



**Office of the City Auditor**

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**Report to the City Council**

**City of San José**

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**STATUS OF OPEN AUDIT  
RECOMMENDATIONS AS  
OF JUNE 30, 2018**

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**SEPTEMBER 2018**

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September 7, 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 JUNE 30, 2018**

### **RECOMMENDATION**

We recommend the City Council accept the Status of Open Audit Recommendations as of June 30, 2018.

### **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.

City staff implemented 44 recommendations in the last six months, and a total of 72 percent of recommendations made over the last 5 years. 190 recommendations are still pending. This includes 12 priority items (approved by the City Council in June 2018) that will be a focus of staff work in 2018-19.

Attached to this report is a summary table of pending recommendations by report (Appendix A), details of all 234 pending audit recommendations as of June 30, 2018 (Appendix B), and an index of recommendations by department (Appendix C).

Over the last several months, the City Auditor's Office has developed a recommendation database and published two interactive dashboards online:

#### **As of June 30, 2018:**

**234** pending recommendations

**29** were issued in new reports

**12** priority items pending

**44** implemented in the last six months

**190** partly or not implemented

**\$8.5** potential budget savings

**10** subject to meet and confer

**95** target dates within next 6 months

**72%** recommendations made in the last 5 years have been implemented or closed

- The *Dashboard of the Status of Open Audit Recommendations* contains information about the status of all pending recommendations as of June 30, 2018 – sortable by priority, department, year published, target date, and type/benefit.
- The *Dashboard of All Recommendations 2010 to Present* contains all recommendations (both open and closed) made since 2010 – sortable by report, department, year published, and status. A new search feature allows users to search by keyword.

Both dashboards are online at: <http://www.sanjoseca.gov/index.aspx?NID=309>.

### **Twelve Priority Items Are Pending**

In June 2018, the City Council approved the *2018-19 Open Audit Recommendation Priorities* with direction to the City Manager to prioritize work on these outstanding audit recommendations, while continuing to make progress on addressing and working with the City Auditor to close out other open audit recommendations. The 2018-19 open audit recommendation priorities (with their target dates) are:

<p style="text-align: center;"><b>Potential budgetary savings/revenue generation</b></p> <ul style="list-style-type: none"> <li>• Invest in a SJFP Safety Officer (Dec-2018)</li> <li>• Invest in street pavement funding (Dec-2018)</li> <li>• Reduce SJPD comp time balances (Dec-2019)</li> </ul>	<p style="text-align: center;"><b>Operational efficiency</b></p> <ul style="list-style-type: none"> <li>• Non-emergency medical call response (Dec-2018)</li> <li>• Contract management policies (Dec-2018)</li> <li>• Volunteer program guidelines (Jun-2019)</li> </ul>
<p style="text-align: center;"><b>Improved service delivery</b></p> <ul style="list-style-type: none"> <li>• SJFD public education (Jun-2019)</li> <li>• Reinitiate Emergency Management CERT program (Jun-2019)</li> <li>• Housing Department outreach to tenants and landlords (Dec-2018)</li> </ul>	<p style="text-align: center;"><b>Citywide security/risk mitigation</b></p> <ul style="list-style-type: none"> <li>• Adopt an Information Security Policy (Dec-2018)</li> <li>• Update expired leases (Dec-2018)</li> <li>• Develop and implement a Disaster Data Recovery Plan (Mar-2019)</li> </ul>

More detail about each of the priority recommendations is shown in our online dashboard and in Appendix B. Examples include:

- 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 January 2019. (*Audit of Fire Department Injuries, 2012*).
- To improve information technology general controls including system security, credit card security, and disaster recovery, the Information Technology Department plans to finalize the Citywide security policy by December 2018 (*Audit of Information Technology General Controls, 2012*).
- The Office of Economic Development plans to bring current the backlog of expired leases of City property (*Audit of the City’s Oversight of Financial Assistance to Community-Based Organizations, 2008*).

### **Departments Implemented 44 Recommendations in the Last Six Months**

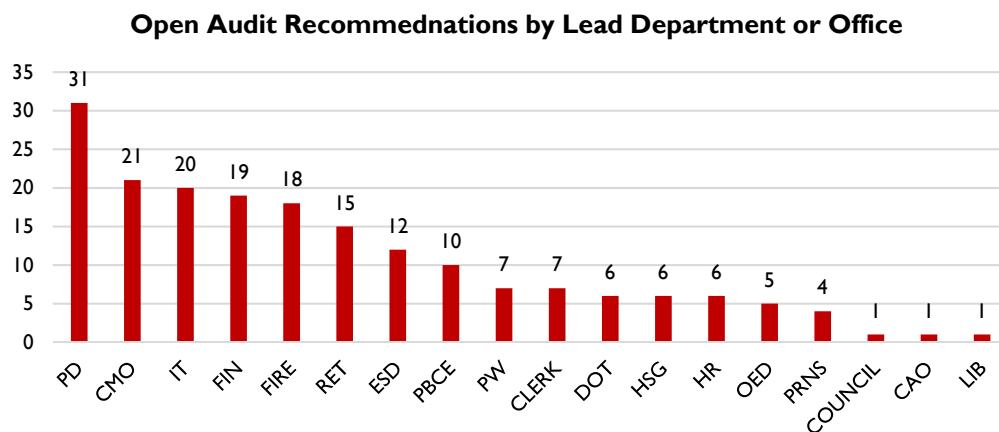
In addition to their work on the priority items shown above, departments continued to make progress

toward implementing other open audit recommendations. For example,

- The City Council and two Retirement Boards held their first joint annual study session (*Audit of Retirement Services, 2017*)
- The Finance Department and Office of Employee Relations improved procedures and transparency around the calculation and tracking of pensionable earnings (*2009 Audit of Pensionable Earnings and Time Reporting, and 2018 Audit of Pensionable Earnings*)
- The Finance Department revised and updated the employee travel policy, and the Police Department finalized implementation of its new gas card program (*Audit of Employee Travel, 2017*)
- The Permit Center installed new kiosks, updated signage, and assigned new staffing to better serve its customers (*Audit of Development Services, 2014*)
- The Housing Department used \$500,000 in Community Development Block Grant funds to improve customers' access to legal services (*Audit of the Apartment Rent Ordinance, 2016*)

### **A Total of 190 Recommendations are Still Pending**

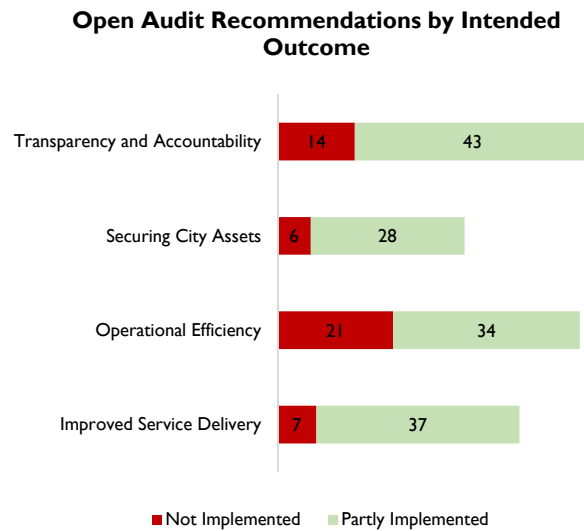
Of the 190 recommendations that are still pending, 142 are partly implemented and 48 are not implemented. The Police Department has the largest number of open audit recommendations.



### **Potential Benefits Include Improved Service Delivery, Transparency and Accountability, Operational Efficiency, and Securing City Assets**

When implemented, many of these recommendations will improve operational efficiency of city departments. Others will improve transparency and accountability, or improve service delivery. Others will help secure city assets. Some examples include:

- Improved management of the Police Department’s secondary employment program that allows sworn personnel to work second jobs in uniform in addition to their City work (*Audit of Police Department Secondary Employment, 2012*).
- Automating contractor wage calculations (*Audit of the Office of Employee Relations, 2017*)
- Correcting pension benefits paid to retired City employees (*Audit of Pensionable Earnings, 2009*).
- Improving the timeliness of City Council minutes (*Audit of the Office of the City Clerk, 2016*)



More information about the potential benefits and intended outcomes of our audit recommendations can be found in our searchable database online.

**\$8.5 Million in Potential Budget Savings from 21 Open Recommendations**

Implementing recommendations can sometimes result in cost savings or additional revenue to the City. This includes:

- 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)
- Follow up on overdue accounts in the Fire Department (\$1.2 million)
- Requiring sworn employees to lower compensatory time balances (\$1.1 million)
- Recovering 100 percent of the cost of the Police Department’s secondary employment program (\$0.7 million)
- Reviewing mobile device billings (\$0.2 million)

These and other recommendations that could result in potential budget savings are shown in more detail in Appendix B and in our online database, and forwarded to the Budget Office for consideration during the annual budget process.

**11 Pending Recommendations Are Potentially Subject to Meet and Confer**

In addition to appearing in the attached report (Appendix B) and online, 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.<sup>1</sup>

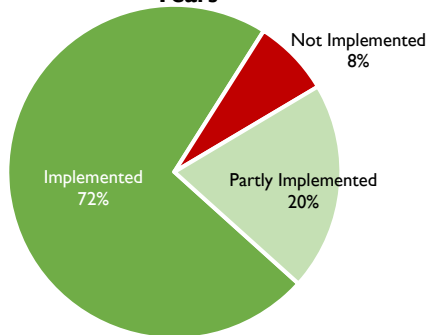
### **Departments Expect to Implement 95 Recommendations Within the Next Six Months**

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, it should be noted that competing priorities may delay implementation. The target dates for 125 recommendations in this report slipped from previous department-determined target dates.

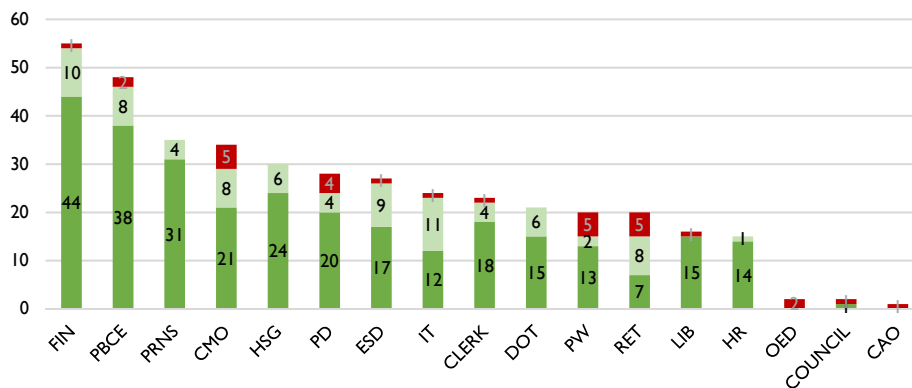
### **Departments Implemented 72 Percent of Recommendations Made in the Last 5 Years**

**Audit Recommendations in the Last 5 Years**



Over the last 5 years, the City Auditor’s Office has made 401 recommendations to improve or enhance city services. 72 percent of those recommendations have been implemented or closed. Over that 5-year period, the Finance Department received and implemented more recommendations than any other office or department.

**Recommendations by Department Over the Last 5 Years**



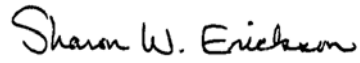
### **Areas of Disagreement**

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. There are no recommendations that fall into this category at this time.

<sup>1</sup> For more information, see the 2018 Annual Summary of Labor Negotiations at [San Jose, CA - Official Website - Recent Updates](http://www.sanjoseca.gov/office-of-the-city-auditor/recent-updates).

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: Summary Listing of Recommendations by Report









Appendix B: Detailed Listing of the Status of Pending Recommendations as of June 30, 2018








Appendix C: Index of Audit Recommendations by Department/Office



















# Appendix A:









## SUMMARY LISTING RECOMMENDATIONS BY REPORT

Report	Title	Department(s)	We made recommendations to:	Current Status
#01-05	An Audit of the City of San José Fire Department's Strategic Plan Regarding Proposed Fire Stations	FIRE	Improve the efficiency and effectiveness of deployment	 3 2
#03-10	An Audit of the San José Fire Department's Bureau of Fire Prevention	FIRE	Ensure inspections meet regulatory targets and provide adequate enforcement of Fire Code requirements	 15 1
#08-04	Audit of the San José Police Department's Auto Theft Unit	PD / OED	Improve the efficiency and effectiveness of the Auto Theft Investigations Program.	 19 2
#09-08	Performance Management and Reporting in San José: A Proposal for Improvement	CMO	Improve the City's performance management and reporting systems	 1
#09-10	Audit of Pensionable Earnings and Time Reporting	FIN / RET	Improve the accuracy of pensionable earnings calculations	 12 2 1
#10-04	Audit of Decentralized Cash Handling	IT	Ensure adequate and effective internal controls over cash handling	 7 1
#10-05	Audit of Community Center Staffing	PRNS	Improve the efficiency and effectiveness of community center staffing	 16 1
#10-09	City Procurement Cards	FIN	Ensure compliance with the City's procurement card policies	 7 1

Report	Title	Department(s)	We made recommendations to:	Current Status
#10-13	Police Department Staffing	PD	Maximize the number of police Officers on patrol	
#11-04	Key Drivers of Employee Compensation	CMO	Assess the major cost drivers of employee compensation	
#11-09	Audit of Annual Form 700 Filers	CLERK	Ensure accurate and timely completion of Form 700s	
#12-02	Audit of Information Technology General Controls	IT	Ensure 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	
#12-04	Police Department Secondary Employment	PD	Gain control of off-duty police work	
#12-05	Review of Fire Department Performance Measures	FIRE	Improve the usefulness of the Fire Department's publicly reported performance measures	
#12-06	Environmental Services	ESD	Ensure appropriate and effectiveness use of ratepayer funds	
#12-07	Fire Department Injuries	FIRE / HR / CMO	Improve coordination and handling of workplace injuries and ensure timely treatment and recovery	

Report	Title	Department(s)	We made recommendations to:	Current Status
#12-08	Ten Years of Staffing Reductions at the City of San José	CMO	Lessen the impact of any future layoffs, bumping, and reinstatements	
#13-02	Deferred Compensation	HR	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.	
#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.	
#13-06	Consulting Agreements	CLERK / FIN / CMO	Strengthen City oversight of consulting agreements to improve procurement and contract monitoring processes and increase transparency.	
#13-11	Code Enforcement	PBCE	Improve code enforcement division operations.	
#13-12	Employee Travel	FIN	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.	
#14-07	City P-Cards	FIN	Streamline the authorization process for purchases made using City-issued procurement cards, and improve the transparency and public accountability of government spending.	
#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.	

Report	Title	Department(s)	We made recommendations to:	Current Status
#14-12	Accounts Receivable	LIB / FIN	Increase City revenues by improving controls surrounding the City's invoicing and collection processes.	
#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.	
#15-04	Employee Hiring	HR	Streamline the hiring process and develop a plan to fill the large number of vacant positions Citywide.	
#15-05	PRNS Fee Activity Program	PRNS	Improve cost recovery for recreational classes offered through the City while expanding access for low-income residents.	
#15-06	Curbside Recycling	ESD	Enhance the City's single-family residential recycling program to improve waste diversion.	
#15-08	Golf Courses	PRNS	Improve the utilization and finances of golf courses through Council direction, increased staffing and oversight, and competitive contracting process.	
#15-09	Police Hiring	PD	Bolster recruiting efforts and increase the efficiency of recruiting to fill the growing vacancies in the Police Department.	
#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.	

Report	Title	Department(s)	We made recommendations to:	Current Status
#16-03	Use and Coordination of Volunteers	PRNS / CMO	Provide tools for City staff to better manage volunteers and allow for better coordination across volunteer programs.	
#16-04	Technology Deployments	IT	Improve and establish additional resources for deploying new technology across the City organization.	
#16-05	South Bay Water Recycling	ESD	Provide more transparency over the accounting of South Bay Water Recycling revenues and expenses and help sustain revenues sufficient to cover costs.	
#16-07	Office of the City Clerk	CLERK	Maximize organizational efficiency and consistency, as well as transparency and public accountability, by streamlining processes and clarifying roles.	
#16-08	Police Overtime	PD	Increase efficiency of operations' staffing, improve tracking of hours worked by Police Department employees, and improve the tools for supervisors to monitor overtime worked.	
#16-10	Apartment Rent Ordinance	HSG	Better deploy resources, improve processes, and recover program costs.	
#16-11	Mobile Devices	FIN / IT	Ensure efficient, secure, and strategic deployment of mobile devices through the policies and procedures, software solutions, and streamlining of processes.	
#17-01	Our City Forest	PBCE	Ensure consistency and accountability with the City's grant agreements with OCF and improve the off-site tree replacement program.	

Report	Title	Department(s)	We made recommendations to:	Current Status
#17-02	Office of Equality Assurance	PW	Reallocate staff and update procedures considering the growing number of OEA responsibilities.	12 5
#17-03	Residential High Rises	PBCE	Consistently assure health and safety, and ensure transparency of development reviews for high-rise development projects.	3
#17-04	Open Government	CLERK / CMO / CAO	Promote government transparency and ensure compliance with the City's Consolidated Open Government and Ethics Provisions.	3 5 4
#17-05	ESD Consulting Agreements	ESD	Protect City resources by strengthening controls in the amended agreement with Stantec as well as improve contract monitoring.	8 2
#17-06	Retirement Services	RET / COUNCIL / CMO	Increase transparency in the budgeting process, interactions among stakeholders, investment policies, and plan administration.	10 9 6
#17-08	Employee Travel	FIN / PD	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
#17-09	Tier 3 Contribution Plan	FIN / CMO	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
#18-01	Pensionable Earnings	FIN, CMO, CAO, HR, IT	Tighter controls and more transparency can ensure retirement contributions continue to be accurate.	3 1

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# Appendix B:

## DETAILED LISTING OF THE STATUS OF PENDING RECOMMENDATIONS AS OF JUNE 30, 2018

Report	Recommendation	Department	Current Status	Comments
01-05	#03 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	<b>Partly Implemented - Priority</b>	<p>San José's EMS contract with Santa Clara County requires SJFD to respond to all 911 calls. SJFD would need authorization from the Santa Clara County EMS agency to be able 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, and has held several stakeholder meetings about this issue. 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. 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-2019 (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>

Report	Recommendation	Department	Current Status	Comments
01-05	#05 Implement a pilot project to evaluate the use of SUVs or Light Units to respond to lower priority emergency medical calls.	FIRE	Partly Implemented	<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 as described in the May 2015 Side Letter Agreement between the City and the International Association of Firefighters, Local 230, continues as a new contract is negotiated. 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: Jun-2019 (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 higherpriority responses.</p>
03-10	#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).
08-04	#09 Clarify when the 7-1 policy should apply to leases with CBOs of City facilities.	OED	Partly Implemented	City Council Policy 7-1, entitled "Below Market Rental Policy for Use of City-Owned Land And Buildings By Nonprofit Or Charitable Organizations or for Governmental or other Public Purposes" 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. 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: Mar-2019 (delayed from Jan-2017).

Report	Recommendation	Department	Current Status	Comments
08-04	<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>	OED	<p><b>Partly Implemented</b> - <b>Priority</b></p>	<p>A) The Real Estate Division implemented this part of the recommendation by creating a centralized spreadsheet tracking 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. In addition, staff report they are working with the City Attorney's Office on the development of three leasing templates for properties where the City acts as landlord. Target Date: Dec-2018 (delayed from Jan-2017).</p>
09-08	<p>#01 The purpose of the "white paper" was to provide a roadmap for developing a performance management system that promotes data-driven decision making. Jointly signed by the City Manager and the City Auditor, it included "next steps" meant to reduce staff time compiling data while ensuring City staff and policy makers have the best information available for decision making and increasing accountability and transparency in the City's public reporting. As outlined in the report, next steps included: scheduling frequent and regular meetings of top department managers and the City Manager's Office to proactively discuss performance metrics, identify issues, and to evaluate solutions; periodic assessments of the performance management system itself; reviewing and reducing the number of performance measures; compiling methodology sheets for performance measures; reassessing reporting mechanisms; validating performance measures; establishing information systems to track performance data; clarifying core service names; clarifying the link between mission, goals, and objectives; obtaining the net cost of services; and increasing the use of efficiency measures.</p>	CMO	Partly Implemented	<p>The City's Budget Office has implemented many of the next steps identified in the report. This includes: eliminating more than 100 performance measures that were no longer meaningful; clarifying or renaming many of the City's core services; reallocating some costs from the City-Wide Expense budget category to department budgets, and organizing City-Wide Expenses by department; and requiring up-to-date methodology sheets for all of the performance measures reported in the budget. In addition, the City Auditor has completed reviews of reported performance measures for several department, and continues to produce the Annual Report on City Services. In June 2018, as part of the budget process, the City Manager identified a half dozen high-priority metrics for each of the six city service areas, and the City Auditor's Office will be including those metrics as part of the Annual Services Report. Additional work is needed to fully implement performance management practices such as frequent review of performance metrics, and regularly scheduled meetings of top department and administration officials to proactively discuss performance metrics and their impacts and evaluate solutions. Target Date: On-going</p>

Report	Recommendation	Department	Current Status	Comments
09-10	<p>#02 Review the highest 12-month salary of all active beneficiaries starting in July 1, 2001[1] and work with Payroll to adjust those with retroactive lump sum payments to ensure that beneficiaries are receiving accurate pensions.</p>	RET / FIN	Partly Implemented	<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. In February and March 2017, the monthly benefits of some Police and Fire Plan (P&amp;F) members were corrected, with collection of overpayments beginning in August 2017. Additional P&amp;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&amp;F groups were completed as of October and December 2018. The review of Federated members' benefits was completed in April 2018, with Federated Board discussions following in May, June, and August. Adjustments to Federated member benefits are expected to begin later in 2018. Target Date: Dec-2018 (delayed from Dec-2016).</p> <p>Potential Budget Savings: Corrections to pensions could lower City contributions by an amount TBD.</p>

Report	Recommendation	Department Current Status	Comments	
09-10	#04 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.	RET / FIN / OER	Partly Implemented	<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. 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&amp;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&amp;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&amp;F groups were completed as of October and December 2017. The review of Federated members' benefits was completed in April 2018, with Federated Board discussions following in May, June, and August. Adjustments to Federated member benefits are expected to begin later in 2018. Target Date: Dec-2018 (delayed from Dec-2016).</p> <p>Potential Budget Savings: Corrections to pensions could lower City contributions by an amount TBD.</p>
09-10	#07 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.	FIN / OER	Implemented	<p>Finance provided a list of all earnings codes with pensionability to the Office of Employee Relations (OER), who created a table identifying the authority behind the pensionable status. This is now posted online on the OER website. Finance has also created procedures related to documenting changes made in PeopleSoft through implementation memos and exception reports (both to be reviewed by a multi-department coordination group that meets monthly), as well as semi-annual changes and updates to the earnings code table for review and posting by OER. Finance has also assigned a Senior Accountant to be the gate keeper for any changes related to PeopleSoft and is organizing all past documented system changes.</p>

Report	Recommendation	Department	Current Status	Comments
09-10	#08 Conduct periodic reviews of all codes to cull duplicative or unused codes.	FIN / OER	Implemented	In 2018, Finance's Payroll management began to meet quarterly to review all codes to cull duplicative or unused codes. They plan to report findings to an interdepartmental group (which includes OER, Payroll, IT, and Human Resources) that meets monthly. This meeting is expected to have a standing item "Earning Code changes" on the agenda. Changes needed will be performed after group review. Effective March 2018 each month Finance Payroll runs a report from PeopleSoft which identifies changes and new pay codes. That report is reviewed during monthly by the interdepartmental working group.
09-10	#09 Correct past errors and review all codes to ensure that codes are only available for use to applicable work groups.	FIN / OER	Implemented	In 2018, Payroll management began to meet quarterly to review all codes availability in the Time Recording Code (TRC) program and plans to report findings monthly to an interdepartmental group that includes OER, Payroll, IT, and HR. This meeting will also have a standing item "Earning Code changes" on the agenda. After group review, changes needed will be performed to ensure earning codes in the TRC program are available only to applicable work groups.
09-10	#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.	FIN	Implemented	In 2011, Finance/Payroll deactivated the Cancer Screening Release Time code that was no longer in use, and reviewed time reporting codes as part of the City's payroll system upgrade. In 2018, Payroll management began to meet quarterly to review all codes availability in the Time Recording Code (TRC) program and plans to report findings monthly to an interdepartmental group that includes OER, Payroll, It, and HR. This meeting will also have a standing item "Earning Code changes" on the agenda. Changes needed will be performed after group review. Finance also has provided a list of earnings codes with their pensionable status to the Office of Employee Relations to verify they are being used correctly and to provide the authoritative documentation of their status.
09-10	#12 Provide timekeepers with written procedures and consider having them conduct the periodic monitoring of time codes.	FIN	Not Implemented	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	#02 Develop Citywide policies and procedures to require and periodically assess Payment Card Industry compliance at all distributed cash handling sites accepting credit cards.	IT / FIN	Partly Implemented	IT recently hired a City Information Security Officer who is working on finalizing the Citywide Information Security Policy. IT reports that the policy is currently under review by the City's Purchasing Division and the Police Department. Target Date: Dec-2018 (delayed from Dec-2017).

Report	Recommendation	Department	Current Status	Comments
10-05	#08 Estimate the fair market value of re-use facilities.	OED	Partly Implemented	The City's Annual Report of Funding to Community Based Organizations improves City oversight of public funds to non-profits and other organizations by consolidating the total value of City subsidies (in the form of financial grants, in-kind contributions, and below-market rent) granted to each organization. The CBO report presents lease subsidy amounts for 18 organizations that receive below-market rent. However, at least 26 non-profits have subsidized use of City buildings within the PRNS reuse program, the value of which is not presented within the CBO report. To better represent the total support granted to these organizations, the Administration should estimate the fair market value of these facilities and include these subsidies within the CBO report. Target Date: Dec-2018
10-09	#01 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.	FIN	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. Finance recommends annotations in quarterly p-card trainings, as well. Additionally, the Finance Department is working on revising the City Procurement Cards policy (Section 5.1.2 of the City Policy Manual), 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: Dec-2018 (delayed from Dec-2016).
10-13	#01 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.	PD	Implemented	In April 2018, the Department presented its actual staffing breakdown by program to the PSFSS Committee in its Operations & Performance Bi-Monthly Status Report and reports that it will continue to provide an updated staffing report to the Committee after each shift change.



Report	Recommendation	Department	Current Status	Comments
10-13	#02 To better align staffing with workload, SJPD should propose additional shift start times.	PD	Partly Implemented  (Subject to meet and confer)	Over the last 20 years a series of reviews by the City Auditor's Office and outside consultants have recommended changes in Police Department shift schedules and staffing. In April 2018, the Matrix Consulting Group released a report finding that the current 10-hour shifts have proven effective. However, to improve efficiency with the current shift schedule, mitigate staffing shortages, and shift types, the consultant recommended that the Department implement an alternative shift schedule that reallocates personnel and modifies the start and end times to 0730 for days, 1230 for swings, and 2200 for midnights. The consultant's model used the then current number of officers assigned to patrol—454, which excluded all pay car positions. Since the assessment was made, the Department has hired 250 more officers and determined that it no longer has the staffing issues in patrol which prompted the staffing analysis. However, we should note that overtime and comp time costs continue to increase (see audit of Police Overtime: The San Jose Police Department relies on overtime to patrol the City due to unprecedented vacancies (report# 16-08)--Recommendation # 08-10). This points to the continuing staffing challenges that were the basis of the consultant's recommendation. Target Date: Jun-2019 (delayed from Jul-2018).
10-13	#04 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.	PD	Implemented	To address workload equity, the Matrix Consulting Group recommended that the Department reduce the number of districts from 16 to 12. Matrix also recommended an alternative staffing plan for the current 16-district, 83-beat structure which would also address the problem. According to the consultant, under the current structure some beats require additional staff, while others could be combined into one coverage slot. Since then SJPD conducted its own workload analysis. As officers have been hired over the past few years, staffing has been added to districts with a greater workload need.
10-13	#05 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.	PD	Partly Implemented	It is our understanding that the 2018 Matrix report has not yet been discussed at PSFSS. See recommendation #4. Target Date: Dec-2018

Report	Recommendation	Department	Current Status	Comments
10-13	#07 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.	PD	Implemented	The Police Department engaged Matrix Consultant to study issues that the audit raised including SJPD's span of control. The Matrix report reported that while SJPD's span of control was 1 sergeant to 6.2 officers, other agencies maintained a span of control ratio of 1:8 or 1:9. Although the Department has not prepared a formal policy, the Department made some changes in the March shift change, and reported those changes to PSFSS. These include combining two districts per division for supervisory purposes, to be supervised by one sergeant. As a result, the span of control ratio will be 1:4 to 1:9 for one team and 1:8 to 1:9 for two teams.
10-13	#08 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 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.	PD	Implemented	The Matrix Consulting Group made many recommendations related to staffing and resource allocation. Since then the Department has hired over 250 officers and reports that it will continue to analyze staffing. To address workload equity, the Matrix Consulting Group recommended that the Department reduce the number of districts from 16 to 12. However, Matrix also recommended an alternative staffing plan for the current 16-district, 83-beat structure which would also address the problem. According to the consultant, under the current structure some beats require additional staff, while others could be combined into one coverage slot. Since then SJPD conducted its own workload analysis. As officers have been hired over the past few years, staffing has been added to districts with a greater workload need. The consultant also studied issues related to SJPD's span of control. The Matrix report confirmed the audits finding that other agencies maintained a span of control (1:8 to 1:9) compared to SJPD's span of control which was 1 sergeant to 6.2 officers. Although the Department has not prepared a formal policy, the Department made some changes in March 2018, and reported those changes to PSFSS. These changes include combining two districts per division for supervisory purposes, to be supervised by one sergeant. As a result, the span of control ratio will be 1:4 to 1:9 for one team and 1:8 to 1:9 for two teams. The Department also reports regularly on emerging and current staffing issues at PSFSS. Finally, all 13 recommendations from our Audit of Civilianization Opportunities in the San Jose Police Department have been implemented or closed in previous follow-up cycles.

Report	Recommendation	Department	Current Status	Comments
11-04	#01 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.	OER	Implemented	The agreement reached between the City and IAFF Local 230 during 2015 contract negotiations reads "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 reached agreements to add similar language to all other bargaining groups.
11-04	#02 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 employees receiving executive leave); and (3) prepare full cost estimates of contract provisions that exceed FLSA provisions.	CMO	Partly Implemented  (Subject to meet and confer)	(1) The City has not yet conducted a citywide FLSA overtime review or a review of job specifications to determine whether some positions would qualify for FLSA overtime exemptions. (2) The City achieved changes in overtime eligibility for some employees. For instance, some represented employees are paid overtime only after having worked 40 hours excluding paid time off. 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. (3) 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. The target date varies by employee unit. Target Date: Dec-2018  Potential Budget Savings: Between the date the audit was issued (May 2011) and August 2014, overtime costs to supervisory employees approached \$4 million. At that time, we estimated pursuing reductions in overtime and comp time for supervisory employees could save over \$1.6 million per year.
11-04	#03 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.	CMO	Implemented	During 2018 IAFF negotiations, a salary survey for total compensation was conducted which included paid leaves. Depending on the purpose of the survey, the City will include paid leaves when conducting total compensation salary surveys going forward.

Report	Recommendation	Department	Current Status	Comments
11-04	#05 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.	CMO	Not Implemented  (Subject to meet and confer)	The Office of Employee Relations reports that premium pays are evaluated within the context of labor negotiations. Target Date: Dec-2018  Potential Budget Savings: TBD.
11-09	#03 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.	CLERK	Partly Implemented	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's office implemented a new filing system in January 2018. Liaisons in other departments are supposed to be responsible for inputting the names of Form 700 filers and ensuring information is kept up to date. The new system used by the Clerk's office and liaisons can send automatic emails to filers identified in the program. If an individual does not comply that is supposed to be reflected in the Clerk's system GILES. According to the Clerk's Office, Finance has been instructed not to pay the contractor until there is a form 700 on file. An audit of form 700s is planned for the upcoming fiscal year. Target Date: Dec-2018 (delayed from Apr-2017).
12-02	#01 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.	IT	Implemented	IT has hired a City Information Security Officer (CISO) who will coordinate all on-going security needs and lead the new Cybersecurity Office. IT has ensured that each employee that needs administrative access has a unique id that is traceable. The Chief Information Officer completed and approved memberships of shared enterprise accounts in May 2018. The CISO has developed a yearly attestation procedure to approve and validate the access levels.

Report	Recommendation	Department	Current Status	Comments
12-02	<p>#02 To improve password and access controls over the City's network and data, ITD should:</p> <p>a) Establish minimum length and complexity requirements for users' passwords, automatic periodic expiration schedules, and "lock-outs" when users reach a predetermined number of consecutive unsuccessful login attempts.</p> <p>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.</p> <p>c) Develop a review process requiring departments to periodically review the users with access to their departmental drives.</p>	IT	Partly Implemented	<p>A) IT implemented password controls including minimum length and complexity and number of log in attempts. In addition, IT has hired a City Information Security Officer who will coordinate all on-going security needs.</p> <p>B) IT has implemented 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. 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>C) IT has developed an annual account attestation procedure that would require each department to review and approve permissions to shared folders. This review is pending. Target Date: Dec-2018 (delayed from Dec-2017).</p>
12-02	<p>#04 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> <p>a) Updated password and access protocols (see Recommendation #2);</p> <p>b) Required schedules for periodic reviews of people with access to data center (including restricting the number of people with access);</p> <p>c) Improved guidelines to departments for facilitating IT network changes during inter-departmental transfers and terminations;</p> <p>d) Training and implementation of the City's information security policy;</p> <p>e) After developing and implementing a Council-adopted Information Security Policy, initiate a citywide data security assessment to identify City's PCI-DSS status.</p>	IT	Partly Implemented - Priority	<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 PCI policy is part of the Citywide Information Security Policy and is being coordinated by the City Information Security Officer (CISO). The City's Information Security Policy is pending review by Purchasing and the Police Department. The Department is in the process of developing a Cybersecurity RFP which includes a training component and plans to make the training available to all City employees. Target Date: Dec-2018 (delayed from Oct-2017).</p>

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12-02	<p>#05 The City should expand its Identity Theft Prevention Program to include all programs that collect personally identifiable information and:</p> <p>a) Annually review, amend and report on the status of handling private information.</p> <p>b) Annually review the business needs of employees with access to private information and update accordingly.</p> <p>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.</p> <p>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.</p> <p>e) Ensure that the ITPP guidelines are posted publicly and easily accessible by City employees.</p>	IT / OER	Partly Implemented	The IT department recently hired the City Information Security Officer who is in charge of the City's Cybersecurity Office. IT has adopted the NIST cybersecurity framework which are guidelines and best practices to manage cybersecurity risk. Those guidelines include assessing systems with personally identifiable information (PII). IT plans to assess systems with PII. In addition, the cybersecurity training (which will be done by a consultant) will include PII. IT is in the process of developing the Cybersecurity RFP for a consultant that will include a training component. IT plans to make this training available to all City employees. Finally, IT has worked with Purchasing and the City Attorney's Office to incorporate boilerplate language in its contracts where personally identifiable information is generated, collected or otherwise managed. Target Date: Dec-2018 (delayed from Oct-2017).
12-02	<p>#06 We recommend that ITD develop the following written policies and procedures:</p> <p>a) Internal policies and procedures on day-to-day operations within ITD;</p> <p>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.</p>	IT	Partly Implemented	IT is in the process of finalizing the Information Security Policy. That Policy addresses the major areas of concern and is designed to work with the internal "CSJ-Information Security Standards Handbook" for day to day operations as well as the NIST Cybersecurity Framework for control objectives. IT plans to consolidate procedures for general IT practices aligning the day to day operations with the standards as well as the Policy by December 2018. Target Date: Dec-2018 (delayed from Nov-2017).
12-02	<p>#07 In order to ensure that the City's critical data is protected ITD should:</p> <p>a) Ensure that backups are done and tapes are sent off-site at the pre-determined intervals;</p> <p>b) Get end-user input to determine if the current back-up process meets individual departments' business needs and City Council-approved document retention schedules; and</p> <p>c) Formalize, document and implement these processes.</p>	IT	Partly Implemented	Most of the City's backup data is archived to cloud storage. IT has developed internal backup policies. IT plans to review the backup and retention schedule with business owners by December 2018. Target Date: Dec-2018 (delayed from Dec-2017).

Report	Recommendation	Department	Current Status	Comments
12-02	#08 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.	IT	<b>Partly Implemented - Priority</b>	The IT infrastructure Refresh Project RFP (currently in process) includes a solution for backups and disaster recovery. The solution is intended to enable the City to perform quarterly data center failure simulations: (1) primary data center failover to the secondary data center and (2) failover of both data centers to the cloud. Additionally, IT has developed a Business Continuity and Disaster Recovery Strategy that needs updating to reflect the new infrastructure refresh, as well as incorporation of input from end-user business departments. Target Date: Mar-2019 (delayed from Dec-2017).
12-02	#09 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: a) better evaluate purchasing needs, b) identify opportunities to redistribute and/or share equipment and software, and c) to the extent possible, ITD should pursue opportunities to centrally-install packages, rather than installing packages at individual workstations.	IT	Implemented	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. We should note that IT is still reviewing the accuracy of the asset inventory for mobile devices. We will continue following up on that as part of our audit of "Mobile Devices: Improvements needed to ensure efficient, secure, and strategic deployment--#16-11" (see recommendation # 1 of that audit).
12-02	#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.	IT	Partly Implemented	IT has developed internal procedures to decommission computers including laptops, and servers. The draft Information Security Policy commits the City to incorporate security throughout the application cycle including design, deployment, maintenance, and retirement of information assets. This policy is pending. Target Date: Dec-2018 (delayed from Dec-2017).

Report	Recommendation	Department	Current Status	Comments
12-04	#01 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.	PD	Partly Implemented	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 procedures immediately. In addition, in 2013 SEU purchased scheduling software 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. However, this functionality of the software has yet to be fully implemented. 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. 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: Mar-2019
12-04	#02 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.	PD	Partly Implemented	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 include and address concerns raised by the audit. See recommendation #1. Target Date: Mar-2019



Report	Recommendation	Department	Current Status	Comments
12-04	<p>#03 The Police Department should:</p> <p>(a) keep lists of work permits and employers updated and be able to provide summary data;</p> <p>(b) include tests in periodic reviews to ensure the completeness of pay job hours that are reported to the City;</p> <p>(c) specify in the Duty Manual the disciplinary consequences for both employees and supervisors for failure to consistently report off-duty hours worked; and</p> <p>(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>	PD	Partly Implemented	<p>The Department made steps to implement sections of the recommendation in 2012:</p> <p>(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;</p> <p>(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;</p> <p>(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</p> <p>(d) SEU created specific call signs dedicated to secondary employment officers. 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>
12-04	<p>#04 The SEU should report to the Police Chief at least annually on the following data about the secondary employment program:</p> <p>(a) the number of hours worked,</p> <p>(b) the amount of pay earned by employee from each off-duty employer,</p> <p>(c) the number of employees who have off-duty work permits,</p> <p>(d) the total number of permits, and</p> <p>(e) the number of employers participating in the program.</p> <p>The report should also note major changes or challenges with program during the prior year.</p>	PD	Partly Implemented	<p>The Department purchased scheduling software in 2013 that it hoped could allow for tracking of hours worked and pay earned as recommended in parts (a) and (b). However, 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: Mar-2019</p>

Report	Recommendation	Department	Current Status	Comments
12-04	#05 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 SJPD uniform. The Department should know and post information for each employee by name, each employer where that employee worked, and the amount earned from each employer during the year as reported by the employee to the Police Department.	PD	Partly Implemented	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 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
12-04	#09 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.	PD	Partly Implemented	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
12-04	#10 The Police Department should clarify (in writing) the City's limited liability with regard to workers' compensation in the context of secondary employment.	PD	Not Implemented	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

Report	Recommendation	Department	Current Status	Comments
12-04	#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.	PD	Partly Implemented	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 reports that it is in the process of purchasing an online payment process for permits and plans to update the webpage once the implementation of the online software is complete. Target Date: Dec-2019
12-04	#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 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.	PD	Not Implemented	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 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

Report	Recommendation	Department	Current Status	Comments
12-04	#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.	PD	Partly Implemented	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. 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
12-04	#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.	PD	Partly Implemented	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. In our opinion, written guidelines are important so as to be fully transparent in how the Department determines appropriate staffing levels. Target Date: Dec-2019
12-04	#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.	PD	Partly Implemented	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

Report	Recommendation	Department	Current Status	Comments
12-04	<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:</p> <ul style="list-style-type: none"> <li>(a) roles and responsibilities of coordinators and how they fit within the chain of command,</li> <li>(b) a prohibition against any form of compensation other than pay,</li> <li>(c) a fixed hourly rate for coordinators as well as not-to-exceed limits on coordinators pay,</li> <li>(d) clarify that coordinators can only be paid for actual hours of coordination rather than an agreed upon estimate or "plug", and</li> <li>(e) expressly prohibit coordination on City time.</li> </ul>	PD	Partly Implemented	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
12-04	<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:</p> <ul style="list-style-type: none"> <li>(1) phasing into SEU the coordination of additional pay jobs,</li> <li>(2) bringing all coordination into SEU,</li> <li>(3) bringing all coordination into SEU and also paying employees on overtime through the City.</li> </ul>	PD	Partly Implemented	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

Report	Recommendation	Department	Current Status	Comments
12-04	#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.	PD	Partly Implemented	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 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 Audit of Police Overtime found similar concerns that secondary employment worked on top of overtime could be exacerbating fatigue among officers. Target Date: Dec-2019
12-04	#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.	PD	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: Mar-2019
12-04	#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.	PD	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
12-04	#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.	PD	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

Report	Recommendation	Department	Current Status	Comments
12-04	#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.	PD	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 of these costs through fees would reduce the subsidy by the General Fund.
12-04	#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.	PD	Not Implemented	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  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.
12-04	#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.	PD	Partly Implemented	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
12-05	#01 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.	FIRE	Partly Implemented	The Fire Department has been working on reviews of performance measures and methodologies since 2012, and is working specifically with the Bureau of Fire Prevention to resolve this recommendation. Additionally, the Fire Department has undergone an organizational review which included an analysis of some performance metrics. The Auditor's Office notes that to complete this recommendation, the Department should document methodologies for both external performance measures and data used for internal, day-to-day management of performance. Target Date: Dec-2018 (delayed from Jun-2017).

Report	Recommendation	Department	Current Status	Comments
12-05	#02 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	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. 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: Dec-2018 (delayed from Dec-2017).
12-05	#03 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: Dec-2018 (delayed from Dec-2017).
12-06	#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.	ESD	Partly Implemented	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. In coordination with the City Managers' Budget Office, ESD is developing a new City Administrative Policy Manual section outlining the overall guidelines for evaluating ratepayer costs and important considerations involved in establishing utility rates. The goal of the new City Policy Manual section will be to identify the guiding principles for developing utility rates to ensure rate increases are fair and appropriate, while also balancing key priorities such as safe and reliable services, cost efficiency, and supporting environmental outcomes. Target Date: Dec-2018 (delayed from Sep-2017).



Report	Recommendation	Department	Current Status	Comments
12-06	#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	In coordination with the City Managers' Budget Office, ESD is developing a new City Administrative Policy Manual section outlining the overall guidelines for evaluating ratepayer costs and important considerations involved in establishing utility rates. The goal of the new City Policy Manual section will be to identify the guiding principles for developing utility rates to ensure rate increases are fair and appropriate, while also balancing key priorities such as safe and reliable services, cost efficiency, and supporting environmental outcomes. Target Date: Dec-2018 (delayed from Dec-2016).
12-07	#03 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.	HR / FIRE	Partly Implemented	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. 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).
12-07	#05 The Administration and Employee Health Services should streamline and refocus the annual physicals by: 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.	HR	Partly Implemented	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. However, the recommendation to implement outcome-based physicals (per incorporate recommendations from the National Fire Protection Association Standard on Comprehensive Occupational Medical Program for Fire Departments) has not been implemented. Employee Health Services recently hired a full-time Nurse Practitioner (from a previous part-time position) and is 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).

Report	Recommendation	Department	Current Status	Comments
12-07	<p>#06 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>	HR / FIRE / OER	Not Implemented (Subject to meet and confer)	<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, at the time of our audit the City has minimal communication with physicians on what a firefighter's job entailed. Further, even though all entry-level firefighters undergo a comprehensive job-specific physical fitness test, they are never required to take it again. As a result, 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. 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. The Department advises that the annual employee evaluation is an additional tool that supervisors can use if there is concern that an employee is physically unable to fulfill their job requirements. According to HR, it is currently in the process of staffing up Employee Health Services (it recently hired a full-time Nurse Practitioner), and 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>

Report	Recommendation	Department	Current Status	Comments
12-07	<p>#07 We recommend that the Administration clarify and reevaluate the role of Employee Health Services, including, potentially, its role in:</p> <p>A) testing employees' physical abilities to return to work after long leaves of absence,</p> <p>B) the Fire Department's return to work process, and</p> <p>C) regularly contacting physicians to clarify employee restrictions and provide them with details about the City's ability to accommodate the various restrictions</p>	HR	Not Implemented	<p>A) At the time of our audit, Employee Health Services had 3.5 FTE, including a full-time physician. Since then, many of Employee Health Services' responsibilities have been outsourced to contracted employees. 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. B) The City 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. C) 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>
12-07	<p>#08 To ensure proper attention is given to the cost of workplace injuries, the Fire Department should</p> <p>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</p> <p>B) develop goals to reduce these costs by getting employees back to work as soon as possible.</p>	FIRE	Partly Implemented	<p>The 2018-19 Adopted Budget added a Battalion Chief to serve as the Department Safety Officer. The Fire Department anticipates filling this position by January 2019 and working with the City's Workers' Compensation Division to develop goals to reduce injuries. Target Date: Jun-2019</p>
12-07	<p>#12 We recommend that the Fire Department review injury data and incorporate the review results into regular safety trainings.</p>	FIRE	Partly Implemented	<p>The 2018-19 Adopted Budget added a Battalion Chief to serve as the Department Safety Officer. The Fire Department anticipates filling this position by January 2019 and working with the City's Workers' Compensation Division to develop goals to reduce injuries. The Department plans to have the Safety Officer focus on developing strategies to evaluate injury data and trends for use in training. Target Date: Jun-2019 (delayed from Jan-2018).</p>
12-07	<p>#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.</p>	FIRE	Partly Implemented - Priority	<p>The 2018-19 Adopted Budget added a Battalion Chief to serve as the Department Safety Officer. The Fire Department anticipates filling this position by January 2019. Target Date: Jan-2019 (delayed from Dec-2017).</p> <p>Potential Budget Savings: TBD.</p>

Report	Recommendation	Department	Current Status	Comments
12-07	#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.	CMO	Partly Implemented (Subject to meet and confer)	The City previously discontinued its practice of paying Police employees' premium pays when the employees are off work due to a disability. However, 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  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.
12-08	#01 We recommend eliminating bumping from the City's civil service rules as it is not cohesive with the City's modernized broadband 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.	CMO	Not Implemented (Subject to meet and confer)	This recommendation would have to be considered as part of labor negotiations. Target Date: Dec-2018
12-08	#02 Modify the reinstatement process to 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.	CMO	Not Implemented (Subject to meet and confer)	This recommendation would have to be considered as part of labor negotiations. Target Date: Dec-2018
12-08	#03 Pursue changes to the layoffs, bumping and reinstatement rules that subordinate seniority and factor in applicable job skills, recent job performance and disciplinary records.	CMO	Not Implemented (Subject to meet and confer)	This recommendation would have to be considered as part of labor negotiations. Target Date: Dec-2018

Report	Recommendation	Department	Current Status	Comments
13-02	<p>#04 The City Attorney's Office and Human Resources should review the Deferred Compensation Plans and draft amendments to the Municipal Code as follows: 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 and contractual authority to enter into contracts for the administration of the Plans. 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. 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. 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>	HR / CAO	Not Implemented	<p>The City Attorney's Office, in consultation with outside counsel, has finished revisions for the Deferred Compensation 457 Plan and is now working on the revisions to the PTC Plan. It is anticipated that the changes to both the Deferred Compensation 457 Plan and PTC Plan will be brought to the Deferred Compensation Advisory Committee (DCAC) for comment before the end of 2018. Target Date: Dec-2018 (delayed from Jun-2017).</p>
13-04	<p>#03 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. Part (c): The NBS Government Finance non-development fee study that will include an analysis of the current fee structure. In July 2018, the Department reinforced an internal policy to ensure all re-inspections are being charged appropriately. Target Date: Jun-2019 (delayed from Dec-2017).</p>

Report	Recommendation	Department	Current Status	Comments
13-04	#06 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.	FIRE	Partly Implemented	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. Parts (b) and (c): The Bureau of Fire Prevention (BFP), in conjunction with Fire Administration, continues to work on reporting tools in Fire House. 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).
13-04	#07 Fire Department management should use the data in the staff activity report to analyze how inspection workload compares to staffing levels.	FIRE	Partly Implemented	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, including inspection hours, can be used to better manage inspector workload. Target Date: Jun-2019 (delayed from Dec-2017).
13-04	#09 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).
13-04	#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 / FIN	Partly Implemented	The Fire and Finance Departments have met and formulated a plan to address overdue accounts and improve collections. Between January and June 2018, the two departments collaborated to complete an analysis of aging receivables for the fire permits program and facilitated a write-off of uncollectible accounts. The departments have also planned next steps for collection efforts, and Finance reports that staff will work toward completing written policies and procedures by December 2018. Fire staff continue to provide Finance with information about overdue accounts on a monthly basis. Target Date: Dec-2018 (delayed from Dec-2017).  Potential Budget Savings: The audit identified \$1.2 million in one-time savings that could be generated by collecting revenue from overdue accounts.

Report	Recommendation	Department	Current Status	Comments
13-04	#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 updated an organizational chart for Fire Administration in 2018, and has created 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: Dec-2018 (delayed from Jun-2017).
13-04	#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	Implemented	The Fire Department reviewed its methodology for calculating State-mandated inspections and now reports on assembly inspections separately from State-mandated inspections. Additionally, department staff have revised the calculation of state-mandated to exclude hazardous materials inspections that the City is not required to annually inspect. The Fire Department is working with the Budget Office to ensure that changes to performance measure calculations will be included in the FY 2019-20 Adopted Operating Budget. 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.
13-04	#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.	FIRE	Not Implemented	Parts (a) and (c): The consultant study underway by NBS Government finance will include recommendations for a new inspection service delivery model. 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).

Report	Recommendation	Department	Current Status	Comments
13-04	<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	<p><b>Partly Implemented</b> - <b>Priority</b></p>	<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 -- including 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, it would require additional resources to fulfill public education goals. 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). Currently, the Department makes smoke detectors available when possible for line staff to distribute to residents. The Department has an ongoing partnership with the American Red Cross to help provide smoke detectors in mobile homes through the Sound the Alarm program. The Department also recently received a donation for \$500,000 to install smoke detectors in mobile homes, and has applied for grant funding from the Department of Homeland Security for additional funding for smoke detectors. Target Date: Jun-2019</p>
13-04	<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>



Report	Recommendation	Department	Current Status	Comments
13-06	#05 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.	CMO	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 times of budget deficits, non-procurement and procurement staff alike were spread thin across the City. 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. 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 may be required. Target Date: Dec-2020
13-06	#07 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.	FIN	Partly Implemented	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 was scheduled to take place in the upcoming year; however, the pilot and training program has been delayed due to staff vacancies in the Finance department. Target Date: Dec-2018 (delayed from Jun-2018).
13-06	#08 We recommend that the City: 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.	FIN	Partly Implemented	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. Due to fiscal constraints, no additional staffing was recommended by Finance in 2018-2019 to implement the recommendation. Target Date: Dec-2020

Report	Recommendation	Department	Current Status	Comments
13-06	<p>#09 We recommend the Administration develop Citywide policies and procedures on contract monitoring and management including:</p> <ul style="list-style-type: none"> <li>- a standardized contract management process,</li> <li>- organization of contract files,</li> <li>- checklists for tracking agreed-upon deliverables and line item budgets,</li> <li>- components of invoice review which link payments to contract deliverables, and</li> <li>- documenting deliverables prior to payment.</li> </ul> <p>We further recommend that the City require contract administrators to annually certify they have reviewed and understand those policies and procedures.</p>	FIN	<b>Not Implemented - Priority</b>	The City Administration conducted a training on contract management (primarily for administrative officers) in 2014, but has not incorporated these processes into Citywide policies and procedures. Once these have been developed, the City should 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. While this recommendation has been marked as a priority there has been no change reported due to staffing and funding constraints. Target Date: Dec-2018 (delayed from Jun-2018).
13-06	#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.	FIN	Not Implemented	The Department reports no change since audit was issued. 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: Dec-2020 (delayed from Dec-2014).
13-06	#11 We recommend the Administration ensure that: 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.	FIN	Not Implemented	At this time, contract management and document retention has largely been delegated to individual department staff. These issues may be addressed through upcoming training, but further centralizing of contract monitoring may require additional staff. Due to fiscal constraints, no additional staffing was added in FY18-2019 to implement the recommendation. Target Date: Dec-2018 (delayed from Jan-2018).
13-06	#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.	FIN	Partly Implemented	The Finance Department has uploaded an online procurement training. However, it does not include the City's conflict of interest and ethics policies. In our opinion, 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. Target Date: Dec-2018 (delayed from Jun-2018).

Report	Recommendation	Department	Current Status	Comments
13-06	#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.	CLERK	Partly Implemented	As noted in the audit, the City's electronic data management system (CHAD) was outdated and limited. It was also not accessible to members of the public. The new system, GILES, went live in March 2018. It contains information on all City contracts, but does not specify which contracts are with consultants or how much they have been paid. We understand GILES was not set up to track "consulting agreements" specifically and is unable to interface with the City's financial system. This means other options to prepare the recommended report will need to be pursued. Target Date: Sep-2018 (delayed from Dec-2017).
13-11	#08 The City Administration should propose to expand the Residential Occupancy Permit program to include condominiums functioning as rental apartment complexes.	PBCE	Not Implemented	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 San Jose residents were renters in a total of about 125,000 renter-occupied units. However, the Multiple Housing Program issued Residential Occupancy permits for only about 84,000 units. This net difference of 41,000 units could mean that as much as a third of San José's renters are not receiving the same level of service afforded to other rental residents. The current City policy to exclude condominiums (potentially housing hundreds of renters) defeats the underlying purpose of the program and leaves a significant portion of San José's renters potentially at risk. 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: Jul-2018 (delayed from Jul-2018).
13-11	#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.	PBCE	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. 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-2018).

Report	Recommendation	Department	Current Status	Comments
13-11	#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.	PBCE	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).
13-11	#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.	PBCE	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	#08 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.	FIN	Partly Implemented	The Procurement Card Policy is still under review. Target Date: Dec-2018 (delayed from Jun-2018).
13-12	#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.	FIN	Partly Implemented	The Finance Department reports that it is in the process of obtaining funds and working on an RFP for the project. Target Date: Jun-2019 (delayed from Jun-2018).
14-07	#01 We recommend that the Finance Department revise the Procurement Card Policy to: 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	FIN	Partly Implemented	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. 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. In the meantime, Finance has incorporated several of the recommended items into quarterly p-card trainings and created a Citywide p-card email account for contact with department administrators. Target Date: Dec-2018 (delayed from Dec-2016).

Report	Recommendation	Department	Current Status	Comments
14-07	<p>#03 To improve transparency, accountability, and legibility, the Finance Department should create a pilot program that:</p> <p>a) Begins the transition to online approvals, payment code entries, annotations and general finance coding (office supplies, travel, etc.);</p> <p>b) Considers requiring monthly statements of activity be signed by cardholders and approving officials to ensure that all transactions are authorized;</p> <p>c) Allows individual departments to collect, store, and submit receipts in PDF; and</p> <p>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).</p>	FIN	Partly Implemented	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 reviewed it anew, meeting with U.S. Bank in March of 2018. Finance determined the online reconciliation would not be feasible until the City's financial reporting software is upgraded in February 2019. The draft 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-2019 (delayed from Dec-2016).
14-07	#07 The City Administration should ensure that p-card expenditures accurately categorize expenditures by type of budgetary purposes.	FIN	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: Dec-2018 (delayed from Dec-2016).
14-08	#06 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	Implemented	The Department hired a Planning Technician who is available to assist customers with appropriate questions. In addition, the Permit Center now has new kiosks for customers to self-issue tickets for service, which appears to better refer customers to the services they need while allowing staff to focus on providing those services to customers. The improved system routes customers to the correct service, and collects data on what services are in demand, while providing management with data to analyze staff deployment and performance. Further, this new system allows the Assistance Desk to be used as an additional counter station to serve customers.

Report	Recommendation	Department	Current Status	Comments
14-08	<p>#09 To shorten long lines and reduce the wait times for the Permit Center, PBCE should:</p> <p>A) Develop customer service guiding principles including procedures for when to summon additional staff assistance to the reception desk and to the Building Counters;</p> <p>B) Rationalize queuing numbers that are given out to customers;</p> <p>C) Hone available options in the queuing system and record reasons for customer visits; and</p> <p>D) Use the queuing system to track customer flow and set the right amount of staff to accommodate the customer demand.</p>	PBCE	Implemented	The Department contracted with a customer experience management team to help reduce customer wait times. The resulting new self-service ticketing kiosks and queuing system has streamlined service queues and optimized the system to minimize customer wait time in the Permit Center. Queuing numbers have been rationalized to avoid customer confusion, and monitors alert customers of the queues. Management can now track queue volume and flow, and ascertain when additional staff is needed for specific services and counters. Further, management can run reports to see what service each customer used during their visit, to help management see service trends and guide future service and staff decisions, as needed. Customer service guiding principles to summoning additional staff assistance were developed in previous updates.
14-08	#13 Implement the technological infrastructure needed to support electronic plan submittal and review.	PBCE / IT	Partly Implemented	The City selected CSDC System Inc. to implement the Integrated Permitting System to meet the City's plan review needs and provide a consistent experience for external customers. PBCE and IT have been working with CSDC to implement the necessary technological infrastructure needed to support the integrated electronic plan submittal and review (ePlan). Recently, CSDC announced a new off-the shelf module that could address the City's needs and ease future migration issues. To provide a consistent ePlan experience for customers, all Development Service partners plan to go live with at the same time. Target Date: Jul-2019 (delayed from Jun-2017).
14-08	#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.	PBCE	Partly Implemented	PBCE reports that this will be addressed as part of the upgrade of the integrated permitting system. The target date has been moved to reflect the vender's schedule. Target Date: Jul-2019 (delayed from Sep-2017).
14-08	#18 Eliminate the Construction & Demolition Diversion Deposit.	PBCE / ESD	Partly Implemented	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).
14-08	#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. The target date has been moved to reflect the vender's schedule. Target Date: Jul-2019 (delayed from Sep-2017).

Report	Recommendation	Department	Current Status	Comments
14-12	<p>#08 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: Automatically sending accounts to the City's outside collections agencies; Pursuing legal remedies; Liening properties; and Writing off old accounts. The procedures should also identify supervisory or management roles for reviewing delinquent accounts and collections activities.</p>	FIN	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. Finance has drafted written internal procedures to regularly move delinquent accounts to outside collection agencies; continuously refer invoices to legal action; schedule liens; and perform write-offs of uncollectible accounts. These procedures are under management review. Target Date: Dec-2018 (delayed from 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>
14-12	<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>	FIN / CAO	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 Enforcement 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>

Report	Recommendation	Department	Current Status	Comments
14-12	<p>#12 The Finance Department should work with:</p> <ul style="list-style-type: none"> <li>• The Information Technology Department to develop an online payment option for accounts owing to the City and managed in Revenue Results.</li> <li>• The Fire Department and Information Technology to develop an online payment option for invoices billed through FireHouse.</li> </ul>	FIN / IT / FIRE	Not Implemented	<p>The new accounts receivable system (RevQ) was implemented in 2017. Finance has now initiated planning sessions to identify system requirements needed to accept online payments for miscellaneous invoices (i.e., RevQ transactions). Online payments will be a functionality that is implemented as part of the RevQ Phase I stabilization, expected to complete by June 2019. Once RevQ Phase I is stabilized, Finance and IT will finalize scope for Phase II which will likely include FireHouse interfaces. Once FireHouse is interfaced with RevQ, a separate online payment option for FireHouse will not be necessary. 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: Jun-2020 (delayed from Jun-2018).</p>
14-12	<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>	LIB / FIN	Not Implemented	<p>Since 2014, the Library has reduced total outstanding balances from \$5.7 million (levied between 2010 and 2014) to \$3.1 million. This was partly due to the elimination of expired debt, as well as various forgiveness programs, such as the 2016 Summer Reading Challenge's "Golden Ticket" program which forgave more than \$100,000 in fines. Additional programs have included the Volunteer Your Fines Away program and the Book Replacement Program (which allowed customers to donate books of similar value to replace unreturned or lost books). In FY 2016-17, the City Council also reduced fines for lost or late materials. The City Council also approved a one-year pilot program to eliminate late-fees for children's materials. The Library has continued utilizing its collection services vendor, entering a new agreement in July 2018 that will run through June 2023. The Library has begun analyzing past collections data and current outstanding accounts to determine next steps, such as expanding outreach for forgiveness programs or use of its collection services vendor for additional accounts. Target Date: Dec-2018 (delayed from Sep-2016).</p>



Report	Recommendation	Department	Current Status	Comments
14-12	<p>#16 The Finance Department should work with the Information Technology Department to: 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 systems into Finance's collections software to better manage collections for these departmental billings.</p>	FIN / IT / PBCE / FIRE	Partly Implemented	<p>Finance is coordinating with the IT Department to prioritize upgrades and improvement to its financial systems. Interfaces between FireHouse and PBCE to RevQ is expected to be delivered in Phase II of RevQ implementation, which is expected to occur in FY 2019-20 after other financial systems replacements and upgrades. Target Date: Jun-2020 (delayed from Jun-2018).</p>
14-12	<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>	FIN	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 and is working with IT and the vendor to finalize reports for departments to review on a periodic basis. Target Date: Dec-2018</p>

Report	Recommendation	Department	Current Status	Comments
15-02	#01 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.	DOT	<b>Partly Implemented</b> - <b>Priority</b>	<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 a projected annual revenue of \$51 million for pavement maintenance beginning in FY 2018-19, which is still far short of the \$92.8 million needed each year to improve the City's overall pavement network up to good condition. First, the Valley Transportation Authority (VTA) countywide Measure B Sales Tax initiative passed on the November 2016 ballot. The measure is being legally challenged and funding is on hold. Resolution to the lawsuit is expected by December 2018. Second, Senate Bill 1, the Road Repair and Accountability Act, will raise \$6 billion annually statewide to improve roads and transportation infrastructure. An initiative to repeal the bill qualified for the November 2018 ballot, but funds continue to be collected and distributed as scheduled. Additional one-time funding from local, State and Federal sources is projected to bring total pavement maintenance funding for FYs 2018-19 and 2019-20 to approximately \$80 million per year. In addition, the City Council recently placed a bond measure on the November 2018 ballot that could result in additional funding for pavement maintenance. Target Date: Dec-2018 (delayed from 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>

Report	Recommendation	Department	Current Status	Comments
15-04	#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.	HR	Partly Implemented	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. Human Resources is working with the bargaining units to finalize their review of the class specifications. Of the remaining classifications under review, 19 classifications were filed with the Civil Service Commission in August 2018. HR will continue to work with the bargaining units to finalize the class specifications that were part of this project, and anticipates this project will be completed by December 2018. HR is continuing to update classifications as issues are brought forward during the recruitment process. HR's Classification and Compensation Analyst position was eliminated in the FY 2017-18 budget process and no additional resources were identified for FY 2018-19. The Department advises that it is continuing to evaluate the resources for the classification and compensation workload, and that HR resources continue to be devoted to hiring new employees. Target Date: Jun-2019 (delayed from Jun-2017).
15-05	#01 PRNS should work with the Budget Office to: A) Reassess the purpose of the Fee Activity Program (including cost-recovery targets), B) Provide reasonable justification for mid-year expenditure request, C) More clearly link revenues and expenses to their respective programs, and D) Determine which activities should be included in the Fee Activity Program.	PRNS / BUDGET	Partly Implemented	PRNS is updating its financial models for its standard or uniform lines of business (such as after school and preschool programs), and will then compare and contrast those with models for more variable programs (such as leisure classes and camps) which change based on community interests and demands. In the Fall, PRNS and the Budget Office plan to use this comparative analysis to determine the best way to establish and manage the Fee Activity Program budget and monitor cost-recovery targets and performance. Target Date: Dec-2018 (delayed from Jun-2017).

Report	Recommendation	Department	Current Status	Comments
15-06	<p>#01 The Environmental Services Department should utilize the results of its upcoming Waste Characterization and Residue Study to:</p> <p>A) Provide baselines for single-family curbside diversion goals in future contracts, and</p> <p>B) Work with its haulers to determine where program improvements can be made.</p>	ESD	Partly Implemented	<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: pilot larger garbage carts for single family residences in focused areas in addition to ESD working cooperatively with one hauler and interested community groups on increasing public education and outreach; explore options for phasing in backend processing of garbage for a portion, or all, of the remaining 60 percent of single-family households; and work with the hauler to create a solution to improve recycling capture rates, and return to Transportation and Environment Committee within 90 days to present their approach. In April 2016, the hauler 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. They also reported the installation of a new equipment (two drum feeders) in September 2016. The hauler has not yet provided more information on the latter part of their proposal to ESD. 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. 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>

Report	Recommendation	Department	Current Status	Comments
15-06	<p>#02 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: 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.</p>	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. On May 2, 2016, ESD returned to the Transportation and Environment Committee with an update on efforts to facilitate one hauler's meeting contractual recycling requirements, the proposed larger garbage cart pilot study, and outreach efforts for the residential recycling program. At that time, the hauler's proposed diversion plan involved: 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) resuming re-processing of Post-Processing Commingled Recyclable Material and allowing them to count 100 percent of this material towards diversion. After installation of drum feeders in September 2016, the hauler reported a decrease in residue at their facility. Unfortunately, they were not able to meet their diversion goal for either 2016 or 2017. ESD will continue to monitor the haulers' residue rates as a part of its regular contract management activities. 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: Dec-2018 (delayed from Dec-2016).</p>
15-06	<p>#03 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>Staff has researched potential program modifications, and preparation for replacement contracts continues. The contracts with the current haulers are currently under renegotiation. Target Date: Dec-2018 (delayed from Jan-2016).</p>

Report	Recommendation	Department	Current Status	Comments
15-06	<p>#04 As a part of their Public Education and Outreach Programs, the Environmental Services Department should require haulers to:</p> <p>A) Increase the number of presentations to schools and community groups, and</p> <p>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.</p>	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). 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 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. 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. 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>

Report	Recommendation	Department	Current Status	Comments
15-06	#05 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.	ESD	Partly Implemented	<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. 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 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, but 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. 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. Between July and December 2017, an average of 1,800 NCNs were issued monthly -- a slight reduction from the previous six-month period. ESD is currently renegotiating new contracts with the haulers. Target Date: Dec-2018 (delayed from Dec-2016).</p>

Report	Recommendation	Department	Current Status	Comments
15-06	<p>#06 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>	ESD / CAO	Partly Implemented	<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. 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	<p>#01 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>	PRNS	Partly Implemented	<p>Staff anticipates the Golf Course Operator Request for Proposal will be posted in September 2018 and its results will be presented to the City Council for approval in early 2019, with the goal of entering into new Qualified Management Agreements by March 2019. Target Date: Mar-2019 (delayed from 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 \$450,720 for Los Lagos alone in 2017-18).</p>



Report	Recommendation	Department	Current Status	Comments
15-08	<p>#05 To improve oversight of the golf courses and contracts, the Department of Parks, Recreation and Neighborhood Services should:</p> <p>A) Regularly audit Muni's gross revenues and capital improvement fun;</p> <p>B) Keep all golf records centrally and ensure they are obtained timely;</p> <p>C) Formalize the revised maintenance standard; and</p> <p>D) Formally approve the fees charged and discounts given to The First Tee and the schedule of access hours.</p>	PRNS	Partly Implemented	Upon completion of the Request for Proposal process noted in the update for Recommendation #1, staff will include updated maintenance standards in new Qualified Management Agreements. Subsequently, staff plans to renegotiate the City's agreement with The First Tee to formalize the organization's fees, discounts, and access hours. Target Date: Jan-2019 (delayed from Jun-2017).
15-09	#06 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.	PD	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	#01 DOT's in-house street sweeping operation should stop emptying street sweepings onto the street.	DOT	Partly Implemented	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. DOT received a previous estimate of \$300,000 for a contractor to provide bins and hauling service to eliminate on-street sweep waste dumping. DOT has revised their approach, which still involves emptying street sweepings onto the street. However, DOT's Heavy Equipment team picks up the sweepings from designated dumping sites daily and a street sweeping crew will pick up residual debris during the next sweeping shift. DOT reports that it will evaluate the cost and approach to eliminating on-street sweep waste dumping for the next residential street sweeping RFP, with a new contract in 2021. Target Date: Jul-2021 (delayed from Jun-2018).

Report	Recommendation	Department	Current Status	Comments
16-02	#03 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 continues to periodically monitor the comparative effectiveness, cost, and efficiency of in-house and contracted street sweeping. As part of contract extension negotiations with the current contractor, ESD received a preliminary cost per curb mile for the contractor to sweep the miles swept by the in-house program. DOT plans to update their cost analysis of the in-house program by December 2018 to compare to the contractor cost. DOT expects to incorporate this analysis into the next residential street sweeping RFP to identify any alternative service delivery models. Target Date: Dec-2018 (delayed from Jun-2018).
16-02	#04 The City should identify additional funding to improve street sweeping service citywide.	DOT / BUDGET	Partly Implemented	DOT reports they have obtained additional funding for various service improvements, including funding for an additional 44+ curb miles of parking restriction signage, additional staff to support the new signage and enhanced sweeps, and two additional street sweepers. DOT is awaiting delivery of one sweeper with the second sweeper to be delivered by the end of 2018. However, additional funding may be necessary to ensure improved and effective service delivery of street sweeping. Target Date: Jun-2019 (delayed from Jun-2018).
16-02	#05 DOT and ESD should deploy the new electronic inspection system and GPS-tracking devices to: A) Enable supervisory staff to track vehicle location, speed, and activity remotely; B) 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	A) DOT's in-house program has installed GPS telematics, which is used to remotely track vehicle location and speed, and confirm completion of sweeping routes. B) DOT reports that funding was secured to equip all operators with tablets that enable them to link obstructions (tree branches, debris) to specific locations for follow-up. However, currently only higher priority issues (debris blocking streets, sidewalks, or bike lanes) are being routed to a team for follow-up. Lower priority issues (tree trimming, debris in parkstrips) will likely require additional resources to allow follow-up. C) ESD reports that the administration is considering issuing an RFP that separates residential street sweeping from the residential garbage and recycling contract. Opportunities to incorporate electronic inspection and GPS tracking capabilities as part of street sweeping services would be included in the RFP, with a contract expected to begin in July 2021. Target Date: Jul-2021 (delayed from Dec-2018).

Report	Recommendation	Department	Current Status	Comments
16-02	<p>#06 Based on staff input, route data, the results of past studies, and equipment needs, DOT should:</p> <p>A) Review and revise street sweeping schedules and routes;</p> <p>B) Consider additional enhanced sweeps in particularly dirty areas as funds and resources become available; and</p> <p>C) Develop a plan to periodically review street sweeping schedules and routes that consider street conditions.</p>	DOT	Partly Implemented	<p>A) DOT reports they have reviewed and revised street sweeping schedules and routes to the extent that funding and resources allow. The residential street sweeping program maintains a once per month sweeping schedule as part of the current contract.</p> <p>B) DOT reports that enhanced sweeps were completed for 16 streets in FY 2017-18. With additional staff approved for FY 2018-19 to support residential street sweeping, DOT estimates up to 20 enhanced sweeps could be completed per year.</p> <p>C) Additional resources to periodically review street sweeping routes and schedules 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. Target Date: Jan-2019 (delayed from Jun-2018).</p>
16-02	<p>#07 DOT should install additional permanent parking prohibition signs and/or expand enhanced sweeps based on need, as funds become available.</p>	DOT	Implemented	<p>DOT reports that they have installed an additional 44+ curb miles of parking prohibition signs to be fully enforced by October 2018. DOT also had an additional budgeted position approved for 2018-19 to support street sweeping and enhanced sweeps. The department estimates the additional staff will allow for up to 20 enhanced sweeps per year. DOT reports further installation of parking prohibition signs and expansion of enhanced sweeps will continue as funding allows.</p>
16-03	<p>#01 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).</p>	CMO	Not Implemented	<p>In 2017, the Administration utilized an Encore Fellow to create a draft volunteer policy which is expected to be useful in developing the materials to help volunteer coordinators conduct outreach or promote their volunteer programs more effectively. In March 2018, a cross-departmental Volunteer Service Initiative Working Group was established by the CMO and in partnership with the Chief Service Officer in the Mayor's Office. The working group includes representatives from CMO, PRNS, Library, HR, OER, Attorney, and the Mayor's Office. We understand that the working group is reviewing the documents developed by the Encore Fellow. Based on feedback, outreach guidance will be developed. Target Date: Dec-2018 (delayed from Feb-2018).</p>

Report	Recommendation	Department	Current Status	Comments
16-03	#02 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.	CMO	Partly Implemented	In 2017, the administration utilized an Encore Fellow to develop a draft 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. In March 2018, a cross-departmental Volunteer Service Initiative Working Group was established and is reviewing the draft volunteer policy developed by the Fellow. Once this process is completed, the draft policy will be routed through the appropriate approval process once final feedback is received and incorporated. The volunteer policy is also being viewed in light of potential upcoming service-oriented pilot projects, such as those related to the ongoing Generation to Generation campaign. Target Date: Dec-2018 (delayed from Feb-2018).
16-03	#03 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.	CMO	<b>Not Implemented - Priority</b>	In 2017, the Administration, the city utilized an Encore Fellow to create a draft volunteer policy and identify best practices and tips that was the basis for the beginning of a volunteer management guidebook. In March 2018, a cross-departmental Volunteer Service Initiative Working Group was established and is currently reviewing and adding to the drafted Volunteer Management Guide. This document is intended to serve as a volunteer guide or "toolkit" for staff during the development and management of volunteer programs. Although this document is being reviewed in parallel with the volunteer policy, it will not be finalized prior to the finalization of the policy to ensure alignment between policy, procedure, and guidance. Target Date: Dec-2018 (delayed from Feb-2018).

Report	Recommendation	Department	Current Status	Comments
16-03	<p>#04 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> <p>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.</p> <p>B) Allowing volunteers to apply with multiple place-based programs at once.</p> <p>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.</p>	CMO / PRNS / ESD / DOT	Not Implemented	<p>A cross-departmental Volunteer Service Initiative Working Group was established in March 2018. This working group is exploring the use of technology to better promote, manage, and evaluate volunteer experiences. For instance, the working group is currently collecting information to better understand the capabilities and use cases for Better Impact (a volunteer management software solution for which the City has had a license since 2011) . Once this information is collected, a strategy will be developed to better utilize the full extent of its product features. Further, the working group is exploring improved integration of volunteerism into the City website and assessing the potential integration into other City platforms such as the My San Jose App. The working group has also been in contact with other municipalities to gather best practices and lessons learned from volunteer efforts coordinating place-based volunteer programs. Target Date: Jun-2019 (delayed from Dec-2018).</p>

Report	Recommendation	Department	Current Status	Comments
16-03	#05 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.	CMO	<b>Partly Implemented</b> - <b>Priority</b>	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. As the City did not have internal staff available to conduct CERT programs, the City issued three separate RFPs during 2017 and 2018 for a consultant to conduct the trainings. Unfortunately, all three RFP processes were unsuccessful. The Office of Emergency Management (OEM) brought in State certified trainers to train 40 volunteers (including 12 city firefighters) to become trainers. OEM also began meetings with the Fire Department and the International Association of Firefighters, Local 230 (IAFF) on operational staffing plans to conduct CERT training. In addition, OEM has been working 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) policies and rules. OEM reports that this legal infrastructure, which provides liability protection for all volunteer response and provides workers compensation for injury while responding, needs to be updated. OEM also reports that a Disaster Council needs to be re-established and is scheduled to begin meeting in the fall of 2018. The City has begun the hiring process for a grant-funded and limit-dated CERT Program Manager (as required by Cal OES to certify the program). OEM is working on a sole source agreement to write the CalOES required plan on how the volunteer resources are integrated into City response. Following approval of the CERT curriculum by the Disaster Council in the fall, CERT classes are expected to resume in the winter of FY 2018-19. Target Date: Feb-2020 (delayed from Feb-2019).

Report	Recommendation	Department	Current Status	Comments
16-03	#06 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.	PRNS	Partly Implemented	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 a Volunteer Coordinator in September 2017 and began moving towards department-wide coordination of volunteer efforts. In 2018, PRNS convened a working group of staff from each community center to improve communication and coordination, and share insights, practical limitations and implementation ideas. In June 2018, Council approved an Ordinance authorizing digital signatures. Once a software solution is identified and implemented by the IT Department, digital signatures and records will greatly enhance the volunteer on-boarding process by streamlining document completion and safe storage. Target Date: Feb-2019
16-04	#09 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 / FIN	Partly Implemented	IT is in the process of updating the technology procurement policy. Target Date: Dec-2018 (delayed from Dec-2017).
16-05	#01 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.	ESD / FIN	Partly Implemented	ESD worked with the Budget Office, Finance, and the City Attorney's Office to establish separate South Bay Water Recycling (SBWR) operating and capital funds. These new funds allow for the reporting and tracking of SBWR financial activities separate from other Wastewater Facility activities. The operating fund was included with the 2018-2019 Adopted Operating Budget effective July 1, 2018. Resources for the capital fund are anticipated to be allocated as part of the 2017-2018 Annual Report. Target Date: Oct-2018 (delayed from Jan-2017).
16-05	#02 To improve South Bay's operating and capital accounting, the Department of Environmental Services should: 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	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 separate SBWR operating and capital funds (see update to recommendation 1605-01), new charge codes have been created in the funds to continue the improved SBWR expense tracking and cost allocation methodologies.

Report	Recommendation	Department	Current Status	Comments
16-05	<p>#04 To sustain South Bay's operational and capital cost recovery status in the future, ESD should:</p> <p>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 projected to occur under the Agreement as currently written; and</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>	ESD	Not Implemented	<p>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 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 WaterReuse Research Foundation. The study should be complete by December 2018, and ESD hopes to use study findings from throughout the state to provide context for a future SBWR rate study. Target Date: Dec-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.</p>
16-07	<p>#02 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> <p>A) Establish and document a more aggressive timeframe for approval of minutes by Council,</p> <p>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.</p>	CLERK	Partly Implemented	<p>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 at the time of our last recommendation status update, the Office was aiming to achieve a more ambitious goal of a one month turnaround time for posting minutes. However, due to staffing constraints and an increase in workload the Office will be aiming to achieve its' original 3 month goal. It should be noted that the August 7th Council Agenda did not include any Council meeting minutes for approval, and the August 14th agenda had special minutes dating back to October 6, 2017. The most recent, regular Council meeting minutes listed for approval were from April 17, 2018.</p> <p>B) The City Clerk will reconsider the necessity of both Council meeting synopses and action minutes upon full implementation of Legistar (see Recommendation #1). In the meantime, the Clerk's Office reports that it has changed the formatting of minutes to allow synopses to better serve as the basis for minutes.</p> <p>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. Target Date: Jun-2019 (delayed from Apr-2017).</p>



Report	Recommendation	Department	Current Status	Comments
16-07	#03 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.	CLERK	Partly Implemented	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, Legistar 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 further complicating the process of approving and posting synopses and/or minutes. Whether through Legistar or other existing software, the Clerk's Office should streamline the approval and posting of minutes in order to minimize the backlog (see Recommendation #2). The Clerk's Office is continuing to explore options to streamline the approval and posting of synopses and minutes. 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. Target Date: Jun-2019 (delayed from Apr-2017).
16-07	#07 To ensure the smooth implementation of the updated records management platform, the City Clerk should: 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 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).	CLERK	Implemented	The City Clerk's Office worked with the Information Technology Department to move its records from its old system (CHAD) to the new system, GILES. GILES was made publicly available in March 2018. The City Clerk has updated the policies and procedures for the new system and IT confirms the system meets IT security protocols. In addition, the Clerk's Office has migrated ordinances, resolutions, and contracts from CHAD to GILES. On a go-forward basis, the City Clerk's Office reports they will continue to explore options for adding additional records to GILES.

Report	Recommendation	Department	Current Status	Comments
16-07	#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).	CLERK	Partly Implemented	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. 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. The City Clerk's Office continues to collect registration fees and reports no longer collecting late fees. The Office continues to work towards working with Finance to finalize policies and procedures for collecting outstanding lobbyist and other fees. Target Date: Sep-2018 (delayed from Mar-2017).
16-07	#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.	CLERK	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 was finalized and is available on the City's Intranet.
16-07	#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.	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 plans to update the Office's performance measures and include new measures in next year's budget document. Due to lack of sufficient data, action plans have not yet been established to address shortfalls in meeting targets. Target Date: Jun-2019 (delayed from Oct-2017).
16-08	#04 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.	PD	Partly Implemented	The Department's Fiscal Unit has begun to send each Bureau Chief a biweekly report listing each of the officers who work more than 30 hours of overtime in the pay period to inform the Bureau Chiefs which employees are at a greater risk for fatigue. The department's use of overtime continues to increase. The department reports that at this time it will address overtime internally without updating the Duty Manual. Target Date: Jun-2020 (delayed from Jun-2018).

Report	Recommendation	Department	Current Status	Comments
16-08	#05 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 additional information technology expertise to fully deploy eResource or an alternative software solution.	PD	Not Implemented	The Department is in the process of updating eResource to address the concerns raised by the audit. Target Date: Mar-2020 (delayed from Feb-2018).
16-08	#08 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.	PD / OER	Partly Implemented  (Subject to meet and confer)	Since the audit was published, total overtime expenditures have continued to increase -- from \$36 million during the audit, to \$44 million for FY 2017-18. In addition, comp time balances grew from 220,000 hours to 265,000 hours; the liability for compensatory time increased from \$13 million to \$16.2 million; and the number of staff with balances over 240 hours also grew -- from 410 to 518. In its April 2018 update to PSFSS, the Police department reported that it had 107 recruits in Academy and an additional 45 officers in the field training program. Once these officers are street ready, the department will be in a better position to address overtime and compensatory time increases as part of a comprehensive strategy draw down comp time balances and reduce overtime expenditures. Target Date: Dec-2018
16-08	#09 To reduce the liability associated with high comp time balances, the San José Police Department should: 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.	PD / OER	Not Implemented  (Subject to meet and confer)	See recommendation #8. Target Date: Jun-2019  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.

Report	Recommendation	Department	Current Status	Comments
16-08	#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.	PD	<b>Partly Implemented - Priority</b>	<p>The number of sworn employees with comp time balances over 240 hours increased from 410 during the time of our audit to 518 in August 2018. The number of sworn employees with a balance of 480 hours increased from 220 to 246. As mentioned in prior updates the Department issued General Order #2017-031 reminding staff that they are responsible for bringing comp 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. See also recommendation #8 and #9. Target Date: Dec-2018 (delayed from Mar-2018).</p> <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 percent 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 \$3.7 million (at the time of the audit) to \$5.9 million.</p>
16-08	#11 The San José Police Department should clarify the process for denying requests for comp time off.	PD	Not Implemented	The Department will evaluate the process for denying requests for comp time off. Target Date: Jun-2020 (delayed from Jun-2019).
16-08	#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.	PD / OED	Not Implemented	<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>

Report	Recommendation	Department	Current Status	Comments
16-10	#03 To improve communication and outreach, the Housing Department should: A) Adopt a targeted approach to tenants and landlords, B) Improve language accessibility, C) Improve its lobby space, D) Improve websites, and E) Expand its online offerings including an on-line look-up tool, and the ability to file petitions online.	HSG	<b>Partly Implemented - Priority</b>	A) The Department has performed outreach to tenants and landlords, explaining ordinance updates. B) Print communications are available in English, Spanish, and Vietnamese, and translators are available for walk-in customers. C) The Department anticipates that its lobby space redesign will be staffed by December 2018. D) The Department continues to update its website with current information on its programs. E) An interactive map has been added to the website which allows the public to look up specific addresses to determine if those locations are covered by the Apartment Rent Ordinance, Tenant Protection Ordinance, and/or the Ellis Act Ordinance. The Attorney's Office is expected to complete its review of the feasibility of accepting petitions online by December 2018. Target Date: Dec-2018 (delayed from Jun-2018).
16-10	#05 The Housing Department should enter unit addresses into the citywide integrated permitting system.	HSG / PBCE	Partly Implemented	Several City departments are working together to launch the Master Address Database (MAD). When complete, the Master Address Database is expected to include unit addresses, which will integrate into the citywide integrated permitting system (AMANDA). The Housing Department's Rent Registry is planned to go live in August 2018. The Housing Department is exploring how to connect its new Rent Registry database to the Master Address Database. In the meantime, the Rent Registry will operate with copied unit address data from the Master Address Database. Unit information will be validated by property owners through the registration process, and used to inform the Master Address Database. Target Date: Dec-2018 (delayed from Jun-2018).
16-10	#06 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.	HSG	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 has worked with PBCE to create a manual process to review conversion and demolition permit applications. Housing reports that it is working with the AMANDA upgrade team to automate the process to flag apartments covered by the Apartment Rent Ordinance. Target Date: Dec-2018 (delayed from Jun-2018).

Report	Recommendation	Department	Current Status	Comments
16-10	#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.	HSG	Partly Implemented	In November 2017, the City Council adopted the updated Apartment Rent Ordinance regulations, which clarified the exemption process. A) An online exemption option is not currently available, but the Department is exploring this option in a future phase of the rent registry. B) Starting in Fall 2018, the Department will issue receipts or acknowledgements to landlords confirming that an exemption has been provided. C) The Department has established reasonable standards to prove eligibility for exemptions, and included that information on the Fee Exemption Form. D) The Department reports that it has developed a validation process to confirm exemption eligibility. Target Date: Dec-2018  Potential Budget Savings: TBD.
16-10	#11 To help handle spikes in call volume, the Housing Department should: 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.	HSG / IT	Implemented	The Department worked with the Customer Contact Center to designate a "Housing Lead" staff member within the Call Center, who was provided in-person training and scripts. The Call Center is now taking calls and assisting in balancing spikes in call volume.
16-10	#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.	HSG	Implemented	Using \$500,000 in Community Development Block Grant funds, an agreement for legal services was executed in August 2018, which includes reporting on outcomes.
16-10	#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.	HSG	Partly Implemented	According to the Department, the Rental Rights and Referrals Program has initiated its strategic planning process. The Department will continue these efforts, including developing measurable outcomes, in the coming months. Target Date: Dec-2018 (delayed from Jun-2018).
16-10	#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.	HSG	Partly Implemented	A customer satisfaction survey has been created in English, Spanish, and Vietnamese. The Department reports that it began distributing these surveys at outreach events and at the completion of the petition process, but has not tabulated results to date. Target Date: Dec-2018 (delayed from Jun-2018).

Report	Recommendation	Department	Current Status	Comments
16-10	#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.	HSG / PBCE	Implemented	Working with PBCE and the Budget Office, the Housing Department's Apartment Rent Ordinance fee program now funds 20 percent of an Accountant II in PBCE.
16-11	#01 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).	IT	Partly Implemented	IT has worked with direct-support departments to label assets and maintain asset data in an inventory. IT also reports that they shared the process and materials with departmental IT groups to complete asset tagging and data collection. IT will continue to work with all departments to complete the City's inventory. Target Date: Dec-2018
16-11	#02 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: 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 / FIN	Partly Implemented	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 draft Mobile Device 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. 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 reviews stipend amounts periodically. Target Date: Dec-2018 (delayed from Dec-2017).

Report	Recommendation	Department	Current Status	Comments
16-11	<p>#05 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>	FIN / CAO	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: Dec-2018 (delayed from Apr-2018).
16-11	<p>#06 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. 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. It is in its third round of review. Target Date: Dec-2018 (delayed from Dec-2017).
16-11	<p>#07 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	IT reports that training will depend upon the final Mobile Device Policy, which is still in draft form. Target Date: Jun-2019 (delayed from Dec-2018).



Report	Recommendation	Department	Current Status	Comments
16-11	<p>#08 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> <p>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;</p> <p>B) Any applicable support expectations by IT for personally owned mobile devices used for City business;</p> <p>C) Any applicable user conditions, especially if personally owned devices may be enlisted on a mobile device management software; and</p> <p>D) Any applicable IT controls over mobile devices, such as remote locking or wiping of device in case of theft or loss. Any authorization forms, such as the Remote Access Authorization Form, should be updated accordingly.</p>	IT	Partly Implemented	The Mobile Device Policy has been drafted and is under review. T reported that the final policy will address stipends, eligibility, support and mobile device management requirements, security standards, and use agreements. IT also stated that the City's guidelines and procedures for personal devices used for City business will include: 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. Target Date: Dec-2018 (delayed from Jun-2018).
16-11	<p>#09 The Information Technology Department should:</p> <p>A) Develop user friendly guidelines on mobile device information security and include it as part of the Mobile Device Policy.</p> <p>B) Establish periodic information security awareness trainings for all personnel who access the City's network on City issued and personal devices.</p>	IT	Partly Implemented	The Mobile Device Policy has been drafted and is under review. IT reports that the final policy will address information security. IT began the City's first cybersecurity awareness training in October (National Cybersecurity Awareness Month), releasing content each week that month. IT will include mobile device security awareness within its trainings. Target Date: Dec-2018 (delayed from Dec-2017).
16-11	<p>#11 To reduce ordering turn-around and demands on staff time, we recommend the Administration:</p> <p>A) Allow departments to order mobile devices (cellphones, smartphones, hotspots, tablets, and laptops) and accessories directly, through appropriate citywide purchase orders;</p> <p>B) Develop a process for IT or department staff to configure devices to meet information security standards in the Mobile Device Policy.</p> <p>C) Update City policy accordingly</p>	IT	Partly Implemented	IT reports that departments with internal IT support can order standard laptops and tablets directly; all departments can order phones and accessories online. Currently, IT centrally manages Mobile Device Management (MDM) software. In the absence of an MDM policy, IT reports, security is centrally managed to comply with best practices. IT anticipates mobile configurations and associated security standards will be included in the Mobile Device Policy (draft under review). Target Date: Dec-2018 (delayed from Dec-2017).

Report	Recommendation	Department	Current Status	Comments
16-11	<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> <p>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</p> <p>B) Revise the Procurement of Laptops and Tablets Policy (1.7.8) and reference the Remote Access Policy (1.7.3) accordingly.</p>	IT	Partly Implemented	IT reports that the City and its two primary cellular service providers have discussed 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 will 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. IT has not yet begun revisions to the procurement and remote access policies. Target Date: Feb-2019 (delayed from Jun-2018).
16-11	<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	Implemented	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 continue to work with suppliers to establish a price update schedule. Currently, vendors notify IT procurement staff of changes, and staff update the intranet site in accordance with their catalog updating procedure. In the event staff have not received updated pricing from a vendor, they will proactively check pricing.
16-11	<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> <p>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;</p> <p>B) Establish basic minimum standards or settings within the MDM software to protect City data within the software; and</p> <p>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.</p>	IT	Partly Implemented	A combination of MDM tools (AirWatch, Apple MDM, and Intune) provide centralized controls over City-owned mobile devices. While some older devices still need to be enrolled in MDM, IT reports that new devices have consistently been enrolled since January. IT has prioritized deployment to high-risk users and to staff with access to sensitive systems. Target Date: Dec-2018 (delayed from May-2018).

Report	Recommendation	Department	Current Status	Comments
16-11	<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> <p>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.</p> <p>B) Clarify the management structure between IT and other departments in its updated Mobile Device Policy (see Recommendation #6)—including some level of departmental bill review—and provide procedures and annual trainings to responsible individuals.</p> <p>C) Ensure that appropriate individuals within departments receive vendor reports and communications.</p> <p>D) Ensure that all wireless service users in the City are informed of their plans' features and limitations.</p>	IT / FIN	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. 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. 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&amp;T and Sprint will follow. As this process matures, IT will document procedures and provide training to City departments. Finally, IT plans to procure wireless telecommunications expense management solution by December 2018. According to staff, this solution will identify cost savings and standardize the plan features that are available to departments. Target Date: Dec-2018 (delayed from May-2018).</p> <p>Potential Budget Savings: During the audit, we identified \$189,000 per year in potential savings from eliminating zero or lowuse lines, use of pooled plans for devices with low data consumptions, and other active management of telecommunications expenses.</p>
16-11	<p>#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.</p>	IT	Not Implemented	No updates at this time. Target Date: Feb-2019 (delayed from Dec-2018).

Report	Recommendation	Department	Current Status	Comments
17-01	<p>#03 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.</p>	PBCE	Partly Implemented	<p>PBCE, DOT, and PRNS staff report that they are developing a revised process for off-site tree replacement that will not require issuing an RFP. PBCE is currently working on a revised fee that is more appropriate for the actual cost of planting and monitoring trees. This is intended to go to City Council in October 2018, and be in effect 60 days later. Once these fees are approved, the proposed process will include PBCE collecting fees and documenting this in a new field in the City's AMANDA permit software (to be added once the fee is approved). DOT and PRNS would subsequently identify planting sites in City parks and on City streets, and use the collected fees to have vendors (already contracted through DOT and PRNS) plant trees. DOT and PRNS would then be able to generate a geocoded report of planted trees to give to PBCE for reconciliation. It is our understanding that since the audit was published in February 2017, off-site tree mitigation fees have not been documented or collected. There may be multiple projects over this time period that required off-site tree replacement. Based on past history, this could be as much as \$30,000 to \$300,000 per year to plant 100-1,000 trees. Target Date: May-2019 (delayed from Dec-2017).</p>

Report	Recommendation	Department	Current Status	Comments
17-01	<p>#04 To ensure permit conditions are met, the Planning Division should:</p> <p>A) Require permittees (developers and homeowners/landowners) to provide proof of off-site tree mitigation plantings;</p> <p>B) For development permits, require proof of off-site replacement plantings prior to the issuance of building permits;</p> <p>C) For tree removal permits, continue to require proof of offsite replacement plantings within 30 days of removal of the trees, and utilize Code Enforcement to ensure compliance;</p> <p>D) Retain documentation of verification of compliance with offsite replacement tree conditions; and</p> <p>E) Require maintenance period for replacement trees and replanting if they fail within that period.</p>	PBCE	Partly Implemented	<p>A) &amp; B) PBCE, DOT, and PRNS staff report that they have been working on an internal process for off-site tree replacement process (see recommendation #03). It is our understanding that since the audit was published in February 2017, off-site tree mitigation fees have not been documented or collected. There may be multiple projects over this time period that required off-site tree replacement. Based on past history, this could be as much as \$30,000 to \$300,000 per year to plant 100-1,000 trees.</p> <p>C) Tree removal permits for private property require that replacement plantings (on- or off-site) are planted within 30 days of removal. However, we understand that Code Enforcement is not being utilized for compliance.</p> <p>D) Staff report that they are 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. This is not yet been incorporated.</p> <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 was 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. We should note that as of August 17, 2018, the online version of the municipal code had not been updated to reflect these changes. Target Date: May-2019 (delayed from Dec-2017).</p>

Report	Recommendation	Department	Current Status	Comments
17-02	<p>#01 To better administer the prevailing and living wage compliance programs, the Office of Equality Assurance should:</p> <p>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);</p> <p>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</p> <p>C) Ensure the program has sufficient supervisory resources following the implementation of Recommendation #3.</p>	OEA	Not Implemented	<p>A) 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 explored options for a software solution through outreach to other labor compliance programs and software providers on specifications and potential ongoing cost. Staff report that start up and on-going annual costs range from \$65,000 to \$90,000 based on the total value of the projects being reviewed. Local hire and disadvantaged business enterprise tracking require additional modules and increase the annual cost. If the a local hire program and/or a disadvantaged business enterprise program are established, the software solution would need to incorporate this capability.</p> <p>B) OEA will use previous wage and apprentice violations as the criteria to determine whether a project has high, moderate, or minimal risk. OEA has recruited two Contract Compliance Specialist with start dates in Aug-2018, thus allowing staff additional support to conduct site visits that focus on high to moderate risk projects.</p> <p>C) As other recommendations are implemented that change workload and assignments, OEA will evaluate the appropriate supervisory staffing. Target Date: Jun-2019 (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>

Report	Recommendation	Department	Current Status	Comments
17-02	#02 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.	OEA	Partly Implemented	PW/OEA is the lead on Council Priority #5: Disadvantage Business Enterprise Program. An update was provided at the Community and Economic Development Committee on June 25, 2018 by OEA and the City's two consultants. Staff recommendations included additional work on defining a program and an immediate outreach and engagement action plan. The immediate outreach and engagement action plan includes, but not limited to, social media, networking events, and workshops. The goal of the action plan is to engage the contractor community to educate and inform on all requirements of contracting with the City, including labor/wage compliance and procurement processes. In addition, 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 engaged in the procurement process with the City. OEA has finalized agreements with the Hispanic Chamber of Commerce Silicon Valley and the Silicon Valley Black Chamber of Commerce. The outreach and engagement performed by the Chambers will be coordinated with the City and through the disadvantage business outreach and engagement action plan. Target Date: Oct-2018 (delayed from Jun-2018).
17-02	#03 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.	OEA	Not Implemented	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).

Report	Recommendation	Department	Current Status	Comments
17-02	<p>#04 To ensure continuity and consistency in practices, the Office of Equality Assurance should document the processes involved in: 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 business enterprise (DBE) projects and evaluating DBE good faith efforts for race-conscious projects; and k. Completing an Americans with Disabilities Act complaint investigation.</p>	OEA	Partly Implemented	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: Jun-2019 (delayed from Dec-2018).
17-02	<p>#05 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: Mar-2019 (delayed from Dec-2018).



Report	Recommendation	Department	Current Status	Comments
17-02	#06 To ensure appropriate and uniform application of the City's formal enforcement mechanisms, the Office of Equality Assurance should: 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 B) Require that payrolls should be submitted whenever a contract requests a payment.	OEA	Not Implemented	OEA has contacted the Department of Industrial Relations for information regarding their process for this situation. Staff report that additional research is needed for this issue. Target Date: Jun-2019 (delayed from Jun-2018).
17-02	#08 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, the City should assign the resources needed to perform these responsibilities.	OEA	Not Implemented	In May 2017, the City Council approved two master agreements for a consultant to develop proposals for a Citywide Contracting Program. OEA provided an update at Community and Economic Development Committee on June 25, 2018 with the consultants findings. Findings included a lack of ability to reach the contract community and that the City has multiple options for programs. The consultants are analyzing each program provided in the summary report for feasibility, legal considerations, staffing, and resource considerations. This work is underway. Meanwhile, a consultant been performing work on the Labor Market Study relating to the development of a possible local hire program. OEA plans to report the recommendations of the study at the Community and Economic Development Committee in Oct 2018. After that time, the future of a local hire program can be reassessed. Target Date: Jan-2019 (delayed from Dec-2018).
17-03	#02 To provide consistent assurance of health and safety, the City's development services partners should define the circumstances under which: 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 / PW	Implemented	A) After consulting with other municipalities, Public Works added a requirement to projects with a proposed floor level near or below the historically highest ground water level. Those projects now require the submitted soils report to include ground water control recommendations, and the effect of dewatering on adjacent structures, including calculations and mitigation recommendations, as necessary. These soils reports will be reviewed and approved by Public Works prior to issuance of a Grading and Drainage Permit. This requirement has been added to the Grading and Drainage Permit instructional handout, available to customers. B) & C) As noted in previous updates, the Department completed these portions of the recommendation by issuing structural peer review guidelines identifying circumstances under which a peer review of geotechnical report fundings and/or structural design would be required for high risk buildings.

Report	Recommendation	Department	Current Status	Comments
17-03	#03 To ensure consistency and transparency, the development services partners should: A) Provide clear, written guidelines for assessing, collecting, waiving, deferring, and tracking fees for preliminary review and other pre-application meetings, as well as deferred parkland fees; B) Establish procedures to ensure the guidelines are followed; and C) Ensure the consistent documentation of meetings, fee assessments, and payments.	PBCE / PW	Implemented	PBCE and its development services partners developed written guidelines for assessing, collecting, waiving, deferring, and tracking fees in AMANDA for pre-application meetings. Included in those guidelines are documentation procedures for meetings, fee assessments, and payments, all to be done in AMANDA. Deferrals for parkland fees in the Downtown Core are the only deferrals currently allowed, and are called out in the guidelines. These guidelines are being introduced to staff through staff meetings and trainings.
17-04	#01 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.	CMO	Partly Implemented	The City Attorney's Office has reviewed a draft administrative policy that broadly outlines responsibilities under, and makes reference to, the Open Government Resolution. The Open Government Manager and the Office of Employee Relations will coordinate on its finalization. Target Date: Dec-2018
17-04	#02 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.	OED	Not Implemented	The Office of Economic Development and City Attorney's Office have identified reporting requirements and applicability of different subsidy disclosures. Staff from the Office of Economic Development have reported that they have been working on an internal memo to outline procedures and a records keeping process for disclosure of economic development subsidies, however they are holding off completion until a separate ordinance, which may institute workforce standards for City-subsidized private development, is passed. Target Date: Dec-2018 (delayed from Jun-2018).
17-04	#03 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.	CMO	Not Implemented	Agenda Services is working with the Office of Economic Development, the major stakeholder, to create instructions for the memo template. Target Date: Sep-2018 (delayed from Mar-2018).
17-04	#04 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.	OED / FIN	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: Dec-2018 (delayed from Jun-2018).

Report	Recommendation	Department	Current Status	Comments
17-04	#05 The City Clerk's Office should: 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).	CLERK	Partly Implemented	The City Clerk's Office and City Attorney's Office trained Council Assistants and Mayoral staff on calendaring requirements and lobbying restrictions, and plans to incorporate these topics into training for new Council offices going forward. Target Date: Jan-2019
17-04	#07 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: 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.	CLERK	Implemented	The City Clerk's Office and City Attorney's Office trained Council Assistants and Mayoral staff on calendaring requirements and lobbying restrictions, and plan to incorporate these topics into training for new Council offices going forward.
17-04	#08 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: 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.	CAO / 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 in the Board's compilation of recommendations, which will go to Council in 2019. Target Date: Jun-2019

Report	Recommendation	Department	Current Status	Comments
17-04	#09 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.	CMO	Partly Implemented	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 and City Attorney's Office is updating the City's Public Records Policy and Protocol to include provisions for public records stored on personal devices or accounts. The policy is currently being reviewed by the Office of Employee Relations and employee bargaining units. 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: Dec-2018 (delayed from Jun-2018).
17-04	#10 To better manage electronic records on the City's enterprise file share and email systems, the Administration should consider a combination of strategies, including but not limited to: 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.	CMO	Partly Implemented	In early 2018, departments began providing the City Manager's Office with input for revisions to their records retention schedules, which include electronic files for clean out. The City Manager's Office reports that it will send periodic reminders to public records and records retention coordinators in each department and to Council offices, and will work with IT to implement citywide reminder similar to key policy reminders. Progress has been delayed due to staff turnover. Target Date: Jun-2019 (delayed from Dec-2018).
17-04	#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: 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, 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.	CMO	Partly Implemented	The City Manager's Office included items (a), (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 Office of Employee Relations and by employee bargaining units. Target Date: Dec-2018

Report	Recommendation	Department	Current Status	Comments
17-04	#12 To ensure that open government becomes an integrated part of the City's business, the Administration should: 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.	CMO	Implemented	The Office of Employee Relations has 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 City Council approved a revised Code of Ethics on April 24, 2018, which incorporates reference to the Consolidated Open Government and Ethics Resolution.
17-05	#08 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 "Using and Completing the City of San Jose Standard and Master Consulting Agreement Forms" to all contract monitoring staff.	ESD	Partly Implemented	ESD administrative staff included a link to the City's instructions on the ESD webpage, and referenced the document in the training materials for the annual ESD Introduction to Contracts training and the ESD Introduction to Consultant Procurement training. The annual trainings are rescheduled for 2019 and the Department will continue to provide instructions to contract monitoring staff. ESD plans to also provide instructions in future Contract Management trainings. Target Date: Dec-2018
17-05	#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: Invoice review Situations that require amendments Sales tax accrual process Standard operating procedures for contract monitoring Managing consultant relationships	ESD	Partly Implemented	ESD drafted a non-CIP Contract Management Standard Operating Procedures (SOPs) manual that included instructions and guidance on aspects of contract management. ESD is working with a third-party Consultant to review the SOP to set up a standardized contracts management process, and to develop a contract management system for contract monitoring staff to use. The SOPs content and Contracts Management course curriculum will be completed with the assistance of the selected Consultant. Target Date: Dec-2018
17-06	#01 The Office of Retirement Services should forward the Annual Fee Reports to the City Council for informational purposes.	RET	Implemented	The Office of Retirement Services provided the City Council with the 2016 Annual Fee Reports in May 2018 as part of their budget documents, and expect to provide the 2017 Annual Fee Reports to the City Council in September 2018.
17-06	#02 The Office of Retirement Services should include its proposed personnel budget and staffing plan for City Council approval as part of the comprehensive annual budget outlined in Recommendation #3.	RET	Implemented	The Office of Retirement Services included its proposed personnel budget and staffing plan in the budget submitted to the City Council in May 2018. Including staffing information in the budget documents submitted to both the Retirement Boards and the City Council enables all parties to review the same information about personnel expenditures when making decisions about the Office of Retirement Services budget.

Report	Recommendation	Department	Current Status	Comments
17-06	#03 The Office of Retirement Services should prepare a comprehensive annual budget document covering the entire aggregate expense of administering each plan.	RET	Partly Implemented	The Office of Retirement Services prepared a budget document that was submitted to the City Council in May 2018 in the form of a Manager's Budget Addendum (MBA). Following questions from the City Council, Retirement Services prepared a supplemental MBA that outlined the plans' investment expenses. In our opinion, the information contained in the second MBA is critical for the City Council to have a complete understanding of Retirement Services spending, and should be provided routinely to both the Boards and the City Council without a special request. The City Auditor's Office will consider this recommendation implemented when Retirement Services submits to the City Council both MBAs in the coming budget cycle, or combines the information into one budget document. Target Date: Jun-2019
17-06	#04 In compliance with the City Charter, the Office of Retirement Services should formally request each retirement board annually adopt the annual budget document that has also been approved by the City Council.	RET	Partly Implemented	In May 2018, the Office of Retirement Services submitted to the City Council (MBA #2)the budget documents that had been previously approved by the Retirement Boards. Following City Council request, the Office of Retirement Services submitted a supplemental MBA (MBA #3). The City Council accepted both documents together as the Retirement Services budget. To consider this recommendation implemented in the coming budget cycle, we would expect all budget documents that the City Council approved to also be approved by the Retirement Boards. Target Date: Jun-2019
17-06	#05 The Retirement Boards should establish formal budget adoption policies and procedures that include clear delegation of authority to staff to spend plan assets subject to certain limits defined by the Boards.	RET	Partly Implemented	The Office of Retirement Services has prepared formal budget adoption policies and procedures which were approved by the Retirement Boards at their August meetings. The policy states that the budget document will be forwarded to the City Council as a Manager's Budget Addendum (MBA) and will be accompanied by the most recent Investments Fee Report, as well as an estimate of the investment-related fees for the fiscal year of the budget. However, the policy further states that "investment fees reduce the return on investments, they are not an expense of administering the funds... " This is in direct conflict with the opinion of the City Attorney stating that "the compensation paid to investment consultants and managers for investment consulting services relate to the administration of the retirement plans and per Measure G should be identified in Retirement Services' annual budget." We will hold this recommendation as partly implemented until this conflict is resolved. Target Date: Dec-2018

Report	Recommendation	Department	Current Status	Comments
17-06	#06 The City Manager's Office should update the City's Operating Budget to: a) include total employee and employer retirement contributions in the City's Operating Budget as summary or historical information, b) cross-reference its separate approval of the Retirement budget, and c) modify the presentation in the Operating Budget's Source and Use statements to display investment expense.	CMO / RET	Partly Implemented	a) The 2018-2019 Proposed Operating Budget incorporated a new Summary of Contributions to Retirement Funds (Pages III-15 and 16) that included total employee and employer retirement contributions. b) The Office of Retirement Services department budget presented in the 2018-2019 Proposed Operating Budget was updated to clarify that the budget figures reflected in that section account for only a small portion of the total budget for the Office of Retirement Services and described where additional information could be found. The Proposed Budget also included appendices (A14 – A-47) with the Retirement Services Proposed Budgets submitted to the Federated and Police and Fire Plan Boards. In addition, the Office of Retirement Services prepared its 2018-2019 Proposed Administrative Budget for City Council approval (Manager's Budget Addendum #2). c) The Office of Retirement Services did not break out the investment expenses in the Source and Use Statements provided to the Budget Office. The investment income figures presented in the Source and Use Statements were net of investment expenses. As part of MBA #2, the Office of Retirement Services footnoted the 2015-2016 investment expenses for reference and included attachments with the most recent Comprehensive Annual Fee Reports that were presented to the Retirement Boards. Target Date: Jun-2019
17-06	#07 The City Council and the two Retirement Boards should hold a joint annual study session to discuss topics relevant to all parties, such as: a) forecasts for the City's expected revenue and budget, b) City and employee retirement contribution rates, c) actuarial assumptions of the retirement plans, d) the plans' investment returns, and e) the plans' funded status.	COUNCIL / RET	Implemented	The first joint meeting between the City Council and the Retirement Boards was held in May 2018. The City Manager's Office will continue to coordinate the joint meeting on an annual basis to be held after the City's Budget Office has released the five-year forecast.
17-06	#08 The City should structure a formal process to orient new City Councilmembers about the Retirement plans.	CMO / COUNCIL	Implemented	The first study session to orient Councilmembers to the retirement plans was held on March 2, 2018. The session included information regarding retirement benefits, background and history of the City's two retirement systems, an overview of actuarial valuations, and a status update on the two systems. This presentation will be provided to new Councilmembers once elected.
17-06	#09 The Retirement Boards should structure a formal process to periodically orient Board members to the City's budget and service level solvency.	RET	Partly Implemented	The Retirement Boards approved a Board Education Policy in June 2018. The Budget Director is scheduled to educate the Boards on the City budget process and service level solvency in October 2018. Target Date: Oct-2018

Report	Recommendation	Department	Current Status	Comments
17-06	#10 The City as the plan sponsor should provide the Retirement Boards, on a regular basis, with relevant budget documents, such as the City's 5-year budget forecast, the Mayor's budget messages, and the City's proposed operating budget.	RET	Not Implemented	The Budget office will present the required documents to the Boards as part of their City Budget presentation discussion at the Boards meetings. The presentation discussion is expected to be held in October 2018. Target Date: Oct-2018
17-06	#11 The City Council should clarify their expectations of the Council representatives to the Retirement Boards, including the type of report and frequency of reporting that would be most useful to the Council.	COUNCIL	Not Implemented	The CMO will work on bringing forward an action that implements this recommendation in the next fiscal year Target Date: Dec-2018
17-06	#12 The Retirement Boards should clarify their expectations of each Council representative, including the type and frequency of reporting that would be most useful to the Board.	RET	Partly Implemented	Council Representative charts have been drafted and are expected to be reviewed and approved by the Governance Committee in September. Target Date: Sep-2018
17-06	#13 To facilitate communication of relevant activities to the City, the Retirement Boards should: a) Work with City staff to determine what types of activities or agenda items are appropriate to notify the City about in advance and update relevant charters and/or policies accordingly, and b) Modify the CEO charter to clarify the CEO's role in communicating with the City.	RET	Implemented	a) Office of Employee Relations (OER) staff advise that they are in communication with the Office of Retirement Services about key agenda items to ensure the City Administration is aware in advance. b) The Retirement Boards have approved changes to the CEO charter that clarify the CEO's role, including the responsibility to determine the types of activities and agenda items about which the City should be notified.
17-06	#14 The City Administration should designate a City staff member as the liaison to Retirement Services and provide guidelines for the liaison's role (e.g., monthly meetings with the Retirement CEO and attendance at Retirement Board meetings).	CMO / RET	Implemented	The Director of Employee Relations has been designated as the Retirement board liaison. Regular meetings with the CEO of Retirement Services began in February 2018. The Director or Employee Relations or designee attends every Retirement Board meeting.
17-06	#15 The Retirement Boards should adopt a formal set of performance measures to be included in the retirement plans' budgets for both plan administration and the investment program. The Retirement Boards should provide the City Council with the opportunity to review and provide comment on the adopted performance measures.	RET	Not Implemented	The Retirement Boards' Governance and Investment committees are discussing performance measure changes. The Office of Retirement Services has received clarification regarding performance measures from the Budget Office and will be discussing potential clarifications with the Governance and Investment Committees. Target Date: Dec-2018



Report	Recommendation	Department	Current Status	Comments
17-06	<p>#16 The Retirement Boards should incorporate in their respective Investment Policy Statements, or establish in a separate document, more comprehensive guidance in line with the Government Finance Officer's Association recommendations on fee policies for public plans, containing at least the following:</p> <p>a) Delegation of responsibility to negotiate, monitor, and report on fees;</p> <p>b) The respective roles of trustees, staff, consultants, and investment managers in controlling fees;</p> <p>c) Strategies that will be employed to seek the lowest reasonable fees in traditional asset classes; and</p> <p>d) Strategies that will be employed to ensure the plans are not paying excessive fees for alternative assets.</p>	RET	Implemented	Retirement Services revised the plans' Investment Policy Statements to incorporate Government Finance Officers Association guidelines for investment fee policies. These policies were approved by their respective boards in April 2018.
17-06	<p>#17 The Retirement Boards should incorporate in their respective Investment Policy Statements a policy on investment manager evaluation that reflects existing manager due diligence process and procedures, and includes the following: a) Defining the "extraordinary review" process; b) Establishment of a "watch list" and/or "probationary status" for underperforming managers; c) Process by which managers of concern are identified, placed under "extraordinary review," and given a final decision; d) Quantitative criteria for underperformance which would trigger placement under "extraordinary review" and/or on a "watch list;" e) Potential actions resulting from the "extraordinary review" process; f) Delegation of authority for implementing each step in this process; and g) As necessary, incorporating into the policy the nuances of different asset classes or fund types.</p>	RET	Implemented	Retirement Services revised the plans' Investment Policy Statements to update policies on evaluating investment managers. These changes were approved by their respective boards in April 2018.
17-06	<p>#18 The Retirement Boards should clarify the different levels of investment decisions and which bodies have the authority to implement or approve them. The Boards should incorporate these clarifications into updates to the Investment Policy Statements, and if necessary, the Investment Committee Charter and Chief Investment Officer Charter.</p>	RET	Partly Implemented	Retirement Services revised the Investment Policy Statements to update policies on delegation of authority for investment decisions. The revisions were approved by their respective boards in April 2018. Retirement Services is working with a consultant to clarify investment authority and approval processes. Target Date: Nov-2018

Report	Recommendation	Department	Current Status	Comments
17-06	#19 The Retirement Boards should periodically provide copies of the retirement plans' investment policies to the City Council.	RET	Partly Implemented	Retirement Services posted the updated Investment Policy Statements to the Retirement Services website. However, Retirement Services is currently working with a consultant to review their investment policies and will issue a separate memorandum to the City Council with updated Investment Policy Statements resulting from that review. Target Date: Nov-2018
17-06	#20 The Office of Retirement Service should ensure compliance with the City Gift Policy by paying for the total cost of attendance at vendor-sponsored conferences.	RET	Implemented	Retirement Services updated their Gift Policy to be in compliance with the City Gift Policy. Per the updated policy, Retirement Services will now invoice providers for the cost of attendance at vendor-sponsored conferences. The revisions to the Retirement Services Gift Policy was approved by the boards in April 2018.
17-06	#21 If the Retirement Boards would like to establish a more stringent gift policy, they should reaffirm the City Gift Policy and pass an addendum that further limits gifts to Retirement Board Members and Retirement Service Staff.	RET	Implemented	Retirement Services updated their Gift Policy, including a section which reaffirms the City's Gift Policy. The updated Retirement Services Gift Policy establishes a more stringent gift limit compared to City policy to apply to Retirement Services trustees and staff.
17-06	#22 The Office of Retirement Service should assess how to use workflow functionality in PensionGold Version 3 for case management, including routing beneficiary requests to subject matter experts or staff familiar with the case, and to track workload statistics (such as time to complete requests), or acquire a separate case management software system.	RET	Not Implemented	Retirement Services reports that the new PensionGold Version 3 system (a pension administration system) will go live in February 2019. The Office plans to use the included workflow functionality for case management at that time. Target Date: Feb-2019
17-06	#23 The Office of Retirement Services should expand its newsletters to include more information about the plans, upcoming events, and information about retirement.	RET	Not Implemented	Retirement Services reports that this recommendation is on hold given personnel budget limitations. Target Date: Jun-2020
17-06	#24 The Office of Retirement Service should upgrade their website to promote transparency and ease of navigation for stakeholders and plan members to find information.	RET	Not Implemented	Retirement Services reports that their IT staff are currently involved in the pension administration system upgrade. Work on upgrading the Retirement Services website is anticipated to commence after the new pension administration system goes live, likely fiscal year 2019-20. Target Date: Jun-2020
17-06	#25 To improve transparency, the Office of Retirement Services should post plan charters and policies, as well as audio recordings of committee meetings, online.	RET	Partly Implemented	Retirement Services reports that it began updating the contents of its website in June 2017. Audio recordings for most of the committee meetings have been posted online on a go-forward basis since June 2017. However, some audio recordings for committee meetings since then have not yet been posted, and some plan charters and policies do not appear to be available on the Office's website as of this report. Target Date: Dec-2018

Report	Recommendation	Department	Current Status	Comments
17-08	#01 The Finance Department and the Office of Employee Relations should clarify per diem reimbursement in the City's Employee Travel Policy. They should define: 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.	FIN	Implemented	The employee travel policy has been updated to address per diem clarifications.
17-08	#02 The Finance Department should clarify the travel policy to require employees to provide itemized hotel receipts, even when using online booking sites.	FIN	Implemented	The employee travel policy has been updated to address itemized hotel receipts.
17-08	#03 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.	FIN	Implemented	The employee travel policy has been updated to reflect the IRS requirement.
17-08	#04 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.	PD	Implemented	The Police Department finalized its Gas Card Program Manual with input from program staff, Public Works-Fleet, Finance-Purchasing, and the Office of the City Auditor. On June 15, 2018, the contract with US Bank was filed by the Office of the City Clerk. This contract allows the Police Department to participate in US Bank's Voyager Fleet Card program, which is also used by the State of California. The Police Department reports that it is in the process of receiving Gas Card Requests from staff.
17-09	#01 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.	CMO / CAO	Partly Implemented	On August 7, 2018, the City Council approved an ordinance amending the Municipal Code that will align the definition of compensation in the Tier 3 plan with the City's current practice of only including certain types of pay when calculating Tier 3 retirement contributions effective on or about September 21, 2018. The Administration is working with the City Attorney's Office and outside counsel on a retroactive change to the plan. Target Date: Dec-2018
18-01	#01 The Office of Employee Relations and the City Attorney's Office should clarify the term FLSA premium pay in Municipal Code Section 3.36.020.3 C.	CMO / CAO	Not Implemented	The Office of Employee Relations and the City Attorney's Office are currently evaluating options on clarification of the current definition of FLSA premium pay. Target Date: Jun-2019

Report	Recommendation	Department	Current Status	Comments
18-01	<p>#02 To improve transparency in how retirement benefits and contributions are calculated, the Administration should post a list of pay codes, along with their pensionable status, on its website that:</p> <p>a) Differentiates between retirement systems and tiers;</p> <p>b) Includes an authoritative source of how the pay code became pensionable, such as the Municipal Code or a Memorandum of Agreement; and</p> <p>c) The date the payroll system generated the report.</p>	CMO / FIN	Implemented	The Office of Employee Relations has posted a list of active time reporting and earning codes on its website that includes their pensionable status and the basis for that status, as well as the employee bargaining unit to whom the code is available. It also has a date identifying when the list was run.
18-01	#03 To ensure changes to PeopleSoft are implemented as intended, Finance's Payroll group should distribute copies of the "Request for PeopleSoft System Change" to appropriate staff in the Office of Employee Relations, the City Attorney's Office, the Human Resource Information System team, and Information Technology Department prior to implementation.	FIN / CMO / CAO / HR / IT	Implemented	The Finance Payroll group has begun distributing copies of the "Request for PeopleSoft System Change" with change documentation for review at a monthly coordination meeting among Payroll, the Office of Employee Relations, the Human Resources Information Systems group, and Information Technology staff.
18-01	#04 To guard against incorrect pay code changes, Finance's Payroll group should run a regular exception report from PeopleSoft to identify any changes in pay codes during the period, and this report should be reviewed by Payroll and the Office of Employee Relations.	FIN / OER	Implemented	Finance Payroll have begun running a report from PeopleSoft which identifies changes in pay codes that is reviewed during monthly coordination meetings attended by OER, IT, HR and Payroll.

# Appendix C:

## INDEX OF AUDIT RECOMMENDATIONS BY DEPARTMENT / OFFICE

Primary Department:	Report Number:
Department of Transportation (DOT)	#15-02, #16-02
Environmental Services Department (ESD)	#12-06, #15-06, #16-05, #17-05
Finance Department (FIN)	#09-10, #10-09, #13-06, #13-12, #14-07, #14-12, #16-11, #17-08, #18-01
Fire Department (FIRE)	#01-05, #03-10, #12-05, #12-07, #13-04
Housing Department (HSG)	#16-10
Human Resources (HR)	#12-07, #13-02, #15-04
Information Technology Department (IT)	#10-04, #12-02, #16-04, #16-11
Library Department (LIB)	#14-12
Office of Economic Development (OED)	#08-04, #10-05, #17-04
Office of the City Attorney (CAO)	#17-04
Office of the City Clerk (CLERK)	#11-09, #13-06, #16-07, #17-04
Office of the City Manager (CMO)	#09-08, #11-04, #12-07, #12-08, #13-06, #16-03, #17-04, #17-06, #17-09, #18-01
Parks, Recreation and Neighborhood Services (PRNS)	#15-05, #15-08, #16-03
Planning, Building, Code Enforcement (PBCE)	#13-11, #14-08, #17-01, #17-03
Police Department (PD)	#10-13, #12-04, #15-09, #16-08, #17-08
Public Works (PW)	#17-02
Retirement Services (RET)	#09-10, #17-06
City Council (COUNCIL)	#17-06