squad units to restore staffing for two fire engines; staffing for 2 squad units was restored during the budget process. The pilot program's three squad companies are deployed city-wide. The Department has not yet completed an evaluation of the pilot program to determine long-term feasibility. Target date: Dec-2018 (delayed from Jun-2017).</p> <p>POTENTIAL BUDGET SAVINGS: The ability to respond with SUVs or Light Units would potentially reduce the number of EMS responses for lower-priority EMS calls, saving wear and tear on fire engines and trucks and leaving such units available for higher-priority responses.</p> |

03-10 AN AUDIT OF THE SAN JOSÉ FIRE DEPARTMENT’S BUREAU OF FIRE PREVENTION (Issued 11/26/03)

The purpose of this audit of the fire safety, school, and multiple housing inspection programs was to determine whether inspections met regulatory targets and ensured adequate enforcement of San José Fire Code requirements. The report included 16 recommendations.

| | | | |
|--|------|-----------------|---|
| #12: Develop a workload analysis to determine its inspection staff needs to achieve its inspection goals and objectives. | Fire | Not Implemented | The Fire Department's has selected a consultant (NBS Government Finance) to study the Fire Department's non-development fee program. This study will include a new inspection service delivery model. The Department reports that the study is underway. Target date: Jun-2019 (delayed from Dec-2017 due to delays on the consultant study). |
|--|------|-----------------|---|

PRIORITY ITEM

08-04 AN AUDIT OF THE CITY’S OVERSIGHT OF FINANCIAL ASSISTANCE TO COMMUNITY-BASED ORGANIZATIONS (Issued 11/12/08)

This audit summarized previous City Auditor reports related to grant oversight, identified additional forms of financial assistance that the City provides to community-based organizations, and assessed opportunities to improve the administration of the various forms of financial assistance. The report included 21 recommendations.

| | | | |
|--|----------------------|--------------------|---|
| #9: Clarify when the 7-1 policy should apply to leases with CBOs of City facilities. | Economic Development | Partly Implemented | <p>City Council Policy 7-1, entitled “<i>Below Market Rental Policy for Use of City-Owned Land And Buildings By Nonprofit Or Charitable Organizations or for Governmental or other Public Purposes</i>” allows community-based organizations (CBOs) to occupy City properties for as low as \$1 per month with certain requirements. The San José City Council first adopted Policy 7-1 in 1970; it was revised in 1994 and 2006.</p> <p>At the time of our audit, responsibility for management of CBO leases was decentralized, and application of Policy 7-1 (which was intended for short-term use of City property) was unclear. Staff are still in the process of working with the City Attorney’s Office to draft clarifications to the 7-1 Policy as it relates to the duration of the leases and the subsidy amounts. Target date: Jun-2018 (delayed from Jan-2017).</p> |
|--|----------------------|--------------------|---|

| Audit Report and Recommendation | Department | Current Status | Comments |
|---|----------------------|--------------------|--|
| <p>#11: We recommend the Real Estate Division:</p> <p>A. Develop a centralized spreadsheet to track the status of CBO leases and other long-term use agreements for City-owned properties with CBOs including key terms and rental payments.</p> <p>B. Bring current all expired leases, rental payments, insurance certificates, and other required reporting documentation.</p> | Economic Development | Partly Implemented | <p>A. The Real Estate Division has implemented this part of the recommendation. A centralized spreadsheet has been created that tracks all of the CBO leases and other long-term use agreements along with the lease description, the lease terms, and estimated rent amounts for the duration of the lease.</p> <p>B. Staff is in the process of negotiating expired leases for both non-profit and for-profit tenants. Staff has determined the fair market rent of those facilities where the lease has expired and will use the information in determining the amount of subsidy that is being provided by the City. In April 2017, staff procured a vendor through a Request for Proposal for a new leasing system that will provide additional tools to estimate the fair market rent and value of the re-use facilities. The data gathered and created by the leasing system will assist in determining which CBOs are outside the scope of the 7-1 Policy. Staff is working on the implementation of this new system. Target date: Jun-2018 (delayed from Jan-2017).</p> |

09-08 PERFORMANCE MANAGEMENT AND REPORTING IN SAN JOSÉ: A PROPOSAL FOR IMPROVEMENT (Issued 9/24/09)

This report identified a number of recommended next steps towards improving the City’s performance management and reporting systems.

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| <p>While preparing the City’s first annual <i>Service Efforts and Accomplishments (SEA) Report</i> in January 2009, a number of issues surfaced regarding the City’s performance management and reporting systems. We found that the City had been collecting performance measures but had not yet created an organization-wide performance <i>management</i> system. We also found that many of the existing performance measures were not meaningful, useful, or sustainable; that core services did not always align with the organization’s mission, goals, and objectives; and that it was difficult to ascertain the true net cost of core services.</p> <p>The purpose of the “white paper” was to provide a roadmap to improve the City’s performance management and reporting systems. The “next steps” below were meant to reduce staff time compiling data while ensuring City staff and policy makers have the best information available for decision making and increasing</p> | City Manager | Partly Implemented | <p>The City’s Budget Office has implemented many of the next steps identified in <i>Performance Management and Reporting in San José: A Proposal for Improvement</i>. For example:</p> <ul style="list-style-type: none"> • For the FY 2010-11 budget, the Budget Office encouraged departments to propose eliminating performance measures that were not meaningful, useful, or sustainable. This resulted in a net reduction of 105 performance measures. • The Budget Office clarified and/or renamed many of the City’s core services for the FY 2010-11 budget as well, and presented each department’s core services in alphabetical order to make each easier to locate. The Budget Office, as part of the transition to program-based budgeting and the new budget system design, has completed a thorough review of all department core services and refined them further where |
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| <p>accountability and transparency in the City's public reporting.</p> <ul style="list-style-type: none"> • Develop a performance management system. • Promote data-driven decision making. • Evolving meeting content and format should be expected. • Periodic assessments of the performance management system. • Review and reduce the number of performance measures. • Compile methodology sheets for performance measures. • Create a performance measure clearinghouse. • Reassess Council Committee reports. • Validate performance measures. • Incorporate project management reporting into the performance measurement and management system. • Consider use of information systems. • Clarify core service names. • Clarify the link between mission, goals, and objectives. • Obtain the net cost of services. • Allocate strategic support to individual core services. • Increase use of efficiency measures. | | | <p>appropriate.</p> <ul style="list-style-type: none"> • The Budget Office reallocated some costs from the City-Wide Expense budget category to department budgets. This work effort has continued as part of the transition to program-based budgeting. The organization of City-Wide Expenses is now aligned by department. • As part of the FY 2013-14 budget process, the Budget Office requested up-to-date methodology sheets for all of the performance measures reported in the budget. <p>The primary focus during this reporting period was the continued implementation of the new budget system (Hyperion) that included the roll-out of program level budgets. This has been a significant work effort for the entire organization. Because of the volume and complexity of both of these system-wide changes/improvements, the Budget Office suspended approval of any performance measure revisions for the 2017-18 budget year. Progress continues on the implementation of the performance measure module in the new budget system (part of Phase II). Components of the module were developed further and performance data was and continues to be populated into Hyperion. The performance measure processes that were suspended for the 2017-18 Budget Process have been reestablished, including a department's ability to submit requests to add, delete, or modify measures in-line with department operational changes. This process is important to ensure the city-wide set of measures are useful, meaningful, and sustainable. Further, the maintenance of methodology worksheets has been institutionalized since any change in a performance measure must be accompanied by an updated worksheet. Finally, the city-wide community survey was conducted and results were made available in the summer, in time for inclusion in the 2017-2018 Adopted Budget</p> <p>In addition to the work of the Budget Office', the City Auditor has completed reviews of reported performance measures, including those from the Department of Transportation's Sewer Line Cleaning Program and the Office of Economic Development. The City Auditor also reviewed the methodologies for calculating performance measures reported by the Housing and Public Works departments.</p> <p>However, additional work is needed to fully implement the next</p> |

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steps outlined in the white paper. For example, the City Manager's Office would need to adopt performance management practices such as frequent, scheduled meetings of top department managers and City Manager's Office staff to proactively discuss performance metrics and their impacts and evaluate solutions to implement or be brought forward for City Council consideration. Target date: On-going.

09-10 AUDIT OF PENSIONABLE EARNINGS AND TIME REPORTING (Issued 12/09/09)
The objective of our audit was to review the time-reporting and payroll processes that impact pensionable earnings and pensionable hours. The report included 15 recommendations.

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| <p>#2: Review the highest 12-month salary of all active beneficiaries starting in July 1, 2001³ and work with Payroll to adjust those with retroactive lump sum payments to ensure that beneficiaries are receiving accurate pensions.</p> | <p>Retirement, Payroll</p> | <p>Partly Implemented</p> | <p>When employees receive merit raises, they frequently receive a retroactive lump sum payment. If those lump sums are not spread across all affected periods in the City's pension system, the calculation of an employee's pension can be incorrect, as the pension calculation is based on the highest salary year. In 2014, Finance provided Retirement Services with a file with the retroactive lump sum payments. By December 2015, Retirement Services had applied corrections to 70 percent of the retirement plans' members in the file provided by Finance and manually recalculated their pension amounts (implementation is expected to occur after all other pensionable pay corrections have been implemented). The remaining retroactive lump sum payment adjustments have been entered into the pension administration system.</p> <p>In February and March 2017, the monthly benefits of some Police and Fire Plan (P&F) members were corrected, with collection of overpayments beginning in August 2017. Additional P&F members were notified of their overpayments in the spring of 2017, with monthly benefit corrections and collection of overpayments beginning in February 2018. Corrections to the underpaid P&F groups were completed as of October and December 2018. The Federated members' recalculation and analysis are currently under</p> |
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³ July 1, 2001 was the date that the Federated Retirement Plan began using the highest 12-month salary as opposed to the highest three-year salary when computing retirement benefits.

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| | | | <p>review. Target date: Dec-2018 (delayed from Dec-2016 as recalculations are still under review).</p> <p>POTENTIAL BUDGET SAVINGS: Corrections to pensions could lower City contributions by an amount TBD.</p> |
| <p>#4: To the extent possible, correct pension payments and retirement contributions for the Police and Fire Retirement members and for the Federated Retirement members where higher class pay or management allowances were considered pensionable.</p> | <p>Retirement, Payroll, Employee Relations</p> | <p>Partly Implemented</p> | <p>In 2010 and 2011, Finance corrected the treatment of higher class pay and management allowances on a go forward basis. In 2013, Finance provided Retirement Services with a data file with higher class pay corrections for active members of the retirement plans. Retirement Services and Finance worked to address discrepancies found in the data file over the next couple of years. In early 2015, Retirement Services uploaded the adjustments into the pension administration system. In 2016, Finance provided Retirement Services with a new data file with higher class pay adjustments for terminated employees.</p> <p>This process has taken some time because of the manual nature of the recalculations and adjustments; however, all of the higher class pay adjustments, including the file for terminated employees have now been entered into the pension administration system. In the Police and Fire Plan (P&F), ongoing monthly benefits of some members were corrected in February and March 2017, and collection of overpayments began in August 2017. The rest of the P&F population was notified of the corrections and information sessions were held in the spring of 2017. Ongoing monthly benefits were corrected and collections of overpayments began in February 2018. Corrections to the underpaid P&F groups were completed as of October and December 2017. The Federated members' recalculation and analysis are currently under review. Target date: Dec-2018 (delayed from Dec-2016 as recalculations are still under review).</p> <p>POTENTIAL BUDGET SAVINGS: Corrections to pensions could lower City contributions by an amount TBD.</p> |
| <p>#7: Obtain authoritative documentation for time reporting codes and earnings codes, and create written policies and procedures for proper application of all codes, and for regularly reviewing and maintaining an authoritative time/earning code mapping table.</p> | <p>Payroll, Employee Relations</p> | <p>Partly Implemented</p> <p>PRIORITY ITEM</p> | <p>Finance reviewed time reporting codes as part of the City's payroll system upgrade; most of the upgrade been completed. In April, 2017 Payroll, Employee Relations, and the City Attorney's office reviewed pensionable earnings codes for members of the Police and Fire plan. Additional work related to documenting pensionable codes for members of the Federated plan and creating procedures to ensure the proper application of codes and creating an</p> |

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| | | | authoritative mapping table of codes still needs to be done. Target date: Dec-2019. |
| #8: Conduct periodic reviews of all codes to cull duplicative or unused codes. | Payroll and Employee Relations | Partly Implemented PRIORITY ITEM | Finance's Payroll management plans to meet quarterly to review time recording coded availability and will report the findings to the monthly interdepartmental working group (consisting of staff from the departments of Finance, Human Resources, and Information Technology, and the offices of Employee Relations and Retirement Services). In addition, there will be a standing item for "Earning Code changes" on the agenda for these meetings. Target date: May-2018. |
| #9: Correct past errors and review all codes to ensure that codes are only available for use to applicable work groups. | Payroll, Employee Relations | Not Implemented PRIORITY ITEM | See Recommendation # 8 above. Target date: May-2018. |
| #10: Perform periodic reviews of all codes to ensure they are being used correctly. And to the extent possible, correcting past misuse. For example, checking that codes with strict parameters for their use are used correctly, e.g. Cancer Screening Release Time, Unpaid Furlough Leave. | Payroll | Not Implemented PRIORITY ITEM | See Recommendation # 8 above. (see Recommendation #7 above). Target date: May-2018. |
| #12: Provide timekeepers with written procedures and consider having them conduct the periodic monitoring of time codes. | Payroll | Not Implemented PRIORITY ITEM | Beginning in the second quarter of 2018, Payroll management plans to meet quarterly with department timekeepers to review time codes. Due to the uniqueness of departmental procedures, they recommend that written procedures be created by each department and Payroll will review for adherence to the time reporting standards. Target date: Dec-2018. |

10-04 AUDIT OF DECENTRALIZED CASH HANDLING (Issued 2/10/10)

The objective of our audit was to determine if the City has an adequate and effective system of internal controls over the cash handling process. The report included 8 recommendations.

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| #2: Develop Citywide policies and procedures to require and periodically assess Payment Card Industry compliance at all distributed cash handling sites accepting credit cards. | IT, Finance | Partly Implemented | Payment Card Industry Data Security Standards (PCI DSS) are intended to encourage and enhance cardholder data security. The audit found that although desk procedures for processing credit card payments were located at various sampled sites, Citywide policies and procedures requiring PCI compliance at sites accepting credit cards had not been developed. |
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| | | | <p>Since the issuance of the audit in 2010, the IT Department has been working with various information security consultants to develop a Citywide information security policy; this policy would cover PCI compliance and require annual assessments. In June 2016, the IT Department reported that a security policy had been completed. Financial auditors later reviewed the draft security policy and identified additional requirements that need to be addressed before the policy could be finalized.</p> <p>Based on previous PCI assessments, IT has worked with various City departments to develop policies and documentation requirements. The PCI policy is part of the overall City Information and Security Policy. IT advises that all ongoing compliance needs including the PCI policy will be coordinated by the City Information Security Officer (CISO). IT is in the process of hiring for this position. Target date: Jun-2018 (delayed from Oct-2017; originally targeted for Dec-2016).</p> |

10-05 AUDIT OF COMMUNITY CENTER STAFFING (Issued 3/11/10)
The objective of our audit was to determine if the current allocation of staff at community centers is efficient and effective. The report included 17 recommendations.

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| #8: Estimate the fair market value of re-use facilities. | Economic Development | Partly Implemented | <p>OED reports that it has determined the fair market rent of those facilities with expired leases and will use the information in determining the amount of subsidy that is being provided by the City.</p> <p>Staff selected a vendor for a new leasing system which provides additional tools to estimate the fair market rent and market value of re-use facilities. Staff is working on the implementation of the system, analyzing facility and telecommunication leases to determine the fair market rent and fair market value of the re-use facilities. Target date: Jan-2018.</p> |
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10-09 CITY PROCUREMENT CARDS: POLICIES CAN BE IMPROVED (Issued 9/8/10)

The objective of this audit was to review p-card transactions from three departments (Environmental Services, Police, and Parks, Recreation and Neighborhood Services) for compliance with the City’s p-card policy and other applicable policies. The report included 8 recommendations.

#1: Revise the p-card policy to require simple descriptive annotations on receipts or statements that describe the intended use of the purchases, as well as the intended location, and if applicable, the number of people intended to use the purchased items or services.

Finance

Partly Implemented

In 2012, the Finance Department began informing departments that they should annotate receipts or statements from p-card purchases with simple descriptive annotations of the intended use of the purchase, the intended location, and if applicable, the number of people intended to use the purchased items or services. In 2013, Finance Department staff drafted a revision to the City Procurement Cards policy (Section 5.1.2 of the City Policy Manual) to require simple descriptive annotations on receipts. However, the revised policy was not published. The Department has since reworked the draft, dividing the policy into two parts: a high-level administrative policy and a detailed p-card administrative guide. Both documents are currently still in outline/draft form.

Target date: Jun-2018 (delayed from Dec-2016 due to senior staff vacancies and revised approach.)

10-13 POLICE DEPARTMENT STAFFING: OPPORTUNITIES TO MAXIMIZE THE NUMBER OF POLICE OFFICERS ON PATROL (Issued 12/9/10)

The purpose of our audit was to review several FY 2010-11 budget proposals related to the Police Department and to identify efficiencies to maximize the number of police officers on patrol. The report included 8 recommendations.

#1: To promote transparency and provide the public with information about how resources are allocated in the Police Department, the Police Chief should report to the Public Safety, Finance, and Strategic Support Committee of the City Council at each shift change (every six months) on the changes in staffing by unit and function.

Police

Partly Implemented

PRIORITY ITEM

The Department began regularly reporting on overall Departmental staffing levels to the PSFSS Committee in FY 2010-11. These reports included total sworn staffing, but did not show staff allocations by program, unit, or function.

The Department included a breakdown of authorized staffing by unit in the FY 2017-18 budget. However, limited staffing resources continue to challenge how sworn staff is deployed throughout the Department. As a result, authorized positions remain vacant in various units.

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| | | | <p>The Department advises that it will begin reporting actual staffing by unit compared to approved budgeted staffing by unit twice a year after shift change to PSFSS. Target date: Dec-2018 (delayed from Jun-2017).</p> |
| <p>#2: To better align staffing with workload, SJPD should propose additional shift start times.</p> | <p>Police</p> | <p>Not Implemented (Subject to meet and confer)</p> | <p>Since the audit was issued, the Department has made several attempts to evaluate the potential for additional shift start times, including considering implementing an early swing shift car (2010) and forming a pilot committee (2012) and patrol staffing committee (2014) to evaluate shift start and end times. However, due to staffing changes and limited resources, the Department was unable to follow through on these efforts. In 2016, the Department released a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The Department continues to work with the consultant to review and make recommendations regarding staffing and deployment. Target date: Jul-2018 (delayed from Jun-2017).</p> |
| <p>#4: If SJPD decides that redistricting is needed, the Department should conduct further study on the possibility of 12 districts and should reconsider its assumptions regarding span of control, proactive patrol time, call saturation, and hourly workload demand versus average hourly workload demand.</p> | <p>Police</p> | <p>Partly Implemented PRIORITY ITEM</p> | <p>In 2011, the Department interviewed units that would be directly affected by redistricting, and also formed an internal committee to explore the potential for redistricting. Based on that analysis, the Department determined to postpone plans for redistricting given its resources at the time.</p> <p>The Department restructured the Bureau of Field Operations (BFO) from four districts to three districts in 2012, which decreased the span of control between lieutenants and sergeants and reduced the number of lieutenants assigned to the BFO Patrol Division. However, after determining that having three divisions presented operational problems, the Department returned to four divisions in 2014. As a result, the Department still has the potential to decrease its span of control, potentially through redistricting. In 2016, the Department released a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The Department continues to work with the consultant to review and make recommendations regarding staffing and deployment. The Department has advised that this analysis will</p> |

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| | | | look at whether redistricting is necessary for optimal deployment. Target date: Jul-2018 (delayed from Mar-2017). |
| <p>#5: SJPD should assess and report on (to the Public Safety, Finance, and Strategic Support Committee of the City Council) the feasibility of changing the Patrol schedule to a potentially more efficient schedule.</p> | Police | Not Implemented | <p>In light of budgetary and staffing cuts in 2011, the Department reported that it was constricted in exploring and experimenting with any new patrol schedule due to the impacts such experimentation could have on the Department's service delivery model. No further action on this recommendation was taken until 2016, when the Department issued a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The Department continues to work with the consultant to review and make recommendations regarding staffing and deployment. This analysis may have implications on the Department's patrol schedule. Target date: Jul-2018 (delayed from Jun-2017).</p> <p>POTENTIAL BUDGET SAVINGS: TBD.</p> |
| <p>#7: To ensure that span of control is reasonable from both a safety and a cost perspective, the San José Police Department should develop a policy that provides guidance on how the department determines appropriate spans of control. The policy should incorporate criteria such as: complexity of work; quality, skills, and experience of supervisors and employees; administrative requirements; dispersed workforce; stability of the organization, etc.</p> | Police | Not Implemented | <p>As a result of reducing the number of divisions from four to three, the Department was able to reduce the span of control by eliminating 23 supervisory positions in patrol and restoring 8 officer positions, resulting in a net savings of about \$3.5 million. However, the Department returned to its original structure of four divisions in 2014. The Auditor's Office continues to recommend that the Department draft a policy that provides guidance on determining the appropriate span of control, especially as the Department rebuilds.</p> <p>In 2016, the Department released a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The Department continues to work with the consultant to review and make recommendations regarding staffing and deployment. This analysis may have implications on span of control. Target date: Jul-2018 (delayed from Jun-2017).</p> |
| <p>#8: The San José Police Department should develop a high level staffing and resource allocation framework that: a) Reflects today's economic realities and focuses on improving efficiency of existing</p> | Police | Partly Implemented | <p>The Department has made some progress with assessing various aspects of its staffing model (as detailed in the responses to other recommendations in this audit), as well as with civilianizing a</p> |

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| <p>staffing levels; b) Includes both an assessment of community priorities determined via community involvement and management's staffing priorities by unit or function; c) Incorporates span of control guidance and targets; and d) Considers how prior recommendations regarding civilianization, outsourcing, and use of alternative personnel and schedules will be implemented.</p> | | | <p>number of staff in the Department; however, a high-level framework has yet to be developed.</p> <p>In 2016, the Department released a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The Department continues to work with the consultant to review and make recommendations regarding staffing and deployment. This analysis may have implications on the aspects recommended to be included in the staffing and resource allocation framework. Target date: Jul-2018 (delayed from Jun-2017).</p> |

11-04 KEY DRIVERS OF EMPLOYEE COMPENSATION: BASE PAY, OVERTIME, PAID LEAVES AND PREMIUM PAYS (Issued 5/11/11)

The objective of our audit was to define and quantify the various components and major cost drivers of employee cash compensation. The report included 7 recommendations.

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| <p>#1: We recommend the City Administration take steps to move towards a merit-based system by: (1) requiring a current positive performance appraisal before implementing any pay increase (including step and general wage increases), (2) considering elimination of the automatic step increase process and/or establishing minimum performance thresholds for receiving step increases, and (3) automating the current performance appraisal system.</p> | Employee Relations | Partly Implemented (Subject to meet and confer) | <p>The City Administration has taken steps to move towards a merit-based system. For example, per the agreement reached between the City and IAFF Local 230 during 2015 contract negotiations, "Employees shall not receive an automatic salary step increase if they have an Annual Performance Appraisal with an overall rating below that of "Meets Standard" dated within twelve (12) months prior to the salary step increase." The City Administration has achieved similar agreement with the Police Officers Association in January 2017. The City Administration reports that it will begin negotiations with all other bargaining units in 2018. Target date: Dec-2018.</p> <p>POTENTIAL BUDGET SAVINGS: TBD.</p> |
| <p>#2: To reduce the cost of overtime, the City should (1) conduct a Citywide FLSA overtime review or at a minimum review job specifications for specific positions and whether they would qualify for an FLSA overtime exemption; (2) pursue reductions in overtime to align with FLSA requirements (including but not limited to calculating overtime on hours worked, not paying overtime to exempt employees, and not paying overtime to</p> | Employee Relations | Partly Implemented (Subject to meet and confer) | <p>The City achieved changes in overtime eligibility for some employees. For instance, some represented employees are compensated at the rate of time-and-one-half hourly rate for hours worked in excess of forty hours per week, and paid time off are not considered time worked for the purposes of calculating eligibility for overtime. The City has not yet conducted a citywide FLSA overtime review or a review of job specifications to determine</p> |

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| employees receiving executive leave); and (3) prepare full cost estimates of contract provisions that exceed FLSA provisions. | | | <p>whether some positions would qualify for FLSA overtime exemptions. The Office of Employee Relations (OER) reports that it will prepare the recommended full cost estimates of contract provisions that exceed FLSA provisions in preparation for the upcoming contract negotiations. Changing overtime eligibility for employees who receive executive leave may be subject to meet-and-confer and would be considered within the context of labor negotiations. The target date varies by employee unit. Target date: Dec-2018.</p> <p>POTENTIAL BUDGET SAVINGS: Between the date the audit was issued (May 2011) and August 2014, overtime costs to supervisory employees approached \$4 million. We estimate pursuing reductions in overtime and comp time for supervisory employees could save over \$1.6 million per year (depending on actual usage).</p> |
| #3: We recommend that the City include eligible paid time off in calculations of total compensation, and consider aligning paid leaves, particularly holidays, with other comparable employers. | Employee Relations | Not Implemented (Subject to meet and confer) | The Administration generally agreed with this recommendation and reported that it will initiate efforts to develop and communicate a uniform definition of total compensation, including base and other eligible pays as well as benefits. Target date: Dec-2018. |
| #5: We recommend the City Administration (1) seek to eliminate obsolete premium pays, (2) disclose the direct and indirect costs associated with rolling in premium pays, and (3) consider discounting the value of premium pays to maintain cost neutrality when rolling in premium pays OR identify and disclose the full cost associated with rolling in these premium pays into base pay. | Employee Relations | Not Implemented (Subject to meet and confer) | <p>The Office of Employee Relations reports that premium pays are evaluated within the context of labor negotiations. Target date: Dec-2018.</p> <p>POTENTIAL BUDGET SAVINGS: TBD.</p> |

11-08 AIRPORT PUBLIC SAFETY LEVEL OF SERVICE (Issued 10/12/11)

The objective of this audit was to benchmark the current level of police and fire services at Mineta San José International Airport. The report included 5 recommendations.

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| #5: In order to better monitor levels of service, the San José Fire Department should summarize and distribute key performance metrics such as incidents by type, response times, and a summary of off-field responses to its public safety and security partners (currently Airport Operations and the San José Police Department) on a regular basis. | Fire | Closed | <p>Airport staff identified three key performance metrics needed to monitor Fire-related levels of service at the Airport. These metrics provide information to Airport staff regarding compliance with Federal Aviation Administration (FAA) regulatory requirements. These metrics are: emergency response times for aircraft incidents, fuel truck safety inspections, and FAA-mandated Aircraft Rescue and Fire Fighting annual training.</p> |
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Airport staff collect Response Time data through collaborative participation in announced simulated quarterly aircraft incident response tests of personnel at Fire Station 20 (located at the Airport). Station 20 personnel provide data to Airport staff on fuel truck safety inspections and required training on a regular basis.

11-09 AUDIT OF ANNUAL FORM 700 FILERS (Issued 11/10/11)
The purpose of this audit was to determine whether the City had identified everyone who should be filing these forms, and to document whether the forms were filed timely or not. The report included 5 recommendations.

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| <p>#3: To ensure designated consultant firms' assigned employees file their Form 700s timely, (a) the City Clerk should require such firms to coordinate and file assuming office statements for their assigned employees upon the commencement of work, and (b) the City Clerk should annually notify those firms whose contracts are still valid of the requirement for their assigned employees to file the Annual Form 700.</p> | <p>City Clerk</p> | <p>Partly Implemented</p> | <p>The City Attorney's Office has prepared new consultant agreement forms and instructions, which include guidance to departments on how to determine when a consultant is required to file the Form 700 as part of the process of preparing the consultant agreement. Required filers are entered into Clerk's Office's electronic filing system, which alerts required filers of their reporting obligations and facilitates the filing of their Form 700s. The City Clerk annually notifies individuals of the requirement to file the Annual Form 700, but it does not annually notify firms of their responsibility to identify newly assigned individuals and ensure that they file. Annual notifications could also identify whether or not firms with valid contracts still face filing requirements.</p> <p>The City Clerk's office implemented a new filing system in January 2018 and is working with departments to ensure all consultant filers are updated. The City Clerk's office is working with departments to designate contract liaisons for Form 700s who can update consultant information. These contract liaisons should regularly correspond with consultant firms to ensure their employees file timely. Target date: Jun-2018 (delayed from Apr-2017).</p> |
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12-02 AUDIT OF INFORMATION TECHNOLOGY GENERAL CONTROLS (Issued 1/18/12)

The objective of our audit was to assess the general controls ensuring that the City’s information systems are properly safeguarded, that applications programs and data are secure, and that computerized operations can be recovered in case of unexpected interruptions. The report included 11 recommendations.

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| <p>#1: To ensure changes to the City’s network and mission-critical enterprise systems are tightly controlled, ITD should immediately change the password to its shared administrative account, ensure that administrative log-ins to the City’s network are traceable, and strictly limit administrative log-in privileges to those who absolutely need such privileges. Furthermore, we recommend that the ITD CIO annually review and approve the memberships of shared accounts that can access the City’s network and enterprise systems, and if necessary make changes based on current business needs.</p> | <p>IT</p> | <p>Partly Implemented</p> | <p>During the audit, we found multiple IT staff sharing user names and passwords to attain unrestricted access to the City’s network and applications. Since then, IT changed and updated its administrative account password and log-ins. IT is planning to lock down all administrative and privileged access through a software solution that discovers, secures and tightly manages all administrator accounts and access.</p> <p>IT is in the process of hiring a City Information Security Officer (expected in Spring 2018) who will coordinate all on-going security needs, and continues to work on finalizing its security policy. Target date: Dec-2018 (delayed from Oct-2017 due to additional revisions. Originally targeted for Nov-2016).</p> |
| <p>#2: To improve password and access controls over the City’s network and data, ITD should:</p> <ul style="list-style-type: none"> a) Establish minimum length and complexity requirements for users’ passwords, automatic periodic expiration schedules, and “lock-outs” when users reach a pre-determined number of consecutive unsuccessful login attempts. b) While granting access to additional server drives, etc., ITD should by default, terminate transferring employees’ access to the drives of the departments they are departing, or explore a system through which employees’ access levels are tied to their employment status as recorded in the City’s personnel system. c) Develop a review process requiring departments to periodically review the users with access to their departmental drives. | <p>IT</p> | <p>Partly Implemented</p> | <p>Previously we had found that the City did not have strong password controls for its users. For example, passwords were set to never expire and login attempts were limitless.</p> <p>IT is in the process of hiring a City Information Security Officer who will coordinate all on-going security needs.</p> <p>IT is also implementing a Group ID project which would automate Active Directory for creation and disabling of employee accounts and review and audit of security groups. This product can give employees the ability to securely manage their own individual passwords. In addition, one of the modules is an interface with the City’s HR system. When an employee is newly hired or leaves the City, access to the City’s systems can be automatically added or deleted when HR updates the employment status.</p> <p>IT’s long-term strategy is to phase out the network fileshare infrastructure which is difficult to administer and move towards the modern Sharepoint platform which is organizationally managed by Sharepoint administrators with adequate visibility, accountability and traceability. IT is in the process of hiring a Sharepoint technical lead to drive this enterprise deployment (expected in Spring 2018)</p> |

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| | | | <p>In December 2016, the City's external financial auditor provided IT with a list of suggested improvements to the security policy. IT is finalizing the draft policy. Target date: Dec-2018 (delayed from Oct-2017 due to additional revisions. Originally targeted for Nov-2016).</p> |
| <p>#4: In order to fully comply with Data Security Standards (PCI-DSS), immediately develop an Information Security Policy and include within this policy (applicable to all users who are connected to the City's network) the following minimum standards:</p> <ul style="list-style-type: none"> a) Updated password and access protocols (see Recommendation #2); b) Required schedules for periodic reviews of people with access to data center (including restricting the number of people with access); c) Improved guidelines to departments for facilitating IT network changes during inter-departmental transfers and terminations; d) Training and implementation of the City's information security policy; e) After developing and implementing a Council-adopted Information Security Policy, initiate a citywide data security assessment to identify City's PCI-DSS status. | IT | Partly Implemented | <p>The City faces significant risks if it does not comply with PCI-DSS. As we reported in our audit, the cost of a security breach could result in fines ranging from \$5,000 to \$50,000. The City would have to subject itself to an investigation and pay for investigation costs. Further, if the City is not PCI-DSS compliant, those fines could be higher. Finally, the City has the additional burden of informing affected parties of that breach. Compromised data negatively impacts consumer, merchants and financial institutions that could result in negative consequences including lawsuits, insurance claims, and a violation of the public's trust.</p> <p>IT has updated password and access protocols and worked with relevant departments to develop procedures on processing credit cards that would be compliant with PCI-DSS standards. The Department Administrative Officer conducts a semi-annual review of employees authorized to access the data center. The Department is in the process of developing a Cybersecurity RFP for training and implementation of the City's Information Security Policy which is still not finalized.</p> <p>The PCI policy is part of the Citywide Information Security Policy and will be coordinated by the City Information Security Officer (CISO). IT is in the process of hiring a City Information Security Office who will manage the City's Cybersecurity Program.</p> <p>In December 2016, the City's external financial auditor recommended improvements to IT's security policy. IT is finalizing the draft policy. Target date: Dec-2018 (delayed from Oct-2017 due to additional revisions; originally targeted for Nov-2016).</p> |
| <p>#5: The City should expand its Identity Theft Prevention Program to include all programs that collect personally identifiable information and:</p> <ul style="list-style-type: none"> a) Annually review, amend and report on the status of handling private information. | IT, Employee Relations | Partly Implemented | <p>The Finance Department incorporates boilerplate language in its contracts where personally identifiable information is generated, collected or otherwise managed. However, much work remains in reviving the City's 2008 Identity Theft Prevention Program (ITPP) that sought to "assist staff to detect, prevent, and mitigate identity</p> |

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| <ul style="list-style-type: none"> b) Annually review the business needs of employees with access to private information and update accordingly. c) Provide periodic training for all employees handling private information and/or annually highlight (through an email) and inform employees of their responsibilities on safeguarding this data. d) Include boilerplate language in its contracts to protect the City from liability when personally identifiable information is collected and ensure that the contractor has controls in place to secure and protect this information. e) Ensure that the ITPP guidelines are posted publicly and easily accessible by City employees. | | | <p><i>theft by identifying and detecting identity theft red flags and by responding to such red flags.”</i></p> <p>The City handles and retains substantial amount of personally identifiable information of residents, merchants and employees. The 2008 ITPP required the City to periodically review and report on guidelines for employees responsible for handling private information and make changes based on these reports.</p> <p>IT is in the process of hiring a City Information Security Officer (CISO). The CISO would work with key staff in all departments to ensure that the City complies with statutory and regulatory requirements regarding security, information access, and privacy.</p> <p>IT reports that a) and b) of the recommendation will be addressed through the new security policy when it is approved. However, no progress has been reported in reinstating the City’s Identity Theft Prevention Program. IT plans to incorporate policy development and identity theft protection into the Cybersecurity Office. Currently IT is in the process of hiring for the City Information Security Officer. Target date: a) and b) Jun-2018 (delayed from Oct-2017, c), d) and e) Dec-2018.</p> |
| <p>#6: We recommend that ITD develop the following written policies and procedures:</p> <ul style="list-style-type: none"> a) Internal policies and procedures on day-to-day operations within ITD; b) Citywide policies on technology usage such as ITD responsibilities in enforcement, principles of least privilege, and acceptable use of computer equipment. Within these policies develop clear guidelines on which departments would be exempt and why, from some of these policies. | IT | Partly Implemented | <p>See recommendation #1. IT does not have formalized documented policies and procedures. As mentioned before, the City lacks centralized information technology policies surrounding IT responsibilities and chain of command, principles of least privilege, acceptable use of computer equipment, etc. IT has finalized the draft security policy. Internal policies and procedures are pending completion of the security policy. IT anticipates that the new CISO will coordinate the internal policy compliance. Target date: Jun-2018 (delayed from Nov-2017).</p> |
| <p>#7: In order to ensure that the City’s critical data is protected ITD should:</p> <ul style="list-style-type: none"> a) Ensure that backups are done and tapes are sent off-site at the pre-determined intervals; b) Get end-user input to determine if the current back-up process meets individual departments’ business needs | IT | Partly Implemented | <p>IT has completed a Citywide Office 365 rollout, which it began in 2013. One-Drive in Office 365 allows users to store working documents in the cloud rather than locally. In 2014, IT received \$250,000 to complete migration to the cloud of enterprise systems such as FMS, Human Resources/Payroll and AMANDA. This has been completed. IT also began migrating shared drives to</p> |

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| <p>and City Council-approved document retention schedules; and</p> <p>c) Formalize, document and implement these processes.</p> | | | <p>SharePoint (which is the City's document management portion of Office 365) in 2015.</p> <p>Much of the City's environment is in the cloud which generally has a three times redundancy. Current on-premise applications are backed up via a database appliance or to Azure cloud storage. IT continues to work on its modern Enterprise Business Resumption Strategy.</p> <p>Disaster Data Recovery and Business Resumption will be included in the infrastructure refresh Request for Proposal which is expected to be released by April 2018. The estimated project timeline for implementation is around six months to one year after completion of the RFP process. Target date: Apr-2019 (delayed from Dec-2017, originally targeted for Mar-2017).</p> |
| <p>#8: ITD take the lead to develop (and test) a Disaster Data Recovery Plan and ensure that end-user business needs are included in the final plan.</p> | IT | Partly Implemented | <p>IT plans to work with through the IT Leadership Group to identify and accommodate their business resumption needs within existing resources. See also Recommendation #7. Target date: Dec-2018 (delayed from Dec-2017, originally targeted for Mar-2017).</p> |
| <p>#9: ITD should collect, maintain and periodically update a central inventory of computer equipment and software, and should use its inventory management system and records of technology purchases to:</p> <p>a) better evaluate purchasing needs,</p> <p>b) identify opportunities to redistribute and/or share equipment and software, and</p> <p>c) to the extent possible, ITD should pursue opportunities to centrally-install packages, rather than installing packages at individual workstations.</p> | IT | Partly Implemented | <p>IT has implemented an asset management software which allows IT to scan and record hardware. IT continues to work on a process to tag incoming hardware. Finally, IT has been using a different software (PDQ) to centrally install most software packages.</p> <p>IT plans to finalize the asset labeling procedures so departments can start labeling assets and share the inventory report with departments. Target date: Jun-2018.</p> |
| <p>#10: Because computer equipment may contain personal identifiable information and other sensitive information, ITD should develop, distribute, and implement a Citywide policy for decommissioning computer equipment, and include it in the citywide surplus inventory policy.</p> | IT | Partly Implemented | <p>Often departments send unused computer equipment to IT. During the course of the audit, we observed that IT staff appropriately decommissioned this equipment by erasing hard drives prior to surplusing them. However, this practice was not formalized in a citywide policy and it was up to departments to inform IT of the need for getting rid of old computer equipment. IT's security policy includes guidance on decommissioning computer equipment. IT is in the process of hiring a CISO who will coordinate the decommissioning guidelines in the security policy. Target date:</p> |

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Jun-2018 (delayed from Oct-2017 due to additional revisions. Originally targeted for Aug-2016).

12-04 POLICE DEPARTMENT SECONDARY EMPLOYMENT: URGENT REFORM AND A CULTURAL CHANGE NEEDED TO GAIN CONTROL OF OFF-DUTY POLICE WORK (Issued 3/07/12)
The objective of the audit was to assess the cost and effectiveness of the San José Police Department’s program allowing sworn personnel to work second jobs in uniform in addition to their City work. The report included 30 recommendations.

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| <p>#1: The Police Department should develop and immediately implement a written procedure for periodic review of off-duty employment timecards including comparisons of: (a) City timecards to off-duty timecards, (b) timecards for multiple off-duty jobs to each other to test for fraud, and (c) hours taken for administrative/disability/sick leave to hours worked off-duty. The Department should also hold supervisors accountable for paying attention to on-duty and secondary employment time keeping.</p> | Police | Partly Implemented | <p>Following the audit, the Department updated procedures for the Secondary Employment Unit (SEU) to include audits of timecards to test for fraud, overlapping hours, as well as secondary employment worked simultaneously with disability or other leaves. However, due to staffing constraints, SEU was not able to implement these audits immediately.</p> <p>SEU also purchased scheduling software in 2013 that would address some concerns identified by this audit, for example by preventing employees from scheduling both a secondary employment job and a City shift simultaneously. This functionality of the software has yet to be fully implemented.</p> <p>We should note that in our 2016 Audit of Police Overtime we found some of the same problems that were identified by this audit. Specifically, in a small sample review we found two instances of possible overlap between secondary employment and overtime hours works. We also found several instances where sworn employees end their secondary employment shift and begin another shift at the same time.</p> <p>The Department is currently in the process of implementing its scheduling software for special events. The Department advises that the software will include and address concerns raised by the audit. Target date: Feb-2019.</p> |
| <p>#2: The Police Department should develop a system to compile real-time data regarding the number of hours worked and pay earned from off-duty work.</p> | Police | Partly Implemented | <p>In 2013, the Department purchased scheduling software that could potentially allow for real-time data as recommended. The Department has not made progress towards including secondary employment tracking in the new system. The Department is currently in the process of implementing its scheduling software for special events. The Department advises that the software will</p> |

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| | | | include and address concerns raised by the audit. See recommendation #1. Target date: Feb-2019. |
| <p>#3: The Police Department should: (a) keep lists of work permits and employers updated and be able to provide summary data; (b) include tests in periodic reviews to ensure the completeness of pay job hours that are reported to the City; (c) specify in the Duty Manual the disciplinary consequences for both employees and supervisors for failure to consistently report off-duty hours worked; and (d) develop a way to track enforcement actions taken at pay jobs; one possibility is a special code or call sign in CAD to designate calls from those working secondary employment.</p> | Police | Partly Implemented | <p>The Department made steps to implement sections of the recommendation in 2012: (a) SEU developed detailed spreadsheets of update work permit and employer lists; however, SEU management advised that the unit did not have sufficient staffing to keep the lists current; (b) The SEU Procedures Manual was revised to require verification of hours worked based on secondary employers' records; however, SEU management advised that the unit had insufficient staffing to conduct the verifications; (c) SEU management advised that several sections of the Duty Manual outline disciplinary measures with regards to secondary employment, although not specifically for failure to consistently report off-duty hours worked; and (d) SEU created specific call signs dedicated to secondary employment officers.</p> <p>In 2014, the Department reported that it still lacked sufficient staffing to fully implement parts (a) and (b) of the recommendation, and that it would send a reminder to employees about the requirement for them to report secondary employment hours. By this time, officers were using call signs specific to secondary employment jobs to track enforcement actions taken at pay jobs, and SEU has continued to send reminders to its staff to use these call signs. No further action has been taken by the Department on the other parts of the recommendation since then. Target date: Dec-2019.</p> |
| <p>#4: The SEU should report to the Police Chief at least annually on the following data about the secondary employment program: (a) the number of hours worked, (b) the amount of pay earned by employee from each off-duty employer, (c) the number of employees who have off-duty work permits, (d) the total number of permits, and (e) the number of employers participating in the program. The report should also note major changes or challenges with program during the prior year.</p> | Police | Partly Implemented | <p>The Department purchased scheduling software in 2013 that it hopes can allow for tracking of hours worked and pay earned as recommended in parts (a) and (b). The Department has not made progress towards including secondary employment tracking in the new system. The Department is currently in the process of implementing its scheduling software for special events. The Department advises that the software will include and address concerns raised by the audit. Target date: Feb-2019.</p> |
| <p>#5: To promote transparency and accountability, the Police Department should know and post annually, on the City's web site, total compensation earned by Police Department employees working secondary employment in SJP uniform. The Department should know and post information for each employee by name, each</p> | Police | Partly Implemented | <p>SEU has advised that in order to implement this recommendation, an increase in SEU staff would be needed as the current decentralized structure of secondary employment makes this a labor-intensive task. The Department purchased scheduling software in 2013 that it hopes can assist with the implementation</p> |

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| <p>employer where that employee worked, and the amount earned from each employer during the year as reported by the employee to the Police Department.</p> | | | <p>of this recommendation. The Department has not made progress towards including secondary employment tracking in the new system. The Department advises that tracking secondary employment hours is currently not a priority and other Department priorities have taken precedence over this item. Target date: Dec-2019.</p> |
| <p>#9: The Police Department should enforce its procedure for periodic inspections of secondary employers. As specified in the procedure, such inspections should include reviews of: (a) current business license and proper regulatory permits, (b) other required licenses or professional certificates, (c) employer logs of officer work hours, (d) consistency of job with description on work permit and employer approval form, (e) whether officers at site have current/authorized work permits on file. Inspections of a sample of employers should occur at least quarterly, be documented, and notes maintained on the resolution of problems. The Police Department should inform employers and employees that such reviews will occur.</p> | Police | Partly Implemented | <p>In 2013, the SEU commander began conducting inspections in response to complaints about employer or employee conduct. The inspections included reviews of the provisions outlined in the recommendation. However, at that time, periodic or regular inspections were not being conducted. In 2015, the Department began to do periodic site inspections; however, again due to limited staffing, the inspections have not included review of all items this recommendation prescribed. Target date: Dec-2019.</p> |
| <p>#10: The Police Department should clarify (in writing) the City's limited liability with regard to workers' compensation in the context of secondary employment.</p> | Police | Not Implemented | <p>The Department has met with the Office of Employee Relations, City Attorney's Office, and Risk Management on a case-by-case basis as issues arise, but no written clarification has been drafted regarding the liability associated with workers' compensation in the context of secondary employment. Target date: Dec-2019.</p> |
| <p>#11: The Police Department should immediately eliminate the practices of allowing Department employees to solicit off-duty work and allowing them to be paid in cash. The Department should develop and implement a written procedure that includes a business card SJPd employees can provide to businesses or individuals who inquire about hiring off-duty police. The card could include contact information for SEU and inform businesses that calling SEU is the only way to arrange the hiring of SJPd employees. A provision should also be added to secondary-employer agreements to prohibit cash payments to SJPd employees for off-duty work and to require employers to issue appropriate tax documents to pay job employees.</p> | Police | Partly Implemented | <p>In 2012, the Duty Manual was revised to prohibit Department members from soliciting secondary employment and from being paid in cash (with exceptions allowed if approved by the SEU commander or the Chief of Police). In addition, Department management advised that the secondary employer application was removed from the intranet, and that all applications were required to be processed through SEU. A tax document provision was not added to the secondary employer application. The Department will update its website to make information about hiring off-duty police available on the Department's website. The Department is reviewing online options to inform employers of their duty to provide a 1099 to any SEU officer who earns \$600 or more in the tax year. Target date: Dec-2019.</p> |
| <p>#12: Assuming that the City continues to offer uniformed off-duty employment to private employers, then the Department should contact local business organizations as well as existing approved</p> | Police | Not Implemented | <p>In 2012, the Department advised that it was considering options for the future structure of the secondary employment program. The Department is also considering adding language to the secondary</p> |

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| <p>employers and inform them of (a) revisions to the secondary employment program, and (b) new procedures that prohibit officers from soliciting jobs or accepting cash payments or gratuities, and (c) how to contact the Department if they are interested in secondary employment, (d) pay rates for secondary employment and prohibitions on gratuities or other forms of compensation, and (e) how to lodge a complaint or suggestion, and (f) the requirement that SJPD employees may only enforce the law and may not enforce employer rules. The Department should also provide guidance, in writing, about how employees should address potential situations in which there is a conflict between what a private employer requests of them and their role as a City employee.</p> | | | <p>employment application itself to address some of these concerns. However, no further action has been taken with regards to this recommendation. Target date: Dec-2019.</p> |
| <p>#16: The Police Department should develop and implement written guidelines that include criteria for how pay jobs are assigned by SEU and by coordinators. The Department should also prohibit employees who work in the Secondary Employment Unit from working pay jobs, even if they were working such jobs before being assigned to the unit. Reasonable exceptions should be included related to oversight of special events.</p> | Police | Partly Implemented | <p>The Department revised the Duty Manual in 2012 to prohibit employees who work in SEU from working pay jobs. Exceptions are made for SEU staff to work pay jobs coordinated through SEU after obtaining approval from the SEU commander. This was designed to allow SEU employees who were heavily involved in the oversight/planning of a special event to be able to work at that event and take advantage of their familiarity with it.</p> <p>In 2014, SEU staff reported that pay jobs had become harder to fill due to mandatory overtime requirements, and that the unit had not been receiving complaints about the process for filling secondary employment jobs. The Auditor's Office maintains that it is still essential that the Department have criteria for how to assign secondary employment jobs to ensure the perception of fair and equitable distribution of such jobs. Target date: Dec-2019.</p> |
| <p>#17: The Police Department should revise its written guidelines for the exercise of discretionary judgment in determining the number of police employees the Department requires event organizers to hire for special events. The guidelines should specify the criteria upon which the decisions will be made and should also address how the Department determines an appropriate mix of private security and police.</p> | Police | Partly Implemented | <p>In 2012, SEU advised that it was working with the Office of Cultural Affairs (OCA) to find an appropriate mix of security, non-sworn personnel, and police to staff events. In 2013, in collaboration with the Department of Transportation (DOT) and OCA, the Department created a new traffic control model. However, the model did not address the issue of written guidelines. The Department responded that it would continue to evaluate each event by looking at historical data related to repeat events, and by working closely with event promoters and DOT to determine the proper mix of personnel and equipment. The Auditor's Office maintains that written guidelines are important so as to be fully transparent in how the Department determines appropriate staffing levels. Target date: Dec-2019.</p> |

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| <p>#20: The Police Department should fully implement the Independent Police Auditor's recommendation for ongoing ethics training and should try to do so as soon as possible.</p> | Police | Partly Implemented | <p>The Department conducted ethics training in 2012, and has reported that the Video Unit was creating a video version of the training for future use. By 2014, the Department advised that it had scheduled ethics training every four years. The Department has implemented a 21st Century Policing Plan which has procedural justice and fair and impartial policing modules, but does not include an ethics component. Target date: Dec-2019.</p> |
| <p>#21: If the Police Department retains the system of decentralized coordination, the SEU should be solely responsible for appointing coordinators and providing them with the lists of employees available to work pay jobs. The SEU should also maintain an up-to-date list of coordinators and the jobs they oversee. The Department should also establish and implement clear written guidelines regarding: (a) roles and responsibilities of coordinators and how they fit within the chain of command, (b) a prohibition against any form of compensation other than pay, (c) a fixed hourly rate for coordinators as well as not-to-exceed limits on coordinators pay, (d) clarify that coordinators can only be paid for actual hours of coordination rather than an agreed upon estimate or "plug", and (e) expressly prohibit coordination on City time.</p> | Police | Partly Implemented | <p>SEU management updated its list of all coordinators in 2012. By 2013, SEU was appointing all new coordinators and discussing their roles and responsibilities with them. In June 2014, SEU advised that it was researching an appropriate fixed pay rate for coordinators and would recommend the adoption of that rate once determined. There have been no further updates since then. Target date: Dec-2019.</p> |
| <p>#22: The Police Department should: (a) calculate the cost of bringing all coordination into SEU and the related impact on employers' fees (b) assess the impact on the hourly rate charged to employers, as well employer fees, if coordination were brought into SEU and employees were paid at an overtime rate. Given that information, the Department should seriously consider three options moving forward: (1) phasing into SEU the coordination of additional pay jobs, (2) bringing all coordination into SEU, (3) bringing all coordination into SEU and also paying employees on overtime through the City.</p> | Police | Partly Implemented | <p>SEU management advised that in 2012, some cost-benefit analysis was conducted and that the Department was exploring options for the future structure of the secondary employment program. There have been no further updates since then. Target date: Dec-2019.</p> |
| <p>#23: The Police Department should: (a) immediately develop and enforce a reasonable daily hour limit and should consider a rest period prior to a regular shift; (one possibility is to reinstate the 14-hour daily limit previously in place), and (b) apply the 24-hour weekly limit for off-duty jobs even in weeks when employees have taken time off, and (c) develop a way to ensure sufficient days off per month.</p> | Police | Partly Implemented | <p>In 2012, the Duty Manual was revised to limit to 16 the number of hours worked in a 24-hour period. However, the 24-hour weekly limit on secondary employment hours was also increased to 30 hours per week. This change was contrary to the intent of the recommendation, which was to help reduce potential fatigue. The audit report included the following quote from research about police fatigue: "Everything we know about fatigue indicates that it will tend to impair officers' ability to perform their duties safely and deal with job stresses in a healthy manner." In 1995, when the Independent</p> |

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| | | | Police Auditor first issued a report about secondary employment, the weekly limit on hours was 20 per week. It was subsequently increased to 24, and then to 30 hours. Our 2016 <i>Audit of Police Overtime</i> found similar concerns that secondary employment worked on top of overtime could be exacerbating fatigue among officers. Target date: Dec-2019. |
| #24: The Police Department should train employees on the topic of police fatigue and the risks associated with it. | Police | Implemented | The Police Department offers voluntary training related to sleep, insomnia and fatigue by hosting seminars from Kaiser's Health Education Services, Managed Health Network and a sleep specialist. The Department wellness coordinator has also issued articles on sleep, stress and fatigue in safety and wellness newsletters. |
| #25: Because engaging in secondary employment may prolong the recovery of a member who has been injured, the Police Department should (a) ensure that the existing Duty Manual provision prohibiting secondary employment while on disability leave is enforced and (b) develop a process for identifying employees who are working secondary employment hours either concurrently or in the same time frame as taking disability leave hours. | Police | Partly Implemented | The SEU Procedures Manual includes a provision for auditing employee timecards to check whether an employee was on disability leave while working secondary employment. The Department is currently in the process of implementing its scheduling software for special events. The Department advises that the software will include and address concerns raised by the audit. Target date: Dec-2019. |
| #26: The SEU should be housed in the Police Chief's office with the appropriate mix of civilian and sworn employees, with an emphasis on civilians to perform administrative duties and an emphasis on stable staffing and sufficient staffing to provide oversight. Sworn employees should be of sufficient rank to oversee all lower ranks that work secondary employment. | Police | Partly Implemented | In 2012, SEU was moved to the Office of the Chief. The Department requested but was not approved for additional civilian staffing. The Auditor's Office maintains that additional civilian staffing could help relieve sworn staff of administrative duties, and also provide stability to the unit. Target date: Dec-2019. |
| #27: The Police Chief should set clear goals and a timetable for restructuring the secondary employment program and should propose a plan as soon as possible to the City Council for secondary employment going forward. | Police | Partly Implemented | In 2012, SEU management advised that the Department was exploring possibilities for the future structure of the secondary employment program. No further updates have been provided since then. Target date: Dec-2019. |
| #28: The Police Department should: (a) calculate the comprehensive cost of the secondary employment program (personnel, administrative costs, etc.), (b) compare those costs to the revenue generated by related fees, and (c) determine the fees that would be required to make the program 100% cost recovered and present this data to the City Council. | Police | Partly Implemented | SEU management advised that in 2012, the Department was exploring options for the future structure of the secondary employment program. There have been no further updates since then. Target date: Dec-2019. POTENTIAL BUDGET SAVINGS: The personnel costs of operating SEU were estimated at \$747,000 in the audit. Recovery |

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| | | | of these costs through fees would reduce the subsidy by the General Fund. |
| <p>#29: The Police Department should fully recover the cost of secondary employment liability policy either through increased employee contributions or by a fee charged to secondary employers.</p> | Police | Not Implemented | <p>SEU management advised that in 2012, some cost-benefit analysis was conducted and that the Department was exploring options for the future structure of the secondary employment program. There have been no further updates since then. Target date: Dec-2019.</p> <p>POTENTIAL BUDGET SAVINGS: The General Fund subsidy of the secondary employment liability policy was \$59,000 at the time of the audit. If the program remains in its current format, requiring participating employees to pay the full cost of the insurance would eliminate the subsidy of the General Fund.</p> |
| <p>#30: Assuming that the City continues to offer uniformed off-duty employment to private employers, the City should assess the public and private benefits of the current provision of uniformed security services to a broad range of private and public entities. The Department should analyze the costs and benefits of continuing to provide this service on such a broad scale as well as the potential effects of limiting the program to certain types of jobs. The Department should propose a plan for the future of the program to the City Council that includes the results of this analysis.</p> | Police | Partly Implemented | <p>SEU management advised that in 2012, some cost-benefit analysis was conducted and that the Department was exploring options for the future structure of the secondary employment program. There have been no further updates since then. Target date: Dec-2019.</p> |
| <p>12-05 REVIEW OF FIRE DEPARTMENT PERFORMANCE MEASURES: IMPROVING THE USEFULNESS OF DATA (Issued 5/10/12)</p> <p>The objective of our review was to assess the appropriateness and accuracy of the Fire Department’s publicly reported performance measures. The report included 3 recommendations.</p> | | | |
| <p>#1: For those performance measures that it will continue to track, the Fire Department should document methodologies for calculating measures. In particular, the Bureau of Fire Prevention should document its methodologies for calculating and reporting key performance measures, including but not limited to measures for internal day-to-day management and public reporting.</p> | Fire | Partly Implemented | <p>The Fire Department has been working on reviews of performance measures and methodologies since 2012. Additionally, the Fire Department has undergone an organizational review which included an analysis of some performance metrics. The Department’s Information Technology work group expects to complete automating calculations and report generation of key performance measures for the Bureau of Fire Prevention by June 2018.</p> <p>The Auditor’s Office notes that to complete this recommendation, the Department should document methodologies for both external</p> |

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| | | | performance measures and data used for internal, day-to-day management of performance. Target date: Jun-2018 (delayed from Jun-2017). |
| #2: The Fire Department should continue to review—by core service—its performance measures and determine which are most important to monitor and track on an ongoing basis for internal use, management purposes, and for public reporting. | Fire | Partly Implemented | <p>The Department reports that it has reviewed performance measures, and periodically continues such reviews. Performance measures may be included in the NBS Government Finance Review of the non-development fire inspection program.</p> <p>The Auditor's Office will consider this recommendation implemented when the Department provides documentation that selected key performance measures are monitored and tracked on an on-going basis for both internal use and public reporting. Target date: Jun-2018 (delayed from Dec-2017).</p> |
| #3: The Fire Department should assess—by core service—how performance data can be used by management and staff on an ongoing basis to help analyze past performance, establish next performance objectives, and examine overall performance strategies. | Fire | Partly Implemented | The Department is planning and configuring dashboards that would provide staff access to operational performance measures. The Department conducted training for end users in February 2018 on report generation and analytical tools to utilize performance data in improving service delivery. Target date: Jun-2018 (delayed from Dec-2017). |

12-06 ENVIRONMENTAL SERVICES: A DEPARTMENT AT A CRITICAL JUNCTURE (Issued 8/08/12)

The objective of this audit was a broad review of staffing and management with a special focus on how ratepayer funds are used and the proposed Water Pollution Control Plant rehabilitation project. The report included 22 recommendations.

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| #12: In addition to more realistically planning for capital improvements and the related budgeting for capital expenditures, the Environmental Services Department, in coordination with partner departments, should develop and/or update, and formalize fund balance and reserve goals for ratepayer capital funds. | ESD | Implemented | At the time of our audit, large fund balances had accumulated in the City's ratepayer capital funds. In 2014, ESD hired a financial consultant to develop recommendations and financial management best practices to inform operational and strategic decision-making guidelines used during the budget development process. The guidelines are meant to ensure a standard approach for collecting and expending ratepayer funds and establishing fund balance and reserve levels. In 2015, ESD began documenting procedures related to the development of its Capital Improvement Programs. In December 2017, ESD finalized its <i>Standard Procedures for Source and Use Development</i> . The procedures provide guidance on developing reserve levels and fund balances and proper review by ESD leadership. The procedures also identify appropriate levels for specific types of reserves, including |
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| | | | <p>Operations and Maintenance Reserves, Rate Stabilization Reserves, and Equipment Replacement Reserves. In some cases, there are specific target levels for reserves that are defined in the Municipal Code or (in the case of the RWF's Equipment Replacement Reserve) by agreement with the City of Santa Clara.</p> |
| <p>#13: The Administration should propose the City Council establish a City Council Policy which includes guiding principles so as not to raise rates in years in which ratepayer fund balances exceed reasonable targets.</p> | <p>ESD</p> | <p>Partly Implemented</p> | <p>At the time of our audit, the City had accumulated large ending fund balances in its utility funds – totaling more than \$278 million at the end of FY 2010-11. The funds held in the Regional Wastewater Facility (RWF) and sanitary sewer operating and capital funds represented nearly two years of annual sanitary sewer revenue collection. The sources of the large balances were lower than expected capital spending, staff vacancies, and other budget savings. Because of these large balances, we recommended the Administration should propose a policy to hold rates steady when fund balances exceed reasonable targets.</p> <p>With the exception of Muni Water rates, which have increased each year since the audit because of a rise in wholesale water costs, increased operating costs, and water conservation efforts, ESD held all rates at FY 2011-12 levels for a number of years. However, beginning in FY 2015-16, rates began to rise for other services, including sewer service rates that fund operations and capital improvements for the RWF and the sanitary sewer system. In addition, total ending fund balances have remained at more than \$270 million. Target date: Dec-2018 (delayed from Sep-2017).</p> |
| <p>#21: The Administration should consider recommending that the City Council amend the public art ordinance to eliminate the public art requirement for certain ratepayer-funded capital projects, including those related to underground utilities or the wastewater treatment process.</p> | <p>ESD</p> | <p>Partly Implemented (Subject to disagreement)</p> | <p>Among the objectives of our audit was to review the use of ratepayer funds, as well as to identify opportunities to create savings for ratepayers (per Mayor's June Budget Message for Fiscal Year 2011-2012). At the time of the audit, the City's utility rates for sanitary sewer, storm sewer, and potable water resources had risen between 41 and 89 percent over the prior five years (from FY 2006-07 through FY 2011-12). By comparison, inflation over that period rose only 15 percent. As noted in the update to recommendation #13 above, rates had generally stayed steady since the audit before recent increases beginning in FY 2015-16.</p> <p>The use of ratepayer funds is restricted to spending that is related to the service being provided through those rates. Because of these restrictions and to reduce the financial impact on ratepayers, other jurisdictions, including San Francisco and San Diego,</p> |

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| | | | <p>specifically exempt underground utilities, as well as aboveground pipes and similar projects from their percent for public art policies.</p> <p>On June 6, 2017, the City Council amended the public art ordinance to exempt Regional Wastewater Facility (RWF) capital improvement projects from the percent for art ordinance -- saving ratepayers an estimated \$2.5 million over the next five years. However, it did not address public art funding from other ratepayer-funded capital programs, such as the sanitary and storm sewer capital funds.</p> <p>The sanitary and storm sewer capital funds have infrastructure backlogs that potentially will impact utility rates for the City's residents. In January 2018, the Administration estimated that the City had a deferred maintenance backlog of more than \$200 million for the storm sewer system. The total backlog for the sanitary sewer system was being evaluated at the time of the report; however, the Administration estimated the system needed an additional \$1.5 million annually to maintain the system. The 5-year Capital Improvement Program allocates \$2.2 million to public art in the sanitary sewer, storm sewer, and water utility capital funds. Much of this is derived from underground utility projects.</p> <p>The Administration has indicated that it does not plan any further changes to the Public Art Ordinance at this time. Target date: TBD.</p> <p>POTENTIAL BUDGET SAVINGS: The Adopted 2018-2022 Capital Improvement Program allocates \$2.2 million to public art in the City's remaining ratepayer funded capital funds (primarily the Sanitary Sewer Capital Fund).</p> |

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| #22: The Administration should propose the City Council adopt a City Council Policy which includes guiding principles for evaluating ratepayer costs and rate increases for fairness and appropriateness, and balancing priorities, such as safe and reliable services, cost efficiency, ratepayer impacts, and environmental outcomes. | ESD | Partly Implemented | See recommendations #13 above. Target date: Dec-2018 (delayed from Dec-2016). |
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12-07 FIRE DEPARTMENT INJURIES: A MORE COORDINATED RESPONSE AND BETTER FOLLOW-UP IS NEEDED (Issued 9/12/12)

This audit focused on the handling of workplace injuries and the timeliness of treatment and recovery. The report included 15 recommendations.

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| <p>#3: We recommend that the Administration review and update Fire Department job descriptions with more specific descriptions of the physical requirements of what employees actually do on a day-to-day basis, and make the job descriptions and physical requirements easily accessible to physicians.</p> | <p>Human Resources, Fire</p> | <p>Partly Implemented</p> | <p>As discussed in the audit, the job descriptions for the firefighter series have not been updated since 1999 and have similar physical requirements for differing classifications and ranks that could needlessly limit getting employees back to work.</p> <p>The Fire Department is planning to work with HR to review and update Fire Department job descriptions based on the National Fire Protection Association's guidelines. Target date: Jun-2019 (delayed from Jun-2018, originally targeted for Jun-2017).</p> |
| <p>#5: The Administration and Employee Health Services should streamline and refocus the annual physicals by</p> <ul style="list-style-type: none"> a. removing duplication and focusing on job-specific and State-mandated requirements, and b. developing a process for handling those individuals who are unable to meet pre-determined minimum fitness thresholds. This may be subject to meet and confer and could be applicable to other employees in physically demanding positions around the City. | <p>Human Resources</p> | <p>Partly Implemented</p> | <p>We previously reported that the Fire Department and the City Employee Health Services Department never implemented a Safety Committee recommendation to implement outcome-based physicals. These physicals were to incorporate recommendations from the National Fire Protection Association Standard on Comprehensive Occupational Medical Program for Fire Departments.</p> <p>The Department has implemented a semi-annual health risk assessment fitness evaluation. If an employee gets a "fit score" of 2 or below, the Fire Chief may direct the employee to participate in a fitness program while on duty.</p> <p>Employee Health Services recently hired a full-time Nurse Practitioner (from a previous part-time position) and developing improved Medical Director resources which will enable the department to coordinate with the Fire Department to revise the annual physicals. Target date: Jun-2019 (delayed from Jun-2018).</p> |
| <p>#6: To ensure that Fire employees returning to the field from a long absence of any kind are physically able to perform their job functions, the City should develop a policy and process to require them to undergo a physical agility test. This may be subject to meet and confer, and could be applicable to employees in other physically demanding positions around the City.</p> | <p>Human Resources, Fire, Employee Relations</p> | <p>Not Implemented (Subject to meet and confer)</p> | <p>When employees return to work after a long period, the City generally relies on the employees' physician to determine the employee's physical ability. However, we reported in the audit, that the City has minimal communication with physicians on what a firefighter's job entails. Further, even though all entry-level firefighters undergo a comprehensive job-specific physical fitness test, they never take it again after the first time. The City has no way of knowing whether being away from the field for a long period has hampered the employee's ability to effectively perform his/her job functions.</p> <p>The Department has implemented a semi-annual health risk assessment fitness evaluation. If an employee gets a "fit score" of 2 or below, the Fire Chief may direct the employee to participate in</p> |

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| | | | <p>a fitness program while on duty. The Department also advises that the annual employee evaluation is an additional tool that supervisors can utilize if an employee is unable to fulfill their job requirements.</p> <p>According to HR, it is currently in the process of staffing up Employee Health Services—it recently hired a full-time Nurse Practitioner. It plans to work with the Fire Department and OER to develop resources to ensure that Fire employees returning to the field after a long absence are physically able to perform their job functions. Target date: Jun-2019 (delayed from Dec-2018).</p> |
| <p>#7: We recommend that the Administration clarify and reevaluate the role of Employee Health Services, including, potentially, its role in:</p> <ul style="list-style-type: none"> a. testing employees' physical abilities to return to work after long leaves of absence, b. the Fire Department's return to work process, and c. regularly contacting physicians to clarify employee restrictions and provide them with details about the City's ability to accommodate the various restrictions. | Human Resources | Not Implemented | <p>Currently Employee Health Services has only one staff person when during the audit it had 3.5 FTE including a full-time physician. Many of Employee Health Services' responsibilities have been outsourced to contracted employees. A reevaluation of the role of Employee Health Services is pending. HR is currently working on increasing staffing in Employee Health Services and recently hired a full-time Nurse Practitioner. HR plans on evaluating the role of Employee Health Services once it has been staffed up.</p> <p>The City also does not routinely test an employee's abilities to return to work after long leaves of absences. This is important because the goal of these types of tests is to ensure that all firefighters are in a physical condition to perform basic job functions. HR plans to develop proposed physical agility protocols in conjunction with Employee Health Services for evaluation by OER and the Fire Department.</p> <p>The TPA contract requires the TPA to confirm medical status with the physician, and work closely with the City and the primary treating physician to maximize return to work potential and utilize all available resources to minimize the City's exposure. HR is working with the new TPA (Intercare) to further define and develop its role in the return-to-work process. See also recommendation #5. Target date: Jun-2019 (delayed from Dec-2018).</p> |
| <p>#8: To ensure proper attention is given to the cost of workplace injuries, the Fire Department should</p> <ul style="list-style-type: none"> a. work with the Workers' Compensation Division to develop and report on the total costs of disability leave (including the cost of backfilling employees on disability leave), and | Fire | Partly Implemented | <p>According to the City's agreement with Local 230, the City agrees to maintain a minimum level of staffing at all times. This means that when an employee is out on disability the Department has to backfill that position, either through relief staff or through overtime. During the audit we estimated that backfilling for positions that were out on disability would cost the City an additional \$2.5 million.</p> |

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| b. develop goals to reduce these costs by getting employees back to work as soon as possible. | | | Developing goals for reducing injuries and disability costs is good governance and a first step to developing a safety culture. The Department has requested injury and leave data from HR. It will continue to work with HR to develop goals and a more comprehensive approach to the return-to-work program. Target date: Jun-2018. |
| #12: We recommend that the Fire Department review injury data and incorporate the review results into regular safety trainings. | Fire | Partly Implemented | The Fire Department has prioritized hiring a Department Safety Officer by October 2018. The Department plans to have the Safety Officer focus on developing strategies to evaluate injury data and trends for use in training. Target date: Jan-2019 (delayed from Jan-2018, originally targeted for Dec-2016). |
| #14: We recommend that the Fire Department prioritize improving its safety culture by dedicating the appropriate personnel with the right authority to enforce and coordinate changes and raise awareness about employee injuries. | Fire | Partly Implemented | Prior to July 2011, the Department had a dedicated safety officer whose job was to respond to and investigate serious incidents, review supervisory accident investigations and ensure that they were completed, respond to fire and vehicle incidents and provide weekly reports of injuries in the Fire Department. The Department eliminated this position in July 2011 and has not yet added it back. Many of the safety officer functions fall on battalion chiefs. The Fire Department has prioritized hiring a Department Safety Officer by October 2018. Target date: Dec-2018 (delayed from Dec-2017). |
| #15: We recommend that subject to meet and confer with the bargaining units, the City should discontinue its practice of paying Fire and Police employees' premium pays when the employees are off of work due to a disability. | Employee Relations | Partly Implemented (Subject to meet and confer) | <p>The City previously discontinued its practice of paying Police employees' premium pays when the employees are off work due to a disability. This has not been implemented for Fire employees. The City will continue to negotiate issues related to premium pays as they relate to Fire employees. Target date: Dec-2018.</p> <p>POTENTIAL BUDGET SAVINGS: At the time of our audit, we estimated that discontinuing these premium pays would save the City over \$600,000 on an annual basis.</p> |

12-08 TEN YEARS OF STAFFING REDUCTIONS AT THE CITY OF SAN JOSÉ: IMPACTS AND LESSONS LEARNED (Issued 11/08/12)

The purpose of this audit was to assess the impact of position eliminations, including layoffs, have affected the organization. The report included 7 recommendations.

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| #1: We recommend eliminating bumping from the City's civil service rules as it is not cohesive with the City's modernized broadband | Employee Relations | Not Implemented | This recommendation would have to be considered as part of labor negotiations. Target date: Dec-2018. |
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| classification structure nor with the complex and specialized work that many City employees do. If elimination is not possible, we recommend: limiting bumping to intradepartmental bumping only, limiting the number of people who can bump into a given position over a given time period, limiting the number of bumps and reinstatements into a given work unit over a given time period, and/or lowering the threshold for meeting position exemption requirements. | | (Subject to meet and confer) | |
| <p>#2: Modify the reinstatement process to</p> <ul style="list-style-type: none"> a) Allow departments to choose the most qualified candidate on the City reinstatement lists when such lists are in effect, regardless of seniority. b) Develop an exemption process for managers who have compelling cases for not filling critical positions from reinstatement lists. c) Allow employees to waive reinstatement for a certain time period or a certain number of opportunities. | Employee Relations | <p>Not Implemented</p> <p>(Subject to meet and confer)</p> | This recommendation would have to be considered as part of labor negotiations. Target date: Dec-2018. |
| #3: Pursue changes to the layoffs, bumping and reinstatement rules that subordinate seniority and factor in applicable job skills, recent job performance and disciplinary records. | Employee Relations | <p>Not Implemented</p> <p>(Subject to meet and confer)</p> | This recommendation would have to be considered as part of labor negotiations. Target date: Dec-2018. |
| <p>13-02 DEFERRED COMPENSATION: THE CITY CAN STREAMLINE AND IMPROVE THE ADMINISTRATION OF ITS DEFERRED COMPENSATION PROGRAM (Issued 2/13/13)</p> <p>The objective of our audit was to review the current administration of the City's Deferred Compensation Program with a focus on the crediting and handling of employee accounts. The report included 8 recommendations.</p> | | | |
| <p>#4: The City Attorney's Office and Human Resources should review the Deferred Compensation Plans and draft amendments to the Municipal Code as follows:</p> <ul style="list-style-type: none"> a) Assign responsibility for administering the Plans to the City Manager or her designee, including the operation and interpretation of the Plans in accordance with their terms | Human Resources, City Attorney | Not Implemented | The City Attorney's Office has continued to work with outside counsel on revisions to the Municipal Code and creation of separate plan documents. The Deferred Compensation Advisory Committee's (DCAC) outside consultant has provided comments to the proposed revisions and provided comments. City staff reviewed the consultant's comments with outside counsel and anticipates bringing the changes to the DCAC and the Administration for review by the end of the June 2018. However, |

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| <p>and contractual authority to enter into contracts for the administration of the Plans.</p> <p>b) Clarify the oversight role and responsibilities of the Deferred Compensation Advisory Committee, including reviewing and advising on annual budgets and proposed changes to the Plan document, the Investment Policy, and the investment menu, and reduce the Committee's required meeting frequency to a semiannual or as-needed basis.</p> <p>c) Leave the basic provisions of the Deferred Compensation Plans in the Municipal Code (Name, Purpose, Establishment of Trust, Definitions, Deferral of Compensation, Participation in the Plan, and Administration of the Plan, etc.), and remove the specifics of the Plans so that they can be put in stand-alone Plan documents.</p> <p>d) Authorize the City Manager or her designee to prepare and adopt the stand-alone Plan documents and update the Plan documents as necessary to conform with necessary legal or operational changes (while requiring any benefit changes to be approved by the City Council).</p> | | | <p>the Administration has indicated they may be reconsidering whether they agree with this recommendation. Target date: Dec-2018 (delayed from Jun-2017).</p> |

13-04 FIRE PREVENTION: IMPROVE FOLLOW-UP ON FIRE CODE VIOLATIONS, PRIORITIZE INSPECTIONS, AND TARGET PUBLIC EDUCATION TO REDUCE FIRE RISK (Issued 4/10/13)

This audit focused on the non-development fire prevention services provided by the Fire Code Compliance Division of the Bureau of Fire Prevention and related Fire Code inspections performed by fire station personnel. The report included 20 recommendations.

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| <p>#3: The Fire Department should: (a) enforce the BFP policy regarding the issuance of administrative citations for recurring violators as a means to encourage compliance and promote safety, (b) ensure that staff applies fines in the Administrative Citation procedure consistently, and (c) ensure that the Department is charging for all re-inspections.</p> | Fire | Partly Implemented | <p>Parts (a) and (b) have been implemented. In 2013, the Fire Department completed an Administrative Citations Policy that included the Department's policy regarding the issuance of administrative citations for recurring violations as a means to encourage compliance and promote safety. Additionally, Fire Inspectors were trained on the administrative citations procedures manual to ensure that they apply fines consistently.</p> <p>Part (c): The NBS Government Finance non-development fee study that will include an analysis of the current fee structure. The Department reports that a temporary delay of the study was due to end of year fiscal deadlines and limited staffing resources. Target date: Jun-2019 (delayed from Dec-2017 due to delays on the consultant study).</p> |
| <p>#6: Fire Department management should (a) ensure that necessary data (inspections, staff activities, etc.) is entered into FireHouse consistent with the policies in Recommendation #4, (b) confirm that the programming/queries underlying the useful reports in FireHouse are accurate and provide the content that management understands it to include, and (c) use the reporting tools in FireHouse to manage workload and staff more effectively.</p> | Fire | Partly Implemented | <p>Part (a) has been implemented. The Fire Department created and will maintain desktop manuals that serve as references for new employees. Random samples of entries are reviewed to validate data entry as part of a quality assurance process.</p> <p>Parts (b) and (c): The Bureau of Fire Prevention (BFP), in conjunction with Fire Administration, continues to work on reporting tools in FireHouse. The consultant study currently underway by NBS Government Finance is expected to provide further improvements in this area. Target date: Jun-2019 (delayed from Dec-2017).</p> |
| <p>#7: Fire Department management should use the data in the staff activity report to analyze how inspection workload compares to staffing levels.</p> | Fire | Partly Implemented | <p>The BFP tracks the number and type of inspections to evaluate workload and performance, comparing workload for inspections with staffing levels. The Department has improved its methodology and has created automated reporting tools to more effectively utilize staff activity data to allocate resources. The NBS Government Finance study is expected to assess how staff activity,</p> |

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| | | | including inspection hours, can be used to better manage inspector workload. Target date: Jun-2019 (delayed from Dec-2017). |
| #9: The Department should reexamine its non-development fire permit fee structure to charge San José facilities based on fire safety risk. | Fire | Not Implemented | Analysis of a risk-based inspection/fee model and their applicability to the City of San José is included in the scope of work by NBS Government Finance study currently underway. Target date: Jun-2019 (delayed from Dec-2017). |
| #10: The Fire Department should work with the Finance Department to ensure timely and sufficient follow-up on overdue accounts. The Finance and Fire Departments should work together to develop written policies and procedures that outline the division of responsibility for accounts between the Fire Department and the Finance Department. | Fire, Finance | Partly Implemented | <p>The Fire Department reports that Fire staff have met with Finance Department staff and have discussed steps to address overdue accounts and improve collections. Fire staff continue to provide Finance with information about overdue accounts on a monthly basis. Target date: Jun-2018 (delayed from Dec-2017).</p> <p>POTENTIAL BUDGET SAVINGS: The audit identified \$1.2 million in one-time savings that could be generated by collecting revenue from overdue accounts.</p> |
| #12: The Fire Department should update the organizational chart of Fire Administration, ensure that the appropriate separation of duties is in place, and develop written policies and procedures regarding billing processes. Such policies and procedures should address functions such as account: (a) invoicing (b) adjustments and credits (c) collections and (d) write-offs. | Fire | Partly Implemented | The Department created an organizational chart for Fire Administration in 2013 along with policies and procedures related to (a) invoicing, (b) adjustments and credits, and (d) write-offs. As described in Recommendation #10, Fire and Finance staff are reviewing the process related to collections and responsibilities of accounts. Target date: Jun-2018 (delayed from Jun-2017). |
| #14: The Fire Department should revise the calculation of state-mandated inspections to include only those that are state-mandated, or revise the wording of the performance measure to accurately reflect what it measures. The Department should determine whether to continue annual inspections of assemblies and facilities with hazardous materials in the context of a comprehensive risk assessment. | Fire | Partly Implemented | <p>The Fire Department reviewed its methodology for calculating State-mandated inspections and now reports on assembly inspections separately from State-mandated inspections. The inclusion of hazardous materials inspections is under review. The consultant study currently underway will include analysis of inspection service delivery models and fee programs.</p> <p>Separately tracking the completion of State-mandated inspections from inspections that are not State-mandated enables the Department to accurately show compliance with state law and to prioritize inspections. Target date: Jun-2018 (delayed from Dec-2017).</p> |

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| <p>#17: To implement a risk-based inspection approach, the Fire Department should develop a workload analysis that assesses: (a) staffing requirements in the Bureau of Fire Prevention, (b) the effective use of light-duty firefighters and line staff in fire prevention activities including public education, and (c) how much additional time could become available if the Department conducted fewer re-inspections.</p> | Fire | Not Implemented | <p>Parts (a) and (c): The consultant study underway by NBS Government finance will include recommendations for a new inspection service delivery model.</p> <p>Part (b): To the extent possible, the Department has been utilizing light duty personnel who have been trained in fire safety code inspections, analytics, and fire prevention education. Target date: Jun-2019 (delayed from Dec-2017).</p> |
| <p>#19: The Fire Department should develop a public education program based on the fact that many fires and most of the fire deaths in recent years occurred in multifamily residences. Public education efforts should include working with the community to provide education to children and other high-risk groups as well as education about and access to smoke detectors.</p> | Fire | Partly Implemented | <p>The Fire Department's Strategic Business Plan, Vision 2023, was presented to the City Council in June 2016. Part of the focus of Vision 2023 was Community Alliance. The action plan included goals to expand community partnerships and promote public education. Additionally, the Fire Department has undergone an organizational review by an external consultant. The Department advises that at this time, implementation of plans to fulfill public education goals would require additional resources. Currently, the Department makes smoke detectors available when possible for line staff to distribute to residents.</p> <p>As stated in the Recommendation, public education is critical to fire prevention because many fires and fire deaths occur in multifamily dwellings, which are subject to limited fire inspections. At the time of our audit, multi-family dwellings and hotels/motels made up about a quarter of the facilities with outstanding fire code violations. Target date: Jun-2019.</p> |
| <p>#20: The Fire Department should continue to develop a Public Relations Committee as a way to connect with the community and provide targeted public education. The Department should assess the extent to which light or modified-duty firefighters could perform public education activities.</p> | Fire | Partly Implemented | <p>Shortly after the publication of the audit, the Department's public education staff and a public relations committee developed an initial work plan to reach out to neighborhood associations throughout the City. The Fire Department's Strategic Plan incorporates public education into to the Department's goals. However, the Department advises that resources are not currently available to roll out the implementation of the public education programs. Target date: Jun-2019 (delayed from Jun-2018).</p> |

13-05 TAXI SERVICE AND REGULATION IN SAN JOSÉ: AN OPPORTUNITY TO REEVALUATE CITY PRIORITIES AND OVERSIGHT (Issued 5/24/13)

In September 2012, the City Council asked the City Auditor to determine: whether the taxi service model had yielded the results the City expected; whether Taxi San Jose was performing as expected; and the impact and effectiveness of the current airport permit allocations. The report included 6 recommendations.

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| #6: The City Council should consider seeking a regional approach to taxicab regulation. | City Manager | Implemented | <p>On October 13, 2017 the Governor signed AB 1069 (Low) Local Government: Taxicab Transportation Services into law. It will take effect on January 1, 2019. Among its provisions, AB 1069 would allow a taxicab driver to obtain a single permit, in the city or county in which s/he is “substantially located.” (A taxicab company or taxicab driver is substantially located within the jurisdiction where the primary business address of the company or driver is located. A taxicab company or taxicab driver is also substantially located in the jurisdiction within a single county in which trips originating in that jurisdiction account for the largest share of that company or driver’s total number of trips within that county over the past year and determined every five years thereafter.) Other jurisdictions in which taxicab companies or drivers are not substantially located would be prohibited from placing licensure, permitting, or certification requirements on them.</p> <p>Although AB 1069 does not necessarily mandate a regional approach to taxicab regulation, it would alleviate the burden on taxicab drivers, who will no longer be required to obtain multiple permits in various jurisdictions.</p> |
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13-06 CONSULTING AGREEMENTS: BETTER ENFORCEMENT OF PROCUREMENT RULES, MONITORING, AND TRANSPARENCY IS NEEDED (Issued 6/12/13)

The purpose of this audit was to assess whether the City’s oversight of consulting agreements was sufficient to ensure the City is getting the services it is paying for. The report included 15 recommendations.

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| #5: The City Manager’s Office should revisit the role of the Finance Department with respect to consultant procurements, evaluating whether its current level of involvement and resources is adequate. | City Manager | Not Implemented | The City’s Municipal Code gives the Finance Director broad responsibility and authority with respect to procurements, including contract procurement. However, because of staff reductions during |
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| | | | <p>times of budget deficits, non-procurement and procurement staff alike were spread thin across the City.</p> <p>In coordination with the City Manager's Office, the City Attorney's Office has addressed some of the inconsistencies by providing a template document for consultant agreements. The template includes very detailed instructions on the requirements for such agreements and general information on procurement processes. The City Manager's Office hosted training for department contract managers, however that training did not address specific procedures for managing procurements.</p> <p>There has been no progress on reevaluating roles and responsibilities as of yet. To fully implement this audit recommendation, the reallocation or addition of resources would be required. Target date: Dec-2020.</p> |
| <p>#7: To lessen the burden on City staff while fostering improved competition in consultant procurements, the Finance Department should include in its annual procurement training simplified procurement processes for smaller consulting contract procurements while encouraging full and open competition, and define when these simplified processes can be used.</p> | Finance | Partly Implemented | <p>Finance secured \$60,000 in the FY 2017-18 budget to pilot software to create and maintain templates to help streamline the City's procurement process. The pilot is scheduled to take place in the upcoming year. At the conclusion there will be an assessment of effectiveness of the new program.</p> <p>The agreement for the pilot is was executed the week of 2/5/18. A new RFP template has been written and an RFP classroom training will be held in 2018. Target date: Jun-2018.</p> |
| <p>#8: We recommend that the City:</p> <ul style="list-style-type: none"> a) Reconcile overpayments as described above and get reimbursed for these overpayments, b) Document any changes in consulting contract terms or requirements through a formal contract amendment, and enforce existing contract terms. If the contract allows for changes in terms without amendments, such changes should be documented in writing, and c) Require contract managers to reconcile previously received deliverables to contract payments during the contract amendment process, prior to increasing contract amounts. | Finance | Partly Implemented | <p>The Department has reported no progress since 2014. Contract management has become largely decentralized and individual departments are largely responsible for documenting changes to contract terms and reconciling received deliverables to contract payments during the amendment process. The role of Finance in contract management is somewhat dependent on the outcome of recommendation #5 and a possible increase in staffing to help manage additional tasks. Target date: Dec-2020.</p> |

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| <p>#9: We recommend the Administration develop Citywide policies and procedures on contract monitoring and management including:</p> <ul style="list-style-type: none"> - a standardized contract management process, - organization of contract files, - checklists for tracking agreed-upon deliverables and line item budgets, - components of invoice review which link payments to contract deliverables, and - documenting deliverables prior to payment. <p>We further recommend that the City require contract administrators to annually certify they have reviewed and understand those policies and procedures.</p> | Finance | Not Implemented | <p>While the City Administration conducted a training on contract management (primarily for administrative officers) in 2014, these processes still need to be incorporated into Citywide policies and procedures.</p> <p>Once these have been developed, the City needs to require its contract administrators to annually certify that they have reviewed and understand them. As we mentioned in the audit, the City requires all employees to certify understanding of its procurement card policy (where spending limits are frequently below \$10,000), but employees monitoring millions of dollars of taxpayer funded consulting contracts require no such accountability and receive no training on how to monitor these contracts. Target date: Jun-2018.</p> |
| <p>#10: For inter-departmental contracts, we recommend the Administration require staff to designate a responsible staff member who would be accountable for all aspects of contract monitoring, including invoice approval and review.</p> | Finance | Not Implemented | <p>The Department reports no change since 2013. At this time, contract management and monitoring has largely been delegated to individual department staff. Further centralizing of contract monitoring may require additional staff. Dependent on the determination of the role of the Finance Department with respect to consultant procurements, see recommendation #5. Target date: Jun-2018.</p> |
| <p>#11: We recommend the Administration ensure that:</p> <ol style="list-style-type: none"> a) Staff managing contracts conform with current City contract retention policies and, consistent with those policies, keep all documents related to contract procurement, Conclusion 41 compliance and monitoring, including all documents related to contract renewals, amendments, continuation agreements, and other contract modifications; and b) Require staff to include a notation regarding the City's retention policies in each individual contract file. | Finance | Not Implemented | <p>The Department reports no change since 2013. The Department notes that additional staff are required to implement the recommendation and due to fiscal constraints no staff will be added at this time. Target date: Jun-2020.</p> |
| <p>#13: We recommend that the City Administration include the City's Conflict of Interest and Ethics policies in its annual procurement and contract monitoring training.</p> | Finance | Partly Implemented | <p>The department reports no change since December 2016 update. All staff who are involved with consulting contract monitoring and procurement should have adequate training to recognize and prevent behaviors that compromise wise stewardship of public moneys. The Finance Department has uploaded an online</p> |

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procurement training. However, that training does not include the City's conflict of interest and ethics policies. Target date: Jun-2018.

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| <p>#15: Once a new electronic data management system is available, we recommend the City Clerk prepare and annually post a listing of payments to consultants over the previous year, including: (a) the consultant's name, (b) the general nature of the work performed, (c) the type of procurement process used, (d) the department, and (e) the amount paid.</p> | City Clerk | Partly Implemented | As noted in the audit, the City's current electronic data management system (CHAD) was outdated and limited. It was also not accessible to members of the public. The new system, GILES, contains information on ordinances, resolutions, and contracts. GILES went live in March 2018. Target date: Sep-2018 (delayed from Dec-2017). |
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13-10 INDIRECT COST ALLOCATION: IMPROVED PROCEDURES AND BETTER COMMUNICATION NEEDED (Issued 11/14/13)

The objective of our audit was to review and evaluate the City's FY 2013-14 city-wide overhead plan for appropriateness and accuracy. The report included 13 recommendations.

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| <p>#5: To improve how it allocates overhead to capital projects, the Finance Department should:</p> <ul style="list-style-type: none"> Utilize a workload estimate or other appropriate alternative allocation methodology to account for City Manager, Mayor and City Council, and other central service costs related to capital programs Back out capital rebudgets from the calculation of the department budget size allocation base | Finance | Implemented | Finance adjusted how it allocates certain Public Works' related capital costs to better reflect workload during the preparation of the FY 2015-16 Indirect Cost Allocation Plan (CAP). In addition, Finance received Capital Project Budget Adjustments from the Budget Office and removed capital appropriations that had carried over from prior years for the FY 2018-19 CAP (similar to the treatment of carried over operating budgets). |
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| <p>#6: To ensure that vehicle and equipment costs in the Equipment Usage cost pool are consistently and accurately allocated, the Finance Department should:</p> <ul style="list-style-type: none"> Treat grant-funded vehicles and equipment as unallocated costs (similar to how grant-funded building assets are treated in the Building Occupancy cost pool) Treat vehicles and equipment purchased through departmental non-personal budgets consistently Review and standardize the vehicle and equipment fixed asset schedules in the Cost Allocation Plan Remove any assets which are more than 15 years old and whose historical cost has been recaptured in past Cost Allocation Plans | Finance | Implemented | The Finance Department reviewed the vehicle and equipment schedules and removed assets more than 15 years old during the preparation of the FY 2014-15 CAP. They also standardized the fixed asset schedules and evaluated the treatment of vehicle and equipment purchases in departmental non-personal budgets for the FY 2015-16 CAP. For the FY 2018-19 CAP, Finance was able to identify grant-funded vehicles and equipment and cross-referenced that a Grant Inventory Listing for preparation of the plan. |
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| #12: To enhance transparency, Finance should include descriptions in the Cost Allocation Plan document of the services being allocated, the methodology used to allocate costs, and the decisions made regarding allocable and unallocable costs. Preceding the cost allocation schedules should be an introduction that describes the purpose of the plan and the process of cost allocation. | Finance | Implemented | Overhead calculations within the CAP are complicated, which can make the CAP difficult to understand. For the FY 2018-19 CAP, Finance has written an introduction section for the cost allocation plan that describes the central service costs and allocation bases for how costs are allocated in the plan. |

13-11 CODE ENFORCEMENT: IMPROVEMENTS ARE POSSIBLE, BUT RESOURCES ARE SIGNIFICANTLY CONSTRAINED (Issued 11/14/13)

The objective of our audit was to review and assess the efficiency and effectiveness of Code Enforcement operations and consequences of recent reductions. The report included 22 recommendations.

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| #8: The City Administration should propose to expand the Residential Occupancy Permit program to include condominiums functioning as rental apartment complexes. | Code Enforcement | Not Implemented | <p>The goal of the Residential Occupancy Permit Program is to provide minimum safety and habitability standards for renters. As reported in the audit, about 41 percent of residents are renters, and approximated the total number of renter-occupied units at 125,000. In comparison, the Multiple Housing Program issued Residential Occupancy permits for about 84,000 units. This net difference of 41,000 units could mean that as much as a third of San José's residents are not receiving the same level of service afforded to other rental residents. The current City policy to exclude condominiums that may house hundreds of renters defeats the underlying purpose of the program and puts a significant portion of San José's renters at risk.</p> <p>Code Enforcement is currently in the process of working with CSDC Systems Inc. to upgrade its database system. Because this system includes multiple other departments (Planning, Building, Public Works and Fire), implementation has been delayed to 2019. Once system implementation is complete, the Department will revisit this recommendation. Target date: Nov-2019 (delayed from Jul-2018).</p> |
| #12: To ensure tenants are aware of deficiencies found in their place of residence, Code Enforcement should formally inform tenants of the violations found and the deadline for compliance. | Code Enforcement | Partly Implemented | Code Enforcement inspectors contact property owners or their representatives to schedule inspections. However, no information is provided to tenants as to the purpose of this inspection, what types of violations have been found, or even to alert them that an inspection occurred in their place of residence. |

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| | | | Code Enforcement anticipates that the new database system will provide them the capability of easily generating such a letter after inspections have been completed. Target date: Nov-2019 (delayed from Jul-18). |
| #16: Code Enforcement review options to replace or enhance its code enforcement database (CES) and include options for mobile units and interfacing with other city databases. | Code Enforcement | Partly Implemented | As described in the audit, Code Enforcement's current database does not have the capability of interfacing with PBCE's primary database to retrieve property related information while out in the field, research any residual permit information or document information immediately after completing an inspection. Code Enforcement anticipates that its new database will provide inspectors with full access to this information. Target date: Nov-2019 (delayed from Jul-2018). |
| #17: In order to ensure that the Multiple Housing roster is complete, Code Enforcement should: a) Periodically update its Multiple Housing Roster with newly issued Certificates of Occupancy from the AMANDA database; and b) Automate the process when it replaces its database. | Code Enforcement | Partly Implemented | Code Enforcement staff has to manually update the Multiple Housing roster by checking the AMANDA database for newly issued Certificates of Occupancy. This manual process can be unreliable. Code Enforcement anticipates that the new database will automate this process and has begun working with CSDC Systems Inc. to map out the process to include in the new system. Target date: Nov-2019 (delayed from Jul-2018). |

13-12 AUDIT OF EMPLOYEE TRAVEL EXPENDITURES (Issued 12/11/13)

The objective of our audit was to review a sample of employee travel expenditures for appropriateness and compliance with policy, and to determine the extent to which City departments provide an effective control environment for travel authorizations and expenses. The report included 13 recommendations.

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| #8: The Administration should require, through the City Procurement Card Policy, that procurement card approvers attach travel coordinator-approved Travel Statements as supporting documentation for travel-related procurement card expenditures. | Finance | Partly Implemented | The Procurement Card Policy is currently under review. Target date: Jun-2018 (delayed from Dec-2017). |
| #11: To minimize work effort and facilitate timely approvals, the Administration should implement an electronic travel authorization system, and until then should encourage departments to use electronic pre-trip and post-trip approval. | Finance | Not Implemented | The Finance Department reports that it is exploring electronic solutions by reaching out to vendors with experience in governmental expense reimbursement experience. Target date: Jun-2018. |

14-02 LIBRARY HOURS AND STAFFING: BY IMPROVING THE EFFICIENCY OF ITS STAFFING MODEL, THE LIBRARY CAN REDUCE THE COST OF EXTENDING SERVICE HOURS (Issued 3/13/14)

The objective of this audit was to assess the impact of budget reductions on library hours and staffing, and to identify opportunities to increase the efficiency and effectiveness of scheduling and staffing. The report included 15 recommendations.

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| <p>#1: To improve branch library usage, the Library Department should adjust hours of operation based on an evaluation of usage by day and by hour at the branch level (i.e., adding more heavily trafficked hours). As it adds back hours of service, the Library should continue to monitor and evaluate branch usage patterns to ensure additions serve community needs.</p> | <p>Library</p> | <p>Implemented</p> | <p>The Library Department reviews customer usage data and publishes quarterly reports to ensure that the days and times offered meet community needs. In 2015, Library staff developed a six-day operating schedule that allowed branch libraries to be open during hours that are heavily requested and utilized by the community.</p> <p>In November 2017, the Library completed work with a contractor on a dashboard that allows for predictive scheduling of staff hours based on Library usage. The dashboard is used across the Library at all branch locations. Data is updated on a weekly basis and predictions are adjusted based on foot traffic and circulation. The information is used in staff meetings to inform scheduling decisions and while the Library does not anticipate being able to add additional hours, the dashboard can assist staff with adjusting hours to meet community needs.</p> |
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| <p>#13: The Library Department should revise classifications, as needed, to reflect changes to the department's service model.</p> | <p>Library</p> | <p>Implemented</p> | <p>On April 6, 2017, revisions to the following Library classification specifications were approved by the Civil Service Commission: Literacy Program Specialist.</p> <p>On September 7, 2017, revisions to the following Library classification specifications were approved by the Civil Service Commission: Senior Librarian, Librarian I/II/ PT/FT, Library Assistant, Senior Library Clerk, Library Clerk I/II PT/FT, Library Page PT, Library Aide PT.</p> <p>On November 7, 2017 City Council approved the reclassification of the senior librarian. The other position changes did not require City Council approval because the changes did not alter the pay plan.</p> |
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14-07 CITY PROCUREMENT CARDS: BETTER OVERSIGHT AND STREAMLINED PROCESSES WOULD IMPROVE PROTECTION OF PUBLIC RESOURCES (Issued 9/18/14)

This periodic audit of the City's procurement card program included testing transactions for reasonableness and compliance with policy, and identifying ways to streamline the approval and payment process. The report included 7 recommendations.

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| <p>#1: We recommend that the Finance Department revise the Procurement Card Policy to:</p> | Finance | Partly Implemented | <p>In 2015, the Finance Department began drafting revisions to the City Procurement Cards policy (Section 5.1.2 of the City Policy Manual) to reflect these recommended changes, aimed at enforcing prudent and responsible expenditure of City funds.</p> |
| <ul style="list-style-type: none"> a) Emphasize the responsibility cardholders have to make prudent purchases; b) Include questions that guide cardholders to evaluate the reasonableness of their purchases; c) For purchases that require IT approval, require documentation of that approval be attached to p-card statements; d) Change the approval process for Council appointees to require review by the Finance Department and referral to the Mayor's Office or City Council in cases of potential policy violations; e) Clarify the department coordinator's responsibility to notify Finance of all violations and that Finance should only refer personal purchases to OER; and f) Establish a process to have frequent contact via email with department coordinators to remind them of important policies and procedures. | | | <p>Since then, the Department has decided to rework the p-card policy, dividing it into two parts: a high-level administrative policy and a detailed p-card administrative guide. Both documents are currently in outline/draft form.</p> <p>Target date: Jun-2018 (delayed from Dec-2016 due to senior staff vacancies in the Finance Department and revised approach).</p> |
| <p>#3: To improve transparency, accountability, and legibility, the Finance Department should create a pilot program that:</p> | Finance | Partly Implemented | <p>The Finance Department began working with U.S. Bank in 2015 to determine whether it should wait to begin using online modules until the update of the City's financial reporting software is complete. At the time, the Department determined that the online approval module was not workable with the City's financial reporting software, however US Bank has since updated its online reporting tool and staff are reviewing it anew.</p> <p>The revised p-card policy also makes reference to measures for improved transparency, which are to be detailed within a p-card administrative guide. Both documents are currently in outline/draft form. Target date: Jun-2018 (delayed from Dec-2016 due to senior staff vacancies in the Finance Department and revised approach).</p> |

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| d) States that sufficient documentation of p-card purchases includes line item transaction detail stored in Access Online for a list of approved vendors (e.g. Office Max). | | | |
| #7: The City Administration should ensure that p-card expenditures accurately categorize expenditures by type of budgetary purposes. | Finance | Partly Implemented | In 2015, the Finance Department included this recommendation in the revised City Procurement Cards policy, which is being reworked into a policy and companion guide. Both documents are currently in outline/draft form. Target date: Jun-2018 (delayed from Dec-2016 due to senior staff vacancies in the Finance Department and revised approach). |

14-08 DEVELOPMENT SERVICES: IMPROVING THE EXPERIENCE FOR HOMEOWNERS (Issued 9/18/14)
This audit assessed the efficiency and effectiveness of processes affecting single-family home improvement projects. The report included 22 recommendations.

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| #5: Develop and implement standard operating procedures, and an onboarding and training program for new staff in the Permit Center and Plan Review. | PBCE | Implemented | PBCE implemented standard training materials and an on-boarding program, both of which will be continually updated as needed. Management has developed new staff training materials which are also available to other Development Services Partners. Finally, all staff have access to updated permit center materials, and on-going trainings. |
| #6: To meet the demand for critical staff, PBCE should staff the reception desk with office specialists, and station Permit Specialists and Planners at the counter. | PBCE | Partly Implemented | The Permit Center is working to provide self-service kiosks to better refer customers to the services they need. When implemented, customers in doubt about a service selection they have made or need to seek technical help while waiting for counter service, may seek help at the Assistance Desk. The staffing at the Assistance Desk is being modified to be Planning Technicians and Permit Specialists. Target date: Jun-2018 (delayed from Jul-2017). POTENTIAL BUDGET SAVINGS: TBD |
| #9: To shorten long lines and reduce the wait times for the Permit Center, PBCE should: a) Develop customer service guiding principles including procedures for when to summon additional staff assistance to the reception desk and to the Building Counters; | PBCE | Partly Implemented | a) PBCE has implemented protocols that outline when staff are to ask additional staff to assist customers at service counters. PBCE reports that by staffing the Assistance Desk with two employees, the customer waiting time in line has been noticeably reduced. b), c), and d) Permit Center management has contracted with a customer experience management team which is currently configuring new self-service ticketing kiosks and queuing system. |

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| <ul style="list-style-type: none"> b) Rationalize queuing numbers that are given out to customers; c) Hone available options in the queuing system and record reasons for customer visits; and d) Use the queuing system to track customer flow and set the right amount of staff to accommodate the customer demand. | | | <p>It will allow the Department to customize the queuing system to operate more efficiently by reducing customer wait times. Target date: Apr-2018 (delayed from Sep-2017).</p> |
| <p>#13: Implement the technological infrastructure needed to support electronic plan submittal and review.</p> | PBCE, IT | Partly Implemented | <p>The City selected CSDC System Inc. to implement the Integrated Permitting System. PBCE and IT have been working with CSDC to implement the necessary technological infrastructure needed to support the integrated electronic plan submittal and review. The Department reports that these latest upgrades will meet the City's plan review needs, and provide a consistent experience for external customers. Target date: Jan-2019 (delayed from Jun-2017).</p> |
| <p>#14: To improve communication and outreach to Permit Center customers, PBCE should:</p> <ul style="list-style-type: none"> a) Review and correct outdated information on its website; b) Remove jargon and provide simply-worded instructions about when, why, and how to obtain permits and approvals; and c) Upgrade the online permit interface to make it more user-friendly. | PBCE | Implemented | <p>Handouts and website information have been updated to reflect current codes and ordinances, using plain language where appropriate. The online permit page (sjpermits.org) has been revamped to make it clear and intuitive for customers. Additional user-friendly features are planned for the AMANDA Public Portal.</p> |
| <p>#15: To improve communication with project participants, PBCE should upgrade the online permit interface to provide relevant project information to anyone affiliated with the project.</p> | PBCE | Partly Implemented | <p>PBCE reports that this will be addressed as part of the upgrade of the integrated permitting system. Target date: Dec-2018 (delayed from Sep-2017).</p> |
| <p>#18: Eliminate the Construction & Demolition Diversion Deposit.</p> | PBCE, ESD | Partly Implemented | <p>ESD reports that San José's construction and diversion ordinance is more stringent than the State requirements (CALGreen). Therefore, the Department may not recommend relying solely on State diversion requirements, and may recommend keeping the Construction & Demolition Diversion Deposit (CDDD) to promote recycling, as other cities have done.</p> <p>Additionally, according to ESD, recycling rates of construction and demolition debris have declined, even as the volume of construction and demolition debris has increased.</p> |

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| | | | The Department is currently reviewing its diversion programs, as well as those in place at other cities, to evaluate and plan for recycling improvements prior to recommending changes to the CDDD. Target date: Dec-2018 (delayed from Dec-2017). |
| #19: To increase accessibility of online fee estimation, PBCE should update and simplify the online fee calculator. | PBCE | Not Implemented | PBCE reports that an online fee calculator will be part of the department's permit system replacement and upgrade project. Target date: Dec-2018 (delayed from Sep-2017). |

14-10 FACILITIES MAINTENANCE: PROCESS IMPROVEMENTS ARE POSSIBLE, BUT A LARGE DEFERRED MAINTENANCE BACKLOG REMAINS (Issued 11/13/14)

The purpose of this audit was to assess the Public Works Department's process for prioritizing repair and improvement projects in the Facilities Maintenance Division. The report included 10 recommendations.

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| #4: To improve consistency, Facilities should adopt, document, and train staff on guidelines for asset and work order management (i.e., define minimum threshold for documenting City Hall work, create procedures for commissioning/decommissioning equipment and buildings as well as updating labor rates, simplify work order statuses and data types, and employ drop-down menus). | Public Works | Implemented | <p>Inconsistent data entry can cause discrepancies that may distort the actual amount of work performed. To streamline the work order process and improve consistency, Facilities now has a Program Manager to oversee preventive maintenance, the work order desk, equipment inventory and other data entry.</p> <p>All corrective maintenance work orders are entered into Infor EAM and comprehensive preventative maintenance schedules have been added for new facilities and removed for decommissioned facilities. A one-time allocation of \$500,000 was provided to improve Infor EAM functionality and user friendliness to simplify work order statuses and data types, and employment of drop-down menus. A comprehensive checklist was developed to commission and decommission buildings and equipment to ensure Infor EAM has current information. Additionally, Facilities hosted regular training sessions to train staff on how to utilize Infor EAM on corrective and preventative maintenance work orders, including minimal thresholds for City Hall.</p> |
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| <p>#5: To enable data-driven decisions, Facilities should increase emphasis on the importance and reliability of its asset management database, and utilize the reporting features of its asset management system to identify failing or costly assets, identify and plan for upcoming fiscal needs, and monitor and track contractor costs.</p> | Public Works | Implemented | <p>Information collected from condition assessments can be used to run reports to model the impact of short- and long-term funding on the condition of a facility or the entire portfolio. Facilities has created comprehensive Capital replacement schedules for all major citywide facilities. Facilities reports that these schedules are developed utilizing building assessments and Infor EAM data, which includes corrective work order data history, preventive maintenance schedules, equipment downtime, cost of maintenance, and projected service life of key building systems.</p> <p>Facilities engaged several consultants to assess the facilities, equipment, and projected service life of key building systems. Those assessments, which include equipment lifecycle information, feed into a Power BI dashboard that is used to plan for facilities investments and Capital replacement needs of major citywide facilities. Infor EAM's reporting and the Power BI dashboard, allows Facilities to track activities and plan for upcoming fiscal needs.</p> |

14-12 ACCOUNTS RECEIVABLE: THE CITY CAN ENHANCE REVENUE COLLECTIONS BY IMPROVING ITS BILLING & COLLECTION PRACTICES (Issued 12/04/14)

The objective of this audit was to review the City's billing and collection procedures and practices related to invoices generated in line departments. The report included 18 recommendations.

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| <p>#3: The Human Resources Department should automate its invoicing process and provide easier payment options for employees.</p> | Human Resources. Finance | Implemented | <p>Although HR has not automated the invoicing process, it has improved procedures around the process and reduced the number of checks that employees must write for leave benefits. In addition, Finance has trained HR on the new RevResults billing system which would allow employees to use a credit card for payments in the future.,</p> |
| <p>#5: To ensure that the correct amount of penalties and interest are being assessed, the Finance Department should work with the Information Technology Department and/or the Revenue Results software vendor to:</p> | Finance | Implemented | <p>The Finance and IT Departments have updated the penalty and interest tables and uploaded these into RevResults. IT has also corrected the current interest calculations to charge interest on penalties for fees and charges.</p> |

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| <p>a) Update the penalty and interest table uploaded into Revenue Plus/Revenue Results to include billable programs which are not currently being charged interest.</p> <p>b) Correct current interest calculations to charge interest on penalties for fees and charges.</p> | | | |
| <p>#8: To maximize collections, Finance should finalize and implement its revenue collection procedures (City Administrative Policy). These should include criteria and time frames to pursue specific collections activities, including:</p> <ul style="list-style-type: none"> • Automatically sending accounts to the City's outside collections agencies • Pursuing legal remedies • Liening properties • Writing off old accounts <p>The procedures should also identify supervisory or management roles for reviewing delinquent accounts and collections activities.</p> | Finance | Partly Implemented | <p>In January 2015, the Finance Department updated and posted its General Guidelines for Accounts Receivables/Revenue Collection (section 5.3.6 of the City Administrative Policy Manual). This policy includes criteria and time frames to pursue specific collections activities such as sending accounts to the outside collections agencies and liening properties. Internal procedures to identify supervisory or management roles for reviewing delinquent accounts and collections activities will be developed as resources permit once Revenue Results goes live. Target date: Jun-2018.</p> <p>POTENTIAL BUDGET SAVINGS: At the time of the audit we estimated the City could recover \$42,000 a year by automatically sending accounts to the City's outside collections agencies. Additionally, monetary benefits could be achieved through additional legal remedies including liens.</p> |
| <p>#10: To aid the collection process, the Finance Department should work with the City Attorney's Office to explore expanding lienable activities, such as with Planning, Building, and Code Enforcement's neglected and vacant homes program.</p> | Finance, City Attorney | Partly Implemented | <p>SJMC Section 17.38.340 requires a property owner subject to registration under Chapter 17.38 to pay a monitoring fee as set forth in the City Council Schedule of Fees resolution. If a property owner fails to pay the fee, it is a debt owed to the City. It is our understanding that Finance went to the Appeals Hearing Board ("Board") requesting the Board to authorize a lien for the unpaid monitoring fee. The Board denied the request stating that there is no authority in Chapter 17.38 authorizing such lien. However, Code can issue a Compliance Order under Chapter 1.14 and Finance can then request a lien pursuant to the administrative remedies process, or the Municipal Code could be amended to expand lienable activities. Target date: Dec-2019.</p> |

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| <p>#12: The Finance Department should work with:</p> <ul style="list-style-type: none"> The Information Technology Department to develop an online payment option for accounts owing to the City and managed in Revenue Results. The Fire Department and Information Technology to develop an online payment option for invoices billed through FireHouse. | Finance, IT, Fire | Not Implemented | <p>Now that RevResults has been implemented, Finance has begun planning sessions to identify system requirements needed to accept online payments for miscellaneous accounts receivable invoices, which can include FireHouse receivables. Finance expects to set up and test this function with its banking services provider in the spring of 2018. Target date: Dec-2018.</p> |
| <p>#15: The Library should lower their threshold for collection agency referrals and expanding referrals to include fines only accounts in order to maximize the number of books returned and revenue recovered.</p> | Library, Finance | Not Implemented | <p>Since 2014, the Library has reduced total outstanding balances from \$5.7 million (levied during the previous four years) to \$3.5 million. This was partly due to various forgiveness programs, such as the 2016 Summer Reading Challenge's "Golden Ticket" program which forgave more than \$100,000 in fines. Additional programs included the Volunteer Your Fines Away and Two-Step Fine Forgiveness programs. In addition, in June 2016, the City Council approved a reduction to library fines and fees. Finally, as of September, 2016, library fines and fees can no longer be reported to credit reporting agencies.</p> <p>In March, 2016, the Library and Finance Department issued a Request for Proposals (RFP) for library debt notification. However, there was only one respondent to the RFP and the proposal was rejected. As a result, the Library has continued its contract with its collections services vendor through the June 2018. Once a full year of data is available with the reduced rates and without the additional forgiveness programs, the Library intends to analyze the fines and fees threshold for overdue accounts and explore a long-term, cost-effective option for recovering overdue books and outstanding fines. Target date: Jun-2018 (delayed from Sep-2016).</p> |
| <p>#16: The Finance Department should work with the Information Technology Department to:</p> <ul style="list-style-type: none"> Improve the interface between department billing systems and Revenue Results so that key information, such as the service date and other details about the service or citation, that will aid in the collection process is transferred. Work with Planning, Building, and Code Enforcement and the Fire Department to develop an interface or some other means of transferring data from the departmental billing | Finance, IT, PBCE, Fire | Partly Implemented | <p>RevResults implementation has been completed with improved interfaces. Finance expects to begin working on the Code enforcement and Fire Department programs by Fall 2018. Target date: Dec-2018.</p> |

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systems into Finance's collections software to better manage collections for these departmental billings.

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| <p>#18: Once Revenue Results is implemented, the Finance Department should develop and implement procedures for periodic departmental account reviews to determine collection rates and assess performance of the revenue collection process. These results should be shared with departments to help identify potential problems and solutions to improve the revenue collection cycle.</p> | Finance | Partly Implemented | <p>In January 2015, the Finance Department updated and posted its General Guidelines for Accounts Receivables/Revenue Collection (section 5.3.6 of the City Administrative Policy Manual). This policy includes periodic departmental account reviews. Finance is developing procedures with IT to finalize RevResults reports for departmental reviews on a periodic basis. Target date: Dec-2018.</p> |
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15-02 STREET PAVEMENT MAINTENANCE: ROAD CONDITION IS DETERIORATING DUE TO INSUFFICIENT FUNDING (Issued 2/23/15)

The object of this audit was to assess the street pavement's current condition, and to evaluate DOT's projections of its funding need. The report included 4 recommendations.

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| <p>#1: The Department of Transportation, together with the City Manager's Office, should identify a sustainable, predictable funding stream to maintain roads annually, and develop a multi-year plan to use one-time funding to bring the road network up to ■ good condition by addressing maintenance backlogs and reconstructing ■ poor and ■ failed streets.</p> | DOT | Partly Implemented | <p>DOT reports that it continues to work with local, regional, and State agencies and stakeholders to increase pavement maintenance funding. According to DOT, two recent developments have resulted in an additional \$36.5 million in projected annual revenue for pavement maintenance.</p> <p>First, the Valley Transportation Authority (VTA) countywide Measure B Sales Tax initiative passed on the November 2016 ballot. DOT anticipates that the City will receive approximately \$19 million per year on-going in pavement maintenance funding from this source. The measure is being legally challenged and funding is on hold. Resolution to the lawsuit is expected in 6 to 12 months.</p> <p>Second, Senate Bill 1, the Road Repair and Accountability Act, will raise \$6 billion annually statewide to improve roads and transportation infrastructure. The law raises funding from a package of sources including gas taxes and vehicle fees. DOT reports that collection on a portion of these revenues commenced on November 1, 2017 and be available for use by the City in 2018. Once fully implemented, the City is projected to receive \$17.5 million per year for City street pavement maintenance.</p> <p>If these new funding sources are preserved, the annual ongoing funding for pavement maintenance is projected to be approximately \$50 million starting in 2018-19, which is still far short of the \$92.8</p> |
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| | | | <p>million needed each year to improve the City's overall pavement network up to good condition.</p> <p>Additional one-time funding from local, State and Federal sources is projected to bring total pavement maintenance funding for FYs 2017-18 and 2018-19 to approximately \$71 million per year. These funding sources, along with the ongoing funding, will allow DOT to perform pavement maintenance on the City's local and neighborhood (residential) street network for the first time since 2012. Target date: Jun-2018.</p> <p>POTENTIAL BUDGET SAVINGS: On average, every \$1 spent to address deferred pavement maintenance saves \$1 to \$4 in additional cost.</p> |
| <p>15-04 EMPLOYEE HIRING: THE CITY SHOULD STREAMLINE HIRING AND DEVELOP A WORKFORCE PLAN TO FILL VACANCIES (Issued 4/9/15)</p> <p>The purpose of this audit was to assess the efficiency and effectiveness of the City's current hiring process for non-sworn employees. The report included 14 recommendations.</p> | | | |
| <p>#4: To better inform recruitment processing deadlines, Human Resources should track and report all the time between major hiring steps, and provide hire time estimations to departments for each step.</p> | <p>Human Resources</p> | <p>Implemented</p> | <p>The City has upgraded the HRIS system, including the application tracking component, to allow HR to track major hiring steps automatically. For recruitments led by HR, the time between major hiring steps is recorded and can be reported. For recruitments led by departments, department staff can enter hiring timeline dates. For all recruitments, HR can track the number of days from the time a position is posted until the time an offer is extended. The report distinguishes between standard, specialized, and expedited recruitments, and is available to departments.</p> |
| <p>#7: Human Resources should update the hiring resources available to department staff on the intranet, and conduct regular training for department staff on recruitment procedures and regulations.</p> | <p>Human Resources</p> | <p>Implemented</p> | <p>The Department has provided web-based resources with instructions for how to use the new recruiting software (Taleo). As part of the talent recruitment initiative, HR developed a 6-week, 17-module curriculum for department recruiters. The training was first delivered in fall 2017. After completion of the training, the department staff can conduct recruitments with limited HR approval required. HR will be offering the training quarterly for new department recruiters. As part of the training, staff received a resource manual to aid in recruitments.</p> |

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| | | | <p>HR has provided the autonomous hiring training materials on the City's intranet for City staff. Additionally, HR plans to implement a central repository system in Sharepoint that will be available for department recruiters that will include training material, recruiting resources, forms, and templates.</p> |
| <p>#9: Human Resources should encourage hiring managers to use available flexibility on the methods of rating or scoring candidates and interview follow-up questions. Further, review and reduce number of classifications requiring written tests.</p> | <p>Human Resources</p> | <p>Implemented</p> | <p>During department recruiter trainings and in the resource manual, HR provided guidance on how to conduct interviews and how to score candidates. Additionally, revisions were made to expedite the hiring process. This included methods of rating or scoring candidates and interview follow-up questions, as well as the implementation of a one-time expedited hiring program that reduce the number of interview questions and interview steps.</p> <p>In addition, HR has eliminated nearly all written tests for city-wide classifications. The elimination of these written tests has expedited the hiring process for the city-wide classifications.</p> |
| <p>#11: Work with departments to update minimum qualifications and job specifications to ensure they are pertinent to job requirements, starting with those that are out-of-date.</p> | <p>Human Resources</p> | <p>Partly Implemented</p> | <p>Human Resources contracted with Koff & Associates to review and update 69 job classifications that are most frequently recruited for and/or have more than 50 incumbents. These updates were completed by the consultant in October 2016 and forwarded to the bargaining units. Of these 69 classifications, 30 are pending review with the bargaining units. Currently, HR reviews select classifications if a particular issue is raised during recruitments.</p> <p>As part of the FY 2017-18 budget process, the Classification and Compensation analyst position was eliminated. HR resources are currently devoted to hiring new employees. The Department advises that continuing to review classification and compensation will require reevaluation of current resources, and will be assessed in the FY 2018-19 budget process. Target date: Jun-2019 (delayed from Jun-2017).</p> |

15-05 PRNS FEE ACTIVITY PROGRAM: THE DEPARTMENT CAN BETTER REFLECT THE CITY’S GOALS FOR TRACKING AND RECOVERING COSTS, SETTING FEES, AND PROMOTING AFFORDABLE ACCESS (Issued 5/7/15)

PRNS provides a variety of programs including recreation classes for which it charges fees. The purpose of this audit was to review the calculation and cost-recovery status of the departments’ General Fund Fee Activity Program which includes many of those classes. The report included 6 recommendations.

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| <p>#1: PRNS should work with the Budget Office to:</p> <ul style="list-style-type: none"> a) Reassess the purpose of the Fee Activity Program (including cost-recovery targets), b) Provide reasonable justification for mid-year expenditure requests, c) More clearly link revenues and expenses to their respective programs, and d) Determine which activities should be included in the Fee Activity Program. | <p>PRNS, Budget</p> | <p>Partly Implemented</p> | <p>PRNS analyzed its past three years of Fee Activity Program performance, including enrollment and capacity metrics, as well as cost-recovery performance (including a review of direct, indirect, and overhead costs). With this information, the department is evaluating baseline business model requirements for the department’s various Fee Activity programs. The department will compare its more consistent and uniform lines of business with those that tend to fluctuate based on recreational trends and community interests, for example. Using this information, the department will work with the Budget Office to determine the best way to manage the Fee Activity Program budget, including cost-recovery targets. Target date: Dec-2018 (delayed from Jun-2017).</p> |
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15-06 CURBSIDE RECYCLING: THE CITY CAN ENHANCE ITS SINGLE-FAMILY RESIDENTIAL RECYCLING PROGRAM TO IMPROVE WASTE DIVERSION (Issued 5/22/15)

The objective of our audit was to assess the effectiveness of the City’s single-family residential recycling program. The report included 6 recommendations.

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| <p>#1: The Environmental Services Department should utilize the results of its upcoming Waste Characterization and Residue Study to:</p> <ul style="list-style-type: none"> a) Provide baselines for single-family curbside diversion goals in future contracts, and b) Work with its haulers to determine where program improvements can be made. | <p>ESD</p> | <p>Partly Implemented</p> | <p>A third-party Waste Characterization Study Report (completed in November 2015), along with recommendations to explore program improvements based on the study, went to City Council in January 2016. Council directed staff to:</p> <ul style="list-style-type: none"> 1) Pilot larger garbage carts for single family residences in focused areas in addition to ESD working cooperatively with CWS and interested community groups on increasing public education and outreach; |
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| | | | <p>2) Explore options for phasing in backend processing of garbage for a portion, or all, of the remaining 60 percent of single-family households; and</p> <p>3) Work with CWS to create a solution to improve recycling capture rates, and return to Transportation and Environment Committee within 90 days to present their approach.</p> <p>In April 2016, CWS submitted their proposed diversion plan to improve recycling capture rates. This plan included facility improvements and counting 100 percent of Post-Processing Commingled Recyclable Material in diversion calculations. CWS also reported that they installed a new piece of equipment (two drum feeders) in September 2016. CWS has not yet provided more information on the latter part of their proposal to ESD.</p> <p>In July 2017, ESD phased in backend sorting of residential solid waste for the remaining 30 percent of single-family households across the City. This final phase of garbage sorting brings the total to 100 percent of the City's single-family households. ESD estimates this will increase the overall residential recycling rate to 84 percent.</p> <p>ESD plans to utilize the results of the 2015 study in the development of future contracts, currently under renegotiation with the current haulers (as directed by Council). ESD is also researching other program improvements that could be part of the new agreements. Target date: Dec-2018 (delayed from Jan-2018).</p> |
| <p>#2: If the upcoming Waste Characterization and Residue Study shows that clean recyclables are present in the residue from either MRF, the Environmental Services Department should require the contractor either:</p> <ul style="list-style-type: none"> a) Improve its MRF processing procedures to ensure compliance with the terms of their contract, or b) Explore backend sorting its residue to recover any materials which were not recovered during processing. | ESD | Partly Implemented | <p>A third-party MRF evaluations report, which provided recommendations for improvements to processing procedures, was completed in November 2015. The final report, along with a recommendation to implement a pilot to backend sort MRF residue, went to City Council in January 2016. The Council directed staff to return with a plan for Council consideration prior to implementation. The Council further directed staff to explore options for phasing in backend processing of garbage for a portion, or all, of the remaining 60 percent of single-family households.</p> <p>On May 2, 2016, ESD returned to the Transportation and Environment Committee with an update on efforts to facilitate CWS meeting contractual recycling requirements, the proposed larger garbage cart pilot study, and outreach efforts for the residential</p> |

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| | | | <p>recycling program. CWS' proposed diversion plan involves: 1) installation of two drum feeders at their San José recycling facility that will open bags and evenly meter the contents of the bags onto the sorting line, and 2) resume re-processing of Post-Processing Commingled Recyclable Material and allow CWS to count 100 percent of this material towards diversion. After installation of drum feeders in September 2016, CWS reported a decrease in residue at their facility. Unfortunately, they were not able to meet their diversion goal for 2016 and preliminary calculations indicate they did not meet the goal for 2017. CWS' reported monthly diversion rates in 2017 have fluctuated between 20 and 44 percent for District A (annual requirement of 30 percent), and between 20 and 45 percent for District C (annual requirement of 35 percent). ESD will continue to monitor the haulers' residue rates as a part of its regular contract management activities. As noted in Recommendation #1, the contracts with the current haulers are currently under renegotiation. As part of these negotiations, ESD is researching other program improvements to improve results in this area. Target date: Jul-2018 (delayed from Dec-2016).</p> |
| <p>#3: To better track progress in single-family curbside recycling and inform the development of performance targets, the Environmental Services Department should define a standard diversion calculation and apply it consistently across all garbage and recycling districts in future recycling contracts.</p> | ESD | Partly Implemented | <p>Research and preparation for replacement contracts is in process. Staff has been researching program modifications, and working with consultants specializing in contract negotiations and development. ESD plans to report to Council in early 2018 about the status of the renegotiations with the City's haulers and an evaluation of program options. Target date: Dec-2018 (delayed from Jan-2018).</p> |
| <p>#4: As a part of their Public Education and Outreach Programs, the Environmental Services Department should require haulers to:</p> <ul style="list-style-type: none"> a) Increase the number of presentations to schools and community groups, and b) Design and implement an in-person, door-to-door outreach campaign that targets neighborhoods known to have contamination problems. This could include ensuring large households have the right garbage container size and integrating demographic differences across neighborhoods. | ESD | Partly Implemented | <p>Based on a 2014 ESD survey, only 56 percent of residents felt the City does a good job explaining how to recycle, down from 65 percent (2010) and 68 percent (2005). Although we found that haulers may be setting aside adequate funds for outreach and education, we recommended the City require haulers to refocus their efforts toward more direct communication with residents. At the time of the audit, there had been limited outreach of this sort required of the City's haulers (the City's haulers efforts have primarily been focused on distributing non-collection notices (NCNs) and large events).</p> <p>As part of the haulers' 2016, 2017, and 2018 Public Education and Outreach Program (PEOP) plans, the haulers agreed to conduct the following number of presentations to schools, community</p> |

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| | | | <p>groups, and at community events (including MRF tours): CWS – 36 per year (from 27 in 2014); Green Team: 20 per year (from 19 in 2014). Although this is an increase, additional effort is needed in refocusing outreach efforts to improve residents' understanding of how to recycle.</p> <p>ESD and one hauler launched a knock-n-talk outreach campaign in January 2016. The hauler leaves education materials during visits regardless of whether or not they were able to speak with a resident. The hauler completed 29 (of 50 required) knock-n-talks during 2017; their data indicated that NCNs were reduced by roughly 20 percent as a result. The hauler was also required to complete 240 appointments in 2017, of which 25 were conducted through September 2017. According to ESD, the hauler encountered difficulties in reaching residents through both knock-n-talks and appointments; residents were either reluctant to open their doors during knock-n-talks or refused appointment offers from the hauler.</p> <p>In addition, since summer 2014, the Recycle Right Campaign has messaged “keep garbage out of the recycling cart” and “order a larger garbage cart” via direct mail, knock-n-talks, and recycling assistance appointments. ESD plans to continue implementing these messages via the hauler outreach plans and in City collateral as needed. ESD is currently renegotiating new contracts with the haulers and is exploring options to better provide outreach and education to the City’s residents. Target date: Dec-2018 (delayed from Dec-2016).</p> |
| <p>#5: To ensure consistent enforcement, ESD should work with its haulers to clarify under what circumstances non-collection notices are issued, and ESD should regularly monitor the haulers' process of issuing NCNs.</p> | <p>ESD</p> | <p>Partly Implemented</p> | <p>Our audit found there are differing interpretations of contract requirements allowing a contractor to refuse to pick up a recycling container and issue a non-collection notice (NCN). The contracts state, “If Recyclable Material is contaminated through commingling with Residential Solid Waste, Contractor shall, if practical, separate the Residential Solid Waste from the Recyclable Material.” This means that haulers should only issue an NCN if the hauler cannot “practically” separate the materials. However, the City and its haulers have had differing opinions about the practicality of removing non-recyclable material from carts.</p> <p>In June 2015, ESD met with the haulers to discuss the interpretation of “practicably separable”. In August 2015, ESD enforcement inspectors audited NCNs issued in select</p> |

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| | | | <p>neighborhoods – of the carts they reviewed, only one notice was issued in accordance with ESD guidelines. ESD has discussed its parameters for issuing an NCN with its haulers. However, it appears there still is not a common understanding with one hauler about when that hauler can refuse to pick up recycling and issue an NCN.</p> <p>ESD reviews NCN data provided by the haulers monthly, and continues to send quarterly educational letters to property owners of residences that receive 4 or more NCNs during that 3-month timeframe. Citywide, the number of NCNs issued has dropped significantly; however, 1,800 NCNs were issued monthly on average between July and December, 2017, a slight reduction from the previous six-month period. Because of the unresolved issues related to contamination of recycling cart material, future contract negotiations will clarify the responsibilities of the city, the recycling contractor, and residents for recycling contamination. Target date: Dec-2018 (delayed from Dec-2016).</p> |
| <p>#6: ESD should work with the City Attorney's Office to address enforcement of the Municipal Code recycling requirements. This includes finalizing and implementing procedures that contain minimum documentation requirements for non-collection notices and establish thresholds for taking enforcement actions.</p> | <p>ESD, City Attorney</p> | <p>Partly Implemented</p> | <p>ESD has finalized with the City Attorney's Office (CAO) procedures and guidelines that contain minimum documentation requirements for NCNs and establish thresholds for taking enforcement action. Examples of minimum documentation requirements include: photos of cart and residence, type of contamination, type of education/outreach left with resident, and certification from the driver. ESD has discussed these enforcement parameters with its haulers.</p> <p>In 2017, ESD began conducting site visits to recycling and garbage carts of residences that continued to show up on the distribution list for quarterly educational mailings. Through June, 2017, ESD reported completing 35 residential site visits. Between, July and December, there were no residences that received multiple educational mailings. Based on observations at the 35 visited households, ESD determined that the large majority did not warrant an NCN, and the results indicate that only a small percentage of households need education about Recycle Plus program requirements. ESD is currently renegotiating contracts with its haulers. Upon finalization of such negotiations, ESD will update its internal procedures on outreach to residents who have been identified to have had problems with contamination. Target date: Dec-2018 (delayed from Dec-2016).</p> |

15-08 GOLF COURSES: LOSS OF CUSTOMERS AND REVENUES REQUIRES A NEW STRATEGY (Issued 9/02/15)

The objective of our audit was to identify the causes of the operating losses at Los Lagos and Rancho del Pueblo Golf Courses, as well as the losses in the Municipal Golf Course Fund. The report included 5 recommendations.

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| <p>#1: To obtain more favorable contract terms, when the lease and management agreements expire, the Department of Parks, Recreation and Neighborhood Services should seek competitive proposals from potential golf course lessees/operators that lower the City's financial risks and grow customer usage.</p> | <p>PRNS</p> | <p>Partly Implemented</p> | <p>In accordance with the City Council's direction on February 6, 2018 (see Recommendation #2 for more information), PRNS has begun planning a Qualified Management Agreement Request for Proposals from potential golf course lessees/operators. The competitive proposals should address how lessees/operators would help lower the City's financial risks and grow customer usage. Target date: Dec-2018.</p> <p>POTENTIAL BUDGET SAVINGS: The City could increase its lease income at Municipal Golf Course and/or improve the growing annual operating losses at Los Lagos and Rancho del Pueblo (net City loss of \$621,756 for Los Lagos alone in 2016-17).</p> |
| <p>#2: To address underutilization and financial losses, the City Council should provide policy direction and direct the Administration to begin a community engagement process regarding consolidating the golf courses and implementing alternative land uses on the underutilized golf lands. Potential policy directions include:</p> <ul style="list-style-type: none"> a) Continue the General Fund subsidy to keep the three golf courses as they operate today, b) Reduce the General Fund subsidy through a competitive sale of some portion of golf course lands to pay off the outstanding lease-revenue bonds, and/or c) Increase community utilization of scarce parkland by reconfiguring one or more golf courses to other uses, for example constructing new sports fields. | <p>PRNS, City Council</p> | <p>Implemented</p> | <p>At the November 17, 2015, City Council meeting, Council directed staff to bring back a community engagement strategy proposal to evaluate the current land use of the Los Lagos Golf Course property; the directive did not include Rancho del Pueblo or San José Municipal Golf Courses. In June 2016, the City Council accepted (with amendments) PRNS' outline for a community engagement process to help determine the best future use of Los Lagos Golf Course.</p> <p>On February 6, 2018, PRNS presented to the City Council the results of the public engagement process completed in fall 2017. Based on the results of the community engagement process, PRNS recommended the following guiding principles, which were approved by Council:</p> <ul style="list-style-type: none"> (1) <i>Open Space & Recreation:</i> Continue to value the benefits of recreation and open space that the property provides for the community; (2) <i>Financial Sustainability:</i> Continue to focus vigilantly on the financial sustainability of Los Lagos Golf Course through innovative and aggressive approaches to management |

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| | | | <p>and marketing of the property to ensure maximum use of the property by San Jose residents; and</p> <p>(3) <i>Opportunity Awareness</i>: Continue to be open to opportunities in the future for innovative approaches to redeveloping the site as community needs involve, while simultaneously ensuring that the environmental and open space attributes of the site are not lost.</p> <p>The City Council directed that any future use of the land encompassing the Los Lagos Golf Course must remain open to the public for recreational use. It also directed staff to explore alternatives for paying off the debt that encumbers the parcels, and to return to Council in 12 to 18 months with options for recreational use of the site.</p> |
| <p>#3: To improve the utilization and finances of its golf courses, the Department of Parks, Recreation and Neighborhood Services and its operators should:</p> <ul style="list-style-type: none"> a) More clearly articulate a competitive position that covers the facilities, pricing, and the brand, b) Develop a more aggressive customer growth strategy, identifying target customers and utilization goals, and c) Implement more effective outreach and retention plans. | PRNS | Implemented | <p>Although golf courses continue to require significant subsidies from the General Fund, PRNS has worked with its operators to implement customer growth, outreach, and retention plans.</p> <p>The operator for Los Lagos and Rancho del Pueblo (CourseCo), in coordination with the department, released 2017-18 marketing and outreach plans for each course. Operator activities to increase course use included email marketing, special promotions, and a required number of non-golf events (e.g. movie nights) to introduce new users to the golf courses and improve utilization.</p> <p>In early 2018, CourseCo provided a 6-month update report on Los Lagos. In line with objectives listed in its 2017-18 annual plan for that course, it has deployed monthly secret shoppers, collected customer comment cards, hosted non-golf community and food/beverage events, and implemented five new golf instruction programs; it is ahead of pace to reach 50,000 paid rounds of golf and 4,150 paid tournament rounds. It should be noted that CourseCo is behind pace for driving range and merchandise sales, and over budget in total expenses, but it has plans in place to address these deficiencies.</p> <p>CourseCo will release a similar 6-month update for Rancho del Pueblo Golf Course by the end of March.</p> <p>PRNS should continue working with current or future golf course operators to implement strategies that would minimize subsidies.</p> |

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| <p>#4: To improve oversight of the golf courses and contracts, the Department of Parks, Recreation and Neighborhood Services should assign sufficient resources to oversight.</p> | PRNS | Implemented | <p>The department has reassigned oversight of golf contracts; as part of the general contract management structure, they are overseen in the same manner and by the same personnel as other landscaping and custodial contracts for City parks. Field visits to the courses have resumed and occur monthly. Further, the department committed significant resources to the recently completed community engagement process to help determine the best utilization of Los Lagos Golf Course.</p> |
| <p>#5: To improve oversight of the golf courses and contracts, the Department of Parks, Recreation and Neighborhood Services should:</p> <ul style="list-style-type: none"> a) Regularly audit Muni's gross revenues and capital improvement fund b) Keep all golf records centrally and ensure they are obtained timely c) Formalize the revised maintenance standards d) Formally approve the fees charged and discounts given to <i>The First Tee</i> and the schedule of access hours. | PRNS | Partly Implemented | <p>PRNS reports that:</p> <ul style="list-style-type: none"> a) It has requested audits of Muni's gross revenues for the last two years; b) With reassigned oversight of golf course operations (see Recommendation #4), the department has centralized its records; c) Through a procurement process (see Recommendation #1 for more information), it will establish a new Qualified Management Agreement for its operators, including formalized maintenance standards; and d) It has met with <i>The First Tee</i> to discuss revising the organization's schedule of access, fees, and discounts. PRNS extended its existing agreement with <i>The First Tee</i> through 2020 while discussions on revised terms are in progress. <p>Target date: Dec-2018 (delayed from Jun-2017).</p> |
| <p>15-09 POLICE HIRING: ADDITIONAL EFFORTS TO RECRUIT QUALIFIED CANDIDATES URGENTLY NEEDED TO FILL VACANCIES (Issued 9/10/15)</p> <p>The objective of our audit was to analyze the Police Department's recruiting, backgrounding, and hiring processes, and determine to what extent San José is subsidizing other jurisdictions with its Police Academy. The report included 14 recommendations.</p> | | | |
| <p>#5: Reimburse the costs of the written test and physical agility test for candidates who are hired as police recruits in the Academy.</p> | Police | Closed | <p>Instead of reimbursing testing costs, the Department determined a better course of action would be to reimburse the cost of uniforms. The Department reports that it reimbursed the entire class of the most recent academy for the cost of uniforms--\$20,000 for uniforms for 54 recruits and will continue to do so for future academy classes.</p> |

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| #6: After ensuring appropriateness of content and sufficiency of oversight of the Law Enforcement Unit (LEU) Cadet Program, SJPD should enhance and expand the program to encourage San José residents to become San José Police Officers. | Police | Partly Implemented | The Department created a Police Cadet classification which was approved by City Council in March 2017. However, the Department's request to advance a cadet program did not get approved during the 2017-18 budget process. The Department advises that it will continue to seek funding for this program in the coming years. Target date: Jul-2018 (delayed from Dec-2017). |

16-02 STREET SWEEPING: SIGNIFICANT INVESTMENT AND RE-TOOLING ARE NEEDED TO ACHIEVE CLEANER STREETS (Issued 2/29/16)

The purpose of this audit was to assess the effectiveness and efficiency of street sweeping services. We found that street sweeping operations were under-resourced, that the City would benefit from improved schedules and routes, that the City could do more to minimize barriers to street sweeping, and that the City should provide better information to the public. The report included 14 recommendations.

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| #1: DOT's in-house street sweeping operation should stop emptying street sweepings onto the street. | DOT | Partly Implemented | <p>Best practices advise that sweep waste should be stored in containers to minimize pollutants and debris in the air, on roadways and in waterways; however, the in-house street sweeping operation first empties sweep waste directly onto the street before transferring it to another location.</p> <p>DOT staff engaged with contractors to determine the cost and feasibility of adding storage containers. Since this cost is estimated at \$300,000/year, DOT has piloted an alternative approach, which still involves emptying street sweepings onto the street. However, in-house sweeping staff coordinated with the heavy equipment team to designate dump areas where a loader will pick up the sweepings and a sweeper will pick up residual debris. Resources to resolve ongoing issues will be identified in a long term sweeping plan to be developed in FY 2018-19. Target date: Jun-2019 (delayed from Jun-2018).</p> |
| #3: Going forward, DOT should periodically monitor the comparative effectiveness, costs, and efficiency of in-house and contracted street sweeping operations, and the threshold at which alternative service delivery should be considered. | DOT | Partly Implemented | DOT reports that it has begun the analyzing the comparative effectiveness, costs, and efficiency of in-house and contracted street sweeping operations. In its analysis, DOT reports that it will consider overall cost, cost per curb mile and performance quality. Target date: Jun-2018. |

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| #4: The City should identify additional funding to improve street sweeping service citywide. | DOT, Budget | Partly Implemented | DOT reports that funding was secured for the installation of 44+ curb miles of parking restriction signage. Two new in-house sweepers were ordered with anticipated delivery in FY 2018-19. DOT has also requested funding for an inspection position to support newly signed sweeping areas. DOT reports that the long term sweeping plan (to be developed) is expected to identify strategies to enhance the in-house and contracted sweeping programs.. Target date: Jun-2019 (delayed from Jun-2018). |
| #5: DOT and ESD should deploy the new electronic inspection system and GPS-tracking devices to: <ul style="list-style-type: none"> a) Enable supervisory staff to track vehicle location, speed, and activity remotely; and link route conditions and problems, and street cleanliness to specific locations along street sweeping routes; and c) Include electronic tracking and inspection compatibility in future bids for contracted street sweeping services. | DOT, ESD | Partly Implemented | DOT's in-house program has installed GPS telematics, which will be used to confirm completion of sweeping routes. An electronic inspection program is being developed, which allows each operator to identify barriers (low branches, vehicles, pavement damage) and will route the geocoded information to the appropriate section for mitigation. DOT will need to secure funding for equipment to implement. ESD will explore options to incorporate electronic inspection and GPS tracking capabilities into current and future residential street sweeping services agreements. ESD plans to issue a Request for Proposals in FY 2017-18 for the next round of hauler contracts for new services beginning July 1, 2021. Target date: Dec-2018 (delayed from Jan-2018). |
| #6: Based on staff input, route data, the results of past studies, and equipment needs, DOT should: <ul style="list-style-type: none"> a) Review and revise street sweeping schedules and routes; b) Consider additional enhanced sweeps in particularly dirty areas as funds and resources become available; and c) Develop a plan to periodically review street sweeping schedules and routes that consider street conditions. | DOT | Partly Implemented | a) DOT has and continues to review and revise street sweeping schedules. DOT also uses telematics data to review completion of sweeping routes and determine discrepancies. Additionally, DOT is immediately alerted when residents use the street sweeping lookup tool and their address is not found. b) DOT reports the in-house program has conducted 8.2 miles of enhanced sweeps so far this fiscal year. DOT reports that approval of additional staffing would increase capacity for enhanced sweeps through the contracted sweeping program. c) Additional resources will need to be evaluated by the Administration as a part of future budget cycles. DOT will incorporate street condition data into street sweeping schedules and route reviews throughout the year. DOT reports that additional adjustments will be assessed as part of the long term sweeping plan, such as accommodating seasonal changes that impact sweeping. Target date: Jun-2019 (delayed from Jun-2018). |

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| #7: DOT should install additional permanent parking prohibition signs and/or expand enhanced sweeps based on need, as funds become available. | DOT | Partly Implemented | DOT reports that an additional 44+ curb miles of sweeping signs will be installed by the end of the current fiscal year. DOT reports that it is working with ESD and GreenWaste to add this additional signage. However, DOT reports that the signage will not be as effective without requested DOT support positions. DOT will explore other options to install additional permanent parking prohibition signs and expand enhanced sweeps. Target date: Jun-2018. |
| #9: DOT and ESD should use the new electronic inspection system to identify and resolve conflicts between street sweeping, yard waste, garbage, and recycling schedules. | DOT, ESD | Implemented | DOT has implemented its electronic inspection system and is using it to resolve identified conflicts. For example, during FY 2017-18, routes were changed in Willow Glen to resolve a conflict between the garbage pickup day and the sweeping day. |
| #10: DOT should use its new electronic inspection system to streamline recording and referring barriers and violations. | DOT | Implemented | Having implemented the electronic inspection system, DOT will continue using the system to look for ways to further enhance the reporting tool. With increased reporting, the City will need to identify resources for repairs. More detailed reports on specific road segments will be evaluated by the Administration as a part of future budget cycles. |

16-03 THE CITY'S USE AND COORDINATION OF VOLUNTEERS: VOLUNTEER PROGRAMS PROVIDE SIGNIFICANT BENEFITS TO THE RESIDENTS OF SAN JOSÉ (Issued 3/03/16)

The objective of this audit was to evaluate the use of volunteers to augment City services. We concluded that investing in volunteer programs provided significant benefits. The report included eight recommendations to improve the effectiveness of the City's volunteer programs.

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| #1: To improve the accessibility of volunteer opportunities to the City's residents, the Administration should develop and post on the City's intranet an outreach "how-to" guide for volunteer coordinators across the City with information on social media strategies and how to update the City's website and events calendar. It should also reference the Citywide Language Access Policy (once it is finalized). | City Manager | Not Implemented | The Administration expects to implement this recommendation in coordination with the development of staff guidelines within a Citywide volunteer policy. As described in recommendation #2, the city utilized an Encore Fellow to create a draft volunteer policy; the work of the fellow is expected to be useful in developing the materials to help volunteer coordinators conduct outreach or promote their volunteer programs more effectively (see recommendations #2 and #3). Target date: Feb-2019 (delayed from Feb-2018). |
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| <p>#2: To ensure more consistent management of volunteer programs, the Administration should develop a Volunteer Policy to be included in the City Administrative Policy Manual that formally recognizes the value volunteers contribute and includes minimum standards for the management of volunteer programs. The policy should include guidance on the use of volunteer agreements; health and safety requirements, such as fingerprinting and TB testing; volunteer recognition; and other topics as necessary.</p> | City Manager | Partly Implemented | <p>The Administration hired an Encore Fellow to develop a Volunteer Policy that includes minimum standards for the management of volunteer programs, including fingerprinting requirements, TB testing, the use of such volunteer agreements, and other health and safety requirements. The fellow completed her service with the City in January 2018 and left the City with a comprehensive draft policy for CMO final processing, review, and approval. Target date: Dec-2018 (delayed from Feb-2018).</p> |
| <p>#3: To assist City staff in managing volunteer programs, the Administration should create and post on the City's intranet a volunteer guidebook or "toolkit" as a reference for staff during the development and management of volunteer programs.</p> | City Manager | Not Implemented | <p>The Administration's current focus has been on the policy development (see recommendation #2). As described in recommendation #2, the city utilized an Encore Fellow to create a draft volunteer policy; the work of the fellow identified best practices and tips that will be useful in the development of a volunteer program management guidebook. Target date: Feb-2019 (delayed from Feb-2018).</p> |
| <p>#4: The Administration should work with the departments of Parks, Recreation and Neighborhood Services, Environmental Services, and Transportation to coordinate efforts around place-based volunteer programs. In particular, the Administration should streamline the process and expand the options that allow volunteers to play an active role in cleaning and maintaining public spaces by:</p> <ul style="list-style-type: none"> (a) Developing a separate volunteer webpage for the City's place-based volunteer programs that includes (i) descriptions of the programs (ii) relevant contact information and (iii) specific directions on how to request materials and supplies. The website should also provide information to help groups interested in one-time clean up or similar events. (b) Allowing volunteers to apply with multiple place-based programs at once. (c) Identify resources to reactivate the Adopt a Street program and/or expand the types of spots that volunteers can adopt to clean or maintain, including storm drains and creek segments for which the City holds an easement. | City Manager, PRNS, ESD, DOT | Not Implemented | <p>(a) and (b) The Administration is aware that the current volunteer webpage is not sufficient to meet the intent of this recommendation; it is merely a pointer to other webpages. Currently, the site does not provide prospective individual or group volunteers with specific help in identifying opportunities such as short descriptions of what opportunities may be available or contact information. The City has had a license for the volunteer management software Better Impact (formerly Volunteer Squared) since 2011. The Administration believes that fully deploying this tool's capabilities can meet the intent of parts (a) and (b) of the recommendation, including the ability for groups to locate one-time clean up or other volunteer opportunities. According to the Administration, fully implementing this software could also help the City better utilize social media as a recruitment tool. However, only some volunteer programs utilize the software. Among those that are using it, not all may be fully utilizing its capabilities as described by the Administration. Note: The Mayor's Office launched the beautifysj.org website in February 2017 that includes many of the elements of this recommendation, including descriptions of various place-based volunteer activities, links to programs, and a calendar of neighborhood volunteer events.</p> |

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| | | | (c) Resources for expanding the types of spots that volunteers can adopt to clean or maintain in their communities have not been identified. Target date: Dec-2019 (delayed from Dec-2018). |
| <p>#5: The Administration should work with the Fire Department's Office of Emergency Services to define specific roles for volunteers in the City's updated emergency operations plan and reactivate the Community Emergency Response Team (CERT) program.</p> | Office of Emergency Management | Partly Implemented | <p>The CERT program obtained one-time funding for 12 CERT training courses during FY 2016-17 and a second round of funding for FY 2017-18. The City issued its first RFP in 2017 resulting in one response. The contractor was non-responsive to contract requirements, and released. A second RFP was issued, with no responses. The RFP was modified and reissued for a third time, with a response date in March 2018. As this effort continued, the newly formed Office of Emergency Management (OEM) worked with City Attorney's Office and the California Office of Emergency Services (CalOES) to evaluate city ordinances, resolutions, and policies to determine compliance with Volunteer Disaster Service Worker (DSW) policy and rules. OEM reports that this legal infrastructure, which provides liability protection for all volunteer response and provides workers compensation for injury while responding as trained, needs to be updated. OEM also reports that a Disaster Council needs to be re-established to provide the proper legal structure. Finally, a plan on how the volunteer resources are integrated into City response will need to be developed. Efforts are underway to reconstitute the Disaster Council. OEM plans to complete these four tasks before putting the CERT or other emergency organized volunteer programs in place. In the meantime, OEM initiated a CERT Train the Trainer course to create a pool of trainers from the City's Fire Department, and volunteers in the larger community. This will begin to identify a pool of resources available for sustaining CERT. Target date: Feb-2020 (delayed from Feb-2019).</p> |
| <p>#6: The Parks, Recreation and Neighborhood Services Department should provide broad oversight and management of its community center volunteer programs, including developing a volunteer recruitment strategy and standard policies and procedures that contain specific guidance on volunteer intake, ongoing assessments such as the tracking of hours, and the retention of key documents.</p> | PRNS | Partly Implemented | <p>On June 14, 2016, the City Council approved the Mayor's June Budget Message for Fiscal Year 2016-2017 Supplemental Memorandum that provided PRNS an additional 1.0 FTE for a Volunteer Coordinator (this position was also included in the FY 2017-18 Operating Budget). In FY 2016-17, PRNS convened a meeting of all community center Recreation Supervisors to share an overview of community center volunteer programs, followed by site visits where center staff discussed their policies and procedures, how to improve their programs, and best practices and feedback on the use of the Better Impact software. PRNS hired its Volunteer Coordinator in September 2017 and has begun moving</p> |

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| | | | towards department-wide coordination of volunteer efforts, starting with a study of current practices across community centers and programs. PRNS plans to design a department-wide volunteer recruitment system and strategy, as well as standard operating procedures across all programs. Target date: Feb-2019. |
| #8: The Parks, Recreation and Neighborhood Services Department should (1) improve the process by which the Community Gardens Volunteer Management Teams collect and remit fees related to garden plots and (2) update its program procedures accordingly. | PRNS | Implemented | PRNS updated the Community Gardens Program registration and rules/regulations forms to clarify that the "operational fee(s)", now designated as "materials fee(s)", are not City fee(s). In 2017, six Community Gardens Program sites had garden plot fees collected through the online Recreation E-Commerce System (RECS). Beginning in 2018, PRNS fully implemented the use of the RECS for individual garden plots at all 17 community gardens. Participants were given the opportunity to go online and register, or visit a local community center and register online with staff assistance. |

16-04 TECHNOLOGY DEPLOYMENTS: ADDITIONAL RESOURCES NEEDED TO SHORTEN DEPLOYMENT TIMELINES (Issued 3/10/16)

The purpose of this audit was to review the timeliness of the City's technology deployment process. We found that continuous technology replacement cycles required a defined replacement program, that the City lacked dedicated staffing and project management to ensure timeliness and success of technology implementations, and that updated procedures would facilitate technology procurement. The report included 9 recommendations to increase resources for and deployment of 21st century technology in the City of San José.

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| #9: IT and Finance should review and update policies on technology procurement (including the purchase of PCs and monitors), make all required forms available centrally in one location, and train relevant staff on technology procurement processes. | IT, Finance | Partly Implemented | <p>The technology procurement policy needs updating. It currently includes requirements that are either outdated or no longer in use. Further, certain technology purchases need additional scrutiny including for laptops and mobile devices. In contrast, some technology purchases do not require additional scrutiny including common desktop software, and maintenance renewals. This can cause confusion for departments trying to make technology purchases.</p> <p>The Finance Department has introduced an online procurement training; however, this training provides limited information about technology procurements. IT's website includes reference to City policies relevant to the technology procurement; IT review is required when there are deviations or unique circumstances.</p> |
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Training for citywide employees and the technology procurement policy update is pending. Target date: Jun-2018 (delayed from Dec-2017; originally targeted for Oct-2016).

16-05 SOUTH BAY WATER RECYCLING: BETTER INFORMATION AND RENEGOTIATION OF CONTRACTUAL OBLIGATIONS WILL INCREASE TRANSPARENCY AND AID PROGRAM SUCCESS (Issued 3/28/16)

The purpose of this audit was to analyze the cost recovery of the City’s wastewater recycling program. The program broke even on its operating costs in FY 2014-15 and was expected to be able to do so into the foreseeable future. However, clearer expense tracking would improve program managers’ ability to effectively operate the program, and contractual obligations with the Water District limited the program’s ability to cover capital costs. The report included four recommendations.

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| <p>#1: The Department of Environmental Services should work with the Budget Office and Finance Department to establish operating and capital funds for South Bay separate from other Wastewater Facility operating and capital funds.</p> | ESD, Finance | Partly Implemented | ESD has been working with the Budget Office, Finance, and the City Attorney’s Office to establish a City fund that would allow for the reporting and tracking of South Bay Water Recycling (SBWR) separate from other Wastewater Facility activities. The creation of the new SBWR fund is currently anticipated to occur in conjunction with the 2018-2019 budget preparation process, with the new fund to be included as part of the 2018-2019 Proposed Operating Budget, currently scheduled to be released on May 1, 2018. Target date: Jul-2018 (delayed from Jan-2017). |
| <p>#2: To improve South Bay’s operating and capital accounting, the Department of Environmental Services should:</p> <ul style="list-style-type: none"> a) Establish South Bay staff time allocations for all ESD programs with corresponding charge codes and ensure that they are incorporated in the budgeting process and consistently used by staff. b) Establish clearly documented cost methodologies for South Bay that include all costs associated with the program and as detailed in Appendix A of this report. | ESD | Partly Implemented | SBWR expenses and cost methodologies were reviewed and revised during the FY 2015-16 financial statement preparation process; this has resulted in an improved program cost accounting methodology. As part of the creation of a separate SBWR fund (see update to recommendation #1), new charge codes will be created to continue the improved SBWR expense tracking. Target date: Jul-2018 (delayed from Jan-2017). |
| <p>#4: To sustain South Bay’s operational and capital cost recovery status in the future, ESD should:</p> <ul style="list-style-type: none"> a) Renegotiate the revenue sharing terms of the Integration Agreement to allow the City to access South Bay revenue to fund South Bay’s projected capital costs sooner than is | ESD | Not Implemented | a) SBWR is in ongoing conversations with the Santa Clara Valley Water District regarding the terms of the Integration Agreement, implementation of the Strategic Master Plan and other agreements between the City and the District. Due to timeline extensions for negotiation of a Memorandum of Understanding for an Expanded |

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| <p>projected to occur under the Agreement as currently written.</p> <p>b) Secure a recycled water wholesale cost of service study that can be used to maximize the ability to maintain cost recovery for South Bay.</p> | | | <p>Potable Reuse facility, and subsequent Comprehensive Agreement, the resulting modifications to the Integration Agreement may require an additional two years.</p> <p>b) ESD is currently participating in a statewide rate study sponsored by the WateReuse Research Foundation. The study should be complete by the end of FY 2017-18, and ESD hopes to use study findings from throughout the state to provide context for a future SBWR rate study. Target date: Jun-2020 (delayed from Jan-2017).</p> <p>POTENTIAL BUDGET SAVINGS: If the City renegotiated the Integration Agreement with the Water District to keep the monies necessary for funding needed reliability projects we estimate the City would be able to keep an additional \$2.8 million annually to use for these projects (average annual savings over the next five years).</p> |

16-07 OFFICE OF THE CITY CLERK: STREAMLINING PROCESSES AND CLARIFYING ROLES CAN BETTER ENSURE COMPLIANCE WITH STATUTORY RESPONSIBILITIES (Issued 6/09/16)

The objective of this audit was to examine the Office's performance of its primary statutory responsibilities, as well as its administrative activities to support the Mayor's Office and Council Offices. The report included 20 recommendations to improve customer service and support functions, and ensure compliance with state and local campaign and ethics policies. The report included twenty recommendations.

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| <p>#1: To reduce duplication of effort across units, the City Clerk's Office should work with the City Manager's Office Agenda Services to fully implement the shared agenda workflow system and eliminate the maintenance of draft agendas outside of the system.</p> | <p>City Clerk, City Manager</p> | <p>Implemented</p> | <p>The City Clerk's Office worked with the City Manager's Office (CMO) and the third-party vendor Granicus, Inc. to deploy the City's agenda management software known as Legistar, which allows the two offices to maintain a mutually-editable central draft agenda.</p> <p>The City Clerk's Office and CMO now use Legistar to create agendas. This has reduced the need for the Clerk's Office to manually revise agendas based on updates from the CMO; there are now fewer handoffs between the two offices. Implementation of Legistar has eliminated the maintenance of draft agendas outside of the system.</p> <p>In the future, CMO Agenda Services aims to give Legistar access to all departments so their staff can directly adjust the wording of their agenda items.</p> |
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| <p>#2: To increase the transparency of legislative actions taken, the City Clerk's Office should decrease the turnaround time to create and post action minutes. Specifically, the City Clerk should:</p> <ul style="list-style-type: none"> a) Establish and document a more aggressive timeframe for approval of minutes by Council, b) Reconsider whether both Council meeting synopses and action minutes are still required, and c) Bring to the City Council recommendations to update the Open Government Resolution to reflect these changes. | City Clerk | Partly Implemented | <ul style="list-style-type: none"> a) At the time of the audit, the City Clerk had an internal goal of three months for having City Council action minutes approved and posted. After the audit, the City Clerk's Office reduced the internal goal to one month and began working to address the backlog of Council action minutes in order to fulfill this goal. However, due to a decrease in staffing, the City Clerk, as of January 2018, has changed the internal goal to four Council meetings after the week of the committee meeting. Once new staff has been trained, the City Clerk should consider a more aggressive timeframe (see Recommendation #1). As of February 2018, the Clerk's Office has yet to post minutes from mid-June 2017 onward. b) The City Clerk has determined that both minutes and synopses are necessary. While synopses can provide earlier record of Council action, the City Clerk reports that it takes significant time to format the "documents filed" portion of the minutes before they can be posted. As the Clerk's Office addresses its backlog of minutes, it should further consider ways to decrease the turnaround time for minutes (e.g. pre-formatting minutes before meetings) such that synopses may no longer be necessary. c) Once (a) and (b) are completed, the City Clerk should bring a recommendation to the City Council to update the Open Government Resolution to formalize these changes. <p>Target date: Jun-2018 (delayed from Jan-2018—original target date Apr-2017).</p> |
| <p>#3: To ensure records of City Council proceedings are posted timely, the City Clerk should utilize existing technology to streamline the approval and posting of synopses and/or minutes.</p> | City Clerk | Partly Implemented | <p>At the time of the audit, the process to create and post synopses and action minutes was cumbersome, including multiple Word documents and coordination between the City Manager's Office Agenda Services and multiple staff in the Clerk's Office. In addition to agenda creation (see Recommendation #1 above), Legistar also allows the recording of synopses and/or action minutes. However, the Clerk's Office reports that Legistar lacks key features (e.g. recording revised Council motions), thus limiting its functionality and potentially complicating further the process of approving and posting synopses and/or minutes. Whether through Legistar or other existing software, the Clerk's Office must streamline the approval and posting of minutes in order to minimize the backlog (see Recommendation #2).</p> |

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| | | | <p>Beginning in April 2017, the City Clerk began posting live updates on Council actions to Facebook and Twitter. While these live updates cannot themselves be a substitute for the timely adoption of official minutes by the legislative body, the City Clerk reports that they have helped hasten the process for posting synopses. Because the City Clerk works directly on these live updates, the Council actions reflected in them can be integrated into synopses without additional review by the City Clerk. Target date: Jun-2018 (delayed from Apr-2017).</p> |
| <p>#6: The City Clerk's Office should work with the City Attorney's Office to finalize and implement the revised Consolidated Policy Governing Boards and Commissions (Council Policy 0-4), including language that clarifies the City Clerk's responsibility to:</p> <ul style="list-style-type: none"> a) Coordinate the semi-annual trainings for new board and commission members, and b) Monitor member attendance and report noncompliance to the responsible officials. | City Clerk, City Attorney | Implemented | <p>In August 2016, the City Council approved a revised <i>Consolidated Policy Governing Boards and Commissions</i>, including language that clarifies the City Clerk's responsibility to perform the tasks listed in the recommendation. The City Clerk met with Boards and Commissions to present the revisions.</p> <p>In consultation with the City Attorney's Office, the City Clerk's Office has held semi-annual trainings for board and commission members since January 2017. The Clerk's Office reports that it will continue to hold semi-annual trainings (in January and July) and that it will make trainings available online.</p> <p>Council Policy 0-4 states that all members must complete training within their first years. As of February 2018, at least 17 board and commission members have not fulfilled this requirement. The Clerk's Office has monitored member attendance and reported noncompliance to board and commission secretaries at quarterly meetings. Board and commission secretaries follow up with noncompliant members; they can report noncompliance with the training requirement in evaluations of board and commission members seeking reappointment.</p> |
| <p>#7: To ensure the smooth implementation of the updated records management platform, the City Clerk should:</p> <ul style="list-style-type: none"> a) Set clear roles, responsibilities, and expectations for records staff tasked with assisting the Information Technology Department in implementing the new system; b) Develop appropriate policies and procedures for the new system, including security protocols; and | City Clerk | Partly Implemented | <p>The City Clerk's Office has been working with the Information Technology Department to move its records from its old system (CHAD) to a new system known as GILES.</p> <ul style="list-style-type: none"> a) Clerk's Office staff assigned with assisting the Information Technology Department in implementing the system reports that roles, responsibilities, and expectations for this task have been clarified. b) The City Clerk should update policies and procedures for the new system, including security protocols. |

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| <p>c) Determine which records will be made publicly accessible and/or searchable in accordance with the City's Open Data Policy and Language Access Policy (once it is finalized).</p> | | | <p>c) All records within GILES—including ordinances, resolutions, and contracts—have been made publicly accessible. In the future, the Clerk's Office reports that it will seek funding to make Council agendas and minutes available on GILES as well.</p> <p>Target date: Apr-2018 (delayed from Jun-2017).</p> |
| <p>#9: To further discourage late campaign filings by candidates for local elective office, the City Clerk should work with the City Attorney's Office to draft an amendment to Title 12 delineating additional steps to address repeat violations of filing deadlines (e.g., referral to the Ethics Commission and/or the Fair Political Practices Commission, or some other public disclosure).</p> | <p>City Clerk, City Attorney</p> | <p>Closed</p> | <p>The City Clerk proposed to the Board on Fair Campaign and Political Practices (Board) an amendment on Title 12 delineating additional steps to address repeat violations of filing deadlines. Upon further discussion, the Board recommended that additional remedial action for repeat violations is not needed at this time unless the problem becomes pervasive. The Rules and Open Government Committee approved the Board's recommendation on October 11, 2017. Council adopted the final ordinance with amendments to Title 12 at its November 7, 2017 meeting. The City Clerk's Staff will report back to the Board if this becomes a larger problem in the future.</p> |
| <p>#13: The City Clerk's Office should develop policies and procedures for the collection of outstanding lobbyist and other fees, which should be approved by the Department of Finance and be in accordance with General Guidelines for Accounts Receivable / Revenue Collection (City Policy 5.3.6).</p> | <p>City Clerk</p> | <p>Partly Implemented</p> | <p>In consultation with the City Clerk, the City Attorney's Office presented revisions to the Lobbying Ordinance to the Board of Fair Campaign and Political Practices on October 12, 2016. The proposed revisions include clarification that the fines for late lobbyist registration and submission of quarterly reports shall be calculated by business day, rather than calendar day. In January 2017, the City Clerk notified currently registered lobbyists of their filing requirements, including updated fees and charges.</p> <p>Thereafter, City Council passed an ordinance requiring lobbyists engaged in lobbying activities to file weekly reports rather than quarterly reports. Under the ordinance, late fees will apply to annual registrations, but not to weekly filings.</p> <p>The Clerk's Office has coordinated with the Finance Department about using Finance's collections software (Revenue Plus) to collect lobbyist fees and fines. However, the City Clerk's Office has reported that this capability will not be available until the upcoming update of the software, since the current software does not allow for daily calculations.</p> <p>In the meantime, the City Clerk has drafted policies and procedures for the collection of outstanding lobbyist and other fees. However,</p> |

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| | | | these policies and procedures should be expanded to include interim measures before the software update. Finance should approve these procedures. Target date: Sep-2018 (delayed from Oct-2017—original target date Mar-17). |
| #18: The City Clerk should clearly identify staff responsibilities and lines of authority in an organizational chart that also identifies staff leads for the Office's primary responsibilities. | City Clerk | Partly Implemented | The City Clerk's Office underwent a full reorganization in December 2017 and drafted an updated organizational chart. The chart identifies the Office's various responsibilities, as well as staff assignments, leads, and backups. The new organizational chart will be finalized and posted on the City's Intranet. Target date: Apr-2018 (delayed from Oct-2017—original target date Feb-2017). |
| #20: The City Clerk's Office should: a) Develop consistent methodologies to track and calculate the performance measures for its statutory responsibilities that are reported in the City's Operating Budget, b) Identify staff leads tasked with maintaining these performance measures and reporting them on a frequent basis to the City Clerk, and c) Develop action plans to address areas where results do not meet established targets or expected results. | City Clerk | Not Implemented | Although the City Clerk submits performance measures to the Budget Office each year during the annual budget process, the City Clerk has not developed consistent methodologies to track and calculate all the measures related to its statutory responsibilities. The City Clerk reports that she has drafted a five-year strategic plan that includes updating all performance measures. Target date: Apr-2018 (delayed from Oct-2017—original target date Jun-2017). |

16-08 POLICE OVERTIME: THE SAN JOSÉ POLICE DEPARTMENT RELIES ON OVERTIME TO PATROL THE CITY DUE TO UNPRECEDENTED VACANCIES (Issued 6/09/16)

The objective of this audit was to review the appropriate use of overtime in the Police Department. The report included twelve recommendations.

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| #4: To reduce the risk that police officers are fatigued due to excessive City police work or secondary employment, the San José Police Department should: (a) Define the circumstances under which overtime is exempt from work limits in the Duty Manual; and (b) Review and enforce work limits for scheduled City overtime and secondary employment. | Police | Not Implemented | The Department is currently working with the POA on updating the Duty Manual to clarify work limits and clarify which overtime is exempt from overtime work limits. Target date: Jun-2018. |
| #5: To facilitate supervisory review of time worked, the San José Police Department should centralize the tracking of all work done in the Department and through secondary employment in a centralized software package. To do this, the Department should obtain | Police | Not Implemented | The Department is in the process of updating eResource to address the concerns raised by the audit. Target date: Feb-2018. |

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| additional information technology expertise to fully deploy eResource or an alternative software solution. | | | |
| <p>#8: While vacancies remain high and operational needs require high use of overtime, the Police Department should allow more overtime to be worked for pay and/or require the first ten hours of overtime to be worked for pay.</p> | Police, Employee Relations | Partly Implemented (Subject to meet and confer) | <p>Since the audit was published, compensatory time balances have increased from nearly \$13 million to almost \$15 million, while the number of sworn personnel with at least 240 accrued compensatory time hours has increased from nearly 410 to 484, and the number of sworn personnel with at least 480 accrued compensatory time hours has increased from nearly 220 to 253. Due to budgetary concerns about the cost of overtime, the Department has not updated the Overtime General Order to implement the recommendation.</p> <p>The Police Department has been successful in hiring new police officers and expects to reach full staffing in the next year once these new officers are fully trained and street ready. It anticipates that the need for overtime and compensatory time will reduce as a result. We will review this recommendation during the next follow-up cycle. Target date: Dec-2018.</p> |
| <p>#9: To reduce the liability associated with high comp time balances, the San José Police Department should:</p> <ul style="list-style-type: none"> a) Lower the allowable comp time balance from 480 hours, b) Explore a comp time buy-out program, and c) Consider a mandatory comp time balance buy-out upon promotion between sworn ranks. | Police, Employee Relations | Not Implemented (Subject to meet and confer) | <p>The Department has referred the recommendation to OER and to the Budget Office. Target date: Jun-2019.</p> <p>POTENTIAL BUDGET SAVINGS: At the time of our audit, we estimated that the City would save \$227,000 by buying out 10% of each employee's total comp time balance prior to the 20% wage increase. We further estimated the city would save \$138,000 by creating a mandatory comp time balance buy-out upon promotion.</p> |
| <p>#10: The Police Department should enforce the requirement for employees to lower their comp balance to 240 hours by the end of the year or submit plans to reduce balances.</p> | Police | Partly Implemented | <p>The Department issued General Order #2017-031 reminding staff that they are responsible for bringing compensatory time balances to 240 hours or less by December 2017. The Department, however exempted the Bureau of Field Operations (about 337 employees) from this order. As mentioned in recommendation #8 above, since the audit, the number of sworn personnel with at least 240 accrued compensatory time hours has increased from nearly 410 to 484, and the number of sworn personnel with at least 480 accrued compensatory time hours has increased from nearly 220 to 253. We will revisit the recommendation in the next cycle to determine if the department has made any progress in bringing down these balances. Target date: Jun-2018 (delayed from Mar-2018).</p> |

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| | | | <p>POTENTIAL BUDGET SAVINGS: At the time of our audit, we estimated the cost of allowing employees to carry balances over 240 hours while granting 20% wage increases was about \$740,000. We should note that the total current value of the compensatory time balances for employees with balances over 240 hours has grown from \$3.6 million at the time of the audit to \$5.6 million.</p> |
| <p>#11: The San José Police Department should clarify the process for denying requests for comp time off.</p> | <p>Police</p> | <p>Not Implemented</p> | <p>The Department will evaluate the process for denying requests for comp time off. Target date: Jun-2020 (delayed from Jun-2019).</p> |
| <p>#12: In order to ensure consistent enforcement, the City Administration should develop written policies on when and how much police overtime should be reimbursed by special events including political campaigns and when those requirements can be waived.</p> | <p>Police, Economic Development</p> | <p>Not Implemented</p> | <p>The Police Department continues working with the City Attorney's Office to implement this recommendation. Target date: Feb-2019 (delayed from Jun-2017).</p> <p>POTENTIAL BUDGET SAVINGS: The cost of reimbursing of the two campaign events referenced in the audit would save the City \$140,000.</p> |

16-10 THE APARTMENT RENT ORDINANCE: ADDITIONAL INVESTMENT, IMPROVED PROCESSES, AND STRATEGIC RESOURCE DEPLOYMENT NEEDED TO BETTER SERVE TENANTS AND LANDLORDS (Issued 11/30/16)

The objective of this audit was to review the administration of the Apartment Rent Ordinance and related programs, and assess the department's readiness to administer modified programs. The report included eighteen recommendations.

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| <p>#1: To ensure efficient and effective customer service, the Housing Department's staffing plan should assess the need for additional dispute resolution professionals.</p> | <p>Housing</p> | <p>Implemented</p> | <p>The Department engaged a consultant to craft a staffing plan to support the proposed changes to the Apartment Rent Ordinance. In November 2017, the City Council approved Phase II of that staffing plan adding 6.0 FTE. Dispute resolution was listed as a typical duty for the analyst positions. The Department reports that it has begun its hiring efforts to fill those positions.</p> |
| <p>#3: To improve communication and outreach, the Housing Department should:</p> <ul style="list-style-type: none"> a) Adopt a targeted approach to tenants and landlords, b) Improve language accessibility, c) Improve its lobby space, d) Improve websites, and | <p>Housing</p> | <p>Partly Implemented</p> | <p>According to the Department, they are planning a public outreach campaign to reach tenants and landlords, and have trained staff for upcoming events, while continuing to improve language access. The Department receptionist will be moved to the lobby to improve public access. Improvements to the website continue, and will soon include a new online look up tool. The Department continues</p> |

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| e) Expand its online offerings including an on-line look-up tool, and the ability to file petitions online. | | | to explore the option of accepting petitions online. Target date: Jun-2018. |
| #4: To fulfill increasing demand for services, the Housing Department's staffing plan should consider the additional staff required for coordinating hearings, referrals for dispute resolution and advice, investigation and enforcement activities, and improving outreach. | Housing | Implemented | The Department engaged a consultant to create a staffing plan to support the proposed changes to the Apartment Rent Ordinance. In November 2017, the City Council approved Phase II of that staffing plan adding 6.0 FTE. Those additional 6.0 FTE included: a Senior Analyst and 3 Analysts to aid in dispute resolution, assists petitioners and respondents with inquiries and makes referrals as appropriate, collecting needed information for hearings, and other duties; a Public Information Representative to improve outreach; and a Legal Analyst in the City Attorney's Office. |
| #5: The Housing Department should enter unit addresses into the citywide integrated permitting system. | Housing, PBCE | Partly Implemented | Several City departments are working together to launch the Master Address Database. When complete, the Master Address Database will include unit addresses, which will integrate the unit addresses into the citywide integrated permitting system. In the meantime, the Housing Department reports that its rent registry, currently under development, is populated from the Master Address Database. Target date: Jun-2018. POTENTIAL BUDGET SAVINGS: TBD. |
| #6: The Housing Department should use its live access to the citywide integrated permitting system to answer routine questions about properties and receive alerts about changes to the Multiple Housing Roster, conversion or demolition permit applications, and code enforcement cases. | Housing | Partly Implemented | Staff in the Housing Department have been trained on the citywide integrated permitting system to answer routine questions about properties. Additionally, the Department reports that it is working with the AMANDA upgrade team to design a process to flag apartments covered by the Apartment Rent Ordinance. Target date: Jun-2018. |
| #10: Revise the fee exemption process by: a) Developing an online exemption option, b) Providing receipts or acknowledgements to landlords to confirm exemption requests have been submitted and granted/not granted, c) Establishing reasonable standards for landlords to prove eligibility for exemptions, and d) Developing a validation process to confirm exemption eligibility against building data in the citywide integrated permitting system and other authoritative sources. | Housing | Partly Implemented | In November 2017, the City Council adopted the updated Apartment Rent Ordinance regulations, which clarified the exemption process. These updated regulations will be implemented in the Fall of 2018 exemption process. Target date: Dec-2018. POTENTIAL BUDGET SAVINGS: TBD. |

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| <p>#11: To help handle spikes in call volume, the Housing Department should:</p> <ul style="list-style-type: none"> a) Alert the City's Customer Contact Center of service changes that affect the public, b) Provide scripts to the Customer Contact Center in advance of program and service delivery changes, and c) Consider, as needed, directing callers to the Customer Contact Center to answer phone calls. | Housing, IT | Not Implemented | The Department reports that it will soon begin work with the Customer Contact Center for support of the Rental Rights and Referrals Program. Target date: Jun-2018. |
| <p>#14: To ensure that customers have consistent and reliable access to legal services, the Housing Department should contract with non-profit legal service agencies, and require those agencies provide the City with information regarding outcomes.</p> | Housing | Partly Implemented | The 2017-2018 annual action plan included \$500,000 in Community Development Block Grant funds for legal services. Utilizing those funds, the Department is developing a request for proposals to be released in Spring 2018, so that a contract can be executed by July 2018. Target date: Jun-2018 (delayed from Dec-2017). |
| <p>#15: To ensure customers are provided necessary services, the Housing Department should develop a strategic plan for the Rental Rights and Referrals Program that outlines desired goals and outcomes, and establishes measures of program effectiveness.</p> | Housing | Partly Implemented | According to the Department, the Rental Rights and Referrals Program held a retreat on July 19, 2017, to initiate its strategic planning process. The Department has begun work developing a strategic plan for 2017-2018. The Department will continue these efforts, including developing measurable outcomes, in the coming months. Target date: Jun-2018. |
| <p>#16: To track customer satisfaction, and the perceived effectiveness of services, the Housing Department should develop customer satisfaction and information surveys, feedback cards, and online feedback options.</p> | Housing | Not Implemented | Upon completion of policy efforts, the Department will focus on program implementation. The Department reports that, at that time, it will work to develop customer satisfaction surveys. Target date: Jun-2018. |
| <p>#18: To recognize the administrative costs associated with billing Apartment Rent Ordinance-related fees, the Housing Department should work with the Department of Planning, Building and Code Enforcement to establish fee supported staffing, and enter into the interdepartmental partnership of users of the citywide integrated permitting system.</p> | Housing, PBCE | Partly Implemented | In the FY 2017-18 budget, the Housing Department reports that it funded 20 percent of a PBCE Accountant position to offset the billing cost for PBCE; this amount was included in the fee analysis presented to the City Council in November 2017. The Department reports that preliminary discussions have taken place regarding supporting the citywide integrated permitting system and will continue in Spring 2018. This is to be part of the proposed 2018-19 budget process. Target date: Jun-2018. |
| <p>#19: To fund existing and new Rental Rights and Referrals Program services, and ensure the availability of those services across different customer groups, the Housing Department should:</p> | Housing | Implemented | The Department presented policy recommendations to the City Council in November 2017. Those recommendations restructured the fees to reflect the number of units covered by the program, and included the full costs of services for administering the program to |

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| <ul style="list-style-type: none"> a) Restructure fees based on services for which units are eligible, b) Calculate new fees to include the full costs of services including those provided by other departments, c) Review cost recovery targets, and d) Consider penalty structures whereby “problem landlords” pay fees in proportion to their burden on the City. | | | <p>achieve cost recovery targets. Following that presentation, the City Council approved a new fee structure for the Apartment Rent Ordinance effective January 1, 2018. The revised Apartment Rent Ordinance includes the ability for staff to issue administrative citations, so that “problem landlords” pay for the additional costs they impose.</p> |

16-11 MOBILE DEVICES: IMPROVEMENTS NEEDED TO ENSURE EFFICIENT, SECURE, AND STRATEGIC DEPLOYMENT (ISSUED 12/08/16)

The objective of this audit was to assess the cost, usage, and management accountability for the growing number of mobile devices distributed to city employees. The report included sixteen recommendations.

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| <p>#1: To ensure appropriate controls over City-owned mobile devices (including cellphones, smartphones, hotspots, tablets, and laptops), the Administration should require departments to label City-owned mobile devices and maintain current inventories. The inventories should include the type of device, serial number, the name and ID of the employee to whom the device is assigned, the phone number (if applicable), the date of issuance, and the date returned (if applicable).</p> | IT | Partly Implemented | <p>IT reports that it is in the process of:</p> <ul style="list-style-type: none"> • Working with departmental IT Liaisons to label existing mobile device assets, beginning with laptops and tablets due to their higher value; • Implementing new procedures for departments to add and maintain asset data in an inventory; and • Working with the City's PC vendor(s) to asset tag mobile devices and automatically relay asset/inventory data to the City for future purchases. <p>Target date: Dec-2018 (delayed from May-2018).</p> |
| <p>#2: To ensure that cellphone stipends are cost-effective and reflect current technologies and the usage and needs of City employees, the Information Technology Department should work with the Finance Department to:</p> <ul style="list-style-type: none"> a) Provide guidance for departments on how to assess the cost-effectiveness of offering a stipend as opposed to issuing a City-owned device; b) Update the eligibility criteria for stipends to reflect business need (i.e., the same criteria for City-owned devices) and delegate approval to the department level; and c) Review and adjust the amount and structure of the City's cellphone and data stipends. | IT, Finance | Partly Implemented | <p>IT reports that, when requesting mobile devices, departments can view the costs of voice and voice + data stipends and compare them to the costs of various City-owned mobile devices. The recently drafted Mobile Devices Policy would allow departments to approve stipends for exempt employees with defined ongoing project or work needs. However, given City budget constraints, IT reports that the City will not actively encourage broad use of cellular stipends or added lines.</p> <p>According to IT, the draft Mobile Device Policy incorporates feedback from the City Attorney's Office, City Manager's Office, Finance Department, Information Technology Department, and Office of Employee Relations; OER is leading the final review prior to City Council approval. IT also reports that Finance has reviewed stipend amounts and has not recommended any changes for the</p> |

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| The Information Technology and Finance Departments should update City policy accordingly. | | | remainder of 2017-18. Target date: Dec-2018 (delayed from Dec-2017). |
| <p>#5: The Finance Department should:</p> <p>a) Work with the City Attorney's Office to clarify City policy on the taxability of stipends and either eliminate non-taxable stipends, or provide guidance to department staff on what documentation is required for a stipend to be non-taxable.</p> <p>b) If non-taxable stipends are continued, the Finance Department should review the authorization forms for employees for non-taxable stipends for required documentation to justify the non-taxable status of the stipends. Finance should then work with departments to compile any missing documents or change the status to taxable.</p> | Finance, City Attorney | Partly Implemented | Finance Department reports that the City has elected to remove the option of non-taxable stipends. It will update procedures and forms upon approval from the Office of Employee Relations. Target date: Jun-2018 (delayed from Apr-2018). |
| <p>#6: The Information Technology Department should develop a Mobile Device Policy to supersede the current Cellular Telephone Policy (1.7.4) to:</p> <p>a) Reflect the use of all mobile devices by employees across the City, including both personal and City-owned cellphones, smartphones, tablets, hotspots, and laptops.</p> <p>b) Clarify the specific duties and responsibilities of mobile device liaisons within departments who are tasked with managing such devices.</p> <p>The new policy should cross-reference with the City's Information Security Policy, the Remote Access Policy, and any other relevant policies that relate to mobile devices.</p> | IT | Partly Implemented | IT reports that an updated draft of the Mobile Device Policy is currently under review by the City Attorney's Office, City Auditor's Office, City Manager's Office, Finance Department, Information Technology Department, Office of Employee Relations. Target date: Jun-2018 (delayed from Jun-2017). |
| <p>#7: To ensure consistent application of the Mobile Device Policy, the Information Technology Department should develop and provide periodic training for department liaisons on their specified administrative duties and responsibilities outlined in the policy for both City-issued and personal devices used for City business.</p> | IT | Partly Implemented | <p>IT reports that it has implemented Mobile Device Management (MDM) software, which can be deployed Citywide. IT states that department administrators have begun deploying the software for devices requiring additional tracking and security. For example, the Fire Department and IT are piloting MDM administration for critical devices on emergency response apparatuses. Per IT staff, IT has worked with departments since October 2017 to eliminate unnecessary lockouts and to facilitate more frequent updates from vendors as cybersecurity risks have arisen.</p> <p>According to IT, it will provide ongoing training for department liaisons on the MDM software. It aims to publish fresh materials</p> |

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| | | | <p>once MDM tools, device protocols, and management processes have been further refined.</p> <p>For full implementation of this recommendation, IT should ensure periodic training for department liaisons on all their administrative duties and responsibilities outlined in the draft Mobile Device Policy for both City-issued and personal devices used for City business—including but not limited to the management of MDM software. Target date: Dec-2018 (delayed from Dec-2017).</p> |
| <p>#8: To address information security risks associated with mobile devices, the Information Technology Department (IT) should develop, and include in the Mobile Device Policy, guidelines and procedures for both City-issued and personally owned devices that identify:</p> <ul style="list-style-type: none"> a) The degree of access for various types of mobile devices and employee classifications in connecting to either cloud-based City services or to the City's network; b) Any applicable support expectations by IT for personally owned mobile devices used for City business; c) Any applicable user conditions, especially if personally owned devices may be enlisted on a mobile device management software; and d) Any applicable IT controls over mobile devices, such as remote locking or wiping of device in case of theft or loss. <p>Any authorization forms, such as the Remote Access Authorization Form, should be updated accordingly.</p> | IT | Partly Implemented | <p>The Mobile Device Policy has been drafted and is under review. IT reports that the final policy will address stipends, eligibility, support and mobile device management requirements, security standards, and use agreements.</p> <p>IT states that the City's guidelines and procedures for personal devices used for City business will include:</p> <ul style="list-style-type: none"> • An agreement allowing the City to open, secure, and delete City information from devices as needed; • MDM and cloud service tools to manage access and information; • Standards for device security settings; and • Protocols for managing identity, rights, and usage. <p>Target date: Jun-2018 (delayed from Dec-2017).</p> |
| <p>#9: The Information Technology Department should:</p> <ul style="list-style-type: none"> a) Develop user friendly guidelines on mobile device information security and include it as part of the <i>Mobile Device Policy</i>. b) Establish periodic information security awareness trainings for all personnel who access the City's network on City-issued and personal devices. | IT | Partly Implemented | <ul style="list-style-type: none"> a) The Mobile Device Policy has been drafted and is under review. IT reports that the final policy will address information security. Further, user friendly guidelines on mobile device information security will be incorporated into a revised Mobile Device Request Form, which is slated to be converted into an online form as part of the Business Process Automation initiative. b) IT began the City's first cybersecurity awareness training in October (National Cybersecurity Awareness Month), releasing content each week that month. IT reports that it will provide more security awareness trainings after the onboarding of a new City Information Security Officer, slated for March/April 2018. |

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| Target date: Dec-2018 (delayed from Dec-2017). | | | |
| <p>#11: To reduce ordering turn-around and demands on staff time, we recommend the Administration:</p> <ul style="list-style-type: none"> a) Allow departments to order mobile devices (cellphones, smartphones, hotspots, tablets, and laptops) and accessories directly, through appropriate citywide purchase orders; b) Develop a process for IT or department staff to configure devices to meet information security standards in the <i>Mobile Device Policy</i>. c) Update City policy accordingly. | IT | Partly Implemented | <p>IT reports that the City, with its two primary cellular service providers, has begun discussing mobile device ordering, required configurations for security, and a tool to centralize device ordering through vendors' portals. Combined with an online request and approval workflow, these changes would fulfill City Council's direction to digitize mobile device orders.</p> <p>Today, department coordinators approved by IT can order mobile devices and services directly via mobile device vendors' online portals. However, IT continues to order devices for some departments.</p> <p>IT reports that it will define mobile configurations and associated security standards in the <i>Mobile Device Policy</i> (draft under review). Target date: Dec-2018 (delayed from Dec-2017).</p> |
| <p>#12: To reduce ordering turn-around and demands on staff time, and to provide greater transparency and citywide inventory control, we recommend the Administration:</p> <ul style="list-style-type: none"> a) Explore tools to develop online approval form(s) for the approval of City-issued cellphones, smartphones, hotspots, tablets, and laptops, including whether the device will require remote network access, to be authorized electronically and saved in a centralized, searchable database; and b) Revise the <i>Procurement of Laptops and Tablets Policy</i> (1.7.8) and reference the <i>Remote Access Policy</i> (1.7.3) accordingly. | IT | Partly Implemented | <p>IT reports that the City, with its two primary cellular service providers, has begun discussing mobile device ordering, required configurations for security, and a tool to centralize device ordering through vendors' portals. Combined with an online request and approval workflow, these changes would fulfill City Council's direction to digitize mobile device orders. IT states that requests and approvals of mobile device orders would be electronically documented and searchable.</p> <p>IT has not yet begun revisions to the procurement and remote access policies. Target date: Jun-2018 (delayed from Dec-2017).</p> |
| <p>#13: To facilitate departmental budgeting and business need determinations, and ensure the prudent expenditure of public funds, we recommend the Information Technology Department establish and implement procedures to regularly update the City price list to accurately reflect the current discounted prices and technical specifications of available devices, and put an explicit link to tablet pricing on its intranet site.</p> | IT | Partly Implemented | <p>IT reports that standard configurations and prices for laptops, tablets, and hotspots have been available on the City's Intranet since January 2018. IT will work with suppliers to establish a price update schedule or, if feasible, build dynamic links to vendor-maintained price sheets that reflect the most current prices. Target date: Jun-2018 (delayed from Dec-2017).</p> |

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| <p>#14: To address the information security risks of mobile devices, the Information Technology Department (IT) should work with departments citywide to implement Mobile Device Management (MDM) software citywide for the devices that pose the greatest information security risks for the City. Specifically, IT should:</p> <ul style="list-style-type: none"> a) Prioritize devices that pose the greatest information security risks for the City to be enlisted on an MDM software, and work with departments to implement MDM software citywide for those devices; b) Establish basic minimum standards or settings within the MDM software to protect City data within the software; and c) Either directly manage mobile devices for departments or provide administrative access for departments to manage their own devices if they have the internal capacity to manage those devices. | IT | Partly implemented | <p>IT reports that it has implemented Mobile Device Management (MDM) software, which can be deployed Citywide. IT states that department administrators have begun deploying the software for devices requiring additional tracking and security.</p> <p>Once all the devices and their profile are logged in to the MDM system, IT will work with City departments to define and assess security risks based on the information stored on mobile devices.</p> <p>According to IT, it will provide ongoing training for department liaisons on the MDM software. It aims to publish fresh materials once MDM tools, device protocols, and management processes have been further refined. Target date: Dec-2018 (delayed from May-2018).</p> |
| <p>#15: In order to ensure that the City and/or departments control costs related to mobile device, the Information Technology Department (IT), in consultation with the Finance Department where applicable, should:</p> <ul style="list-style-type: none"> a) Administer citywide review of mobile device bills for usage and potential cost savings (e.g. zero- and low-use, plan optimization, minute and data pooling, etc.), potentially through the acquisition and utilization of telecommunications expense management software. b) Clarify the management structure between IT and other departments in its updated <i>Mobile Device Policy</i> (see Recommendation #6)—including some level of departmental bill review—and provide procedures and annual trainings to responsible individuals. c) Ensure that appropriate individuals within departments receive vendor reports and communications. d) Ensure that all wireless service users in the City are informed of their plans' features and limitations. | IT, Finance | Partly implemented | <p>IT reports that it has reviewed costs and optimization reporting with the City's two primary cellular vendors. IT and vendors are working on scheduled reports showing city lines with exceptional usage (no/low use or high use). IT will then work with departments to cancel, suspend, or change service options as appropriate to ensure wireless service costs align with usage and need. IT staff is also considering pooled data plans for some work groups to further optimize cost to demands.</p> <p>Currently, City departments manage mobile devices in a decentralized fashion. IT is working to centralize mobile device by establishing standards and guidelines for City departments on mobile device procurement and wireless service plans. IT reports that it will work with Finance to clarify IT's role in managing mobile devices and ensuring cost optimization; clarifications will be reflected in the draft Mobile Device Policy.</p> <p>IT has also engaged vendors in this effort. Staff reports that IT is working with Verizon on a pilot process to add IT as the central contact for oversight; AT&T and Sprint will follow. As this process matures, IT will document procedures and provide training to City departments. Target date: Sep-2018 (May-2018).</p> <p>POTENTIAL BUDGET SAVINGS: During the audit, we identified \$189,000 per year in potential savings from eliminating zero or low-use lines, use of pooled plans for devices with low data</p> |

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| | | | consumptions, and other active management of telecommunications expenses. |

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| #16: To support staff training, pool resources, and foster departmental innovation, the Administration should create an interdepartmental working group to serve as a forum for departments to share mobile solutions and processes, and facilitate mobile strategies across the City. | IT | Not Implemented | No updates at this time. Target date: Dec-2018. |
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17-01 AUDIT OF OUR CITY FOREST (Issued 2/27/17)

The objective of this audit was to audit the expenditure of city funding, compliance with the terms of grant agreements with the City, and the off-site tree replacement program. The report included four recommendations.

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| #2: To ensure that the City's Matching Grant Agreement is in alignment with OCF's AmeriCorps grant, DOT should request to be notified of AmeriCorps grant submittals, request a copy of Our City Forest's annual grant agreement with AmeriCorps, request all documents required by its current Matching Grant with the City, and follow up as needed. | DOT | Implemented | OCF is regularly submitting reports related to the City's Matching Grant Agreement, and OCF's grant with AmeriCorps to DOT. DOT has received all three reports for FY 2016-17 grant and the first set of reports for FY 2017-18 grant, including a copy of the new AmeriCorps agreement with OCF. |
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| #3: The City Administration should review and formalize its off-site tree replacement process. If the City desires to contract for these services, it should determine whether a competitive process is required to select a provider(s), establish an agreement(s) for these services (including a cost per tree), and require documentation of the tree plantings and maintenance provisions. | PBCE | Partly Implemented | PBCE staff report that they will establish an agreement for services and documentation of those services. However, the of development of a Request for Proposals (RFP), in conjunction with DOT, ESD, and PRNS, for an off-site tree provider has been delayed. Target date: May-2018 (Delayed from Dec-2017). |
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| #4: To ensure permit conditions are met, the Planning Division should: <ul style="list-style-type: none"> a) Require permittees (developers and homeowners/landowners) to provide proof of off-site tree mitigation plantings; b) For development permits, require proof of off-site replacement plantings prior to the issuance of building permits; c) For tree removal permits, continue to require proof of off-site replacement plantings within 30 days of removal of the trees, and utilize Code Enforcement to ensure compliance; | PBCE | Partly Implemented | <ul style="list-style-type: none"> a) & b) According to the Department, permittees (both developers and landowners) are required to provide proof of off-site replacement, however this has not yet been documented. c) Permits (both for development permits and tree removal permits) require that replacement plantings (on- or off-site) are planted within 30 days of removal. Compliance for development permits is ensured through the plan check conformance review. d) Staff is developing processes in the City's AMANDA permit software to better track off-site tree replacement requirements and to be able to notify the Staff Project Manager when the required tree replacement compliance information from the applicant is not received by the City, as required. |
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| <ul style="list-style-type: none"> d) Retain documentation of verification of compliance with off-site replacement tree conditions; and e) Require maintenance period for replacement trees and replanting if they fail within that period. | | | <p>e) The PBCE-recommended Tree Removal Control Ordinance revisions as it pertains to tree removals on private property were adopted by the City Council December 19, 2017. The revised Ordinance is effective February 9, 2018. Those Ordinance revisions include development of a minimum three-year maintenance process for tree replacement and a requirement for replacement if the tree fails during that time. Target date: May-2018 (delayed from Dec-2017).</p> |

17-02 OFFICE OF EQUALITY ASSURANCE: INCREASED WORKLOAD WARRANTS REEVALUATION OF RESOURCE NEEDS (Issued 03/20/17)

The objective of this audit was to review the administration and performance of the city's wage compliance and disadvantaged business enterprise efforts. The report included eight recommendations.

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| <p>#1: To better administer the prevailing and living wage compliance programs, the Office of Equality Assurance should:</p> <ul style="list-style-type: none"> a. Procure a software solution to automate payroll review to free up staff time for other responsibilities (e.g., site visits, review of supplemental documentation); b. Adopt a risk-based strategy for conducting site visits and reviewing supplemental documentation to efficiently verify the accuracy of information in submitted payrolls; and c. Ensure the program has sufficient supervisory resources following the implementation of Recommendation #3. | OEA | Not Implemented | <p>OEA is exploring options for a software solution and evaluating the information needed to adopt a risk-based strategy. Public Works submitted a Manager's Budget Addendum for the 2017-18 budget cycle describing the research, analysis, and outreach OEA would perform before recommendation a software solution. OEA has outreached to other labor compliance programs and software providers to understand specifications of the software and possible cost. If a local hire program is established, the software solution would need to incorporate this capability.</p> <p>OEA will use previous wage and apprentice violations as the criteria to determine whether a project has high, moderate, or minimal risk. Site visits will focus on high to moderate risk projects. As other recommendations are implemented that change workload and assignments, OEA will evaluate the appropriate supervisory staffing. Target date: Dec-2018 (delayed from Jun-2018).</p> <p>POTENTIAL BUDGET SAVINGS: We estimate that a software solution would free time for two FTE to be redeployed to other OEA functions that are currently understaffed. Redeployment of these staff will potentially reduce the need to hire additional staff to administer OEA responsibilities, resulting in overall budget savings. Based on software costs of surveyed jurisdictions and the salary costs of OEA staff, we estimate the potential budget savings to be \$300,000.</p> |
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| <p>#2: The Office of Equality Assurance should develop a plan to conduct concerted and ongoing outreach to employees and employers about wage compliance, maximizing its current network with City departments, nonprofits, and community organizations.</p> | OEA | Not Implemented | <p>The Mayor's June 2017 budget message recommended that the City Manager reallocate \$50,000 in one-time funding to create a grant program to assist businesses successfully engage in the procurement processes with the City. OEA is currently working to enter an agreement with interested organizations that would provide outreach and lead workshops for businesses. The outreach and workshop content would be developed by the City and would include information about wage compliance and procurement processes. Target date: Jun-2018.</p> |
| <p>#3: The Office of Equality Assurance should rededicate the 2.0 FTE originally budgeted to administer the Minimum Wage Ordinance. These staff should also aid with the implementation, administration, and enforcement of the City's Wage Theft Prevention Policy and Opportunity to Work Ordinance.</p> | OEA | Not Implemented | <p>OEA will revisit changes to staff assignments after the implementation of a software solution and decisions regarding the future of a local hire program, project labor agreements, and community workforce agreements are finalized. Target date: Dec-2018 (delayed from Jun-2018).</p> |
| <p>#4: To ensure continuity and consistency in practices, the Office of Equality Assurance should document the processes involved in:</p> <ol style="list-style-type: none"> a. Determining wage requirements for a prevailing or living wage project and notifying Finance of the wage determination; b. Receiving purchase order information from Finance and sending documents to contractors for living wage projects; c. Conducting pre-construction meetings and sending documents to contractors for prevailing wage projects; d. Performing prevailing wage and living wage payroll reviews, including how to determine the wage rate based on labor compliance documents and how to review inspector logs; e. Escalating enforcement when labor compliance documents are not received, such as sending notices of noncompliance and withholding of payment (see Recommendation #5); f. Calculating restitution for prevailing, living, and minimum wage, and notifying required parties of violations; g. Completing the director review of violation appeals; h. Closing a project after completion; i. Conducting a minimum wage review; j. Conducting outreach for race-neutral disadvantaged | OEA | Partly Implemented | <p>OEA is working on development of a policy and procedures manual. Staff have started updating policies and procedures, including processes relating to DBE outreach, construction contract awards, recent changes to the labor code, and pre-construction meetings. Target date: Dec-2018 (delayed from Jun-2018).</p> |

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| <p>business enterprise (DBE) projects and evaluating DBE good faith efforts for race-conscious projects; and</p> <p>k. Completing an Americans with Disabilities Act complaint investigation.</p> | | | |
| <p>#5: To avoid inconsistencies in the treatment of contractors, the Office of Equality Assurance (OEA) should document staff's decision-making criteria for:</p> <p>a. Timelines for payroll review process;</p> <p>b. Escalation of enforcement and appropriate use of enforcement tools;</p> <p>c. When payrolls are to be requested for service and maintenance projects; and</p> <p>d. The minimum value of a contract at which OEA must be notified.</p> | OEA | Not Implemented | The Department is working on development of a policy and procedures manual. Target date: Dec-2018 (delayed from Jun-2018). |
| <p>#6: To ensure appropriate and uniform application of the City's formal enforcement mechanisms, the Office of Equality Assurance should:</p> <p>a. Work with the City Attorney's Office to clarify its policy that penalties or liquidated damages should be assessed on all payrolls with wage violations on City-funded projects, regardless of the timing of submission or Notice of Violation; and</p> <p>b. Require that payrolls should be submitted whenever a contract requests a payment.</p> | OEA | Not Implemented | OEA has contacted the Department of Industrial Relations for information regarding their process for this situation and is still awaiting clarification. Target date: Jun-2018. |
| <p>#7: To simplify the contract notification process and reduce errors, the Office of Equality Assurance (OEA) should:</p> <p>a. Provide up-to-date written guidance for Finance Department and City staff to assist them in making wage policy determinations, including that OEA staff are available to provide advice upon request;</p> <p>b. No longer require a formal notice of intent to contract form at the initiation of a project; and</p> <p>c. Begin tracking projects upon receipt of completed agreements from the Finance Department.</p> | OEA | Implemented | OEA and Finance have discussed the notification process. Per the discussions, Finance will submit <i>Notices of Intent to Contract</i> for information purposes only to OEA staff. OEA staff will provide information about applicable wage policies when requested by Finance or other departments. OEA's internal tracking of projects will begin only after OEA staff have received a purchase order and/or an agreement. |
| <p>#8: Once the City Council determines the desired scope of the City-wide contracting program, the local hire/apprentice utilization program, and Americans with Disabilities Act compliance program,</p> | OEA | Not Implemented | In May 2017, the City Council approved two master agreements for a consultant to develop proposals for a Citywide Contracting |

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| the City should assign the resources needed to perform these responsibilities. | | | Program. OEA plans to report updates in spring 2018, including staffing projections. Meanwhile, a consultant has been selected to perform the Labor Market Study relating to the development of a possible local hire program. OEA plans to report the recommendations of the study in September 2018. After that time, the future of a local hire program can be reassessed. Target date: Dec-2018. |

17-03 AUDIT OF RESIDENTIAL HIGH-RISES: CONSIDERATIONS FOR A CITY WITH A GROWING NUMBER OF TALL BUILDINGS (Issued 08/21/17)

The objective of this audit was to evaluate the permitting and inspection of new residential high-rise buildings. The report included three recommendations.

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| #1: The City Manager's Office—in coordination with the Department of Planning, Building and Code Enforcement, the City Clerk's Office, and the City Attorney's Office—should establish procedures to ensure the timely filing of future amendments. | PBCE | Implemented | The Department worked with the City Attorney's Office and the City Clerk's Office to ensure future codes and local amendments are filed in a timely manner with the State. Those offices developed a three-step process: 1) PBCE and the City Attorney's Office will include filing instructions in the City Council memo of the local building code amendments, 2) the City Attorney's Office will provide a cover note about the filing instructions with the final ordinance, and 3) 30 days after adoption by the City Council, PBCE will confirm the state has received the amendments. |
| #2: To provide consistent assurance of health and safety, the City's development services partners should define the circumstances under which: <ul style="list-style-type: none"> a) Site dewatering would trigger mandatory review by the Building Division and/or Public Works; b) The Building Division would require peer review of geotechnical report findings on foundation design and soil conditions; or c) Structural and/or seismic peer review would be required for higher risk buildings. | PBCE, Public Works | Partly Implemented | a) City staff are contacting other Bay Area and major California municipalities to determine what dewatering situations warrant mandatory review. Target Date: May-2018. b) & c) The Department has completed these portions of the recommendation by issuing structural peer review guidelines that identify circumstances under which a peer review of geotechnical report findings and/or structural design would be required for high risk buildings. |
| #3: To ensure consistency and transparency, the development services partners should: <ul style="list-style-type: none"> a) Provide clear, written guidelines for assessing, collecting, waiving, deferring, and tracking fees for preliminary review | PBCE, Public Works | Not Implemented | PBCE will be coordinating with its development services partners to provide clear written guidelines and procedures on these recommendations. Target Date: Sep-2018. |

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| <p>and other pre-application meetings, as well as deferred parkland fees;</p> <p>b) Establish procedures to ensure the guidelines are followed; and</p> <p>c) Ensure the consistent documentation of meetings, fee assessments, and payments.</p> | | | |

17-04 OPEN GOVERNMENT: THE CITY HAS MADE PROGRESS IN MEETING THE GOALS OF THE SUNSHINE REFORM TASK FORCE (Issued 08/24/17)

The objective of this audit was to assess progress towards meeting the city’s open government goals as proposed by the 2006 Sunshine Reform Task Force, modified and approved by the City Council in 2009, and codified by the City Council in 2014. The report included twelve recommendations.

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| <p>#1: The Administration should create an Open Government policy to be included in the City’s Administrative Policy Manual. The policy should state the purpose and goals of the Open Government Ordinance and Resolution and cross reference with the specific procedures outlined in the resolution and other City policies as necessary.</p> | City Manager | Partly Implemented | The City Manager’s Office and the City Attorney’s Office are working on an administrative policy that broadly outlines responsibilities under, and makes reference to, the Open Government Resolution. Target date: Dec-2018. |
| <p>#2: The Office of Economic Development, in coordination with the City Attorney’s Office, should develop a policy and procedures to clarify whether and how to disclose cost-benefit information for provisions of economic benefit to private entities when: The provision is a part of a larger incentive program to be issued to entities that meet specified criteria, Multiple provisions may benefit a single entity within a short timeframe, The City provides services on behalf of/for a private entity, and The entity receiving the benefit is a non-profit or public agency.</p> | Economic Development | Not Implemented | The Office of Economic Development reports that it has begun working with the City Attorney’s Office to understand the reporting requirements and applicability of different subsidy disclosures. It is also working on an internal memo to outline procedures and a records keeping process for disclosure of economic development subsidies. Target date: Jun-2018. |
| <p>#3: The City Manager’s Office should update the Council memo template to include direction for required disclosures for proposed subsidies of more than \$100,000 and more than \$1 million, in accordance with the state law and Open Government Resolution, respectively.</p> | City Manager | Not Implemented | Agenda Services is working with the Office of Economic Development, the major stakeholder, to create instructions for the memo template. Target date: Mar-2018. |
| <p>#4: The Administration should implement procedures to track public subsidy and tax abatement agreements to ensure compliance with state and Open Government after-action reporting requirements and financial statement disclosures.</p> | Economic Development, Finance | Not Implemented | The Office of Economic Development reports that it has begun working with the City Attorney’s Office to understand the reporting requirements and applicability of different subsidy disclosures. It is also working on an internal memo to outline procedures and a |

| Audit Report and Recommendation | Department | Current Status | Comments |
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| | | | records keeping process for disclosure of economic development subsidies. Target date: Jun-2018. |
| <p>#5: The City Clerk's Office should:</p> <ul style="list-style-type: none"> a) Include Open Government calendaring requirements (e.g., name, title, organization, and purpose, as outlined in §1.3.3 of the Open Government Resolution) in trainings for new Council staff, and b) Include calendar set up as a part of the onboarding process for Council staff (such as referral to appropriate Information Technology Department and City Manager's Office staff). | City Clerk | Partly Implemented | The City Clerk's Office reports that it is holding a training for Council Assistants on March 15 that will cover calendaring requirements and lobbying restrictions, and plans to incorporate these topics into training for new Council offices going forward. Target date: Jan-2019. |
| <p>#6: The City Clerk's Office should:</p> <ul style="list-style-type: none"> a) Update the lobbyist reporting form to include a reference to Section 7 of the Open Government Resolution, restricting lobbying during the solicitation process, b) Update the lobbyist registration form to include a check box that indicates whether a lobbyist is a former employee of the City, potentially subject to the Revolving Door Ordinance, and c) Implement a process to refer such former City staff to the City Attorney's Office for follow up. | City Clerk | Implemented | The City Clerk's Office has updated the online lobbyist registration form. The updated form makes reference to restrictions on lobbying based on the Open Government Resolution and the Revolving Door Ordinance. It also asks registrants to indicate if a lobbyist is a former employee of the City, and the Clerk's Office has incorporated a step to contact the City Attorney's Office, if needed, in its lobbyist form processing procedures. |
| <p>#7: The City Clerk's Office, in coordination with the City Attorney's Office, should provide Open Government training for Mayor and Council office staff on:</p> <ul style="list-style-type: none"> a) The definition of a lobbyist, b) Resources on lobbyist disclosure to identify potential unregistered lobbyists (such as the City Clerk's Registered Lobbyist List), and c) Restrictions on lobbying during the solicitation process. | City Clerk, City Attorney | Partly Implemented | The City Clerk's Office reports that, in coordination with the City Attorney's Office, it is holding a training for Council Assistants on March 15 that will cover calendaring requirements and lobbying restrictions, and plans to incorporate these topics into training for new Council offices going forward. Target date: Jan-2019. |
| <p>#8: The City Council should consider a change to the Revolving Door Ordinance that mitigates potential conflicts of interest and simplifies the rules surrounding former designated employees who work for non-profit organizations as lobbyists or on legislative or administrative matters which they worked on as part of their City employment. Potential policy directions include:</p> | City Attorney, City Clerk | Not Implemented | The City Council referred this recommendation to the Board of Fair Campaign and Political Practices Commission (formerly the Ethics Commission) for further consideration, prior to the item's return to Council. The Board discussed the recommendation at its January 10, 2018 meeting, and will recommend Council strike the non-profit exemption. This recommendation will be included with a related item, considering possible changes to the Revolving Door |

| Audit Report and Recommendation | Department | Current Status | Comments |
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| <ul style="list-style-type: none"> a) Narrowing the non-profit exemption to 501(c)(3) organizations, regardless of whether the organization had received support from the City; or b) Striking the non-profit exemption, such that the same rules apply whether former designated employees go to work for non-profit or for-profit organizations. | | | Ordinance in accordance with amendments to the Political Reform Act, which has not yet been discussed by the Board. |
| <p>#9: The Administration should update City policies and guidance on the retention and disposition of electronic records and City email to reflect the current technological environment and allow for more effective management of public records. This includes the storage of records to efficiently respond to public records requests and the disposition of records per approved retention schedules.</p> | City Manager | Partly Implemented | <p>The purpose of this recommendation was to address the growth of electronic records, including old emails, many of which are not public records, but are routine, mass, or unsolicited, as well as preliminary draft documents. The City Manager's Office is currently working to update City policies to include provisions for public records stored on personal devices or accounts. The policy is currently being reviewed by the City Attorney's Office and employee bargaining units.</p> <p>This recommendation will be considered fully implemented when the City's 2010 policy and procedures are updated to address the growth of electronic records and emails that do not meet the definition of a public record. Target date: Jun-2018.</p> |
| <p>#10: To better manage electronic records on the City's enterprise fileshare and email systems, the Administration should consider a combination of strategies, including but not limited to:</p> <ul style="list-style-type: none"> a) Developing procedures for department records administrators to conduct electronic file clean outs to dispose of unnecessary electronic files as well as those saved past the City's approved retention schedules. b) Periodic reminders to City staff to clean out their email folders, along with guidance on what is a public record that should be saved, and what is not. | City Manager | Partly Implemented | <p>Departments are currently providing input for revisions to their records retention schedules, which are to include electronic files for clean out. These revisions will be posted online for 30 days before the revisions take effect.</p> <p>The City Manager's Office reports that while it currently sends periodic reminders to public records and records retention coordinators in each department and to Council offices, it will work with IT to implement a citywide reminder similar to key policy reminders. Target date: Dec-2018.</p> |
| <p>#11: In accordance with the Municipal Code, the City Manager's Office, in coordination with the City Clerk's Office, should issue regular reports on the scope of open government activities, including:</p> <ul style="list-style-type: none"> a) Open meeting provisions such as posting of agendas and minutes of the City Council and decision-making bodies, b) Responding to public records requests, c) Posting of City officials' public calendars, | City Manager | Partly Implemented | The City Manager's Office included items (b) and (c) in the semi-annual report to the Rules Committee. The City Manager's Office reports that with regard to item (e) , it is currently working to update City policies to include provisions for public records stored on personal devices or accounts. The policy is currently being reviewed by the City Attorney's Office and by employee bargaining units. Target date: Dec-2018. |

| Audit Report and Recommendation | Department | Current Status | Comments |
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| <ul style="list-style-type: none"> d) Other public disclosure and information activities, such as notices of public subsidies, community engagement or outreach efforts, and required disclosures of City-funded non-governmental organizations, and e) Recommendations to update open government or related City policies to remain current and effective, as necessary. | | | |
| <p>#12: To ensure that open government becomes an integrated part of the City's business, the Administration should:</p> <ul style="list-style-type: none"> a) Reference the Consolidated Open Government and Ethics Resolution in the City's Code of Ethics, and b) In accordance with the Municipal Code, provide training on the Open Government Ordinance and Consolidated Open Government and Ethics Resolution for (i) new employees as part of the onboarding process and (ii) for managers and supervisors on a regular basis. | Employee Relations | Partly Implemented | The Office of Employee Relations incorporated training on the Open Government Ordinance and Consolidated Open Government and Ethics Resolution into the New Employee Welcome presentation and the Supervision Academy. The recommended changes to the City Policy Manual will be presented to the City Manager and then to the City Council for approval. Target date: Apr-2018. |

17-05 AUDIT OF ENVIRONMENTAL SERVICES DEPARTMENT CONSULTING SERVICES: AGREEMENTS REQUIRE ADDITIONAL OVERSIGHT (Issued 09/01/17)

The objective of this audit was to evaluate the use, monitoring, and payment for consulting services. The report included ten recommendations.

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| <p>#1: To increase transparency, in its upcoming amendment, ESD should:</p> <ul style="list-style-type: none"> a) Renegotiate the multiplier and establish not-to-exceed hourly billing rates by position in future service orders; and b) Include limits on the amount and number of salary increases for key staff positions in any given year that it will pay. | ESD | Implemented | <p>On October 25, 2018, Council approved an amended and restated master agreement with Stantec Consulting Services, Inc. (previously MWH Americas, Inc.). The amendment includes a slightly lower multiplier (0.02 decrease). In addition, it includes a table to track not to exceed billing rates based on job classification per service order. All service orders issued will be required to include a level of effort table with not-to-exceed hourly billing rates for key staff positions for the given year (or duration of the approved service order).</p> <p>In addition, the restated master agreement specifies that hourly salary rates may not be increased by more than 3% annually, every January 1st, unless pre-authorized in writing by the Director.</p> |
| <p>#2: To make invoice review easier and ensure staffing levels are appropriate, ESD should ensure the following information is included in all relevant side letters: Changes to key staff</p> | ESD | Implemented | A template staffing change approval form was included with the amended master agreement. The form standardizes the information that the consultant must provide to the Director when proposing a change to key staff. Information to be provided on the |

| Audit Report and Recommendation | Department | Current Status | Comments |
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| <ul style="list-style-type: none"> • Sub-consultant firms and their key staff • Billing rates and charges • Form 700 filing • Onsite or offsite designation | | | <p>form letter includes: the name and position of key staff, hourly billing rate, Form 700 filing requirements, and whether the person has an onsite or offsite designation.</p> |
| <p>#3: ESD should work with the City Attorney's Office to determine:</p> <ul style="list-style-type: none"> a) Whether the City should seek repayment of geographic pay differentials (including multiplier), and b) If future agreements include a geographic pay differential, the amount of the differential and that the multiplier should not apply. | ESD | Implemented | <p>ESD is expected to receive approximately one million dollars in credit for geographic pay differential (including the multiplier) paid during the agreement term from 2013 to 2017.</p> <p>The amended and restated master agreement has been revised to allow for reimbursement of geographic pay differential, subject to pre-approval by the ESD Director. The revised language does not allow the multiplier to be applied to geographic pay differential. We anticipate this could result in at least half a million dollars in savings.</p> |
| <p>#4: ESD should enforce the agreement's restrictions on per diem reimbursements for onsite employees and request MWH repay the City for past incorrect per diem reimbursements.</p> | ESD | Implemented | <p>ESD received a credit of \$11,683 for past incorrect per diem reimbursements (associated with service order 1). In addition, staff re-reviewed past invoices issued against the master agreement from the contract start date through September 2017. An additional \$1,407.46 was identified in incorrect per diem reimbursements. A credit for this amount was paid back to the city.</p> |
| <p>#5: To ensure consistent enforcement, ESD should clarify mileage reimbursement limits in the MWH agreement and define home office.</p> | ESD | Implemented | <p>The amended and restated master agreement was revised to limit mileage reimbursements. The amended agreement requires that mileage reimbursement is in accordance with the City's travel policy.</p> |
| <p>#6: In its upcoming amendment to the MWH agreement, ESD should clarify the appropriate compensation rates for Carollo Engineering.</p> | ESD | Implemented | <p>The amended and restated master agreement identifies Carollo Engineering as the major sub-consultant. While invoices previously reflected use of a multiplier for Carollo it was not called out in the agreement. The amendment now identifies the multiplier and associate project cost that will be applied to Carollo rates.</p> |
| <p>#7: In its upcoming amendment to the MWH agreement ESD should clarify what sub-consultant travel expenses can be reimbursed.</p> | ESD | Implemented | <p>The agreement now clarifies what sub-consultant travel expenses can be reimbursed. It also disallows markup on subconsultant travel expenses. In addition, the amended agreement identifies the specific number of flights the consultant and subconsultant are allowed and for what purposes. Travel not permitted per the agreement can be pre-approved by the Director as needed.</p> |

| Audit Report and Recommendation | Department | Current Status | Comments |
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| <p>#8: To address the problem of service orders, tasks, compensation schedules, and sub-consultants not being consistent with approved agreements, ESD Administrative staff should periodically distribute the City's instructions on <i>"Using and Completing the City of San Jose Standard and Master Consulting Agreement Forms"</i> to all contract monitoring staff.</p> | ESD | Partly Implemented | ESD administrative staff included a link to the City's instruction on the ESD webpage and will reference the document in the annual ESD Introduction to Contracts training in Spring 2018 and in future ESD Contract Management trainings. Target date: Dec-2018. |
| <p>#9: Because Harper & Associates, Inc. invoices were paid without being adequately reviewed, ESD should assign independent personnel to go back and determine whether any payment adjustments are needed.</p> | ESD | Implemented | ESD's staff reviewed the agreement and invoices submitted by Harper and Associates. Staff processed the necessary payment adjustments and executed a contract amendment to include classifications and hourly billing rates. |
| <p>#10: To improve consistency across all divisions, ESD should offer additional contract management training. Contract management training should include, but is not limited to the following:</p> <ul style="list-style-type: none"> • Invoice review • Situations that require amendments • Sales tax accrual process • Standard operating procedures for contract monitoring • Managing consultant relationships | ESD | Partly Implemented | ESD's Contracts staff is developing draft Standard Operating Procedures (SOPs) that include instructions and guidance on all aspects of contract management. Additionally, using the Qualified Vendor list established by the City Manager's Office, ESD solicited bids and is evaluating responses for a third-party consultant to review and set up a standardized contracts management process for the department. As ESD enterprise funds are tracking to have sufficient non-personal fund savings to cover the cost of the consultant work, the Budget Office approved the use of fund savings to complete this work. The SOPs content and Contracts Management course curriculum will be completed with the assistance of the selected consultant. Target date: Dec-2018. |

17-08 AUDIT OF EMPLOYEE TRAVEL EXPENSES (Issued 11/08/17)

The objective of this audit was to audit employee travel expenditures for appropriateness and compliance with city policies and procedures. Last audit was conducted 2013. The report included four recommendations.

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| <p>#1: The Finance Department and the Office of Employee Relations should clarify per diem reimbursement in the City's Employee Travel Policy. They should define:</p> <ul style="list-style-type: none"> • Limits on per diem for local travel; • How much per diem is allowed for travel days for modes of transportation other than air-travel; and, • How to appropriately deduct meals from the per diem allocation, if separately purchased as part of the travel. | <p>Finance</p> | <p>Not Implemented</p> | <p>Department's update as of December 2017: The Department reports that the Employee Travel Policy is in the process of being revised and Citywide training will follow. Target date: Mar-2018.</p> |
| <p>#2: The Finance Department should clarify the travel policy to require employees to provide itemized hotel receipts, even when using online booking sites.</p> | <p>Finance</p> | <p>Not Implemented</p> | <p>Department's update as of December 2017: The Department reports that the Employee Travel Policy is in the process of being revised and Citywide training will follow. Target date: Mar-2018.</p> |
| <p>#3: Include in the City's Employee Travel Policy, a reference to the IRS guidance for employees to submit travel reimbursement requests within 60 days of travel or any employee reimbursement may be considered taxable. Where applicable, treat travel reimbursements as taxable.</p> | <p>Finance</p> | <p>Not Implemented</p> | <p>Department's update as of December 2017: The Department reports that the Employee Travel Policy is in the process of being revised and Citywide training will follow. Target date: Mar-2018.</p> |
| <p>#4: The Police Department should finalize its review of the gas card program, including the appropriate procurement method to obtain these cards, and develop policies and procedures for their use.</p> | <p>Police</p> | <p>Partially Implemented</p> | <p>Department's update as of December 2017: The Police Department has reviewed the operational needs with program staff and Public Works Fleet staff. The Department is developing a policy and procedures handbook and working with Finance Purchasing on establishing a contract for new gas cards through the State of California's Gas Card program. Target date: Apr-2018</p> |

17-09 SAN JOSÉ'S TIER 3 DEFINED CONTRIBUTION PLAN: THE CITY SHOULD CLARIFY HOW CONTRIBUTIONS ARE CALCULATED (Issued 11/08/17)

The objective of this audit was to audit and reconcile the contributions and expenditures in the benefit funds. The focus of this audit is the City's Tier 3 retirement plan for Unit 99 employees. The report included one recommendation.

#1: The Administration, in coordination with the City Attorney's Office, should clarify how the Tier 3 contribution base be defined and propose changes to the Municipal Code as necessary. The Administration should also determine whether to make retroactive adjustments or make corrections on a go-forward basis.

City Manager,
City Attorney

Not
Implemented

The City Attorney's Office is working with outside tax counsel to clarify the term "compensation" in the Tier 3 Plan. Upon completion of that review, the City will submit the proposed changes to the IRS for review and approval. After completion of IRS review, staff will bring the proposed changes to the Plan to the City Council for review and approval. Target date: Dec-2018

**APPENDIX C:
INDEX OF AUDIT RECOMMENDATIONS BY
DEPARTMENT/OFFICE**

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| City Council: | 15-08 |
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