CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

Office of the City Auditor

Report to the City Council

City of San José

STATUS OF OPEN AUDIT RECOMMENDATIONS AS OF JUNE 30, 2017

SEPTEMBER 2017

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September 22, 2017

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, 2017

RECOMMENDATION

We recommend the City Council review and accept the attached report on the status of open audit recommendations as of June 30, 2017.

BACKGROUND

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

This follow-up report lists recommendations that have been implemented since our last report, and shows an agreed upon course of action for implementing other recommendations. The report shows potential budget savings where applicable and target dates where available. To prepare this report, we met with department staff, reviewed department assessments of audit status, and reviewed documentation provided by departments.

SUMMARY OF RESULTS

Over the last ten years (2007 through 2016), the City Auditor's Office has made 798 recommendations to improve or enhance city services. To date, 73 percent of those recommendations have been implemented or closed.

The attached report summarizes the status of 267 audit recommendations that were still pending as of June 30, 2017, including 45 new recommendations issued in the last 6 months.[1] For ease of use the attached report lists recommendations by the lead City department or office.

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[1] These new recommendations are from our audits of the Apartment Rent Ordinance, Mobile Devices, Our City Forest, and the Office of Equality Assurance.

Recommendations Implemented or Closed

Since our last report, 48 recommendations have been implemented and/or closed.[2] For example:

- IT completed implementation of the seven remaining recommendations from the 2014 Customer Call Handling audit. These include implementation of a Customer Relationship Management (CRM) system and approval of the citywide Customer Service Policy. The Customer Service Policy sets basic expectations and provides guidance to departments, call centers and employees related to providing excellent customer service. In addition, the City has rolled out a new mobile application (My San Jose) which allows residents to make service requests for graffiti, potholes, abandoned vehicles, illegal dumping and street light outages *(Audit of Customer Call Handling: Resident Access to City Services Needs to be Modernized and Improved, 2014).*

- IT also completed implementation of five recommendations from the 2016 Technology Deployment audit. This included hiring a temporary Product-Project Manager in December 2016 to execute CRM, the Workers' Compensation System and the Revenue Results Systems. Further, IT is in the process of establishing a Portfolio-Products-Projects Management Office (C3PO) to focus on products-projects management. This office is being established to ensure that critical City technology projects are managed and implemented within required time, cost, scope and customer satisfaction targets. While we commend IT's efforts at hiring qualified project management staff, we encourage the Administration to sustain this strategy for the long-term to ensure technology project implementation success *(Audit of Technology Deployment: Additional Resources Needed to Shorten Deployment Timelines, 2016).*

Recommendations Still Pending

A total of 219 recommendations are still pending. This includes 147 recommendations that are partly implemented, and 72 recommendations that have not been implemented. We will continue to follow-up on these recommendations. For example:

- The Information Technology Department continues work on finalizing the Citywide security policy. This policy would address nine recommendations to improve information technology general controls. This includes recommendations on system security, credit card security, and disaster recovery (*Audit of Information Technology General Controls, 2012*).[3]

- The Police Department has made limited progress towards implementing recommendations to improve its management of the its secondary employment program. The audit of secondary employment identified significant concerns with the Police Department's program and highlighted the urgency of addressing the problems identified. Nonetheless, 23 of the 30 recommendations in that report are still pending. We found similar problems still existed during a small sample review of secondary employment records during our Police overtime audit in 2016 *(Audit of Police Department Secondary Employment: Urgent Reform and A Cultural Change Needed to Gain Control of Off-Duty Police Work, 2012).*

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[2] It should be noted that the City Council did not accept two recommendations during this reporting period: one recommendation from the audit of the Apartment Rent Ordinance (to establish a simpler unit registry rather than a more expensive rent registry), and one recommendation from the audit of Mobile Devices (to allow short, infrequent personal calls by employees using city-owned cellphones, similar to the exception for such calls using city landline phones). Those recommendations show as dropped.

[3] In addition, the department continues to work on several related audit findings from the City's external financial auditor, Grant Thornton (http://www.sanjoseca.gov/DocumentCenter/View/63133).

Items Potentially Subject to Meet and Confer

This report includes 12 recommendations that are potentially subject to meet and confer. In addition to appearing in the attached report, these open items are separately forwarded to the Office of Employee Relations for inclusion in their annual labor relations update to the City Council.[4]

Recommendations with Potential Budget Savings

This report includes 29 open audit recommendations that identify potential budget savings totaling $12.8 million or more. For example:

- Our audit of Police overtime recommended that 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 that the first ten hours of overtime be worked for pay. This recommendation was based on the fact that paying overtime at current pay rates is, in the long run, cheaper than paying out comp time later at higher rates of pay. Since the audit of Police Overtime was published, compensatory time balances have increased from nearly $13 million to almost $15 million, and the number of sworn personnel with at least 480 accrued compensatory time hours has increased from 220 to 266 (*Audit of Police Overtime: The San Jose Police Department Relies on Overtime to Patrol the City Due to Unprecedented Vacancies, 2016*).

- Our audit of employee medical benefits recommended establishing a retiree in-lieu program. The San José Municipal Code was amended in April 2017 to allow City retirees to suspend and re-enroll in medical benefits. This eliminates a major barrier to the implementation of an in-lieu program for qualified City retirees. The City anticipates that eligible retirees will be able to participate in the program in January 2018 (*Audit of Employee Medical Benefits, 2009*).

- During our audit of mobile devices, we recommended more robust monthly bill review processes to identify zero or low-use lines that should be eliminated, opportunities to use of pooled plans for devices with low-data consumption, and other cost saving measures. Potential savings totaled $189,000 per year (*Audit of Mobile Devices: Improvements Needed to Ensure Efficient, Secure, and Strategic Deployment, 2016*).

Target Dates

Our recommendations address risks and potential improvements to department operations. Addressing open recommendations in a timely manner demonstrates management's commitment to improving city services. Departments are responsible for establishing target dates for each open audit recommendation.

As shown in this report, departments expect to implement 56 of the remaining 219 open audit recommendations by the end of the calendar year (Dec-2017). Target dates for 87 recommendations have slipped from their previous department-determined target dates.

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[4] For more information, see March 2017 *Annual Summary of Labor Negotiations* at
http://sanjose.granicus.com/MetaViewer.php?view_id=&event_id=2678&meta_id=625562.
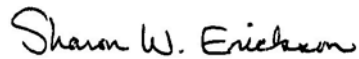
Priority Items

In December 2016, the City Manager and City Auditor provided the City Council with a list of the oldest 26 recommendations without target dates that staff would put a high-priority on resolving during FY 2016-17. Of these recommendations (shown in the attached report as priority items), 7 are still pending.

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. We are pleased to report there are no such disagreements at this time.

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

Attachment: Report on the Status of Audit Recommendations as of 6/30/17

STATUS OF AUDIT RECOMMENDATIONS BY RESPONSIBLE DEPARTMENT AS OF 6/30/17

This report summarizes the status of all open audit recommendations for the six months ended June 30, 2017. It lists recommendations as implemented or closed, partly implemented, or not implemented. It provides a summary of what's been accomplished, and an agreed course of action to implement remaining recommendations.

In the table below, clicking on the department name will take you to that department's section of this report. Clicking on the audit report number will take you to the current status of recommendations listed in this report. Clicking on the report title will take you to the full version of the original audit report on our website.

Audit Report Number	Responsible Department/Office and Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented
	City Clerk				
11-09	Annual Form 700 Filers	11/10/11	1	1	
16-07	Office of the City Clerk: Streamlining Processes and Clarifying Roles Can Better Ensure Compliance with Statutory Responsibilities	6/09/16	4	8	1
	City Manager				
09-08	Performance Management and Reporting in San José: A Proposal for Improvement	9/24/09		1	
13-05	Taxi Service and Regulation in San José: An Opportunity to Reevaluate City Priorities and Oversight	5/24/13			1
16-03	The City's Use and Coordination of Volunteers: Volunteer Programs Provide Significant Benefits to the Residents of San José	3/03/16		4	3

Audit Report Number	Responsible Department/Office and Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented
	Economic Development				
08-04	Oversight of Financial Assistance to Community-Based Organizations	11/12/08		2	
	Employee Relations				
09-06	Employee Medical Benefits	6/10/09	2		
11-04	Key Drivers of Employee Compensation: Base Pay, Overtime, Paid Leaves and Premium Pays	5/11/11		2	2
12-08	Ten Years of Staffing Reductions at the City of San José: Impacts and Lessons Learned	11/08/12			3
	Environmental Services				
12-06	Environmental Services: A Department at a Critical Juncture	8/08/12	2	4	
15-06	Curbside Recycling: The City Can Enhance Its Single-Family Residential Recycling Program to Improve Waste Diversion	5/22/15		6	
16-05	South Bay Water Recycling: Better Information and Renegotiation of Contractual Obligations Will Increase Transparency and Aid Program Success	3/28/16		2	1
	Finance				
10-04	Decentralized Cash Handling	2/10/10		1	
10-09	City Procurement Cards: Policies Can Be Improved	9/8/10		1	
13-06	Consulting Agreements: Better Enforcement of Procurement Rules, Monitoring, and Transparency Is Needed	6/12/13	1	4	4

Audit Report Number	Responsible Department/Office and Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented
13-10	Indirect Cost Allocation: Improved Procedures and Better Communication Needed	11/14/13		3	
13-12	Employee Travel Expenditures	12/11/13		1	1
14-07	City Procurement Cards: Better Oversight and Streamlined Processes Would Improve Protection of Public Resources	9/18/14		3	
14-12	Accounts Receivable: The City Can Enhance Revenue Collections by Improving Its Billing & Collection Practices	12/04/14	1	5	3

Fire

Audit Report Number	Responsible Department/Office and Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented
01-05	San José Fire Department Strategic Plan Regarding Proposed Fire Stations	10/18/01		2	
03-10	San José Fire Department Bureau of Fire Prevention	11/26/03			1
11-08	Airport Public Safety Level of Service	10/12/11			1
12-05	Review of Fire Department Performance Measures: Improving the Usefulness of Data	5/10/12		3	
12-07	Fire Department Injuries: A More Coordinated Response and Better Follow-up Is Needed	9/12/12		4	4
13-04	Fire Prevention: Improve Follow-up on Fire Code Violations, Prioritize Inspections, and Target Public Education to Reduce Fire Risk	4/10/13		8	2

Housing

Audit Report Number	Responsible Department/Office and Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented
14-05	Housing Loan Portfolio: Approval and Monitoring Processes Should Be Improved	5/08/14	1		

Audit Report Number	Responsible Department/Office and Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented
16-10	The Apartment Rent Ordinance: Additional Investment, Improved Processes, and Strategic Resource Deployment Needed to Better Serve Tenants and Landlords 11/30/16		6	9	3

Human Resources

13-02	Deferred Compensation: The City Can Streamline and Improve the Administration of its Deferred Compensation Program	2/13/13	1		1
15-04	Employee Hiring: The City Should Streamline Hiring and Develop a Workforce Plan to Fill Vacancies	4/09/15		4	

Information Technology

12-02	Audit of Information Technology General Controls	1/18/12		9	
14-06	Customer Call Handling: Resident Access to City Services Needs to be Modernized and Improved	8/14/14	7		
16-04	Technology Deployments: Additional Resources Needed to Shorten Deployment Timelines	3/10/16	8		1
16-11	Mobile Devices: Improvements Needed to Ensure Efficient, Secure, and Strategic Deployment 12/08/16		2	3	10

Library

14-02	Library Hours and Staffing: By Improving the Efficiency of Its Staffing Model, the Library Can Reduce the Cost of Extending Service Hours 3/13/14			2	

Audit Report Number	Responsible Department/Office and Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented
	Parks, Recreation, and Neighborhood Services				
10-05	Community Center Staffing	3/11/10	1	1	
13-08	Graffiti Abatement: Implementing A Coordinated Approach	6/13/13	1		
15-05	PRNS Fee Activity Program: The Department Can Better Reflect the City's Goals for Tracking and Recovering Costs, Setting Fees, and Promoting Affordable Access	5/07/15		1	
15-08	Golf Courses: Loss of Customers and Revenues Requires a New Strategy	9/02/15		4	1
	Planning, Building, and Code Enforcement				
13-11	Code Enforcement: Improvements Are Possible, But Resources Are Significantly Constrained	11/14/13	1	2	2
14-08	Development Services: Improving the Experience for Homeowners	9/18/14	4	7	1
	Police				
10-02	Civilianization Opportunities in the San José Police Department	1/14/10	1		
10-13	Police Department Staffing: Opportunities to Maximize the Number of Police Officers on Patrol	12/09/10		3	3
12-04	Police Department Secondary Employment: Urgent Reform and a Cultural Change Needed to Gain Control of Off-Duty Police Work	3/07/12	1	18	4
15-09	Police Hiring: Additional Efforts to Recruit Qualified Candidates Urgently Needed to Fill Vacancies	9/10/15		2	

Audit Report Number	Responsible Department/Office and Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented
16-08	Police Overtime: The San José Police Department Relies on Overtime to Patrol the City Due to Unprecedented Vacancies	9/22/16	1		7
	Public Works				
14-10	Facilities Maintenance: Process Improvements Are Possible, But A Large Deferred Maintenance Backlog Remains	11/13/14		2	
17-02	Office of Equality Assurance: Increased Workload Warrants Reevaluation of Resource Needs	3/20/17		1	7
	Retirement				
09-10	Pensionable Earnings and Time Reporting	12/09/09	1	4	3
	Transportation				
15-02	Street Pavement Maintenance: Road Condition Is Deteriorating Due to Insufficient Funding	2/23/15		1	
16-02	Street Sweeping: Significant Investment and Re-Tooling Are Needed to Achieve Cleaner Streets	2/29/16		6	2
17-01	Audit of Our City Forest	2/27/17	1	3	
	TOTAL		**48**	**147**	**72**

Department:	Report Number
Budget Office:	15-05, 16-02, 16-04
City Attorney:	09-06, 11-09, 13-02, 13-06, 14-12, 15-06, 16-11
City Clerk:	11-09, 13-06, 16-07
City Council:	15-08
City Manager:	09-08, 13-05, 13-06, 14-06, 16-03 , 16-04
Economic Development:	08-04, 10-05, 16-08
Employee Relations:	09-06, 09-10, 11-04, 12-02, 12-07, 12-08, 16-08
Environmental Services:	12-06, 14-08, 15-06, 16-02, 16-03, 16-05
Equality Assurance	17-02
Finance:	09-10, 10-04, 10-09, 13-04, 13-06,13-10, 13-11, 13-12, 14-07, 14-12, 16-04, 16-05, 16-11
Fire:	01-05, 03-10, 11-08, 12-05, 12-07, 13-04, 14-12, 16-03
Housing:	14-05, 16-10
Human Resources:	09-06, 10-02, 12-07, 13-02, 14-12, 15-04, 16-11
Information Technology:	10-04, 12-02, 14-06, 14-08, 14-12, 16-04, 16-10, 16-11
Library:	14-02, 14-12
Parks, Recreation, and Neighborhood Services:	10-05, 13-08, 15-05, 15-08, 16-03
Planning, Building, and Code Enforcement:	13-11, 14-08, 14-12, 16-10, 17-01
Police:	10-02, 10-13, 12-04, 14-12, 15-09, 16-08
Public Works:	14-10
Retirement:	09-06, 09-10
Transportation:	14-12, 15-02, 16-02, 16-03, 17-01

CITY CLERK

CITY CLERK

11-09 AUDIT OF ANNUAL FORM 700 FILERS (Issued 11/10/11)

The purpose of this audit was to determine whether the City had identified everyone who should be filing these forms, and to document whether the forms were filed timely or not. The report included 5 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#2: The City Attorney's Office should provide instructions to department and Purchasing staff to facilitate the identification of consultants who should be Form 700 filers. In addition, City departments should notify the City Clerk in cases where a contract terminates early or the designated consultant's assigned employee(s) change.	City Attorney	Implemented	The City Clerk's Office has designated departmental Form 700 liaisons. In July 2016, the City Attorney's Office and the City Clerk's Office provided training to departmental liaisons, advising them on how to identify employees and consultants who are required to file Form 700s, and when they need to file. Documents from those trainings are available on the City's website. According to the City Clerk, results of the 2017 filing cycle revealed that the training did help. As part of this training, the City Clerk formalized the expectation that departmental liaisons notify the City Clerk in cases where a contract terminates early or designated consultants' employees change.
#3: To ensure designated consultant firms' assigned employees file their Form 700s timely, (a) the City Clerk should require such firms to coordinate and file assuming office statements for their assigned employees upon the commencement of work, and (b) the City Clerk should annually notify those firms whose contracts are still valid of the requirement for their assigned employees to file the Annual Form 700.	City 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 the electronic filing system that the City Clerk's Office has set up to alert required filers of their reporting obligations, and to facilitate the filing of their Form 700s. The City Clerk annually notifies individuals of the requirement to file the Annual Form 700, but it does not annually notify the firms to advise them of their responsibility to identify newly assigned individuals and ensure that they file. Annual notifications could also identify whether or not firms with valid contracts still face filing requirements. Target date: 1-18 (delayed from 4-17).

CITY CLERK

Audit Report and Recommendation	Department	Current Status	Comments

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To reduce duplication of effort across units, the City Clerk's Office should work with the City Manager's Office Agenda Services to fully implement the shared agenda workflow system and eliminate the maintenance of draft agendas outside of the system.	City Clerk/ City Manager	Partly Implemented	The City Clerk's Office has been working with the City Manager's Office and the third-party vendor Granicus, Inc. to deploy the City's agenda management software known as Legistar. Legistar can allow the two offices to maintain a mutually-editable central draft agenda, and can eventually allow departments to add legislative items to Council and committee agendas directly, thus reducing duplication of effort. The City Clerk's Office and City Manager's Office Agenda Services began testing Legistar-created agendas in January 2017, while continuing to use the older method in parallel as they address software glitches. They plan to fully transition to the new system by September. Target date: 9-17 (delayed from 1-17).
#2: To increase the transparency of legislative actions taken, the City Clerk's Office should decrease the turnaround time to create and post action minutes. Specifically, the City Clerk should: a) Establish and document a more aggressive timeframe for approval of minutes by Council, b) Reconsider whether both Council meeting synopses and action minutes are still required, and c) Bring to the City Council recommendations to update the Open Government Resolution to reflect these changes.	City Clerk	Partly Implemented	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. Since the audit, the City Clerk's Office has reduced the internal goal to one month and is working to address the backlog of Council action minutes in order to fulfill this goal. The City Clerk has agreed to consider an even more aggressive timeframe after full implementation of Legistar (see Recommendation #1). 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. 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.

CITY CLERK

Audit Report and Recommendation	Department	Current Status	Comments
			Target date: 1-18 (delayed from 4-17).
#3: To ensure records of City Council proceedings are posted timely, the City Clerk should utilize existing technology to streamline the approval and posting of synopses and/or minutes.	City 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 (see Recommendation #1 above) also allows the streamlined approval and posting of synopses and/or action minutes. The Clerk's Office reports that it has preliminarily tested this software capability, but that it must work extensively with the vendor to adapt it to the City's workflows. Target date: 1-18 (delayed from 4-17).
#6: The City Clerk's Office should work with the City Attorney's Office to finalize and implement the revised Consolidated Policy Governing Boards and Commissions (Council Policy 0-4), including language that clarifies the City Clerk's responsibility to: a) Coordinate the semi-annual trainings for new board and commission members, and b) Monitor member attendance and report noncompliance to the responsible officials.	City Clerk/ City Attorney	Partly Implemented	In August 2016, the City Council approved a revised *Consolidated Policy Governing Boards and Commissions*, including language that clarifies the City Clerk's responsibility to perform the tasks listed in the recommendation. The City Clerk met with Boards and Commissions to present the revisions. The City Clerk's Office held three trainings for board and commission members in January 2017 in consultation with the City Attorney's Office. It also held a second round of trainings in July upon the appointment of new board and commission members. The Clerk's Office reports that it will continue to hold semi-annual trainings (in January and July) and that it will make trainings available online. Council Policy 0-4 states that all members must complete training within their first years. At least one commission member has served for one year as of August 2017, but attended neither the January 2017 nor the July 2017 training. The City Clerk should continue monitoring member attendance and report such noncompliance to the responsible officials.
#7: 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;	City Clerk	Partly Implemented	The City is currently implementing SharePoint Online (SPO) for document and records management. The City Clerk's Office is working with the Information Technology Department to move its records from its old system (CHAD) to a SharePoint Online-based system known as GILES. The Clerk's Office plans to make GILES publicly accessible by October 2017.

CITY CLERK

Audit Report and Recommendation	Department	Current Status	Comments
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).			a) Clerk's Office staff assigned with assisting the Information Technology Department in implementing the system reports that roles, responsibilities, and expectations for this task have been clarified. b) The City Clerk should update policies and procedures for the new system, including security protocols. c) All records within GILES will be made publicly accessible. At this time, the Clerk's Office has only migrated Ordinances and Resolutions from CHAD to GILES. It estimates that contracts will also be made available to the public within one year. In the future, the Clerk's Office reports that it will seek funding to make Council agendas and minutes available on GILES as well. Target date: 10-07 (delayed from 6-07).
#9: To further discourage late campaign filings by candidates for local elective office, the City Clerk should work with the City Attorney's Office to draft an amendment to Title 12 delineating additional steps to address repeat violations of filing deadlines (e.g., referral to the Ethics Commission and/or the Fair Political Practices Commission, or some other public disclosure).	City Clerk/ City Attorney	Partly Implemented	The City Clerk proposed to the Board on Fair Campaign and Political Practices an amendment on Title 12 delineating additional steps to address repeat violations of filing deadlines. However, the Board's initial recommendation was not to draft such an amendment due to the lack of evidence that candidates deliberately and repeatedly file disclosures late for strategic gain. This initial recommendation will go back to the Board for approval in August 2017, then subsequently to the Rules Committee for final approval (or revision). Target date: 9-17 (delayed from 3-17).
#10: To improve compliance with Statement of Economic Interests (Form 700) filings, the City Clerk, as the City's filing officer, should: a) Work with the Human Resources and Information Technology Departments to develop PeopleSoft report(s) that more efficiently identify required filers and disseminate to departments for reference and/or verification as appropriate; b) In consultation with the Administration, clarify the roles and responsibilities of Clerk's Office and department staff in ensuring that required Form 700 filers are identified, entered into NetFile, and notified, and that they file; and	City Clerk	Implemented	a) Staff in the Human Resources and Information Technology Departments reports that further modifications to the City's human resources management software to streamline the process for identifying required filers is not feasible at this time. However, the Clerk's Office has received full access to PeopleSoft to verify employee positions. It has also coordinated with Human Resources to add a section to the City's SmartMemo (which announces employment actions) that requires departments to note whether or not employees are Form 700 filers. Human Resources receives each SmartMemo and adjusts an employee's PeopleSoft profile when the Form 700 required filer status indicated in his/her form does not match the status indicated in PeopleSoft.

Audit Report and Recommendation	Department	Current Status	Comments
c) Provide policies, procedures, and ongoing training to department Form 700 liaisons to ensure that the steps listed in (b) of this recommendation are completed.			Lastly, the Clerk's Office asks department liaisons to monitor filers assuming and leaving office, and to notify the Clerk's Office accordingly. With these actions, in the filing period ending April 2017, all but 19 required filers identified through NetFile (the Clerk's Form 700 database) submitted their forms; the 19 not in compliance were reported to the California Fair Political Practices Commission for investigation.
			b) The Clerk's Office has worked with department liaisons to identify required filers and enter them into NetFile; departments liaisons have been granted administrative access to the software. The Clerk's Office acknowledges that, as the City's filing officer, it maintains responsibility for regularly following up with the department liaisons to ensure that all required filers meet filing requirements.
			c) The Clerk's Office has held several trainings with department liaisons on their roles and responsibilities with respect to Form 700s, covering the Conflict of Interest Code, how to use NetFile, etc. The Clerk's Office also invited contract managers to the training in December 2016, during which it discussed new contract approval procedures that flag contracts whose consultants have not complied with the requirement to file Form 700s.
#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).	City 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.
			More recently, 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 Clerk's Office has coordinated with the Finance Department about using Finance's collections software (Revenue Plus) to collect lobbyist fees and fines. However, the City Clerk's Office

Audit Report and Recommendation	Department	Current Status	Comments
			has reported that this capability will not be available until the upcoming update of the software, since the current software does not allow for daily calculations.
			In the meantime, the City Clerk should develop policies and procedures for the collection of outstanding lobbyist and other fees, including interim measures before the software update. Finance should approve these procedures. Target date: 10-17 (delayed from 7-17—original target date: 3-17).
#14: To ensure that the Clerk's Office provides accurate and reliable budget information to Mayor and Council Offices, the City Clerk should develop standard procedures for the preparation and review of Mayor and Council Office budget spreadsheets.	City Clerk	Implemented	The Clerk's Office has written procedures for the preparation and review of Mayor and Council Office budget spreadsheets. The Assistant City Clerk reviews budgets before they are sent to Mayor and Council Offices. Target date: 8-17 (delayed from 4-17).
#15: To improve customer service to the Mayor and Council, the City Clerk should define in the standard procedures for preparing budget spreadsheets (see recommendation #14) a specific timeframe for when they are to be prepared. Further, this timeframe should be communicated to Mayor and Council Offices.	City Clerk	Implemented	The Clerk's Office has established an expected timeframe of one week to prepare Mayor and Council Office budget spreadsheets. It has included this timeframe in its revised procedures to guide Mayor and Council Office staff, which have been posted to the Clerk's Office's Intranet page. It also communicated the expected timeframe in an August 2017 Council training.
			While the Clerk's Office has completed budget spreadsheets within this one-week timeframe for most districts from July 2016 to July 2017, it has not consistently met this timeliness target for all districts. (Note: Because month end close usually occurs sometime during the first week following the end of a calendar month, timely budget spreadsheets are typically sent to Mayor and Council offices during the second week of any given month.) To address this, the Clerk's Office internal procedures direct responsible staff members to notify Council offices when they anticipate they will not meet the one-week timeframe; the notification will include a revised date when Council offices can expect the budget spreadsheets. The Clerk's Office has begun sending such communications to Council offices in accordance with the procedures.
#18: The City Clerk should clearly identify staff responsibilities and lines of authority in an organizational chart that also identifies staff leads for the Office's primary responsibilities.	City Clerk	Partly Implemented	In September 2016, the City Clerk drafted an organizational chart and posted it on the Intranet. However, the organizational chart did not identify all of the Office's responsibilities, nor did it clearly

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Audit Report and Recommendation	Department	Current Status	Comments
			identify specific staff responsibilities. The Clerk's Office plans to revise the organizational chart accordingly in conjunction with the development of a strategic plan.
			In our opinion, this recommendation is critical to fostering a more transparent accountability structure and helping ensure the office's smooth functioning in case of turnover. Target date: 10-17 (delayed from 2-17).
#19: The City Clerk should work with the Human Resources Department to: a) Update the Legislative Secretary job classification to reflect the current tasks and responsibilities of the position, and b) Review the job classifications within the City Clerk's Office to determine whether current positions should be reclassified or whether an additional Clerk-specific classification should be created that reflects additional duties and responsibilities beyond those of the Legislative Secretary position.	City Clerk/ Human Resources	Implemented	In August 2016, the City Clerk began corresponding with the Human Resources Department to update the Legislative Secretary job classification and reclassify one Legislative Secretary position to a Records Analyst position. The Legislative Secretary job description was updated in April 2017. Additionally, the Records Specialist job description was finalized in August 2017.
#20: The City Clerk's Office should: a) Develop consistent methodologies to track and calculate the performance measures for its statutory responsibilities that are reported in the City's Operating Budget, b) Identify staff leads tasked with maintaining these performance measures and reporting them on a frequent basis to the City Clerk, and c) Develop action plans to address areas where results do not meet established targets or expected results.	City Clerk	Not Implemented	Although the City Clerk submits performance measures to the Budget Office each year during the annual budget process, the City Clerk has not developed consistent methodologies to track and calculate all the measures related to its statutory responsibilities. The City Clerk reports that she is working on a five-year strategic plan that includes updating all performance measures. Target date: 10-17 (delayed from 6-17).

CITY MANAGER

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

This report identified a number of recommended next steps towards improving the City's performance management and reporting systems. Although the report did not include formal recommendations, we are reporting progress here.

Audit Report and Recommendation	Department	Current Status	Comments
While preparing the City's first annual *Service Efforts and Accomplishments (SEA) Report* in January 2009, a number of issues surfaced regarding the City's performance management and reporting systems. We found that the City had been collecting performance measures but had not yet created an organization-wide performance *management* system. We also found that many of the existing performance measures were not meaningful, useful, or sustainable; that core services did not always align with the organization's mission, goals, and objectives; and that it was difficult to ascertain the true net cost of core services. The purpose of the "white paper" was to provide a roadmap to improve the City's performance management and reporting systems. The "next steps" below were meant to reduce staff time compiling data while ensuring City staff and policy makers have the best information available for decision making and increasing accountability and transparency in the City's public reporting. • Develop a performance management system. • Promote data-driven decision making. • Evolving meeting content and format should be expected. • Periodic assessments of the performance management system. • Review and reduce the number of performance measures. • Compile methodology sheets for performance measures. • Create a performance measure clearinghouse. • Reassess Council Committee reports.	City Manager	Partly Implemented	The City's Budget Office has implemented many of the next steps identified in *Performance Management and Reporting in San José: A Proposal for Improvement.* For example: • For the FY 2010-11 budget, the Budget Office encouraged departments to propose eliminating performance measures that were not meaningful, useful, or sustainable. This resulted in a net reduction of 105 performance measures. • The Budget Office clarified and/or renamed many of the City's core services for the FY 2010-11 budget as well, and presented each department's core services in alphabetical order to make each easier to locate. The Budget Office, as part of the transition to program-based budgeting and the new budget system design, has completed a thorough review of all department core services and refined them further where appropriate. • The Budget Office reallocated some costs from the City-Wide Expense budget category to department budgets. This work effort has continued as part of the transition to program-based budgeting. The organization of City-Wide Expenses is now aligned by department. • As part of the FY 2013-14 budget process, the Budget Office requested up-to-date methodology sheets for all of the performance measures reported in the budget. The primary focus during this reporting period was the implementation of the new budget system that included the roll-out of program level budgets. This was a significant work effort for the entire organization that took approximately 1½ years to complete. Because of the volume and complexity of both of these system-wide changes/improvements, the Budget Office suspended for this budget year approval of any performance

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Audit Report and Recommendation	Department	Current Status	Comments
• Validate performance measures. • Incorporate project management reporting into the performance measurement and management system. • Consider use of information systems. • Clarify core service names. • Clarify the link between mission, goals, and objectives. • Obtain the net cost of services. • Allocate strategic support to individual core services. • Increase use of efficiency measures.			measure revisions. Work continues on the implementation of the performance measure module in the new budget system (part of phase II). However, as part of the 2018-19 Budget Process, the Budget Office will consider adding performance indicators or dashboards (e.g., color codes or arrows) to the Performance Summary tables. In addition to the work of the Budget Office', the City Auditor has completed reviews of reported performance measures, including those from the Department of Transportation's Sewer Line Cleaning Program and the Office of Economic Development. The City Auditor also reviewed the methodologies for calculating performance measures reported by the Housing and Public Works departments. However, additional work is needed to fully implement the next steps outlined in the white paper. For example, the City Manager's Office would need to adopt performance management practices such as frequent, scheduled meetings of top department managers and City Manager's Office staff to proactively discuss performance metrics and their impacts and evaluate solutions to implement or be brought forward for City Council consideration. Target date: On-going.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#6: The City Council should consider seeking a regional approach to taxicab regulation.	City Manager	Not Implemented	In February 2017, the Santa Clara County Cities Association included countywide taxi regulation in its adopted priorities for 2017. The sub-committee formed to study this issue will present its findings to the Cities Association Board in October. Meanwhile, AB 1069 is pending in the State Legislature. If passed, this legislation would mandate that, by January 1, 2019, taxis in the ten largest counties in the state (including Santa

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Audit Report and Recommendation	Department	Current Status	Comments
			Clara County) be regulated by specified county transportation agencies.
			In the meantime, City staff continues to monitor the California Public Utilities Commission's regulation of Transportation Network Companies such as Uber, Lyft, and Wingz. Target date: 2018.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To improve the accessibility of volunteer opportunities to the City's residents, the Administration should develop and post on the City's intranet an outreach "how-to" guide for volunteer coordinators across the City with information on social media strategies and how to update the City's website and events calendar. It should also reference the Citywide Language Access Policy (once it is finalized).	City Manager	Not Implemented	The Administration expects to implement this recommendation in coordination with the development of staff guidelines within a Citywide volunteer policy (see recommendations #2 and #3). Target date: 2-18.
#2: To ensure more consistent management of volunteer programs, the Administration should develop a Volunteer Policy to be included in the City Administrative Policy Manual that formally recognizes the value volunteers contribute and includes minimum standards for the management of volunteer programs. The policy should include guidance on the use of volunteer agreements; health and safety requirements, such as fingerprinting and TB testing; volunteer recognition; and other topics as necessary.	City Manager	Partly Implemented	The Administration has hired an Encore Fellow to develop a Volunteer Policy that includes minimum standards for the management of volunteer programs, including fingerprinting requirements, TB testing, the use of such volunteer agreements, and other health and safety requirements. A draft of the policy is currently under review with stakeholders across the City. Target date: 2-18.
#3: To assist City staff in managing volunteer programs, the Administration should create and post on the City's intranet a volunteer guidebook or "toolkit" as a reference for staff during the development and management of volunteer programs.	City Manager	Not Implemented	The Administration's current focus has been on the policy development (see recommendation #2). The process for the policy development has identified best practices and tips that will be included in a volunteer program management guidebook. Target date: 2-18.

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Audit Report and Recommendation	Department	Current Status	Comments
#4: The Administration should work with the departments of Parks, Recreation and Neighborhood Services, Environmental Services, and Transportation to coordinate efforts around place-based volunteer programs. In particular, the Administration should streamline the process and expand the options that allow volunteers to play an active role in cleaning and maintaining public spaces by: (a) Developing a separate volunteer webpage for the City's place-based volunteer programs that includes (i) descriptions of the programs (ii) relevant contact information and (iii) specific directions on how to request materials and supplies. The website should also provide information to help groups interested in one-time clean up or similar events. (b) Allowing volunteers to apply with multiple place-based programs at once. (c) Identify resources to reactivate the Adopt a Street program and/or expand the types of spots that volunteers can adopt to clean or maintain, including storm drains and creek segments for which the City holds an easement.	City Manager/ PRNS/ESD/ DOT	Not Implemented	(a) and (b) The Administration is aware that the current volunteer webpage is not sufficient to meet the intent of this recommendation; it is merely a pointer to other webpages. Currently, the site does not provide prospective individual or group volunteers with specific help in identifying opportunities such as short descriptions of what opportunities may be available or contact information. The City has had a license for the volunteer management software Better Impact (formerly Volunteer Squared) since 2011. The Administration believes that fully deploying this tool's capabilities can meet the intent of parts (a) and (b) of the recommendation, including the ability for groups to locate one-time clean up or other volunteer opportunities. According to the Administration, fully implementing this software could also help the City better utilize social media as a recruitment tool. However, only some volunteer programs utilize the software. Among those that are using it, not all may not be fully utilizing its capabilities as described by the Administration. Note: The Mayor's Office launched the beautify.org website in February 2017 that includes many of the elements of this recommendation, including descriptions of various place-based volunteer activities, links to programs, and a calendar of neighborhood volunteer events. (c) Resources for expanding the types of spots that volunteers can adopt to clean or maintain in their communities have not been identified. Target date: 12-18.
#5: The Administration should work with the Fire Department's Office of Emergency Services to define specific roles for volunteers in the City's updated emergency operations plan and reactivate the Community Emergency Response Team (CERT) program.	City Manager/ Fire	Partly Implemented	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. Trainings are to be provided by a third party contractor in coordination with the Office of Emergency Services (OES). The contractor is expected to also develop a CERT Concept of Operations for integration of CERT capabilities into the City's overall emergency operations and a training and exercise plan for incorporation of continued CERT training, sustained community engagement, and integration of CERT capabilities into field and EOC exercises. The trainings are expected to begin in September 2017 and be available in English, Spanish, and Vietnamese. In August 2017, the City Council directed the administration to return at mid-year with

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Audit Report and Recommendation	Department	Current Status	Comments
			various budget actions, including the addition of a new CERT Program Coordinator position. Target date: 2-19.
#6: The Parks, Recreation and Neighborhood Services Department should provide broad oversight and management of its community center volunteer programs, including developing a volunteer recruitment strategy and standard policies and procedures that contain specific guidance on volunteer intake, ongoing assessments such as the tracking of hours, and the retention of key documents.	PRNS	Partly Implemented	On June 14, 2016, the City Council approved the Mayor's June Budget Message for Fiscal Year 2016-2017 Supplemental Memorandum that provided PRNS an additional 1.0 FTE for a Volunteer Coordinator (this position was also included in the FY 2017-18 Operating Budget). In FY 2016-17, PRNS convened a meeting of all community center Recreation Supervisors to share an overview of community center volunteer programs, followed by site visits where center staff discussed their policies and procedures, how to improve their programs, and best practices and feedback on the use of the Better Impact software. Once a Volunteer Coordinator is hired, PRNS plans to design a department-wide volunteer recruitment system and strategy, as well as standard operational procedures across all programs. The department will seek training on the use of the city-wide volunteer software, which will ensure that all community centers track volunteer data and report their results consistent with how the Adopt-A-Park program does. Target date: 2-19.
#8: The Parks, Recreation and Neighborhood Services Department should (1) improve the process by which the Community Gardens Volunteer Management Teams collect and remit fees related to garden plots and (2) update its program procedures accordingly.	PRNS	Partly Implemented	PRNS updated the Community Gardens Program registration and rules/regulations forms to clarify that the "operational fee(s)", now designated as "materials fee(s)", are not City fee(s). In 2017, six Community Gardens Program sites had garden plot fees collected through the online Recreation E-Commerce System (RECS). PRNS expects to transition the collection of garden plot fees for the remaining 11 community gardens beginning 2018. Target date: 6-18.

ECONOMIC DEVELOPMENT

ECONOMIC DEVELOPMENT

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#9: Clarify when the 7-1 policy should apply to leases with CBOs of City facilities.	Economic Development	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 is 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. Staff is also in the process of clarifying whether the current CBOs' organizational missions are still in line with the 7-1 Policy qualification criteria – they must be performing a definitive community service primarily for the citizens of San José. Target date: 4-18 (delayed from 1-17).
#11: We recommend the Real Estate Division: 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. B. Bring current all expired leases, rental payments, insurance certificates, and other required reporting documentation.	Economic Development	Partly Implemented	A. The Real Estate Division has implemented this part of the recommendation. A centralized spreadsheet has been created that tracks all of the CBO leases and other long-term use agreements along with the lease description, the lease terms, and estimated rent amounts for the duration of the lease. 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. Target date: 4-18 (delayed from 1-17).

EMPLOYEE RELATIONS

EMPLOYEE RELATIONS

Audit Report and Recommendation	Department	Current Status	Comments

09-06 AUDIT OF EMPLOYEE MEDICAL BENEFITS (Issued 6/10/09)

The objective of our audit was to identify ways to improve the administration of the employee medical benefits program and optimize employee medical benefits. The report included 17 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#15: Clarify the rights of City retirees to suspend and re-enroll in their medical benefits.	Retirement, City Attorney, and Employee Relations	Implemented	The San José Municipal Code was amended in April and June 2017 to allow City retirees to suspend and re-enroll in medical benefits.
#16: Continue to explore an in-lieu program for qualified City retirees who suspend their medical benefits and work with the Office of Employee Relations on any potential meet-and-confer issues that such a change would present.	Retirement, Human Resources, and Employee Relations	Implemented	The San José Municipal Code was amended in April 2017 for Police and Fire and June for Federated to create an in-lieu premium credit option for eligible retirees. The City Manager's Office of Employee Relations reports that the in-lieu credit program will be made available in January 2018.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: We recommend the City Administration take steps to move towards a merit-based system by: (1) requiring a current positive performance appraisal before implementing any pay increase (including step and general wage increases), (2) considering elimination of the automatic step increase process and/or establishing minimum performance thresholds for receiving step increases, and (3) automating the current performance appraisal system.	Employee Relations	Partly Implemented (Subject to meet and confer)	The City Administration has taken steps to move towards a merit-based system. For example, per the agreement reached between the City and IAFF Local 230 during 2015 contract negotiations, "Employees shall not receive an automatic salary step increase if they have an Annual Performance Appraisal with an overall rating below that of "Meets Standard" dated within twelve (12) months prior to the salary step increase." The City Administration has achieved similar agreement with the Police Officers Association in January 2017. The City Administration reports that it will begin negotiations with all other bargaining units in 2018. Target date: 12-18. **POTENTIAL BUDGET SAVINGS:** TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#2: To reduce the cost of overtime, the City should (1) conduct a Citywide FLSA overtime review or at a minimum review job specifications for specific positions and whether they would qualify for an FLSA overtime exemption; (2) pursue reductions in overtime to align with FLSA requirements (including but not limited to calculating overtime on hours worked, not paying overtime to exempt employees, and not paying overtime to employees receiving executive leave); and (3) prepare full cost estimates of contract provisions that exceed FLSA provisions.	Employee Relations	Partly Implemented (Subject to meet and confer)	The City achieved changes in overtime eligibility for some employees. For instance, some represented employees are compensated at the rate of time-and-one-half hourly rate for hours worked in excess of forty hours per week, and paid time off are not considered time worked for the purposes of calculating eligibility for overtime. The City has not yet conducted a citywide FLSA overtime review or a review of job specifications to determine whether some positions would qualify for FLSA overtime exemptions. OER reports that it will prepare the recommended full cost estimates of contract provisions that exceed FLSA provisions in preparation for the upcoming contract negotiations. Changing overtime eligibility for employees who receive executive leave may be subject to meet-and-confer and would be considered within the context of labor negotiations. Target date: Varies by employee unit. Target date: 12-18. **POTENTIAL BUDGET SAVINGS:** Between the date the audit was issued (May 2011) and August 2014, overtime costs to supervisory employees approached $4 million. We estimate pursuing reductions in overtime and comp time for supervisory employees could save over $1.6 million per year (depending on actual usage).
#3: We recommend that the City include eligible paid time off in calculations of total compensation, and consider aligning paid leaves, particularly holidays, with other comparable employers.	Employee Relations	Not Implemented (Subject to meet and confer)	The Administration generally agreed with this recommendation and reported that it will initiate efforts to develop and communicate a uniform definition of total compensation, including base and other eligible pays as well as benefits. Target date: 12-18.
#5: We recommend the City Administration (1) seek to eliminate obsolete premium pays, (2) disclose the direct and indirect costs associated with rolling in premium pays, and (3) consider discounting the value of premium pays to maintain cost neutrality when rolling in premium pays OR identify and disclose the full cost associated with rolling in these premium pays into base pay.	Employee Relations	Not Implemented (Subject to meet and confer)	The Office of Employee Relations (OER) reports that premium pays are evaluated within the context of labor negotiations. Target date: 12-18. **POTENTIAL BUDGET SAVINGS:** TBD.

EMPLOYEE RELATIONS

Audit Report and Recommendation	Department	Current Status	Comments

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: 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.	Employee Relations	Not Implemented (Subject to meet and confer)	This recommendation would have to be considered as part of labor negotiations. Target date: 12-18.
#2: 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.	Employee Relations	Not Implemented (Subject to meet and confer)	This recommendation would have to be considered as part of labor negotiations. Target date: 12-18.
#3: Pursue changes to the layoffs, bumping and reinstatement rules that subordinate seniority and factor in applicable job skills, recent job performance and disciplinary records.	Employee Relations	Not Implemented (Subject to meet and confer)	This recommendation would have to be considered as part of labor negotiations. Target date: 12-18.

ENVIRONMENTAL SERVICES

Audit Report and Recommendation	Department	Current Status	Comments

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#10: The Environmental Services Department should evaluate and present to the City Council and the Treatment Plant Advisory Committee the potential ratepayer impacts of implementing the Master Plan once the Environmental Impact Report is complete.	ESD	Implemented	In May and June 2015, a RWF ten-year financing strategy was approved by TPAC and the City Council, respectively. The financing strategy included short- and long-term loans as well as increased revenues from ratepayers to fund the $1.4 billion 10-year CIP. In February 2016, ESD presented the "San Jose/Santa Clara Regional Wastewater Facility Capital Improvement Program" at a Council Study Session. Included in the presentation was information on projected annual costs on a "pay as you go" basis, using FY 2015-16 revenues from ratepayers as a baseline. Based on that analysis, ESD projected revenue requirements to rise in the near future before falling around FY 2019-20 before rising again in the early 2020s. In May 2017, ESD presented to the City Council's Transportation and Environment Committee an updated *"Status of Regional Wastewater Facility Capital Improvement Program Ten-Year Funding Strategy and Potential Rate Payer Impacts"* that included potential San José rate payer impacts related to the RWF CIP. In the presentation, ESD projected rates to increase at approximately 5 to 10 percent through FY 2024-2025 (or approximately $1.75 to $7.00 per month) for a single-family residential customer.
#11: The Environmental Services Department should develop a policy to periodically review the Master Plan in response to regulatory, technological, or economic changes; implementation and financing challenges; and ratepayer impacts.	ESD	Implemented	The Plant Master Plan (PMP) was formally adopted by the San José and Santa Clara City Councils in November 2013 and December 2013, respectively. In October 2013, ESD contracted with MWH Americas, Inc. for Program Management consultant services. As part of the program start up activities, MWH completed a PMP validation effort that involved updating the PMP project scopes, schedules, and estimates resulting in the current 10-year CIP (FY 2014-15 through FY 2023-24); this effort was completed in March 2014. Based on discussions with Planning and the City Attorney's Office, ESD has determined that it will undergo minor updates to the Master Plan every five years

Audit Report and Recommendation	Department	Current Status	Comments
			and major updates every 10 years. These guidelines have been included in the RWF-CIP Project Execution Plan.
#12: In addition to more realistically planning for capital improvements and the related budgeting for capital expenditures, the Environmental Services Department, in coordination with partner departments, should develop and/or update, and formalize fund balance and reserve goals for ratepayer capital funds.	ESD	Partly Implemented	As a result of ESD and Public Works' inability to spend funds that had been budgeted for ratepayer funded capital projects, large fund balances had accumulated in the City's ratepayer capital funds. In 2014, ESD hired a financial consultant to develop recommendations and financial management best practices to inform operational and strategic decision-making guidelines used during the budget development process. The guidelines are meant to ensure a standard approach for collecting and expending ratepayer funds and establishing fund balance and reserve levels. In 2015, ESD began documenting procedures related to the development of its Capital Improvement Programs. The procedures are expected to incorporate the best practices and recommendations developed by the financial consultant. Target date: 12-17 (delayed from 12-16 due to staff turnover among ESD's Budget Team in 2016).
#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 (see Recommendation #12 above). With the exception of Muni Water rates, which have increased each year since the audit because of a rise in wholesale water costs, increased operating costs, and water conservation efforts, ESD held all rates at FY 2011-12 levels for a number of years. However, beginning in FY 2015-16, rates began to rise for other services, including sewer service rates that fund operations and capital improvements for the RWF and the sanitary sewer system.

Audit Report and Recommendation	Department	Current Status	Comments
			The ending fund balances have come down slightly since the time of the audit; however, they still totaled an estimated $260 million at the end of FY 2015-16.
			ESD is in currently in the process of documenting utility rate setting and CIP development procedures (see recommendation #12). Target date 12-17 (delayed from 9-17).
#21: The Administration should consider recommending that the City Council amend the public art ordinance to eliminate the public art requirement for certain ratepayer-funded capital projects, including those related to underground utilities or the wastewater treatment process.	ESD	Partly Implemented	The use of ratepayer funds is restricted to spending that is related to the service being provided through those rates. Some other jurisdictions with percent for public art programs similar to San José's specifically exempt sewer or utility-related capital projects. On June 6, 2017, the City Council amended the public art ordinance to exempt Regional Wastewater Facility (RWF) capital improvement projects from the percent for art ordinance - saving ratepayers an estimated $2.46 million over the next five years. However, it did not address public art funding from other ratepayer-funded capital programs, such as the Sanitary Sewer Capital Fund. The Administration proposed researching alternatives for future public art funding. The Council directed that that analysis follow work on the Urban Village Implementation Framework and Downtown Sign District Program. The consideration of exempting the remaining ratepayer-funded capital programs should be included in the alternative funding research. Target date: 12-17. **POTENTIAL BUDGET SAVINGS:** The proposed 2018-2022 Capital Improvement Program allocates $644,000 to public art in the City's remaining ratepayer funded capital funds (primarily the Sanitary Sewer Capital Fund).
#22: The Administration should propose the City Council adopt a City Council Policy which includes guiding principles for evaluating ratepayer costs and rate increases for fairness and appropriateness, and balancing priorities, such as safe and reliable services, cost efficiency, ratepayer impacts, and environmental outcomes.	ESD	Partly Implemented	See recommendations #12 and #13 above. Staff is in the process of documenting utility rate setting and CIP development procedures. (see recommendations #12 and #13 above). Target date: 12-17 (delayed from 12-16 due to staff turnover among ESD's Budget Team in 2016).

ENVIRONMENTAL SERVICES

Audit Report and Recommendation	Department	Current Status	Comments

15-06 CURBSIDE RECYCLING: THE CITY CAN ENHANCE ITS SINGLE-FAMILY RESIDENTIAL RECYCLING PROGRAM TO IMPROVE WASTE DIVERSION (Issued 5/22/15)

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Environmental Services Department should utilize the results of its upcoming Waste Characterization and Residue Study to: a) Provide baselines for single-family curbside diversion goals in future contracts, and b) Work with its haulers to determine where program improvements can be made.	ESD	Partly Implemented	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: 1) Pilot larger garbage carts for single family residences in focused areas in addition to ESD working cooperatively with CWS and interested community groups on increasing public education and outreach; 2) Explore options for phasing in backend processing of garbage for a portion, or all, of the remaining 60 percent of single-family households; and 3) Work with CWS to create a solution to improve recycling capture rates, and return to Transportation and Environment Committee within 90 days to present their approach. In April 2016, CWS submitted their proposed diversion plan to improve recycling capture rates. This plan included facility improvements and counting 100 percent of Post-Processing Commingled Recyclable Material in diversion calculations. CWS also reported that they installed a new piece of equipment (two drum feeders) in September 2016. CWS has not yet provided more information on the latter part of their proposal to ESD. 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 and results of current improvement efforts in the development of future contracts, currently under renegotiation with the current haulers

Audit Report and Recommendation	Department	Current Status	Comments
			(as directed by Council). ESD is scheduled to update the City Council on the status of the negotiations in September 2017. Target date: 1-18.
#2: If the upcoming Waste Characterization and Residue Study shows that clean recyclables are present in the residue from either MRF, the Environmental Services Department should require the contractor either: a) Improve its MRF processing procedures to ensure compliance with the terms of their contract, or b) Explore backend sorting its residue to recover any materials which were not recovered during processing.	ESD	Partly Implemented	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 CWS meeting contractual recycling requirements, the proposed larger garbage cart pilot study, and outreach efforts for the residential recycling program. CWS' proposed diversion plan involves: 1) installation of two drum feeders at their San José recycling facility that will open bags and evenly meter the contents of the bags onto the sorting line, and 2) resume re-processing of Post-Processing Commingled Recyclable Material and allow CWS to count 100 percent of this material towards diversion. After installation of drum feeders in September 2016, CWS reported a decrease in residue at their facility. Unfortunately, they were not able to meet their diversion goal for 2016 and are not on track to meet the goal for 2017. CWS' reported monthly diversion rates from January to June 2017 have fluctuated between 22 and 30 percent for District A (annual requirement of 30 percent), and between 24 and 32 percent for District C (annual requirement of 35 percent). ESD will continue to monitor the haulers' residue rates as a part of its regular contract management activities. Target date: 1-18 (delayed from the original target date of 12-16).
#3: To better track progress in single-family curbside recycling and inform the development of performance targets, the Environmental Services Department should define a standard diversion calculation	ESD	Partly Implemented	Research and preparation for replacement contracts is in process. Staff has been researching program modifications, developing a stakeholder engagement plan, and procuring consultant support. ESD plans to address the Transportation

Audit Report and Recommendation	Department	Current Status	Comments
and apply it consistently across all garbage and recycling districts in future recycling contracts.			and Environment Committee in fall 2017 with an update on the stakeholder process and evaluation of program options. A standardized diversion calculation across all garbage and recycling districts will be considered as part of this process. Target date: 1-18.
#4: As a part of their Public Education and Outreach Programs, the Environmental Services Department should require haulers to: a) Increase the number of presentations to schools and community groups, and b) Design and implement an in-person, door-to-door outreach campaign that targets neighborhoods known to have contamination problems. This could include ensuring large households have the right garbage container size and integrating demographic differences across neighborhoods.	ESD	Partly Implemented	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 and 2017 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). Both CWS and Green Team met or exceeded these requirements for 2016. 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 50 (of 42 required) knock-n-talks during 2016; their data indicates that NCNs have reduced by roughly 60 percent as a result. The hauler was also required to complete 240 appointments in 2016, of which 74 were conducted through September 2016. In 2017, the hauler has completed 20 knock-n-talks (of 50 required) and 19 appointments (of 240 required). 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

Audit Report and Recommendation	Department	Current Status	Comments
			implementing these messages via the hauler outreach plans and in City collateral as needed; the department is also considering incorporating more specific expectations on outreach in its future contracts. Target date: 1-18 (delayed from the original target date of 12-16).
#5: To ensure consistent enforcement, ESD should work with its haulers to clarify under what circumstances non-collection notices are issued, and ESD should regularly monitor the haulers' process of issuing NCNs.	ESD	Partly Implemented	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. However, it appears there still is not a common understanding with one hauler about when that hauler can refuse to pick up recycling and issue an NCN.
			ESD reviews NCN data provided by the haulers monthly, and continues to send quarterly educational letters to property owners of residences that receive 3 or more NCNs during that 3-month timeframe. Citywide, the number of NCNs issued has dropped significantly; however, more than 1,900 NCNs have been issued monthly on average between January and June, 2017. Because of the unresolved issues related to contamination of recycling cart material, future contract negotiations will clarify the responsibilities of the city, the recycling contractor, and residents for recycling contamination. Target date: 1-18 (delayed from the original target date of 12-16).

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Audit Report and Recommendation	Department	Current Status	Comments
#6: ESD should work with the City Attorney's Office to address enforcement of the Municipal Code recycling requirements. This includes finalizing and implementing procedures that contain minimum documentation requirements for non-collection notices and establish thresholds for taking enforcement actions.	ESD and City Attorney	Partly Implemented	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. During 2017, ESD has begun conducting site visits to recycling and garbage carts of residences that continue to show up on the distribution list for quarterly educational mailings. Through June, 2017, ESD reports completing 35 residential site visits. Based on observations at the 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 intends that future contract negotiations will clarify that recycling contamination is the sole responsibility of the hauler and not the City or residents. Target date: 1-18 (this was delayed from the original target date of 12-16).

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Department of Environmental Services should work with the Budget Office and Finance Department to establish operating and capital funds for South Bay separate from other Wastewater Facility operating and capital funds.	ESD/Finance	Partly Implemented	The cost accounting methodologies are completed. ESD, the Budget Office, Finance and the City Attorney's Office are exploring the feasibility of setting up separate funds. Although Finance is prepared to set up the necessary operating and capital funds, such separate funds may require an amendment to the Master Agreement between San Jose-Santa Clara and the tributary agencies. Target date: 1-19 (delayed from 1-17).

ENVIRONMENTAL SERVICES

Audit Report and Recommendation	Department	Current Status	Comments
#2: 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	Partly Implemented	SBWR expenses and cost methodologies were reviewed and revised during the FY 2015-16 financial statement preparation process; this has resulted in an improved program cost accounting methodology. Additionally, new charge codes have been created to automate reports. The SBWR chart of accounts is now to the point where time-specific budget reports can be produced which demonstrate the total and sole costs of the SBWR program. This includes reports at multiple levels of detail that can cross the numerous sections of ESD and other City departments that dedicate resources to specific SBWR activities and provide expenditure reports. Further updates to the chart of accounts may be required with the establishment of separate SBWR funds (see recommendation #1). Target date: 1-19 (delayed from 1-17).
#4: To sustain South Bay's operational and capital cost recovery status in the future, ESD should: 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. 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.	ESD	Not Implemented	a) SBWR is in ongoing conversations with the Santa Clara Valley Water District regarding the terms of the Integration Agreement, implementation of the Strategic Master Plan and other agreements between the City and the District. Target date: 12-18 (delayed from 1-17). b) Currently, SBWR indexes its wholesale recycled water rates to the Water District's groundwater rate, regardless of actual costs. A cost of service study can be a valuable tool to determine revenue needs for maintaining South Bay's functionality as a water system with minimal reliance on sewer ratepayers. The City of San Jose has been selected by the WateReuse Association to be represented in a statewide rate study in FY 2017-18; ESD hopes to use this study to provide context for a future rate study. Target date: 6-20 (delayed from 1-17). **POTENTIAL BUDGET SAVINGS:** If the City renegotiated the Integration Agreement with the Water District to keep the monies necessary for funding needed reliability projects we estimate the City would be able to keep an additional $2.8 million annually to use for these projects (average annual savings over the next five years.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#2: Develop Citywide policies and procedures to require and periodically assess Payment Card Industry compliance at all distributed cash handling sites accepting credit cards.	IT and Finance	Partly Implemented	Payment Card Industry Data Security Standards (PCI DSS) are intended to encourage and enhance cardholder data security. The audit found that although desk procedures for processing credit card payments were located at various sampled sites, Citywide policies and procedures requiring PCI compliance at sites accepting credit cards had not been developed.

Since the issuance of the audit in 2010, the IT Department has been working with various information security consultants to develop a Citywide information security policy; this policy would cover PCI compliance and require annual assessments. In June 2016, the IT Department reported that a security policy had been completed. Financial auditors later reviewed the draft security policy and identified additional requirements that need to be addressed before the policy could be finalized. IT continues to work on finalizing the security policy.

The IT Department is also working with the Finance Department to assist all departments that process credit card payments to resolve documentation, training, and security requirements necessary to meet PCI DSS standards for handling credit card transactions.   IT reports that most of the necessary documentation associated with credit card processing has been provided by various workgroups however some departmental procedures remain outstanding. Target date: 10-17 (delayed from 6-17; originally targeted for 12-16).

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10-09 CITY PROCUREMENT CARDS: POLICIES CAN BE IMPROVED (Issued 9/8/10)

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: Revise the p-card policy to require simple descriptive annotations on receipts or statements that describe the intended use of the purchases, as well as the intended location, and if applicable, the number of people intended to use the purchased items or services.	Finance	Partly Implemented	In 2012, the Finance Department began informing departments that they should annotate receipts or statements from p-card purchases with simple descriptive annotations of the intended use of the purchase, the intended location, and if applicable, the number of people intended to use the purchased items or services. In 2013, Finance Department staff drafted a revision to the City Procurement Cards policy (Section 5.1.2 of the City Policy Manual) to require simple descriptive annotations on receipts. However, the revised policy has not been published, and is still in the final editing and review process, as it has been for the past two and a half years. Target date: 12-17 (delayed from 12-16 due to senior staff vacancies.)

13-06 CONSULTING AGREEMENTS: BETTER ENFORCEMENT OF PROCUREMENT RULES, MONITORING, AND TRANSPARENCY IS NEEDED (Issued 6/12/13)

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

Audit Report and Recommendation	Department	Current Status	Comments
#5: The City Manager's Office should revisit the role of the Finance Department with respect to consultant procurements, evaluating whether its current level of involvement and resources is adequate.	City Manager	Not Implemented	The City's Municipal Code gives the Finance Director broad responsibility and authority with respect to procurements, including contract procurement. However, because of staff reductions during 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

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Audit Report and Recommendation	Department	Current Status	Comments
			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 would be required. That action will need to evaluated by the Administration as a part of the 2017-2018 budget process in light of the City's budget outlook and other citywide and departmental funding priorities. Target date: 12-20.
#7: To lessen the burden on City staff while fostering improved competition in consultant procurements, the Finance Department should include in its annual procurement training simplified procurement processes for smaller consulting contract procurements while encouraging full and open competition, and define when these simplified processes can be used.	Finance	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 is scheduled to take place in the upcoming year. At the conclusion there will be an assessment of effectiveness of the new program. Target date: 6-18.
#8: 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.	Finance	Partly Implemented	The Department has reported no progress since 2014. In addition to reconciling potential overpayments, the City should develop a process to document changes in consulting contract terms through formal contract amendments, and require contract managers to reconcile previously received deliverables to contract payments during the contract amendment process. Contract management has become largely decentralized and individual departments are largely responsible for documenting changes to contract terms and reconciling received deliverables to contract payments during the amendment process. The role of Finance in contract management is somewhat dependent on the outcome of recommendation #5 and a possible increase in staffing to help manage additional tasks. Target date: 12-20.
#9: We recommend the Administration develop Citywide policies and procedures on contract monitoring and management including: - a standardized contract management process, - organization of contract files, - checklists for tracking agreed-upon deliverables and line item budgets,	Finance	Not Implemented	While the City Administration did conduct a training on contract management (primarily for administrative officers) in 2014, these processes still need to be incorporated into Citywide policies and procedures. Once these have been developed, the City needs to require its contract administrators to annually certify that they have reviewed and understand them. As we mentioned in the audit, the City requires all employees to certify understanding of its

Audit Report and Recommendation	Department	Current Status	Comments
- components of invoice review which link payments to contract deliverables, and - documenting deliverables prior to payment. We further recommend that the City require contract administrators to annually certify they have reviewed and understand those policies and procedures.			procurement card policy (where spending limits are frequently below $10,000), but employees monitoring millions of dollars of taxpayer funded consulting contracts require no such accountability and receive no training on how to monitor these contracts. Target date: 6-18.
#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.	Finance	Not Implemented	The Department reports no change since 2013. At this time, contract management and monitoring has largely been delegated to individual department staff. Further centralizing of contract monitoring may require additional staff. Dependent on the determination of the role of the Finance Department with respect to consultant procurements, see recommendation #5. Target date: 6-18.
#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.	Finance	Not Implemented	The Department reports no change since 2013. Target date: 6-18.
#12: We recommend that: a) The City Clerk in consultation with the City Attorney's office provide training to City staff on Form 700 filing requirements for consultants, follow-up on missing Form 700s for current agreements, and penalize consultants who do not comply, and b) The City Clerk, prior to providing Status 11 payment authorization, require Form 700s from those consultants whose contracts require them.	City Clerk/City Attorney	Implemented	State law prohibits self-dealing in government. The California Political Reform Act spelled out a system whereby local governments must track conflicts of interest among their employees and consultants. The City's Conflict of Interest Code requires consultants to file disclosure Form 700. Without Form 700, the City and the public are unable to determine whether any of these consultants violated the law against self-dealing in their work on City contracts. The City Clerk has worked with departments to designate liaisons as a single point of contact for Form 700s. Further, the Department advises that it has updated its process to designate contracts Status 70 for those contracts with any missing documents. Unlike the previous Status 11, which indicated to

Audit Report and Recommendation	Department	Current Status	Comments
			Finance that all documents had been received, Status 70 indicates that documents are outstanding and that payment should be withheld until the documents are received.
			A training was held in June 2016 regarding Form 700 filing requirements and an additional training is scheduled for November 2017. This is intended to be part of a contract liaison training offered for City staff.
			The purpose of designating contracts as Status 70 in CHAD is that the Finance Department will not process payment until a contract is designated Status 11 in CHAD. In August 2017, we reviewed the City Clerk's list of contracts that required form 700s and sampled to make sure this information was consistent with information in CHAD and that the necessary forms were filed in the public form 700 database, NetFile. A majority of the required forms were available, and the Department was able to provide explanations for any inconsistencies. While the internal tracking sheet did not consistently use and update the status field, it appeared to be generally accurate in CHAD. The Clerk's office provides a framework for tracking Form 700 filings and continues to work on improving their Form 700 filing processes and subsequent updating of contract status,
			Notices were sent to the FPCC when forms were missing. With the new contract database, GILES, they hope to continue to improve on communicating with departments about status changes.
#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.	Finance	Partly Implemented	The department reports no change since December 2016 update. All staff who are involved with consulting contract monitoring and procurement should have adequate training to recognize and prevent behaviors that compromise wise stewardship of public moneys. The Finance Department has uploaded an online procurement training. However, that training does not include the City's conflict of interest and ethics policies. Target date: 6-18.

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Audit Report and Recommendation	Department	Current Status	Comments
#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.	City Clerk	Partly Implemented	The City Clerk's office reports that contract information has not yet been added to the new EDMS system (GILES) but should be added in the upcoming months. As noted in the audit, the City's current electronic data management system (CHAD) was outdated and limited. It was also not accessible to members of the public. The new system, GILES, will be available to the public and contains information on ordinances, resolutions, and contracts. It is expected to go live in October 2017. The type of procurement process used is not currently available in CHAD but will be added as a searchable field in GILES and will be captured for all contracts on a go forward basis. The amount paid is not currently tracked by the Clerk's Office; however, the not-to-exceed amount will be searchable. GILES is anticipated to further improve contract transparency. Target date: 12-17.

13-10 INDIRECT COST ALLOCATION: IMPROVED PROCEDURES AND BETTER COMMUNICATION NEEDED (Issued 11/14/13)

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

Audit Report and Recommendation	Department	Current Status	Comments
#5: To improve how it allocates overhead to capital projects, the Finance Department should: • Utilize a workload estimate or other appropriate alternative allocation methodology to account for City Manager, Mayor and City Council, and other central service costs related to capital programs • Back out capital rebudgets from the calculation of the department budget size allocation base	Finance	Partly Implemented	Finance adjusted how it allocates certain Public Works' related capital costs to better reflect workload during the preparation of the FY 2015-16 Indirect Cost Allocation Plan (CAP). Finance expects to evaluate how to back out capital rebudgets for the FY 2018-19 CAP once the new budget system is fully implemented. Once this is completed, Finance will have fully implemented this recommendation. Target date: 2-18 (delayed from 2-17 as the new budget system was still in the implementation phase during the development of the FY 2017-18 Indirect Cost Allocation Plan).
#6: To ensure that vehicle and equipment costs in the Equipment Usage cost pool are consistently and accurately allocated, the Finance Department should:	Finance	Partly Implemented	The Finance Department reviewed the vehicle and equipment schedules and removed assets more than 15 years old during the preparation of the FY 2014-15 CAP. They also standardized the fixed asset schedules and evaluated the treatment of vehicle and equipment purchases in departmental non-personal budgets for the FY 2015-16 CAP. Finance plans to work on removing

Audit Report and Recommendation	Department	Current Status	Comments
• Treat grant-funded vehicles and equipment as unallocated costs (similar to how grant-funded building assets are treated in the Building Occupancy cost pool) • Treat vehicles and equipment purchased through departmental non-personal budgets consistently • Review and standardize the vehicle and equipment fixed asset schedules in the Cost Allocation Plan • Remove any assets which are more than 15 years old and whose historical cost has been recaptured in past Cost Allocation Plans			grant-funded vehicles and equipment when the funding details of vehicles and equipment become available from the new budgeting system. Finance will have fully implemented this recommendation once they identify grant-funded vehicles and equipment and treat them as unallocated costs in the CAP. Target date: 2-18 (delayed from 2-17 as the new budget system was still in the implementation phase during the development of the FY 2017-18 Indirect Cost Allocation Plan).
#12: To enhance transparency, Finance should include descriptions in the Cost Allocation Plan document of the services being allocated, the methodology used to allocate costs, and the decisions made regarding allocable and unallocable costs. Preceding the cost allocation schedules should be an introduction that describes the purpose of the plan and the process of cost allocation.	Finance	Partly Implemented	Overhead calculations within the CAP are complicated, which can make the CAP difficult to understand. Finance has drafted an introduction section for the cost allocation plan that describes the central service costs and allocation bases for how costs are allocated in the plan. Finance intends to incorporate this into the FY 2018-19 plan. Target date: 2-18. (delayed from 6-17)

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#8: The Administration should require, through the City Procurement Card Policy, that procurement card approvers attach travel coordinator-approved Travel Statements as supporting documentation for travel-related procurement card expenditures.	Finance	Partly Implemented	The Procurement Card Policy is currently under review. Target date: 12-17 (delayed from 6-17).
#11: To minimize work effort and facilitate timely approvals, the Administration should implement an electronic travel authorization system, and until then should encourage departments to use electronic pre-trip and post-trip approval.	Finance	Not Implemented	The Finance Department reports that it will explore electronic solutions. Target date: 6-20.

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14-07 CITY PROCUREMENT CARDS: BETTER OVERSIGHT AND STREAMLINED PROCESSES WOULD IMPROVE PROTECTION OF PUBLIC RESOURCES (Issued 9/18/14)

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: 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 to remind them of important policies and procedures.	Finance	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. The revised policy is still in the final editing and review process. Target date: 12-17 (delayed from 12-16 due to senior staff vacancies in the Finance Department).
#3: To improve transparency, accountability, and legibility, the Finance Department should create a pilot program that: a) Begins the transition to online approvals, payment code entries, annotations and general finance coding (office supplies, travel, etc.); b) Considers requiring monthly statements of activity be signed by cardholders and approving officials to ensure that all transactions are authorized;	Finance	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 are reviewing it anew. The Department has also included a provision to require monthly statements of activity be signed by cardholders and approving officials in the revised City Procurement Cards policy, which is

Audit Report and Recommendation	Department	Current Status	Comments
c) Allows individual departments to collect, store, and submit receipts in PDF; and 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).			still in the final editing and review process. Target date: 12-17 (delayed from 12-16 due to senior staff vacancies in the Finance Department).
#7: The City Administration should ensure that p-card expenditures accurately categorize expenditures by type of budgetary purposes.	Finance	Partly Implemented	In 2015, the Finance Department included this recommendation in the revised City Procurement Cards policy, which is still in the final editing and review process. Target date: 12-17 (delayed from 12-16 due to senior staff vacancies in the Finance Department).

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Department of Transportation should work with the Police Department to develop and implement technology enhancements to the Police Department's records management system, including the following: • Automate field data collection and electronic storage of the traffic collision reports and provide access to the data for use by the Department of Transportation. • Implement changes in the records management system to collect and provide additional traffic collision data that would be used by Department of Transportation to electronically identify, categorize, and initiate inspection and repair of damaged City property.	DOT and Police	Implemented	Some billings require coordination between multiple departments, which cause delays. One such billing is for damage to traffic infrastructure resulting from traffic collisions; this billing involves the Police Department (PD), Department of Transportation (DOT), and Finance Department. In 2015, PD began testing electronic traffic collision reports on some patrol vehicles. In 2016, the department designed a new automatic reporting form for automobile accidents that captured all accident data electronically. That system was rolled out between November 2016 and March 2017 and accident data can now be transmitted electronically to DOT, which can integrate the data into its new records management system (TAPS) to manage subrogation requests.
#3: The Human Resources Department should automate its invoicing process and provide easier payment options for employees.	Human Resources & Finance	Partly Implemented	Because of the few invoices issued by Human Resources (HR) for leave benefits on a monthly basis, Finance determined that it is not cost effective utilize Revenue Results (the City's planned new billing and receivables software) for such billings. However, HR has reduced the number of checks that employees must write for leave benefits. All payments to the City can now be made

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Audit Report and Recommendation	Department	Current Status	Comments
			with one check. When applicable, additional checks may still need to be paid directly to two benefit providers if in some circumstances. HR expects to begin implementing credit card processing after the 2017 open enrollment period once there is staff availability. Target date: 2-18 (target date delayed from 8-17 because of staff turnover and training, as well as the preparation for the fall open enrollment period).
#5: To ensure that the correct amount of penalties and interest are being assessed, the Finance Department should work with the Information Technology Department and/or the Revenue Results software vendor to: a) Update the penalty and interest table uploaded into Revenue Plus/Revenue Results to include billable programs which are not currently being charged interest. b) Correct current interest calculations to charge interest on penalties for fees and charges.	Finance	Partly Implemented	The Finance and IT Departments have updated the billable programs listed in the penalty and interest table uploaded into Revenue Plus. Once implemented, Revenue Results will incorporate this updated table and interest calculations will be set up to charge interest on penalties for fees and charges. Target date: 10-17 (delayed from 12-16 due to focus on PeopleSoft Upgrade and Budget project).
#8: To maximize collections, Finance should finalize and implement its revenue collection procedures (City Administrative Policy). These should include criteria and time frames to pursue specific collections activities, including: • Automatically sending accounts to the City's outside collections agencies • Pursuing legal remedies • Liening properties • Writing off old accounts The procedures should also identify supervisory or management roles for reviewing delinquent accounts and collections activities**.	Finance	Partly Implemented	In January 2015, the Finance Department updated and posted its General Guidelines for Accounts Receivables/Revenue Collection (section 5.3.6 of the City Administrative Policy Manual). This policy includes criteria and time frames to pursue specific collections activities such as sending accounts to the outside collections agencies and liening properties. Internal procedures to identify supervisory or management roles for reviewing delinquent accounts and collections activities will be developed as resources permit once Revenue Results goes live. Target date: 10-17. **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.
#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.	Finance and City Attorney	Partly Implemented	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

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Audit Report and Recommendation	Department	Current Status	Comments
			Board ("Board") requesting the Board to authorize a lien for the unpaid monitoring fee. The Board denied the request stating that there is no authority in Chapter 17.38 authorizing such lien. However, Code can issue a Compliance Order under Chapter 1.14 and Finance can then request a lien pursuant to the administrative remedies process, or the Municipal Code could be amended to expand lienable activities. Target date: 12-19.
#12: The Finance Department should work with: • The Information Technology Department to develop an online payment option for accounts owing to the City and managed in Revenue Results. • The Fire Department and Information Technology to develop an online payment option for invoices billed through FireHouse.	Finance, IT, and Fire	Not Implemented	The implementation of Revenue Results has been deferred until the completion of the PeopleSoft Upgrade and Budget project. The Finance Department plans to use QuickPay as an online payment option for accounts managed in Revenue Results. This will be part of Phase II of the Revenue Results implementation. The Fire Department started working with Finance's Treasury Division on online payment options for the FireHouse billing system in 2015; as of December 2016, online payment options for the FireHouse billing system are not yet available to customers. Target date: 12-18.
#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.	Library and Finance	Not Implemented	Since 2014, the Library has reduced total outstanding balances from $5.7 million (levied during the previous four years) to $3.5 million. This was partly due to various forgiveness programs, such as the 2016 Summer Reading Challenge's "Golden Ticket" program which forgave more than $100,000 in fines. Additional programs included the Volunteer Your Fines Away and Two-Step Fine Forgiveness programs. In addition, in June 2016, the City Council approved a reduction to library fines and fees. Finally, as of September, 2016, library fines and fees can no longer be reported to credit reporting agencies. In March, 2016, the Library and Finance Department issued a Request for Proposals (RFP) for library debt notification. However, there was only one respondent to the RFP and the proposal was rejected. As a result, the Library has continued its contract with its collections services vendor through the June 2018. Once a full year of data is available with the reduced rates and without the additional forgiveness programs, the Library intends to analyze the fines and fees threshold for overdue accounts and explore a long-term, cost-effective option for recovering overdue books and outstanding fines. Target date: 6-18 (delayed from the original target date of 9-16).

FINANCE

Audit Report and Recommendation	Department	Current Status	Comments
#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.	Finance, IT, PBCE, and Fire	Not Implemented	The Revenue Results project has been deferred until the completion of the PeopleSoft Upgrade and Budget project. The current timeline is to complete the migration from Revenue Plus to Revenue Results by July 2017 and remaining work by the end of December 2017. These issues will be addressed during the implementation of Revenue Results. Target date: 6-18.
#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.	Finance	Partly Implemented	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. Once the upgrade to Revenue Results is complete, the Finance Department will implement procedures for periodic departmental account reviews. Target date: 12-18.

FIRE

FIRE

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#3: Develop for City Council consideration plans for expanding its use of the Omega priority response level. These plans should include: obtaining the software necessary to fully implement the Omega priority response level; options and costs for dispensing non-emergency medical advice; and any other issues that need to be addressed.	Fire	Partly Implemented ***PRIORITY ITEM***	Under the Medical Priority Dispatch System, a standard system used to determine the appropriate level of aid for an emergency call, a 911 call determined to be a medical call with the lowest priority has an Omega priority response level and can receive either an alternate response or no response. However, San José's EMS contract with Santa Clara County requires SJFD to respond to all 911 calls received, and SJFD would need Santa Clara County EMS agency authorization to expand its use of the Omega priority response level. Over the past fifteen years, the Department has made steps towards expanding its use of the Omega response level. This work includes: meeting some prerequisites necessary to implement the Omega protocol, such as accreditation of Fire Communications and the use of updated CAD software; participating in EMS stakeholder group meetings to recommend changes to EMS delivery in Santa Clara County; reviewing its patient care data to determine what factors could identify an Omega level response; and successfully obtaining County EMS agency authorization to respond to lower priority medical aid service requests with Basic Life Support resources (BLS). Meanwhile, over the last several years, the City has frequently been unable to meet the County's EMS response time targets. Using the Omega protocol would potentially allow SJFD not to respond to lowest level medical calls, reducing the workload on Department staff. The City has entered into a two-year contract extension with the County, which will expire on June 30, 2019. The Department continues to discuss dispatch policies and response alternatives with the County EMS agency while negotiating a new agreement. Additionally, the Department has funding for a consultant review

Audit Report and Recommendation	Department	Current Status	Comments
			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: 12-17.
			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.
#5: Implement a pilot project to evaluate the use of SUVs or Light Units to respond to lower priority emergency medical calls.	Fire	Partly Implemented *PRIORITY ITEM*	The Department initiated a Squad Car Pilot Program in 2012 to respond to lower priority emergency calls, thus maintaining greater availability of fire engines and trucks for higher priority emergencies. The pilot program will continue through June 30, 2018 as described in the May 2015 Side Letter Agreement between the City and the International Association of Firefighters, Local 230.
			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: 12-17 (delayed from 6-17).
			POTENTIAL BUDGET SAVINGS: The ability to respond with SUVs or Light Units would potentially reduce the number of EMS responses for lower-priority EMS calls, saving wear and tear on fire engines and trucks and leaving such units available for higher-priority responses.

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Audit Report and Recommendation	Department	Current Status	Comments

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

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

#12: Develop a workload analysis to determine its inspection staff needs to achieve its inspection goals and objectives.	Fire	Not Implemented *PRIORITY ITEM*	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 anticipates that the results of this study will be incorporated into the FY 2018-19 budget process. Target date: 6-18 (delayed from 12-17 due to delays on the consultant study).

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

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

#5: In order to better monitor levels of service, the San José Fire Department should summarize and distribute key performance metrics such as incidents by type, response times, and a summary of off-field responses to its public safety and security partners (currently Airport Operations and the San José Police Department) on a regular basis.	Fire	Not Implemented	Airport staff, the San José Police Department, and the San José Fire Department work together to ensure the safety of travelers at the Mineta San José International Airport. It is critical that all three departments are aware of each other's performance in key service delivery areas to ensure that problems are resolved and that passengers are safe. Since 2011, the Fire Department has been reviewing key performance metrics and has made progress on performance measures, particularly related to emergency response times. However, the Department advises that work on summarizing and distributing key performance metrics to the other Airport partners is not currently in progress and will not be undertaken until more resources can be devoted to the project. Target date: 12-17.

FIRE

Audit Report and Recommendation	Department	Current Status	Comments

12-05 REVIEW OF FIRE DEPARTMENT PERFORMANCE MEASURES: IMPROVING THE USEFULNESS OF DATA (Issued 5/10/12)

The objective of our review was to assess the appropriateness and accuracy of the Fire Department's publicly reported performance measures. The report included 3 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#1**:** For those performance measures that it will continue to track, the Fire Department should document methodologies for calculating measures. In particular, the Bureau of Fire Prevention should document its methodologies for calculating and reporting key performance measures, including but not limited to measures for internal day-to-day management and public reporting.	Fire	Partly Implemented	The Fire Department has been working on reviews of performance measures and methodologies since 2012. Additionally, the Fire Department has undergone an organizational review which included an analysis of some performance metrics. The Department's Information Technology work group expects to complete automating calculations and report generation of key performance measures for the Bureau of Fire Prevention by June 2018. 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: 6-18 (delayed from 6-17).
#2: The Fire Department should continue to review—by core service— its performance measures and determine which are most important to monitor and track on an ongoing basis for internal use, management purposes, and for public reporting.	Fire	Partly Implemented	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: 6-18 (delayed from 12-17).
#3: The Fire Department should assess—by core service—how performance data can be used by management and staff on an ongoing basis to help analyze past performance, establish next performance objectives, and examine overall performance strategies.	Fire	Partly Implemented	According to the Department, a business intelligence interface is expected to be completed by December 2017. The Department anticipates that this interface will enable the Department to access operational performance measures through dashboards. Such performances measures are expected to be interactive, providing managers and staff with the ability to view workgroup performance and evaluate how workgroup performance

Audit Report and Recommendation	Department	Current Status	Comments
			measures impact overall performance measures. Target date: 6-18 (delayed from 12-17).

12-07 FIRE DEPARTMENT INJURIES: A MORE COORDINATED RESPONSE AND BETTER FOLLOW-UP IS NEEDED (Issued 9/12/12)

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

Audit Report and Recommendation	Department	Current Status	Comments
#3: We recommend that the Administration review and update Fire Department job descriptions with more specific descriptions of the physical requirements of what employees actually do on a day-to-day basis, and make the job descriptions and physical requirements easily accessible to physicians.	Human Resources/ Fire	Not 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. According to HR staffing constraints limit its ability to conduct classification and compensation studies. As part of the 2017-18 budget process, the department eliminated the Classification and Compensation Analyst position. Target date: 6-19 (delayed from 6-18, originally targeted for 6-17).

#5: 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.
	Human Resources	Not Implemented	We previously reported that the Fire Department and the City Employee Health Services Department never implemented a Safety Committee recommendation to implement outcome-based physicals. These physicals were to incorporate recommendations from the National Fire Protection Association Standard on Comprehensive Occupational Medical Program for Fire Departments.
			
			Employee Health Services is in the process of hiring a full-time Nurse Practitioner (from a previous part-time position) and developing improved Medical Director resources which will enable the department to coordinate with the Fire Department to revise the annual physicals. HR has contracted with Alliance Occupational Services for Medical Director services and will continue to work with them to streamline and refocus the annual physicals. Target date: 6-18.

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Audit Report and Recommendation	Department	Current Status	Comments
#6: To ensure that Fire employees returning to the field from a long absence of any kind are physically able to perform their job functions, the City should develop a policy and process to require them to undergo a physical agility test. This may be subject to meet and confer, and could be applicable to employees in other physically demanding positions around the City.	Human Resources, Fire, and Employee Relations	Not Implemented (Subject to meet and confer)	When employees return to work after a long period, the City generally relies on the employees' physician to determine the employee's physical ability. However, we reported in the audit, that the City has minimal communication with physicians on what a firefighter's job entails. Further, even though all entry-level firefighters undergo a comprehensive job-specific physical fitness test, they never take it again after the first time. The City has no way of knowing whether being away from the field for a long period has hampered the employee's ability to effectively perform his/her job functions. According to HR, it is currently in the process of staffing up Employee Health Services. Once this process is completed, it plans to work with the Fire Department and OER to develop resources to ensure that Fire employees returning to the field after a long absence are physically able to perform their job functions. Target date: 12-18.
#7: We recommend that the Administration clarify and reevaluate the role of Employee Health Services, including, potentially, its role in: a. testing employees' physical abilities to return to work after long leaves of absence, b. the Fire Department's return to work process, and c. regularly contacting physicians to clarify employee restrictions and provide them with details about the City's ability to accommodate the various restrictions.	Human Resources	Not Implemented	Currently Employee Health Services has only one staff person when during the audit it had 3.5 FTE including a full-time physician. Many of Employee Health Services' responsibilities have been outsourced to contracted employees. A reevaluation of the role of Employee Health Services is pending. HR is currently working on increasing staffing in Employee Health Services, including hiring a full-time Nurse Practitioner (currently part-time). Further, it has a contract with an outside vendor to provide Medical Director services. HR plans on evaluating the role of Employee Health Services once it has been staffed up. The City also does not routinely test an employee's abilities to return to work after long leaves of absences. This is important because the goal of these types of tests is to ensure that all firefighters are in a physical condition to perform basic job functions. HR plans to develop proposed physical agility protocols in conjunction with Employee Health Services for evaluation by OER and the Fire Department. 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

Audit Report and Recommendation	Department	Current Status	Comments
			develop its role in the return-to-work process. See also recommendation #5. Target date: 12-18.
#8: To ensure proper attention is given to the cost of workplace injuries, the Fire Department should 　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 　b. develop goals to reduce these costs by getting employees back to work as soon as possible.	Fire	Partly Implemented	According to the City's agreement with Local 230, the City agrees to maintain a minimum level of staffing at all times. This means that when an employee is out on disability the Department has to backfill that position, either through relief staff or through overtime. During the audit we estimated that backfilling for positions that were out on disability would cost the City an additional $2.5 million. Developing goals for reducing injuries and disability costs is good governance and a first step to developing a safety culture. Target date: a) 12-17 and b) 12-18.
#12: We recommend that the Fire Department review injury data and incorporate the review results into regular safety trainings.	Fire	Partly Implemented	The Safety Committee reviews previous month's injuries at its monthly meetings. The City's workers' compensation liaison provides a summary of the injuries and the Safety Committee discusses the injuries. The Department continues to work with the third-party administrator to refine the report to ensure that relevant information is provided. According to the Department Safety Alerts and Safety Trainings are sometimes based on trends (e.g. vehicle accidents) or unique industry safety hazards (e.g. response to opioids). Other trainings may be seasonal such as preventing heat injuries, dangerous fire behavior in fire season, flu season, etc. There are also instances where Safety Trainings/Alerts are triggered by Supervisor Accident Investigation Reports (SAIR) as they are reviewed via the chain-of-command. Trainings reflect some of that data. The Department reports that it is coordinating internally to develop a strategy to evaluate injury data and trends and use those in future safety trainings. Target date: 1-18 (delayed from 6-17, originally targeted for 12-16).
#14: We recommend that the Fire Department prioritize improving its safety culture by dedicating the appropriate personnel with the right authority to enforce and coordinate changes and raise awareness about employee injuries.	Fire	Partly Implemented	Prior to July 2011, the Department had a dedicated safety officer whose job was to respond to and investigate serious incidents, review supervisory accident investigations and ensure that they were completed, respond to fire and vehicle incidents and provide weekly reports of injuries in the Fire Department. The

Audit Report and Recommendation	Department	Current Status	Comments
			Department eliminated this position in July 2011 and has not yet added it back. Many of the safety officer functions fall on battalion chiefs. The Department requested adding back the Safety Officer position in the FY 2017-18 budget process. However, that request was denied. The Department is currently evaluating how to address these duties. Target date: 12-17.
#15: We recommend that subject to meet and confer with the bargaining units, the City should discontinue its practice of paying Fire and Police employees' premium pays when the employees are off of work due to a disability.	Employee Relations	Partly Implemented (Subject to meet and confer)	The City previously discontinued its practice of paying Police employees' premium pays when the employees are off work due to a disability. This has not been implemented for Fire employees. The City will continue to negotiate issues related to premium pays as they relate to Fire employees. Target date: 12-18. **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.

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

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

#3: The Fire Department should: (a) enforce the BFP policy regarding the issuance of administrative citations for recurring violators as a means to encourage compliance and promote safety, (b) ensure that staff applies fines in the Administrative Citation procedure consistently, and (c) ensure that the Department is charging for all re-inspections.	Fire	Partly Implemented	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 will include an analysis of the current fee structure. The Department has extended the contract until June 2018. The Department reports that the temporary delay of the study was due to end of year fiscal deadlines and limited staffing resources. Target date: 6-18 (delayed from 12-17 due to delays on the consultant study).

FIRE

Audit Report and Recommendation	Department	Current Status	Comments
#6: Fire Department management should (a) ensure that necessary data (inspections, staff activities, etc.) is entered into FireHouse consistent with the policies in Recommendation #4, (b) confirm that the programming/queries underlying the useful reports in FireHouse are accurate and provide the content that management understands it to include, and (c) use the reporting tools in FireHouse to manage workload and staff more effectively.	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 FireHouse. The consultant study currently underway by NBS Government Finance is expected to provide further improvements in this area. Target date: 6-18 (delayed from 12-17).
#7: 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: 6-18 (delayed from 12-17).
#9: The Department should reexamine its non-development fire permit fee structure to charge San José facilities based on fire safety risk.	Fire	Not Implemented	Analysis of a risk-based inspection/fee model and their applicability to the City of San José is included in the scope of work by NBS Government Finance study currently underway. Target date: 6-18 (delayed from 12-17).
#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 and Finance	Partly Implemented	The Fire Department wrote procedures to define the responsibility for overdue accounts between the Fire and Finance departments. These policies have been under review by the Finance Department since 2014. Meanwhile, Fire and Finance work together on overdue accounts, and collection efforts have been expanded to ensure timely follow-up. Finance reports that Fire overdue accounts will be part of the Phase II implementation of Revenue Plus, which is expected to start by January 2018 and be completed June 2018. Target date: 6-18 (delayed from 12-17).

FIRE

Audit Report and Recommendation	Department	Current Status	Comments
			POTENTIAL BUDGET SAVINGS: The audit identified $1.2 million in one-time savings that could be generated by collecting revenue from overdue accounts.
#12: The Fire Department should update the organizational chart of Fire Administration, ensure that the appropriate separation of duties is in place, and develop written policies and procedures regarding billing processes. Such policies and procedures should address functions such as account: (a) invoicing (b) adjustments and credits (c) collections and (d) write-offs.	Fire	Partly Implemented	The Department created an organizational chart for Fire Administration in 2013 along with policies and procedures related to (a) invoicing, (b) adjustments and credits, and (d) write-offs. As described in Recommendation #10, the Finance Department is reviewing the policies related to collections and responsibilities of accounts. Target date: 6-18 (delayed from 6-17).
#14: The Fire Department should revise the calculation of state-mandated inspections to include only those that are state-mandated, or revise the wording of the performance measure to accurately reflect what it measures. The Department should determine whether to continue annual inspections of assemblies and facilities with hazardous materials in the context of a comprehensive risk assessment.	Fire	Partly Implemented	The Fire Department reviewed its methodology for calculating State-mandated inspections and now reports on assembly inspections separately from State-mandated inspections. The inclusion of hazardous materials inspections is under review. The consultant study currently underway will include analysis of inspection service delivery models and fee programs. Separately tracking the completion of State-mandated inspections from inspections that are not State-mandated enables the Department to accurately show compliance with state law and to prioritize inspections. Target date: 6-18 (delayed from 12-17).
#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: 6-18 (delayed from 12-17).
#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.	Fire	Partly Implemented	The Fire Department's Strategic Business Plan, Vision 2023, was presented to the City Council in June 2016. Part of the focus of Vision 2023 was Community Alliance. The action plan included goals to expand community partnerships and promote public education. Additionally, the Fire Department has undergone an organizational review by an external consultant. The Department advises that at this time, implementation of plans to fulfill public education goals would require additional

Audit Report and Recommendation	Department	Current Status	Comments
			resources. Currently, the Department makes smoke detectors available when possible for line staff to distribute to residents.
			As stated in the Recommendation, public education is critical to fire prevention because may fires and fire deaths occur in multifamily dwellings, which are subject to limited fire inspections. At the time of our audit, multi-family dwellings and hotels/motels made up about a quarter of the facilities with outstanding fire code violations. Target date: 6-19.
#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.	Fire	Partly Implemented	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: 6-18.

HOUSING

HOUSING

Audit Report and Recommendation	Department	Current Status	Comments

14-05 HOUSING LOAN PORTFOLIO: APPROVAL AND MONITORING PROCESSES SHOULD BE IMPROVED (Issued 5/8/14)

The purpose of this audit was to evaluate the housing loan portfolio including the efficiency and effectiveness of loan repayment, compliance monitoring, and administration. The report included 10 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#5: We recommend that the Department ensure that it has easy access to all relevant legal documents, including deals between other parties that can create repayment obligations "ahead" of City loans in priority.	Housing	Implemented	A number of different documents are necessary to determine net cash flow for each development, as each development has a unique framework to determine net cash flow and annual repayment. To facilitate this cash flow analysis, Department staff have created a list of the most important documents for affordable housing transactions. A "cloud" mailbox was established so borrowers could submit these documents to the Department. Of properties with an outstanding City loan, the Department has received all required project documents.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To ensure efficient and effective customer service, the Housing Department's staffing plan should assess the need for additional dispute resolution professionals.	Housing	Partly Implemented	The Department has engaged a consultant to craft a staffing plan to support the proposed changes to the Apartment Rent Ordinance. The Department reports that the staffing plan will be presented to the City Council in Fall 2017. Target date: 12-17.
#2: To ensure enforcement of the Apartment Rent Ordinance, the Housing Department's staffing plan should consider the need for dedicated staffing in the City Attorney's Office.	Housing	Implemented	The proposed FY 2017-18 Operating Budget added 1.0 Senior Deputy City Attorney positions in the City Attorney's Office, to support legal analysis and work related to rental rights.

HOUSING

Audit Report and Recommendation	Department	Current Status	Comments
#3: 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.	Housing	Partly Implemented	According to the Department, they are planning a public outreach campaign to reach tenants and landlords, improve language access, and expand online offerings. The Department has begun making some improvements to its website to improve outreach. Target date: 6-18.
#4: To fulfill increasing demand for services, the Housing Department's staffing plan should consider the additional staff required for coordinating hearings, referrals for dispute resolution and advice, investigation and enforcement activities, and improving outreach.	Housing	Partly Implemented	The Department has a consultant creating a staffing plan to support the proposed changes to the Apartment Rent Ordinance. The Department reports that the staffing plan will be presented to the City Council in Fall 2017. Target date: 12-17.
#5: The Housing Department should enter unit addresses into the citywide integrated permitting system.	Housing & PBCE	Partly Implemented	Several City departments are working together to launch the Master Address Database. When complete, the Master Address Database will include unit addresses, which will integrate the unit addresses into the citywide integrated permitting system. In the meantime, the Housing Department reports that its rent registry, currently under development, is populated from the Master Address Database. Target date: 6-18. **POTENTIAL BUDGET SAVINGS:** TBD.
#6: The Housing Department should use its live access to the citywide integrated permitting system to answer routine questions about properties and receive alerts about changes to the Multiple Housing Roster, conversion or demolition permit applications, and code enforcement cases.	Housing	Partly Implemented	Staff in the Housing Department have been trained on the citywide integrated permitting system to answer routine questions about properties. Additionally, there is now a process in place to notify the Housing Department when an application for a conversion or demotion permit has been filed. This recommendation will be considered complete when that process has demonstrated that it properly notifies the Department of such a project. Target date: 6-18.
#7: The Housing Department should continue to identify the occupancy permit dates for the remaining 52 units to determine which if any of those units are subject to rent control.	Housing	Implemented	The Department determined that those 52 units were not subject to the Apartment Rent Ordinance, based on the Certificate of Occupancy dates. PBCE updated the citywide integrated permitting system to reflect that information.

HOUSING

Audit Report and Recommendation	Department	Current Status	Comments
#8: The Housing Department should coordinate with the Department of Planning, Building and Code Enforcement (PBCE) regarding how the modified Apartment Rent Ordinance will impact its operations, such as complaint intake, potential workload impacts on PBCE, and the tracking of proposed demolitions and condo conversions.	Housing and PBCE	Implemented	The Housing Department and PBCE hold a monthly meeting to discuss policy and program issues that impact both departments. For example, these meetings include discussions of tracking proposed demolitions and condo conversions.
#9: To ensure the accuracy and consistency of its data, the Housing Department should standardize its customer data using common data input tools (drop downs, standard addressing conventions, etc.), and formalize data input procedures in a reference manual available to staff.	Housing	Implemented	The Department developed guidance and trained staff on how to standardize data entry into the system.
#10: Revise the fee exemption process by: a) Developing an online exemption option, b) Providing receipts or acknowledgements to landlords to confirm exemption requests have been submitted and granted/not granted, c) Establishing reasonable standards for landlords to prove eligibility for exemptions, and d) Developing a validation process to confirm exemption eligibility against building data in the citywide integrated permitting system and other authoritative sources.	Housing	Partly Implemented	When the updated Apartment Rent Ordinance and regulations are introduced, they will include standards for the exemption process. According to the Department, they have completed research on the requirements for the process, and those changes will be implemented in the 2018 exemption process. Target date: 12-18. **POTENTIAL BUDGET SAVINGS:** TBD.
#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.	Housing & IT	Not Implemented	Upon completion of policy efforts, the Department will focus on program implementation. The Department reports that, at that time, it will work with the Customer Contact Center for support of the Rental Rights and Referrals Program. Target date: 6-18.
#12: The City Council should consider eliminating the banking provision in the final ordinance.	Housing	Implemented	The City Council voted to eliminate the banking provision in the final ordinance, on January 31, 2017.
#13: To reduce costs and burdens associated with rent registries, the Housing Department should develop and implement a simpler unit registry. This could be potentially achieved through the citywide integrated permitting system.		Dropped	The City Council did not accept this recommendation.

HOUSING

Audit Report and Recommendation	Department	Current Status	Comments
#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.	Housing	Partly Implemented	The 2017-2018 annual action plan included $500,000 in Community Development Block Grant funds for legal services. Utilizing those funds, the Department is planning to complete and finalize a contract for legal services. Target date: 12-17.
#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.	Housing	Partly Implemented	According to the Department, the Rental Rights and Referrals Program held a retreat on July 19, 2017, to initiate its strategic planning process. The Department has begun work developing a strategic plan for 2017-2018. The Department will continue these efforts, including developing measurable outcomes, in the coming months. Target date: 6-18.
#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.	Housing	Not Implemented	Upon completion of policy efforts, the Department will focus on program implementation. The Department reports that, at that time, it will work to develop customer satisfaction surveys. Target date: 6-18.
#17: The Housing Department should provide periodic updates on the Apartment Rent Ordinance, rent stabilization efforts, and the Rental Rights and Referrals Program to the Housing and Community Development Commission.	Housing	Implemented	The Department began providing quarterly updates on the Rental Rights and Referrals Program to the Housing and Community Development Commission.
#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.	Housing & PBCE	Partly Implemented	In the FY 2017-18 budget, the Housing Department reports that it funded 20 percent of a PBCE Accountant position to offset the billing cost for PBCE. The Department reports that preliminary discussions have taken place regarding supporting the citywide integrated permitting system and will continue in Spring 2018. Target date: 6-18.
#19: To fund existing and new Rental Rights and Referrals Program services, and ensure the availability of those services across different customer groups, the Housing Department should: a) Restructure fees based on services for which units are eligible, b) Calculate new fees to include the full costs of services including those provided by other departments, c) Review cost recovery targets, and d) Consider penalty structures whereby "problem landlords" pay fees in proportion to their burden on the City.	Housing	Not Implemented	The Department reports that it will bring policy recommendations, a staffing plan, and a revised fee structure for consideration by the City Council in the Fall 2017. Target date: 12-17. **POTENTIAL BUDGET SAVINGS:** TBD.

HUMAN RESOURCES

Audit Report and Recommendation	Department	Current Status	Comments

13-02 DEFERRED COMPENSATION: THE CITY CAN STREAMLINE AND IMPROVE THE ADMINISTRATION OF ITS DEFERRED COMPENSATION PROGRAM (Issued 2/13/13)

The objective of our audit was to review the current administration of the City's Deferred Compensation Program with a focus on the crediting and handling of employee accounts. The report included 8 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#4: 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).	Human Resources & City Attorney	Not Implemented	HR and the City Attorney have worked with outside counsel on revisions to the Municipal Code and creation of separate plan documents. The Deferred Compensation Advisory Committee's (DCAC) outside consultant has provided comments to the proposed revisions and provided comments. City staff will be reviewing the consultant's comments with outside counsel and anticipates bringing the changes to the DCAC by the end of the calendar year. Target date: 12-17 (delayed from 6-17).

HUMAN RESOURCES

Audit Report and Recommendation	Department	Current Status	Comments
#8: The City should require the Deferred Compensation Plans' third party administrator to include a detailed list of participant fees on printed and electronic quarterly statements. These fees should convey both the administrative and management expenses as individual items as both a percent as well as the actual dollar amount of fees paid by the participant.	Human Resources	Implemented	According to HR, the City's third party administrator (TPA) has determined that it is not feasible to include a detailed list of administrative and management fees on individual participant's quarterly statements. HR has worked with the TPA on a more transparent fee disclosure statement that provides both percentage and dollar amounts of fees by investment. The first disclosure newsletter was sent to participants in July, 2017 and is expected to continue be issued annually beginning in January, 2018.

15-04 EMPLOYEE HIRING: THE CITY SHOULD STREAMLINE HIRING AND DEVELOP A WORKFORCE PLAN TO FILL VACANCIES (Issued 4/9/15)

The purpose of this audit was to assess the efficiency and effectiveness of the City's current hiring process for non-sworn employees. The report included 14 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#4: To better inform recruitment processing deadlines, Human Resources should track and report all the time between major hiring steps, and provide hire time estimations to departments for each step.	Human Resources	Partly Implemented	The City has upgraded the HRIS system, including the application tracking component, to allow HR to track major hiring steps automatically. HR is using this capability to develop a report to monitor time to hire between hiring steps, including posting date, closing date, date that offer is extended, date offer is accepted, and start date. Target date: 9-17 (delayed from 6-17).
#7: Human Resources should update the hiring resources available to department staff on the intranet, and conduct regular training for department staff on recruitment procedures and regulations.	Human Resources	Partly Implemented	The Department has provided web-based resources with instructions for how to use the new recruiting software (Taleo). As part of the talent recruitment initiative, a pilot program was designed to give autonomy to departments in the hiring process. The autonomous hiring system included training and resources to departments in order to conduct the entire hiring process from posting to selection. Four departments were included in the pilot program. With the experience and training from the pilot, HR is developing a classroom training for the remaining departments to enable them to conduct recruitments autonomously. This will include updating hiring resource material. Target date: 12-17 (delayed from 6-17).

HUMAN RESOURCES

Audit Report and Recommendation	Department	Current Status	Comments
#9: Human Resources should encourage hiring managers to use available flexibility on the methods of rating or scoring candidates and interview follow-up questions. Further, review and reduce number of classifications requiring written tests.	Human Resources	Partly Implemented	As part of the autonomous hiring system training that is underway, training will be provided to departments on the hiring process which includes available flexibility in hiring. Additionally, as part of the talent recruitment initiative, HR has eliminated the written examination process for four classifications. HR continues to review other classifications in which written examinations can be eliminated. Target date: 12-17 (delayed from 6-17).
#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.	Human Resources	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. Of these 69 classifications, 11 are completed, 6 are scheduled to be finalized, and 52 are pending review with the bargaining units. HR has been meeting with bargaining units to receive feedback and is working to continue the review process.

As part of the FY 2017-18 budget process, the Classification and Compensation analyst position was eliminated. HR resources are currently devoted to hiring new employees to reduce the backlog of over 850 vacancies. The Department advises that continuing to review classification and compensation will require reevaluation of current resources, and will be assessed in the FY 2018-19 budget process. Target date: 6-19 (delayed from 6-17). |

INFORMATION TECHNOLOGY

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Audit Report and Recommendation	Department	Current Status	Comments

12-02 AUDIT OF INFORMATION TECHNOLOGY GENERAL CONTROLS (Issued 1/18/12)

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To ensure changes to the City's network and mission-critical enterprise systems are tightly controlled, ITD should immediately change the password to its shared administrative account, ensure that administrative log-ins to the City's network are traceable, and strictly limit administrative log-in privileges to those who absolutely need such privileges. Furthermore, we recommend that the ITD CIO annually review and approve the memberships of shared accounts that can access the City's network and enterprise systems, and if necessary make changes based on current business needs.	IT	Partly Implemented	During the audit, we found multiple IT staff sharing user names and passwords to attain unrestricted access to the City's network and applications. Since then, IT changed and updated its administrative account password and log-ins. In addition, IT's security consultant completed an Active Directory controls audit which included an overall assessment of the health and security of Active Directory in accordance with industry best practices. IT is in the process of hiring a Chief Information Security Officer who will coordinate all on-going security needs. IT continues to work on its security policy. Target date: 10-17 (delayed from 6-17 due to additional revisions. Originally targeted for 11-16).
#2: To improve password and access controls over the City's network and data, ITD should: a) Establish minimum length and complexity requirements for users' passwords, automatic periodic expiration schedules, and "lock-outs" when users reach a pre-determined number of consecutive unsuccessful login attempts. b) While granting access to additional server drives, etc., ITD should by default, terminate transferring employees' access to the drives of the departments they are departing, or explore a system through which employees' access levels are tied to their employment status as recorded in the City's personnel system. c) Develop a review process requiring departments to periodically review the users with access to their departmental drives.	IT	Partly Implemented	Previously we had found that the City did not have strong password controls for its users. For example, passwords were set to never expire and login attempts were limitless. IT is in the process of hiring a Chief Information Security Officer who will coordinate all on-going security needs. IT is also implementing a Group ID project which would automate Active Directory for creation and disabling of employee accounts and review and audit of security groups. This product can give employees the ability to securely manage their own individual passwords. In addition, one of the modules is an interface with the City's HR system. When an employee is newly hired or leaves the City, access to the City's systems can be automatically added or deleted when HR updates the employment status. In December 2016, the City's external financial auditor provided IT with a list of suggested improvements to the security policy.

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Audit Report and Recommendation	Department	Current Status	Comments
			IT is revising the draft policy. Target date: 10-17 (delayed from 6-17 due to additional revisions. Originally targeted for 11-16).
#4: In order to fully comply with Data Security Standards (PCI-DSS), immediately develop an Information Security Policy and include within this policy (applicable to all users who are connected to the City's network) the following minimum standards: a) Updated password and access protocols (see Recommendation #2); b) Required schedules for periodic reviews of people with access to data center (including restricting the number of people with access); c) Improved guidelines to departments for facilitating IT network changes during inter-departmental transfers and terminations; d) Training and implementation of the City's information security policy; e) After developing and implementing a Council-adopted Information Security Policy, initiate a citywide data security assessment to identify City's PCI-DSS status.	IT	Partly Implemented	The City faces significant risks if it does not comply with PCI-DSS. As we reported in our audit, the cost of a security breach could result in fines ranging from $5,000 to $50,000. The City would have to subject itself to an investigation and pay for investigation costs. Further, if the City is not PCI-DSS compliant, those fines could be higher. Finally, the City has the additional burden of informing affected parties of that breach. Compromised data negatively impacts consumer, merchants and financial institutions that could result in negative consequences including lawsuits, insurance claims, and a violation of the public's trust. The 2017-18 Operating Budget includes ongoing funding of $353,000 for Cybersecurity Awareness Training for all City employees, Cybersecurity training for Cybersecurity Office staff, Virtual Security Operations Center services, and Payment Card Industry Compliance training. IT is also in the process of hiring a Chief Information Security Office who will manage the City's Cybersecurity Program. IT reports that it is working with the Finance Department to assist all departments currently processing credit card payments to resolve documentation, training and security requirements necessary to comply with PCI-DSS. In December 2016, the City's external financial auditor recommended improvements to IT's security policy. IT is revising the draft policy. Target date: 10-17 (delayed from 6-17 due to additional revisions; originally targeted for 11-16).
#5: The City should expand its Identity Theft Prevention Program to include all programs that collect personally identifiable information and: a) Annually review, amend and report on the status of handling private information. b) Annually review the business needs of employees with access to private information and update accordingly. c) Provide periodic training for all employees handling private information and/or annually highlight (through an email) and	IT and Employee Relations	Partly Implemented	The Finance Department incorporates boilerplate language in its contracts where personally identifiable information is generated, collected or otherwise managed. However, much work remains in reviving the City's 2008 Identity Theft Prevention Program (ITPP) that sought to *"assist staff to detect, prevent, and mitigate identity theft by identifying and detecting identity theft red flags and by responding to such red flags."* The City handles and retains substantial amount of personally identifiable information of residents, merchants and employees.

Audit Report and Recommendation	Department	Current Status	Comments
inform employees of their responsibilities on safeguarding this data. d) Include boilerplate language in its contracts to protect the City from liability when personally identifiable information is collected and ensure that the contractor has controls in place to secure and protect this information. e) Ensure that the ITPP guidelines are posted publicly and easily accessible by City employees.			The 2008 ITPP required the City to periodically review and report on guidelines for employees responsible for handling private information and make changes based on these reports. IT is in the process of hiring a Chief Information Security Officer (CISO). The CISO would work with key staff in all departments to ensure that the City complies with statutory and regulatory requirements regarding security, information access, and privacy. IT reports that a) and b) of the recommendation will be addressed through the new security policy when it is approved. However, no progress has been reported in reinstating the City's Identity Theft Prevention Program. Target date: a) and b) 10-17, c), d) and e) 12-18.
#6: We recommend that ITD develop the following written policies and procedures: a) Internal policies and procedures on day-to-day operations within ITD; b) Citywide policies on technology usage such as ITD responsibilities in enforcement, principles of least privilege, and acceptable use of computer equipment. Within these policies develop clear guidelines on which departments would be exempt and why, from some of these policies.	IT	Partly Implemented	See recommendation #1. IT does not have formalized documented policies and procedures. As mentioned before, the City lacks centralized information technology policies surrounding IT responsibilities and chain of command, principles of least privilege, acceptable use of computer equipment, etc. IT is revising the draft security policy, which is currently being reviewed by the Office of Employee Relations. Internal policies and procedures are pending completion of the security policy. IT anticipates that the new CISO will coordinate the internal policy compliance. Target date: 11-17.
#7: In order to ensure that the City's critical data is protected ITD should: a) Ensure that backups are done and tapes are sent off-site at the pre-determined intervals; b) Get end-user input to determine if the current back-up process meets individual departments' business needs and City Council-approved document retention schedules; and c) Formalize, document and implement these processes.	IT	Partly Implemented	IT has completed a Citywide Office 365 rollout, which it began in 2013. One-Drive in Office 365 allows users to store working documents in the cloud rather than locally. In 2014, IT received $250,000 to complete migration to the cloud of enterprise systems such as FMS, Human Resources/Payroll and AMANDA. This has been completed. IT also began migrating shared drives to SharePoint (which is the City's document management portion of Office 365) in 2015. IT is in the process of implementing an Enterprise Business Resumption strategy. The goal is to move all backup processes into the cloud and away from tapes. The Sharepoint roll-out also provides document management in the cloud. Staff is currently working on a draft Business Resumption Strategy.

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Audit Report and Recommendation	Department	Current Status	Comments
			The 2017-18 Operating Budget includes funding of $1,125,000 to replace the Information Technology Department's (ITD) central aging computers, storage, and virtualization equipment to converged or hyper-converged infrastructure (CI/HCI) technologies.
			IT expects to finish transitioning from tape backup processes to the cloud by September 2017. Disaster Data Recovery and Business Resumption will be included in infrastructure refresh Request for Proposal which is expected to be released in Fall 2017 and completed by June 2018. Target date: 12-18 (delayed from 12-17, originally targeted for 3-17).
#8: ITD take the lead to develop (and test) a Disaster Data Recovery Plan and ensure that end-user business needs are included in the final plan.	IT	Partly Implemented	IT plans to work with through the IT Leadership Group to identify and accommodate their business resumption needs within existing resources. See also Recommendation #7. Target date: 12-18 (delayed from 12-17, originally targeted for 3-17).
#9: ITD should collect, maintain and periodically update a central inventory of computer equipment and software, and should use its inventory management system and records of technology purchases to: 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	Partly Implemented	IT completed a basic scan of its assets with existing tools and found significant holes in the City's asset management database. IT recently purchased a different, more robust asset management tool to inventory its assets. Staff is working on implementing this tool and developing dashboards for future use. Finally, IT has been using a different software (PDQ) to centrally install most software packages. Target Date: 5-18. **POTENTIAL BUDGET SAVINGS:** At the time of our audit, we estimated that using centrally managed software and subscription based models could potentially save the City $800,000 in labor and equipment costs.
#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	Often departments send unused computer equipment to IT. During the course of the audit, we observed that IT staff appropriately decommissioned this equipment by erasing hard drives prior to surplusing them. However, this practice was not formalized in a citywide policy and it was up to departments to inform IT of the need for getting rid of old computer equipment. IT's security policy includes guidance on decommissioning computer equipment. IT is in the process of hiring a CISO who will coordinate the decommissioning guidelines in the security

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Audit Report and Recommendation	Department	Current Status	Comments
			policy. Target date: 10-17 (delayed from 6-17 due to additional revisions. Originally targeted for 8-16).

14-06 CUSTOMER CALL HANDLING: RESIDENT ACCESS TO CITY SERVICES NEEDS TO BE MODERNIZED AND IMPROVED (Issued 8/14/14)

This audit assessed the efficiency and effectiveness of customer call handling at the City's Customer Contact Center and eight other customer call centers that are housed in various City departments. The report included 13 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#2: To improve access to City services and to reduce the City's telephone call handling costs, the Administration should develop a coordinated strategy to a) Offer new self-service options for the City's most frequently used services by phone, online, and/or by mobile app, and b) Establish utilization targets for new and existing self-service options, and advertise them accordingly.	City Manager and IT	Implemented	The City selected and implemented a Customer Relationship Management/Service Request Management solution (CRM/SRM) to improve access to City services via a mobile application. The new mobile application My San Jose can directly feed information into some of the City's workorder systems. In addition, the City Manager's Office has implemented a Citywide Customer Service Policy. This policy sets minimum standards for the City's customer service expectations.
#4: To improve their performance management, the City departments should regularly use call center statistics in analyzing past performance, expected programmatic changes, establishing next performance objectives, examining overall performance strategies, and reviewing their staffing needs. Further, call center managers should regularly review and discuss individual call taker statistics with their staffs, and install real-time monitors where needed to provide real-time customer wait time information to call takers. These performance management practices should be documented in departmental policies and procedures.	City Manager and IT	Implemented	IT regularly monitors its call center statistics, and real time statistics for individual call takers are available on individual agent application screens in the IT Customer Call Center. The supervisors are able to review call taker statistics and monitor wait times and idle times. The City Manager's Office has implemented a Citywide Customer Service Policy. The policy requires each department set performance management standards for each of their call centers.
#7: To improve the customer experience in their call trees, the call centers with assistance from the IT Department should: a) Immediately change the incorrect messages; b) Regularly review call trees for accuracy, simplicity, and ease of use, and establish procedures to continue doing so; c) Maintain up-to-date transcripts and flowcharts of their call trees, and establish procedures to continue doing so; and d) Encourage callers in each call tree to use self-service options (when available).	City Manager and IT	Implemented	The Customer Contact Center previously corrected incorrect messages. Code Enforcement, Animal Care, Revenue Management, and Transportation have also made improvements to their call trees. The City Manager's Office has implemented a Citywide Customer Service Policy which sets basic guidelines with each department expected to set and follow.

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Audit Report and Recommendation	Department	Current Status	Comments
#8: To improve customers' voicemail experience, departments that use voicemail boxes should: a) Develop a policy on how frequently voicemail boxes should be reviewed and how timely messages should be returned; b) Assign their staff members primary and back-up duties to respond to voicemails, and incorporate this into their procedures; c) Regularly review voicemail retrieval reports to ensure that voicemails are being checked; d) Remove those voicemail boxes that will not be checked or will not be needed; and e) Use the online interface to retrieve voicemail messages. The IT Department should ensure that the new phone system has an online voicemail interface.	City Manager and IT	Implemented	Of the call centers audited, Revenue Management, Transportation, and Animal Care and Services (ACS) used voicemail boxes. Revenue Management already had well-functioning voicemail practices in place at the time of our audit. Transportation subsequently adopted procedures on voicemail messages. ACS has improved its voicemail practices and removed two infrequently needed voicemail boxes and has adopted procedures. The City Manager's Office has implemented a Citywide Customer Service Policy which sets basic guidelines with each department expected to set and follow.
#11: The Administration should coordinate development of an online knowledge base that enables call takers in various departments to provide accurate information to customers and minimize the number of times that a customer's call needs to be transferred.	City Manager and IT	Implemented	IT has completed 500 knowledge base articles that address most commonly asked questions for both external and internal customers to use. In November 2016, the City entered into an agreement for a CRM system—Applications Software Technology Corporation. The new My San Jose application includes the knowledge base and customers can access these through the Frequently Asked Questions option.
#12: The IT Department should work with other departments to set up automated data transfer between online service requests (web forms and mobile apps) and existing departmental work order systems. In addition, the Administration should review whether different service request systems could benefit from integration and CRM implementation.	City Manager and IT	Implemented	The City's new mobile application—My San Jose can directly interface with some City workorder systems. Residents can now make service requests through this app for graffiti, potholes, abandoned vehicles, illegal dumping and street light outages. Residents can also call in to the City's main customer call center and call center representatives can use this same system to enter the service orders into the appropriate workorder systems.

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Audit Report and Recommendation	Department	Current Status	Comments
#13: The Administration should develop a long-term strategy to improve customer access including consideration of a centralized call center with integrated CRM.	City Manager and IT	Implemented	The Administration has made improvements to improve customer access. The City's new mobile app –My San Jose allows residents to directly interface with some City workorder systems. IT is managing the My San Jose product for feature additions every six to nine months—provided staffing and funding are available to improve customer options and streamline departmental operations. At this time, the City does not contemplate a centralized call center.

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

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

	Department	Current Status	Comments
#1: The Administration should establish a continuous replacement program for the City's key technology systems by: a) Clearly defining a continuous replacement program that outlines the City's key technology systems, the end of these systems' support/useful life, the estimated cost for upgrade/replacement (if possible), etc. The program should give a clear picture of the risks the City faces by not upgrading these systems, and should be incorporated in the Status Report on Deferred Maintenance and Infrastructure Backlog; b) Identifying and prioritizing for budget consideration an annual base level of funding required to continuously replace existing technology systems (in addition to the current process for identifying one-time funding for new technology projects); and c) Given the City's limited resources, the CIO should determine which enterprise technology projects in the program should be prioritized based on risk, and establish a cross-departmental committee to advise on additional cross-departmental technology needs with a focus on the efficient deployment of resources to deliver the Citywide technology vision.	IT/Budget	Implemented	Since April 2016, IT has provided a matrix of major enterprise system lifecycle and estimated replacement costs in its semi-annual report to the Public Safety Finance and Strategic Support Committee. The cost to replace or upgrade critical enterprise systems is also included in the Status Report on Deferred Maintenance and Infrastructure Backlog provided to the Transportation and Environment Committee. IT also leads the City's IT Leadership Group which reviewed the IT Strategic Plan and meet quarterly to coordinate IT budgeting, cross-departmental support and shared deployments. IT prioritized technology project through the Innovation Cabinet and aligned with the City's technology roadmap. The City's 2017-18 Adopted Budget includes $225,000 for the maintenance of the replacements purchased. In our opinion, this is an ongoing effort and should continue to be prioritized.

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Audit Report and Recommendation	Department	Current Status	Comments
#2: The Administration should ensure that Steering Committees for major technology deployments are appropriately staffed and notified of any deviations from the project concept plan and timeline, and are authorized to reallocate existing resources where needed.	IT/ City Manager	Implemented	IT has assembled a City IT Leadership Group (ITLG). This group reviewed the IT Strategic Plan, and meets quarterly to coordinate IT budgeting, support and deployments. All new technology projects require project charters and staffing (including steering committees) have to be laid out before the project begins.
#3: The Administration should prepare written project concept and communications plans for each of its upcoming major technology deployments. This document should include: project purpose, approach, necessary resources, risks and impacts of the project, and estimated timelines for each stage of the project.	IT/ City Manager	Implemented	IT has assembled a City IT Leadership Group (ITLG). This group reviewed the IT Strategic Plan, and meets quarterly to coordinate IT budgeting, support and deployments. All new technology projects require project charters and staffing (including steering committees) have to be laid out before the project begins. In addition, technology projects were prioritized through the Innovation Cabinet and aligned with the City's technology roadmap.
#4: For major technology projects, require appointment of a qualified (preferably certified) project manager dedicated to and responsible for the entire project (including planning and deployment), with clear authority, roles, and responsibilities, and accountable to the steering committee for project progress and challenges.	IT/ City Manager	Implemented	IT hired a temporary Product-Project Manager in December 2016 to execute CRM, the Workers' Compensation System and the Revenue Results Systems. IT is in the process of establishing a Portfolio-Products-Projects Management Office (known in IT as C3PO). Two Information Systems Analysts (Project Managers) were added to focus on products-projects management. The reorganization is intended to change the organizational structure and have the skill sets and background necessary to develop and implement IT's strategic initiatives. The C3PO has been established to ensure that critical City technology projects are managed and implemented within required time, cost, scope and customer satisfaction targets. The new Product-Project Manager has worked closely on the implemented CRM system and continues to be closely associated with the Revenue Results System and the Workers' Compensation System. While we commend IT's efforts at appointing professional staff to manage and sustain technology projects at this point in time, we encourage the department to ensure that this is sustained on a long-term basis.

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Audit Report and Recommendation	Department	Current Status	Comments
#5: The Administration should build into its agreements with outside consultants a requirement to transfer responsibility/knowledge and lessons learnt during a project to internal City staff (or City Project Manager) once an implementation is complete.	IT/ City Manager	Implemented	IT is working on standardizing a "co-work" model wherein IT staff are an integral part of technology planning, implementation, configuration and support of hardware and software solutions when projects are implemented.
			IT is requiring joint work throughout projects on major initiatives, including heavy City participation in data conversion, system implementation, configuration, and administration. Additionally, where appropriate, IT has completed staffing plans and recommended personnel where skill sets must exist long-term to properly manage functional and technical responsibilities. IT will continue to address and incorporate these operational elements into projects to contribute to successful project completion and product management at the City. Recent projects where this new model was utilized was the CRM implementation, the Business Tax system and the Worker's Compensation System.
			IT plans to work on an RFP to use project managers that would work under the City structure and reporting environment to ensure that knowledge sharing occurs.
			While we commend IT's efforts at working with departments to develop a software based strategy that focuses on the life-cycle of the system versus the project, we encourage the Administration to ensure that this strategy is sustained on a long-term basis.
#6: Given the continuous need to replace technology systems, the Administration should hire qualified, permanent project management staff and train department staff in project management skills to develop in-house knowledge.	IT/ City Manager	Implemented	IT hired a temporary Product-Project Manager in December 2016 to execute CRM, the Workers' Compensation System and the Revenue Results Systems. IT is in the process of establishing a Portfolio-Products-Projects Management Office (C3PO)). The action adds two Information Systems Analysts (Project Managers) and one Network Engineer to focus on products-projects management. The reorganization is intended to change the organizational structure and have the skill sets and background necessary to develop and implement IT's strategic initiatives.
			While we commend IT's efforts at appointing professional staff to manage and sustain technology projects at this point in time, we encourage the Administration to ensure that this is sustained on a long-term basis

INFORMATION TECHNOLOGY

Audit Report and Recommendation	Department	Current Status	Comments
#7: The Administration should ensure sufficient technical resources, allocate adequate technology staff from IT and individual departments, and include these resource commitments in project concept plans.	IT/ City Manager	Implemented	IT has assembled a City IT Leadership Group (ITLG). This group reviewed the IT Strategic Plan, and meets quarterly to coordinate IT budgeting, support and deployments. All new technology projects require project charters and staffing (including steering committees) have to be laid out before the project begins. See also Recommendation #1 and #4.
#8: The Administration should review the overall strategic support staffing in the IT Department and ensure that its vacant positions are immediately filled. This may require salary enhancements.	IT/ City Manager	Implemented	IT has worked with HR to review compensation for targeted IT classifications with recruiting and retention challenges and new enterprise information classifications were created. IT's vacancy has reduced from 36 percent during the audit to 13 percent as of July 2017.
#9: IT and Finance should review and update policies on technology procurement (including the purchase of PCs and monitors), make all required forms available centrally in one location, and train relevant staff on technology procurement processes.	IT/ Finance	Not Implemented	The technology procurement policy needs updating. It currently includes requirements that are either outdated or no longer in use. Further, certain technology purchases need additional scrutiny including for laptops and mobile devices. In contrast, some technology purchases do not require additional scrutiny including common desktop software, and maintenance renewals. This can cause confusion for departments trying to make technology purchases.

The Finance Department has introduced an online procurement training. However, this training provides limited information about technology procurements.

IT is in the process of developing a strategy to streamline the procurement process. IT also plans to determine what training and process improvements are necessary to create the portal on the City's intranet site or possibly through a vendor's portal so that departments can begin directly purchasing specific types of technology equipment. Target date: 12-17 (delayed from 6-17; originally targeted for 10-16). |

INFORMATION TECHNOLOGY

Audit Report and Recommendation	Department	Current Status	Comments

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To ensure appropriate controls over City-owned mobile devices (including cellphones, smartphones, hotspots, tablets, and laptops), the Administration should require departments to label City-owned mobile devices and maintain current inventories. The inventories should include the type of device, serial number, the name and ID of the employee to whom the device is assigned, the phone number (if applicable), the date of issuance, and the date returned (if applicable).	IT	Not Implemented	The Mobile Device Policy has been drafted and is under review. The policy will address asset tagging and tracking. The department reports that the IT Help Desk is reviewing asset tagging (e.g. direct tagging by manufacturers or tagging by City staff) and inventory management tools. IT may request funding to support implementation, automation, and integration with the asset management software. Target date: 5-18.
#2: To ensure that cellphone stipends are cost-effective and reflect current technologies and the usage and needs of City employees, the Information Technology Department should work with the Finance Department to: 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. The Information Technology and Finance Departments should update City policy accordingly.	IT & Finance	Not Implemented	The Mobile Device Policy has been drafted and is under review. The policy will address stipends, amounts, and eligibility. Target date: 12-17.
#3: To ensure cellphone stipends are terminated for employees who no longer qualify for them, the Finance Department should annually generate a list of stipend holders and send it to departments for verification that employees on the list still qualify for stipends and that they do not also have City-issued cellphones.	IT & Finance	Implemented	On August 1, Finance Department sent a list of stipend holders to all departments for verification. Finance has assigned administrative staff to send such a list at the beginning of each fiscal year to ensure all employees who receive stipends qualify.

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Audit Report and Recommendation	Department	Current Status	Comments
#4: The Finance Department should work with the Human Resources Department to revise the Employee Exit Checklist to include a requirement that department staff notify the Finance Department's Payroll Division to terminate a stipend when an employee transfers from the department or otherwise becomes ineligible for the stipend.	Finance & HR	Implemented	The Employee Checklist was updated per the recommendation and was communicated to all department fiscal officers in August 2017.
#5: The Finance Department should: 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. 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.	Finance & City Attorney	Not Implemented	Finance Department reports that it will work with the City Attorney's Office to clarify City policy on the taxability of stipends, and determine if non-taxable stipends should be continued or eliminated. Target date: 4-18.
#6: The Information Technology Department should develop a Mobile Device Policy to supersede the current Cellular Telephone Policy (1.7.4) to: 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. 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.	IT	Partly Implemented	The Mobile Device Policy has been drafted and is under review. The policy will address mobile device use, duties of departments, and access protocols in a simpler format. Target date: 12-17.
#7: To ensure consistent application of the Mobile Device Policy, the Information Technology Department should develop and provide periodic training for department liaisons on their specified administrative duties and responsibilities outlined in the policy for both City-issued and personal devices used for City business.	IT	Not Implemented	IT reports that it will work with OER to develop training to inform City employees about department responsibilities in managing mobile devices, applications of the City's ethics policy to mobile device use, and public records and security requirements related to mobile devices. Target date: 12-17.
#8: To address information security risks associated with mobile devices, the Information Technology Department (IT) should develop,	IT	Partly Implemented	The Mobile Device Policy has been drafted and is under review. The policy will address stipends, eligibility, support and mobile

Audit Report and Recommendation	Department	Current Status	Comments
and include in the Mobile Device Policy, guidelines and procedures for both City-issued and personally owned devices that identify: a) The degree of access for various types of mobile devices and employee classifications in connecting to either cloud-based City services or to the City's network; b) Any applicable support expectations by IT for personally owned mobile devices used for City business; c) Any applicable user conditions, especially if personally owned devices may be enlisted on a mobile device management software; and d) Any applicable IT controls over mobile devices, such as remote locking or wiping of device in case of theft or loss. Any authorization forms, such as the Remote Access Authorization Form, should be updated accordingly.			device management requirements, security standards, and use agreements. Target date: 12-17.
#9: The Information Technology Department should: a) Develop user friendly guidelines on mobile device information security and include it as part of the *Mobile Device Policy*. b) Establish periodic information security awareness trainings for all personnel who access the City's network on City-issued and personal devices.	IT	Not Implemented	OER and ITD will work on training for employees covering use of mobile devices in the performance of duties associated with City business. Further, IT's 2017-2018 Adopted Budget includes ongoing funding for Cybersecurity Awareness Training. Target date: 12-17.
#10: The Administration should consider allowing short, infrequent personal calls by employees using City-owned cellphones, similar to the exception for such calls using City landline phones in the Personal Use of City Equipment policy. This exception should be included in the Mobile Device Policy.		Dropped	The City Council did not accept this recommendation.
#11: To reduce ordering turn-around and demands on staff time, we recommend the Administration: a) Allow departments to order mobile devices (cellphones, smartphones, hotspots, tablets, and laptops) and accessories directly, through appropriate citywide purchase orders; b) Develop a process for IT or department staff to configure devices to meet information security standards in the *Mobile Device Policy*. c) Update City policy accordingly.	IT	Not Implemented	IT reports that it is working with carriers to provide department mobile device liaisons with online management tools, including ordering tools. Standards and processes will be set to enforce essential security requirements for mobile devices used in City business. Target date: 12-17.

INFORMATION TECHNOLOGY

Audit Report and Recommendation	Department	Current Status	Comments
#12: To reduce ordering turn-around and demands on staff time, and to provide greater transparency and citywide inventory control, we recommend the Administration: a) Explore tools to develop online approval form(s) for the approval of City-issued cellphones, smartphones, hotspots, tablets, and laptops, including whether the device will require remote network access, to be authorized electronically and saved in a centralized, searchable database; and b) Revise the *Procurement of Laptops and Tablets Policy (*1.7.8) and reference the *Remote Access Policy* (1.7.3) accordingly.	IT	Not Implemented	IT will migrate approval forms for mobile devices and stipends to an online interface, potentially with workflow routing. With such a management structure, the City would have thorough and complete records for approved mobile device usage citywide. IT reports that it will work with Finance to update procurement policies once the new mobile devices policy has been approved. Target date: 12-17.
#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.	IT	Partly Implemented	An explicit link to tablet pricing has been added to the City's intranet site. The department reports it will establish procedures to regularly update the price list biannually. Target date: 12-17.
#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: a) Prioritize devices that pose the greatest information security risks for the City to be enlisted on an MDM software, and work with departments to implement MDM software citywide for those devices; b) Establish basic minimum standards or settings within the MDM software to protect City data within the software; and c) Either directly manage mobile devices for departments or provide administrative access for departments to manage their own devices if they have the internal capacity to manage those devices.	IT	Not Implemented	The Mobile Device Policy has been drafted and is under review. The policy would mandate the implementation of MDM software for the devices that pose the greatest information security risks for the City, along with management procedures and basic minimum standards or settings within the MDM software. The costs and benefits of investing in MDM software will be evaluated during the City's annual budget process. Target date: 5-18.

INFORMATION TECHNOLOGY

Audit Report and Recommendation	Department	Current Status	Comments
#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: a) Administer citywide review of mobile device bills for usage and potential cost savings (e.g. zero- and low-use, plan optimization, minute and data pooling, etc.), potentially through the acquisition and utilization of telecommunications expense management software. b) Clarify the management structure between IT and other departments in its updated *Mobile Device Policy* (see Recommendation #6)—including some level of departmental bill review—and provide procedures and annual trainings to responsible individuals. c) Ensure that appropriate individuals within departments receive vendor reports and communications. d) Ensure that all wireless service users in the City are informed of their plans' features and limitations.	IT & Finance	Not Implemented	IT is working with carriers to provide online management tools and optimization reports to department mobile device liaisons to effectively manage their usage on an active basis. Optimization reports would show liaisons cases of underutilization and overutilization, allowing them to adjust services and costs accordingly. The Mobile Device Policy has been drafted and is under review. The policy addresses the roles of designees and departments in managing mobile devices and costs, training, and compliance with City policies and procedures. IT is examining the costs and benefits of acquiring telecommunications expense management software. The department reports that, as of August 2017, it has scheduled two software demos and will schedule a third. To procure such software, it would need to write a Request for Proposals and possibly seek additional funding. Target date: 5-18. **POTENTIAL BUDGET SAVINGS:** During the audit, we identified $189,000 per year in potential savings from eliminating zero or low-use lines, use of pooled plans for devices with low data consumptions, and other active management of telecommunications expenses.
#16: To support staff training, pool resources, and foster departmental innovation, the Administration should create an interdepartmental working group to serve as a forum for departments to share mobile solutions and processes, and facilitate mobile strategies across the City.	IT	Not Implemented	IT reports that it will work with Finance to coordinate an interdepartmental working group to review optimization reports, city-wide usage patterns, and policy impacts in City operations. Target date: 1-18.

LIBRARY

LIBRARY

Audit Report and Recommendation	Department	Current Status	Comments

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To improve branch library usage, the Library Department should adjust hours of operation based on an evaluation of usage by day and by hour at the branch level (i.e., adding more heavily trafficked hours). As it adds back hours of service, the Library should continue to monitor and evaluate branch usage patterns to ensure additions serve community needs.	Library	Partly Implemented	The Library Department reviews customer usage data and publishes quarterly reports to ensure that the days and times offered meet community needs. In 2015, Library staff developed a six-day operating schedule that allowed branch libraries to be open during hours that are heavily requested and utilized by the community. The Library is in the process of developing a dashboard that will assist in monitoring hourly branch library usage patterns, further ensuring hours meet community needs as well as system-wide efficiency and staff allocations once implemented. Target date: 10-17 (delayed from 12-16).
#13: The Library Department should revise classifications, as needed, to reflect changes to the department's service model.	Library	Partly Implemented	The Human Resources Department contracted with Koff & Associates to review and update seven job classifications for the Library Department. The Library has sent the job classifications to HR for review by the bargaining units. Once the bargaining units have completed their review, the class specification will go to the Civil Service Commission for review. Target date: 7-18 (delayed from 9-16).

PARKS, RECREATION, AND NEIGHBORHOOD SERVICES

PARKS, RECREATION, AND NEIGHBORHOOD SERVICES

Audit Report and Recommendation	Department	Current Status	Comments

10-05 AUDIT OF COMMUNITY CENTER STAFFING (Issued 3/11/10)

The objective of our audit was to determine if the current allocation of staff at community centers is efficient and effective. The report included 17 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#1: Enhance data collection methodology to track community center traffic, daily and hourly attendance, and program participation.	PRNS	Implemented **PRIORITY ITEM**	PRNS runs quarterly attendance reports to measure participation in programs at community centers. At the same time, PRNS has transitioned its programs, including its teen centers into a membership-based system with and will have all attendance electronically collected and reported. PRNS reports that the majority of its users and participants who use community centers are accounted for through registration and attendance tracking in its online registration system. PRNS has migrated its major programs to its registration system. As a result, the registration totals today more accurately reflect general use. Target date: 6-18.
#8: Estimate the fair market value of re-use facilities.	Economic Development	Partly Implemented	OED reports that it has determined the fair market rent of those facilities with expired leases and will use the information in determining the amount of subsidy that is being provided by the City. Staff selected a vendor for a new leasing system. Staff are completing the agreement for the new leasing system. Once implemented, the new system will provide additional tools to estimate the fair market rent and market value of re-use facilities. Target date: 4-18.

PARKS, RECREATION, AND NEIGHBORHOOD SERVICES

13-08 GRAFFITI ABATEMENT: IMPLEMENTING A COORDINATED APPROACH (Issued 6/13/13)

The objective of our audit was to review the changes in the City's program after outsourcing, the impacts of outsourcing, the overall effectiveness of the program, contractor performance, and concerns about the methodology used in the citywide graffiti survey. The report included 20 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#15: We recommend that PRNS work to streamline service requests so that they are entered directly into the work order system (and thus bypass PRNS staff) by: a) Promoting the smartphone app and the contractor's hotline as the primary ways to report graffiti for all of San José, including City Councilmembers; b) Implement the contractor's online reporting form; and c) Allowing the contractor to reassume entering hotline calls directly into the work order system.	PRNS	Implemented	Due in part to PRNS' implementation of parts a and b of this recommendation, the majority of work order requests are entered via the SJ Clean App. In addition, the City's Customer Relationship/Service Request Management software system (My San Jose) went live in July 2017. Members of the public have the option to submit work order requests for graffiti via the new My San Jose App or call the City's centralized call center where staff will directly enter the calls into the work order system for services. The service is broadly advertised as a medium for reporting graffiti. The Anti-Graffiti Program will include the City's call center phone number on program and outreach materials. Target date: 6-18.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: 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 requests, c) More clearly link revenues and expenses to their respective programs, and d) Determine which activities should be included in the Fee Activity Program.	PRNS/ Budget	Partly Implemented	PRNS reports that it continues to discuss with the Administration the best way to manage the Fee Activity Program budget, and expects to outline the Fee Activity Program structure by the FY 2018-2019 Proposed Budget process. This structure would include cost-recovery targets and activities in the Fee Activity Program. Target date: 6-18 ((delayed from 6-17).

PARKS, RECREATION, AND NEIGHBORHOOD SERVICES

Audit Report and Recommendation	Department	Current Status	Comments

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To obtain more favorable contract terms, when the lease and management agreements expire, the Department of Parks, Recreation and Neighborhood Services should seek competitive proposals from potential golf course lessees/operators that lower the City's financial risks and grow customer usage.	PRNS	Not Implemented	PRNS reports that it will evaluate and recommend future management agreements once the study identified in Recommendation #2 is completed. Target date: 6-18. **POTENTIAL BUDGET SAVINGS:** The City could increase its lease income of $400,000 per year at Municipal Golf Course and/or improve the annual operating losses of $300,000 at Los Lagos and $300,000 at Rancho del Pueblo.
#2: To address underutilization and financial losses, the City Council should provide policy direction and direct the Administration to begin a community engagement process regarding consolidating the golf courses and implementing alternative land uses on the underutilized golf lands. Potential policy directions include: a) Continue the General Fund subsidy to keep the three golf courses as they operate today, b) Reduce the General Fund subsidy through a competitive sale of some portion of golf course lands to pay off the outstanding lease-revenue bonds, and/or c) Increase community utilization of scarce parkland by reconfiguring one or more golf courses to other uses, for example constructing new sports fields.	PRNS and City Council	Partly Implemented	In June 2016, the City Council accepted (with amendments) PRNS' outline for a community engagement process to help determine the best future use of Los Lagos Golf Course. PRNS has since begun the community engagement process with a series of three workshops scheduled for February and March 2017. Additionally, it created, publicized, and began receiving feedback from surveys. All fliers, surveys and workshops are in English, Spanish and Vietnamese, and postcards have been sent to residents within 1,000 feet of the Los Lagos Golf course. Following the completion of the community engagement process, PRNS anticipates returning to the City Council with results and recommended next steps in Fall 2017. At that point, the City Council will establish guiding principles for the potential reuse of golf sites that ensure these sites continue to serve the needs of surrounding communities while considering options for paying down the debt. Target date: 12-17 (delayed from 6-17). **POTENTIAL BUDGET SAVINGS:** Depending on the City Council's policy direction, the City could reduce or remove its debt service obligations of $2 million per year through 2031 (outstanding principal of $22.8 million at Los Lagos and Rancho del Pueblo combined).

PARKS, RECREATION, AND NEIGHBORHOOD SERVICES

Audit Report and Recommendation	Department	Current Status	Comments
#3: To improve the utilization and finances of its golf courses, the Department of Parks, Recreation and Neighborhood Services and its operators should: a) More clearly articulate a competitive position that covers the facilities, pricing, and the brand, b) Develop a more aggressive customer growth strategy, identifying target customers and utilization goals, and c) Implement more effective outreach and retention plans.	PRNS	Partly Implemented	The operator for Los Lagos and Rancho del Pueblo, in coordination with the department, developed 2017-18 marketing and outreach plans for each course. Operator activities to increase course use include email marketing, special promotions, and special events (e.g. movie nights) at the golf courses. According to PRNS, despite more aggressive marketing and outreach plans, the courses have continued to see fewer rounds of golf relative to last year, in line with a national decrease in golf play. PRNS will continue to work with operators to evaluate outcomes from actions taken so far, and further develop and refine strategies for improving customer growth. Target date: 12-17 pending implementation of Recommendation #2 (delayed from 12-16). **POTENTIAL BUDGET SAVINGS:** Additional revenue from more golfers could improve the annual operating losses of $300,000 at Los Lagos and $300,000 at Rancho del Pueblo.
#4: To improve oversight of the golf courses and contracts, the Department of Parks, Recreation and Neighborhood Services should assign sufficient resources to oversight.	PRNS	Partly Implemented	According to PRNS, the department has reassigned oversight of golf contracts; as part of the general contract management structure, they are now overseen in the same manner and by the same personnel as other landscaping and custodial contracts for City parks. PRNS reports that field visits to the courses have resumed and occur monthly. However, adding staff time to golf oversight may not be feasible at this time due to other budgetary and programmatic needs, as well as the ongoing study of Los Lagos Golf Course to help determine the best utilization of golf course lands (see Recommendation #2). Target date: 12-17, pending the implementation of Recommendation #2.
#5: To improve oversight of the golf courses and contracts, the Department of Parks, Recreation and Neighborhood Services should: a) Regularly audit Muni's gross revenues and capital improvement fund b) Keep all golf records centrally and ensure they are obtained timely c) Formalize the revised maintenance standards d) Formally approve the fees charged and discounts given to *The First Tee* and the schedule of access hours.	PRNS	Partly Implemented	a) PRNS requested and received a gross revenues audit from the Municipal Golf Course operator for the year ended December 31, 2016. PRNS reports that: b) With reassigned oversight of golf course operations (see Recommendation #4), the department is in the process of centralizing its records;

Audit Report and Recommendation	Department	Current Status	Comments
			c) It is currently reviewing maintenance standards in its golf contracts; and
			d) It has met with *The First Tee* to discuss revising the organization's schedule of access, fees, and discounts. PRNS extended its existing agreement with *The First Tee* through 2020 while discussions on revised terms are in progress.
			Target date: 12-17 (delayed from 6-17).

PLANNING, BUILDING, AND CODE ENFORCEMENT

PLANNING, BUILDING, AND CODE ENFORCEMENT

Audit Report and Recommendation	Department	Current Status	Comments

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#3: The Finance Department should provide a quarterly collection report to Code Enforcement and work together with Code Enforcement to determine citation collection prioritization.	Finance/ Code Enforcement	Implemented	The Finance Department provided Code Enforcement with a citation collection report in February, May and August 2017. Code Enforcement will continue to work with Finance to determine the optimal citation report.
#8: The City Administration should propose to expand the Residential Occupancy Permit program to include condominiums functioning as rental apartment complexes.	Code Enforcement	Not Implemented	The goal of the Residential Occupancy Permit Program is to provide minimum safety and habitability standards for renters. As reported in the audit, about 41 percent of residents are renters, and approximated the total number of renter-occupied units at 125,000. In comparison, the Multiple Housing Program issued Residential Occupancy permits for about 84,000 units. This net difference of 41,000 units could mean that as much as a third of San José's residents are not receiving the same level of service afforded to other rental residents. The current City policy to exclude condominiums that may house hundreds of renters defeats the underlying purpose of the program and puts a significant portion of San José's renters at risk.

Code Enforcement is currently in the process of acquiring a new database system. The RFP process for this database system has been completed and awarded to CSDC Systems Inc. The Department anticipates implementation of this system by 2018. Once system implementation is complete, the Department will revisit this recommendation. Target date: 7-18. |

PLANNING, BUILDING, AND CODE ENFORCEMENT

Audit Report and Recommendation	Department	Current Status	Comments
#12: To ensure tenants are aware of deficiencies found in their place of residence, Code Enforcement should formally inform tenants of the violations found and the deadline for compliance.	Code Enforcement	Not 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: 7-18.
#16: Code Enforcement review options to replace or enhance its code enforcement database (CES) and include options for mobile units and interfacing with other city databases.	Code Enforcement	Partly Implemented	As described in the audit, Code Enforcement's current database does not have the capability of interfacing with PBCE's primary database to retrieve property related information while out in the field, research any residual permit information or document information immediately after completing an inspection. Code Enforcement anticipates that its new database will provide inspectors with this technology. Target date: 7-18.
#17: In order to ensure that the Multiple Housing roster is complete, Code Enforcement should: a) Periodically update its Multiple Housing Roster with newly issued Certificates of Occupancy from the AMANDA database; and b) Automate the process when it replaces its database.	Code Enforcement	Partly Implemented	Code Enforcement staff has to manually update the Multiple Housing roster by checking the AMANDA database for newly issued Certificates of Occupancy. This manual process can be unreliable. Code Enforcement anticipates that the new database will automate this process. Target date: 7-18.

14-08 DEVELOPMENT SERVICES: IMPROVING THE EXPERIENCE FOR HOMEOWNERS (Issued 9/18/14)

This audit assessed the efficiency and effectiveness of processes affecting single-family home improvement projects. The report included 22 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#3: To reduce the number of resubmittals, PBCE should provide incentives for consistently prepared applicants.	PBCE	Implemented	PBCE provides Permit Center applicants the opportunity to either make appointments, or walk in to the Permit Center to submit plans. The department's intake system allows well-prepared plans to be processed immediately, allowing quick starts for well-prepared customers. In contrast, customers with flawed and/or incomplete plans face the rejection of their application, which requires starting over again.

PLANNING, BUILDING, AND CODE ENFORCEMENT

Audit Report and Recommendation	Department	Current Status	Comments
#4: Develop and implement a staffing strategy that includes: a) Reviewing and updating job specifications to facilitate hiring at the entry level; b) Filling vacancies; c) Expanding the use of temporary peak staffing; and d) Consider providing applicants the option of working directly with outside Plan Reviewers.	PBCE	Implemented	To facilitate hiring, Department staff reviewed and simplified the written test for the Permit Specialist position (part a). The new test has reportedly led to shortened recruitment times. Several Permit Specialist positions have been filled, and PBCE continues to work to fill vacancies as they arise (part b). In addition, PBCE has also entered into contracts for temporary staffing (part c). To date, PBCE has not yet provided applicants the option of working directly with outside Plan Reviewers (part d). After considering the idea, PBCE reports that having customers work directly with third party plan reviewers may present conflicts of interest, complications on coordination, reduced quality of service, and financial burdens for customers.
#5: Develop and implement standard operating procedures, and an onboarding and training program for new staff in the Permit Center and Plan Review.	PBCE	Partly Implemented	Standard training materials and an on-boarding program has been implemented, and will be continually updated as needed. Management has developed training materials for new staff including that is available to other Development Services Partners. PBCE reports that Permit Center Management are updating materials to be utilized by all staff. Target date: 12-17 (delayed from 7-17).
#6: To meet the demand for critical staff, PBCE should staff the reception desk with office specialists, and station Permit Specialists and Planners at the counter.	PBCE	Partly Implemented	The Permit Center is working to provide self-service kiosks to refer customers to the services they need. When implemented, customers in doubt about a service selection they have made or need to seek technical assistance while waiting for counter service, may seek assistance at the reception desk, which continues to be staffed by Permit Specialists and Planners. PBCE reports that this arrangement is important in immediately assisting customers on technical issues. Target date: 12-17 (delayed from 7-17). **POTENTIAL BUDGET SAVINGS:** $128,000.

PLANNING, BUILDING, AND CODE ENFORCEMENT

Audit Report and Recommendation	Department	Current Status	Comments
#9: To shorten long lines and reduce the wait times for the Permit Center, PBCE should: a) Develop customer service guiding principles including procedures for when to summon additional staff assistance to the reception desk and to the Building Counters; b) Rationalize queuing numbers that are given out to customers; c) Hone available options in the queuing system and record reasons for customer visits; and d) Use the queuing system to track customer flow and set the right amount of staff to accommodate the customer demand.	PBCE	Partly Implemented	a) PBCE has implemented protocols that outline when staff are to ask additional staff to assist customers at service counters. PBCE reports that by staffing the Assistance Desk with two employees, the customer waiting time in line has been noticeably reduced. b), c), and c) Permit Center management is currently working on updating the customer ticketing system to reduce wait times and create a better way of tracking customers/flow/reasons for visiting the Permit Center and allow staffing at times/locations that will best reduce customer wait times. Target date: 9-17.
#13: Implement the technological infrastructure needed to support electronic plan submittal and review.	PBCE and IT	Partly Implemented	The City selected CSDC System Inc. to implement the Integrated Permitting System. PBCE will be working with CSDC closely and will implement the necessary technological infrastructure needed to support the integrated electronic plan submittal and review. Target date: 10-17 (delayed from 6-17).
#14: To improve communication and outreach to Permit Center customers, PBCE should: a) Review and correct outdated information on its website; b) Remove jargon and provide simply-worded instructions about when, why, and how to obtain permits and approvals; and c) Upgrade the online permit interface to make it more user-friendly.	PBCE	Partly Implemented	Handouts are updated routinely to reflect current codes and ordinances. The online permitting interface was improved in 2016, and will be further enhanced as part of the upgrade to the Integrated Permitting System. Target date: 12-17 (delayed from 7-17). **POTENTIAL BUDGET SAVINGS: TBD.**
#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. Target date: 12-17 (delayed from 9-17).

PLANNING, BUILDING, AND CODE ENFORCEMENT

Audit Report and Recommendation	Department	Current Status	Comments
#17: As part of the proposed study of development services building fees planned for FY 2015-16: a) Review composition and purpose of various fees, deposits, and taxes that are part of a single-family permit issuance; b) Update current staffing cost assumptions and fee schedules; and c) Document fee calculations so that staff can more easily update assumptions in the future based on staff composition and historical data.	PBCE	Implemented	In December 2016, PBCE reported the results of a consultant Fee Study to the City Council. New fees, based on new fee calculations have been implemented for fiscal year 2017-18, and took effect in August 2017.
#18: Eliminate the Construction & Demolition Diversion Deposit.	PBCE and ESD	Partly Implemented	ESD reports that San José's construction and diversion ordinance is more stringent than the State requirements (CALGreen). Therefore, the Department may not recommend relying solely on State diversion requirements, and may recommend keeping the Construction & Demolition Diversion Deposit (CDDD) to promote recycling, as other cities have done. Additionally, according to ESD, recycling rates of construction and demolition debris have declined, even as the volume of construction and demolition debris has increased. 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: Fall 2018 (delayed from Fall 2017).
#19: To increase accessibility of online fee estimation, PBCE should update and simplify the online fee calculator.	PBCE	Not Implemented	PBCE reports that an online fee calculator will be part of the department's permit system replacement and upgrade project. Target date: 12-17 (delayed from 9-17).
#22: Refund overcharges to online water heater applicants where possible.	PBCE	Implemented	Between October 2016 and June 2016, PBCE issued 265 refunds totaling $194,000, to the customers who were over-charged for the online water heater permits.

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Audit Report and Recommendation	Department	Current Status	Comments

10-02 AUDIT OF CIVILIANIZATION OPPORTUNITIES IN THE SAN JOSÉ POLICE DEPARTMENT (Issued 1/14/10)

The objective of the audit was to assess the efficiency and effectiveness of current deployment of sworn versus non-sworn Police department employees. We identified duties and roles in the Police Department that are currently performed by sworn employees that could be performed by a civilian. The report included 13 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#11: Consider outsourcing the helicopter pilot duties as well as the fixed-wing airplane assignments on an hourly basis.	Police	Closed ***PRIORITY ITEM***	Because of the up-front and ongoing training costs associated with employing two helicopter pilot positions, as well as the licensure costs of employing collateral fixed-wing pilots, the audit recommended outsourcing these positions so that the City would pay only for hours flown. Subsequent to the audit, the Department reassigned the Air Support Unit, of which the helicopter pilots were a part, to the Airport Division for greater efficiency, consolidation of supervision, and to save money. In FY 2012-13, the Department issued a Request for Proposal (RFP) for helicopter services, but the process did not result in a contract due to cost concerns. The Department advises that having sworn staff manning the helicopter is critical to their ability to respond when requested. It plans no further review of civilianizing these two positions.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To promote transparency and provide the public with information about how resources are allocated in the Police Department, the Police Chief should report to the Public Safety, Finance, and Strategic Support Committee of the City Council at each shift change (every six months) on the changes in staffing by unit and function.	Police	Partly Implemented ***PRIORITY ITEM***	The Department began regularly reporting on staffing levels to the PSFSS Committee in FY 2010-11. These reports include total sworn staffing, but do not show resource allocations by program, unit, or function. In September 2015, this office provided a sample template to the Department to demonstrate how they could report staffing by

Audit Report and Recommendation	Department	Current Status	Comments
			bureau and, at a high level, by unit. However, the Department chose not to adopt this template.
			In the 2017-18 budget, the Department has included a more detailed breakdown of authorized staffing by unit. However, it still does not report this information by current FTE. While the Department does provide information to the City Council when major operational changes occur in the Department, this is not done on a regular basis as recommended by the audit.
			The Department advises that it is currently reviewing the format of its bi-monthly report to PSFSS which would provide some of the recommended detail. We will review this report once it has been finalized and presented. Target date: 9-17 (delayed from 6-17).
#2: To better align staffing with workload, SJPD should propose additional shift start times.	Police	Not Implemented (Subject to meet and confer)	Since the audit was issued, the Department has made several attempts to evaluate the potential for additional shift start times, including considering implementing an early swing shift car (2010) and forming a pilot committee (2012) and patrol staffing committee (2014) to evaluate shift start and end times. However, due to staffing changes and limited resources, the Department was unable to follow through on these efforts. In 2016, the Department released a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The consultant's analysis is expected to be completed by February/March 2017. The Department continues to work with the consultant to review and make recommendations regarding staffing and deployment. This analysis may have implications on the Department's shift times. Target date: 9-17 (delayed from 6-17).
#4: If SJPD decides that redistricting is needed, the Department should conduct further study on the possibility of 12 districts and should reconsider its assumptions regarding span of control, proactive patrol time, call saturation, and hourly workload demand versus average hourly workload demand.	Police	Partly Implemented *PRIORITY ITEM*	In 2011, the Department interviewed units that would be directly affected by redistricting, and also formed an internal committee to explore the potential for redistricting. Based on that analysis, the Department determined to postpone plans for redistricting given its resources at the time. The Department restructured the Bureau of Field Operations (BFO) from four districts to three districts in 2012, which

Audit Report and Recommendation	Department	Current Status	Comments
			decreased the span of control between lieutenants and sergeants and reduced the number of lieutenants assigned to the BFO Patrol Division. However, after determining that having three divisions presented operational problems, the Department returned to four divisions in 2014. As a result, the Department still has the potential to decrease its span of control, potentially through redistricting. In 2016, the Department released a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The Department continues to work with the consultant to review and make recommendations regarding staffing and deployment. The Department has advised that this analysis will look at whether redistricting is necessary for optimal deployment. Target date: 7-18 (delayed from 3-17.)
#5: SJPD should assess and report on (to the Public Safety, Finance, and Strategic Support Committee of the City Council) the feasibility of changing the Patrol schedule to a potentially more efficient schedule.	Police	Not Implemented	In light of budgetary and staffing cuts in 2011, the Department reported that it was constricted in exploring and experimenting with any new patrol schedule due to the impacts such experimentation could have on the Department's service delivery model. No further action on this recommendation was taken until 2016, when the Department issued a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The Department continues to work with the consultant to review and make recommendations regarding staffing and deployment. This analysis may have implications on the Department's patrol schedule. Target date: 7-18 (delayed from 6-17). **POTENTIAL BUDGET SAVINGS:** TBD.
#7: To ensure that span of control is reasonable from both a safety and a cost perspective, the San José Police Department should develop a policy that provides guidance on how the department determines appropriate spans of control. The policy should incorporate criteria such as: complexity of work; quality, skills, and experience of supervisors and employees; administrative requirements; dispersed workforce; stability of the organization, etc.	Police	Not Implemented	As a result of reducing the number of divisions from four to three, the Department was able to reduce the span of control by eliminating 23 supervisory positions in patrol and restoring 8 officer positions, resulting in a net savings of about $3.5 million. However, the Department returned to its original structure of four divisions in 2014. The Auditor's Office continues to recommend that the Department draft a policy that provides guidance on

Audit Report and Recommendation	Department	Current Status	Comments
			determining the appropriate span of control, especially as the Department rebuilds.
			In 2016, the Department released a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The Department continues to work with the consultant to review and make recommendations regarding staffing and deployment. This analysis may have implications on span of control. Target date: 7-18 (delayed from 6-17).
#8: The San José Police Department should develop a high level staffing and resource allocation framework that: a) Reflects today's economic realities and focuses on improving efficiency of existing 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.	Police	Partly Implemented	The Department has made some progress with assessing various aspects of its staffing model (as detailed in the responses to other recommendations in this audit), as well as with civilianizing a number of staff in the Department; however, a high-level framework has yet to be developed. In 2016, the Department released a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The Department continues to work with the consultant to review and make recommendations regarding staffing and deployment. This analysis may have implications on the aspects recommended to be included in the staffing and resource allocation framework. Target date: 7-18 (delayed from 6-17).

12-04 POLICE DEPARTMENT SECONDARY EMPLOYMENT: URGENT REFORM AND A CULTURAL CHANGE NEEDED TO GAIN CONTROL OF OFF-DUTY POLICE WORK (Issued 3/07/12)

The objective of the audit was to assess the cost and effectiveness of the San José Police Department's program allowing sworn personnel to work second jobs in uniform in addition to their City work. The report included 30 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Police Department should develop and immediately implement a written procedure for periodic review of off-duty employment timecards including comparisons of: (a) City timecards to off-duty timecards, (b) timecards for multiple off-duty jobs to each other to test for fraud, and (c) hours taken for administrative/disability/sick	Police	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

Audit Report and Recommendation	Department	Current Status	Comments
leave to hours worked off-duty. The Department should also hold supervisors accountable for paying attention to on-duty and secondary employment time keeping.			other leaves. However, due to staffing constraints, SEU was not able to implement these audits immediately. SEU also purchased scheduling software in 2013 that would address some concerns identified by this audit, for example by preventing employees from scheduling both a secondary employment job and a City shift simultaneously. This functionality of the software has yet to be fully implemented. 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. In our opinion, tracking and reporting secondary employment hours is critical to the review recommended by the audit. Target date: 12-19.
#2: The Police Department should develop a system to compile real-time data regarding the number of hours worked and pay earned from off-duty work.	Police	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 advises that tracking secondary employment hours is currently not a priority and other Department priorities have taken precedence over this item. See recommendation #1. Target date: 12-19.
#3: The Police Department should: (a) keep lists of work permits and employers updated and be able to provide summary data; (b) include tests in periodic reviews to ensure the completeness of pay job hours that are reported to the City; (c) specify in the Duty Manual the disciplinary consequences for both employees and supervisors for failure to consistently report off-duty hours worked; and (d) develop a way to track enforcement actions taken at pay jobs; one possibility is a special code or call sign in CAD to designate calls from those working secondary employment.	Police	Partly Implemented	The Department made steps to implement sections of the recommendation in 2012: (a) SEU developed detailed spreadsheets of update work permit and employer lists; however, SEU management advised that the unit did not have sufficient staffing to keep the lists current; (b) The SEU Procedures Manual was revised to require verification of hours worked based on secondary employers' records; however, SEU management advised that the unit had insufficient staffing to conduct the verifications; (c) SEU management advised that several sections of the Duty Manual outline disciplinary measures with regards to secondary employment, although not specifically for failure to consistently report off-duty hours

Audit Report and Recommendation	Department	Current Status	Comments
			worked; and (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: 12-19.
#4: The SEU should report to the Police Chief at least annually on the following data about the secondary employment program: (a) the number of hours worked, (b) the amount of pay earned by employee from each off-duty employer, (c) the number of employees who have off-duty work permits, (d) the total number of permits, and (e) the number of employers participating in the program. The report should also note major changes or challenges with program during the prior year.	Police	Partly Implemented	The Department purchased scheduling software in 2013 that it hopes can allow for tracking of hours worked and pay earned as recommended in parts (a) and (b). The Department has not made progress towards including secondary employment tracking in the new system. The Department advises that tracking secondary employment hours is currently not a priority and other Department priorities have taken precedence over this item. Regarding parts (c), (d), and (e), while SEU updated the list of employees who had work permits in 2012, management advised that the unit lacks sufficient staffing to keep the lists current (see response to Recommendation #3). Target date: 12-19.
#5: To promote transparency and accountability, the Police Department should know and post annually, on the City's web site, total compensation earned by Police Department employees working secondary employment in 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.	Police	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: 12-19.

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Audit Report and Recommendation	Department	Current Status	Comments
#8: The Police Department should enforce rules from the Duty Manual that have been ignored in the past including: (a) reporting of secondary employment hours, (b) CAD log-on from off-duty jobs, (c) approvals for use of City vehicles and equipment (d) prohibitions against working secondary employment while on disability, sick, or administrative leave, and (e) pay rates. The Department should inform employees that failure to comply could result in the suspension or revocation of an employee's secondary employment permit.	Police	Implemented	The Department revised parts of the Duty Manual in 2012 to better address the provisions outlined by the recommendation, but advised that additional SEU staffing would be needed to sufficiently monitor and enforce these rules. Beginning May 2017, SEU has been conducting random reviews of its staff records to ensure compliance with Duty Manual rules as they related to reporting secondary employment hours, CAD log-on from off-duty jobs and hours reported. The Department has been averaging a review of about 5 employees' records per month since the start of this process.
#9: The Police Department should enforce its procedure for periodic inspections of secondary employers. As specified in the procedure, such inspections should include reviews of: (a) current business license and proper regulatory permits, (b) other required licenses or professional certificates, (c) employer logs of officer work hours, (d) consistency of job with description on work permit and employer approval form, (e) whether officers at site have current/authorized work permits on file. Inspections of a sample of employers should occur at least quarterly, be documented, and notes maintained on the resolution of problems. The Police Department should inform employers and employees that such reviews will occur.	Police	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: 12-19.
#10: The Police Department should clarify (in writing) the City's limited liability with regard to workers' compensation in the context of secondary employment.	Police	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: 12-19.
#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.	Police	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 has taken no further action on this recommendation. Target date: 12-19.

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Audit Report and Recommendation	Department	Current Status	Comments
#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.	Police	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: 12-19.
#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.	Police	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: 12-19. |
| **#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. | Police | 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 |

Audit Report and Recommendation	Department	Current Status	Comments
			determine the proper mix of personnel and equipment. The Auditor's Office maintains that written guidelines are important so as to be fully transparent in how the Department determines appropriate staffing levels. Target date: 12-19.
#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.	Police	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: 12-19.
#21: If the Police Department retains the system of decentralized coordination, the SEU should be solely responsible for appointing coordinators and providing them with the lists of employees available to work pay jobs. The SEU should also maintain an up-to-date list of coordinators and the jobs they oversee. The Department should also establish and implement clear written guidelines regarding: (a) roles and responsibilities of coordinators and how they fit within the chain of command, (b) a prohibition against any form of compensation other than pay, (c) a fixed hourly rate for coordinators as well as not-to-exceed limits on coordinators pay, (d) clarify that coordinators can only be paid for actual hours of coordination rather than an agreed upon estimate or "plug", and (e) expressly prohibit coordination on City time.	Police	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: 12-19.
#22: The Police Department should: (a) calculate the cost of bringing all coordination into SEU and the related impact on employers' fees (b) assess the impact on the hourly rate charged to employers, as well employer fees, if coordination were brought into SEU and employees were paid at an overtime rate. Given that information, the Department should seriously consider three options moving forward: (1) phasing into SEU the coordination of additional pay jobs, (2) bringing all coordination into SEU, (3) bringing all coordination into SEU and also paying employees on overtime through the City.	Police	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: 12-19.

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Audit Report and Recommendation	Department	Current Status	Comments
#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.	Police	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: 12-19.
#24: The Police Department should train employees on the topic of police fatigue and the risks associated with it.	Police	Not Implemented	No training has been conducted on the topic of police fatigue. Target date: 12-19.
#25: Because engaging in secondary employment may prolong the recovery of a member who has been injured, the Police Department should (a) ensure that the existing Duty Manual provision prohibiting secondary employment while on disability leave is enforced and (b) develop a process for identifying employees who are working secondary employment hours either concurrently or in the same time frame as taking disability leave hours.	Police	Partly Implemented	The SEU Procedures Manual includes a provision for auditing employee timecards to check whether an employee was on disability leave while working secondary employment. However, SEU management has continued to advise that it lacks sufficient staff to conduct such audits. Target date: 12-19.
#26: The SEU should be housed in the Police Chief's office with the appropriate mix of civilian and sworn employees, with an emphasis on civilians to perform administrative duties and an emphasis on stable staffing and sufficient staffing to provide oversight. Sworn employees should be of sufficient rank to oversee all lower ranks that work secondary employment.	Police	Partly Implemented	In 2012, SEU was moved to the Office of the Chief. The Department requested but was not approved for additional civilian staffing. The Auditor's Office maintains that additional civilian staffing could help relieve sworn staff of administrative duties, and also provide stability to the unit. Target date: 12-19.
#27: The Police Chief should set clear goals and a timetable for restructuring the secondary employment program and should propose a plan as soon as possible to the City Council for secondary employment going forward.	Police	Partly Implemented	In 2012, SEU management advised that the Department was exploring possibilities for the future structure of the secondary employment program. No further updates have been provided since then. Target date: 12-19.

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Audit Report and Recommendation	Department	Current Status	Comments
#28: The Police Department should: (a) calculate the comprehensive cost of the secondary employment program (personnel, administrative costs, etc.), (b) compare those costs to the revenue generated by related fees, and (c) determine the fees that would be required to make the program 100% cost recovered and present this data to the City Council.	Police	Partly Implemented	SEU management advised that in 2012, the Department was exploring options for the future structure of the secondary employment program. There have been no further updates since then. Target date: 12-19. **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.
#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.	Police	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: 12-19. **POTENTIAL BUDGET SAVINGS:** The General Fund subsidy of the secondary employment liability policy was $59,000 at the time of the audit. If the program remains in its current format, requiring participating employees to pay the full cost of the insurance would eliminate the subsidy of the General Fund.
#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.	Police	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: 12-19.

Audit Report and Recommendation	Department	Current Status	Comments

15-09 POLICE HIRING: ADDITIONAL EFFORTS TO RECRUIT QUALIFIED CANDIDATES URGENTLY NEEDED TO FILL VACANCIES (Issued 9/10/15)

The objective of our audit was to analyze the Police Department's recruiting, backgrounding, and hiring processes, and determine to what extent San José is subsidizing other jurisdictions with its Police Academy. The report included 14 recommendations.

#5: Reimburse the costs of the written test and physical agility test for candidates who are hired as police recruits in the Academy.	Police	Partly Implemented	The Department advised that after considering the feasibility of implementing this recommendation at this time, it would put this item on hold until staffing and funds become available. The Department reports that it reimbursed the entire class of the most recent academy for the cost of uniforms--$20,000 for uniforms for 54 recruits. The Department currently has no plans to reimburse the costs of the written and physical agility tests. While reimbursing the cost of uniforms is a good first step, we continue to urge the Department to review the feasibility of reimbursing candidates for their physical agility and written test as these costs may deter some candidates thinking of applying. Target date: 7-19.
#6: After ensuring appropriateness of content and sufficiency of oversight of the Law Enforcement Unit (LEU) Cadet Program, SJPD should enhance and expand the program to encourage San José residents to become San José Police Officers.	Police	Partly Implemented	The Department created a Police Cadet classification which was approved by City Council in March 2017. However, the Department's request to advance a cadet program did not get approved during the 2017-18 budget process. The Department advises that it will continue to seek funding for this program in the coming years. Target date: 7-18 (delayed from 12-17).

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

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

#3: To supplement sworn police functions, the San José Police Department should expand the reserve program and establish a retiree-rehire program.	Police	Implemented	The Department has promoted the reserve program by including the application process while out-boarding retiring sworn staff, and has expanded the number of hours worked by reserve officers. The City and the POA agreed in recent negotiations to expand the duties of reserve officers to include such things as

Audit Report and Recommendation	Department	Current Status	Comments
			staffing transport cars and assisting with non-priority assignments during critical events. In May 2017, the City Council approved an ordinance change to allowed limited reemployment of retired sworn staff. The Department has implemented this program in the backgrounding unit. The Department plans to expand this program into academy instruction, but not beyond that at this point.
#4: To reduce the risk that police officers are fatigued due to excessive City police work or secondary employment, the San José Police Department should: (a) Define the circumstances under which overtime is exempt from work limits in the Duty Manual; and (b) Review and enforce work limits for scheduled City overtime and secondary employment.	Police	Not Implemented	The Department is currently working with the POA on updating the Duty Manual to clarify work limits and clarify which overtime is exempt from overtime work limits. Target date: 6-18.
#5: To facilitate supervisory review of time worked, the San José Police Department should centralize the tracking of all work done in the Department and through secondary employment in a centralized software package. To do this, the Department should obtain additional information technology expertise to fully deploy eResource or an alternative software solution.	Police	Not Implemented	The Department is working on updating eResource to track secondary employment hours. Target date: 2-18.
#8: While vacancies remain high and operational needs require high use of overtime, the Police Department should allow more overtime to be worked for pay and/or require the first ten hours of overtime to be worked for pay.	Police and OER	Not Implemented (Subject to meet and confer)	Since the audit was published, compensatory time balances have increased from nearly $13 million to almost $15 million, while the number of sworn personnel with at least 240 accrued compensatory time hours has increased from nearly 410 to 478, and the number of sworn personnel with at least 480 accrued compensatory time hours has increased from nearly 220 to 266. Due to budgetary concerns about the cost of overtime, the Department has not updated the Overtime General Order to implement the recommendation. Target date: 12-18.
#9: 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.	Police and OER	Not Implemented (Subject to meet and confer)	The Department has referred the recommendation to OER and to the Budget Office. Target date: 6-19. **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.

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Audit Report and Recommendation	Department	Current Status	Comments
#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.	Police	Not Implemented	The Department is working on a plan to reduce comp time balances. This includes an evaluation of what leave should be used for requests for time off given an employee's vacation and comp time balances. Target date: 3-18. **POTENTIAL BUDGET SAVINGS:** At the time of our audit, we estimated the cost of allowing employees to carry balances over 240 hours while granting 20% wage increases was about $740,000.
11: The San José Police Department should clarify the process for denying requests for comp time off.	Police	Not Implemented	The Department will evaluate the process for denying requests for comp time off. Target date: 6-20 (delayed from 6-19).
#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.	Police and OED	Not Implemented	OED and the Police Department will meet with the City Attorney's Office to develop a written policy as to how police overtime should be reimbursed by special events. PD is working with the CAO to review applicable case law and complete written policies as more case law and legal opinions become available on this topic. Target date: 2-18 (delayed from 6-17). **POTENTIAL BUDGET SAVINGS:** The cost of reimbursing of the two campaign events referenced in the audit would save the City $140,000.

PUBLIC WORKS

PUBLIC WORKS

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#4: To improve consistency, Facilities should adopt, document, and train staff on guidelines for asset and work order management (i.e., define minimum threshold for documenting City Hall work, create procedures for commissioning/decommissioning equipment and buildings as well as updating labor rates, simplify work order statuses and data types, and employ drop-down menus).	Public Works	Partly Implemented	Inconsistent data entry can cause discrepancies that may distort the actual amount of work performed. To correct this, Facilities hosted regular training sessions to train staff on how to utilize Infor EAM on corrective and preventative maintenance work orders, including minimal thresholds for City Hall. Additionally, a comprehensive checklist was developed to commission and decommission buildings and equipment to ensure Infor EAM has current information. All corrective maintenance work orders are entered into Infor EAM and comprehensive preventative maintenance schedules have been added for new facilities and removed for decommissioned facilities.

A one-time allocation of $500,000 was provided to improve Infor EAM functionality and user friendliness. Facilities reports that these Infor EAM upgrades include simplifying work order statuses and data types, and employment of drop-down menus. These upgrades to Infor EAM were scheduled to be complete by June 2017, however the Department reports that delays in a prerequisite project slowed the schedule for these upgrades. Target date: 12-17 (delayed from 6-17). |
| #5: To enable data-driven decisions, Facilities should increase emphasis on the importance and reliability of its asset management database, and utilize the reporting features of its asset management system to identify failing or costly assets, identify and plan for upcoming fiscal needs, and monitor and track contractor costs. | Public Works | Partly Implemented | Ideally, information collected from condition assessments can be used to run reports to model the impact of short- and long-term funding on the condition of a facility or the entire portfolio. Facilities has created comprehensive Capital replacement schedules for all major citywide facilities. Facilities reports that these schedules are developed utilizing building assessments and Infor EAM data, which includes corrective work order data history, preventive maintenance schedules, equipment downtime, cost of maintenance, and projected service life of key building systems.

The Department reports that it is currently developing a data format for its building assessments, so that the information can |

Audit Report and Recommendation	Department	Current Status	Comments
			be uploaded into Infor EAM. Target date: 12-17 (delayed from 6-17).

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To better administer the prevailing and living wage compliance programs, the Office of Equality Assurance should: a. Procure a software solution to automate payroll review to free up staff time for other responsibilities (e.g., site visits, review of supplemental documentation); b. Adopt a risk-based strategy for conducting site visits and reviewing supplemental documentation to efficiently verify the accuracy of information in submitted payrolls; and c. Ensure the program has sufficient supervisory resources following the implementation of Recommendation #3.	OEA	Not Implemented	OEA is exploring options for a software solution and evaluating the information needed to adopt a risk-based strategy. Public Works submitted a Manager's Budget Addendum for the 2017-18 budget cycle describing the research, analysis, and outreach OEA would perform before recommendation a software solution. OEA has outreached to other labor compliance programs and software providers to understand specifications of the software and possible cost. If a local hire program is established, the software solution would need to incorporate this capability. OEA will use previous wage and apprentice violations as the criteria to determine whether a project has high, moderate, or minimal risk. Site visits will focus on high to moderate risk projects. As other recommendations are implemented that change workload and assignments, OEA will evaluate the appropriate supervisory staffing. Target date: 6-18. **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.
#2: The Office of Equality Assurance should develop a plan to conduct concerted and ongoing outreach to employees and employers about wage compliance, maximizing its current network with City departments, nonprofits, and community organizations.	OEA	Not Implemented	OEA continues to perform outreach related to new regulations or changes to wage rates. For the Opportunity to Work ordinance taking effect in March 2017 and a minimum wage increase in July 2017, OEA issued notifications to all businesses that would be

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Audit Report and Recommendation	Department	Current Status	Comments
			affected by both changes. This resulted in notifications to approximately 1,050 businesses. Target date: 6-18.
#3: The Office of Equality Assurance should rededicate the 2.0 FTE originally budgeted to administer the Minimum Wage Ordinance. These staff should also aid with the implementation, administration, and enforcement of the City's Wage Theft Prevention Policy and Opportunity to Work Ordinance.	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: 6-18.
#4: 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	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, and recent changes to the labor code. Target date: 6-18.

Audit Report and Recommendation	Department	Current Status	Comments
investigation.			
#5: To avoid inconsistencies in the treatment of contractors, the Office of Equality Assurance (OEA) should document staff's decision-making criteria for: a. Timelines for payroll review process; b. Escalation of enforcement and appropriate use of enforcement tools; c. When payrolls are to be requested for service and maintenance projects; and d. The minimum value of a contract at which OEA must be notified.	OEA	Not Implemented	The Department is working on development of a policy and procedures manual. Target date: 6-18.
#6: 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 clarification and information regarding their process for this situation. OEA will discuss this with the City Attorney's Office when information has been collected. Target date: 6-18.
#7: To simplify the contract notification process and reduce errors, the Office of Equality Assurance (OEA) should: a. Provide up-to-date written guidance for Finance Department and City staff to assist them in making wage policy determinations, including that OEA staff are available to provide advice upon request; b. No longer require a formal notice of intent to contract form at the initiation of a project; and	OEA	Not Implemented	Public Works and Finance have initiated conversations regarding updating the current process but are still discussing how to implement a final solution. Target date: 1-18.

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Audit Report and Recommendation	Department	Current Status	Comments
c. Begin tracking projects upon receipt of completed agreements from the Finance Department.			
#8: Once the City Council determines the desired scope of the City-wide contracting program, the local hire/apprentice utilization program, and Americans with Disabilities Act compliance program, 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 plans to report updates in spring 2018. Meanwhile, an RFP for a labor market analysis to inform a possible local hire program was posted in July 2017. OEA expects the labor market analysis would take approximately 9 months to complete. After that time, the future of a local hire program can be reassessed. Target date: 6-19.

RETIREMENT

RETIREMENT

09-10 AUDIT OF PENSIONABLE EARNINGS AND TIME REPORTING (Issued 12/09/09)

The objective of our audit was to review the time-reporting and payroll processes that impact pensionable earnings and pensionable hours. The report included 15 recommendations.

Note: A follow-up audit of the accuracy of the City's pensionable earnings calculations and the status of corrections pending from this audit is included in the City Auditor's FY 2016-17 Work Plan

Audit Report and Recommendation	Department	Current Status	Comments
#2: Review the highest 12-month salary of all active beneficiaries starting in July 1, 2001[5] and work with Payroll to adjust those with retroactive lump sum payments to ensure that beneficiaries are receiving accurate pensions.	Retirement and Payroll	Partly Implemented	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 the Police and Fire Plan (P&F), ongoing monthly benefits of members with FLSA adjustments (from previously closed recommendation #6) were corrected in February and March 2017 and collection of overpayments are expected to begin in October 2017. The non-FLSA P&F population has been notified of the corrections and information sessions were held in May and June 2017. The P&F Board discussed next steps for this population at its August meeting and are hearing from affected members. The Federated members' recalculations and analysis are nearing completion for review. Target date 6-18 (delayed from 12-16 as recalculations are still underway or under review). **POTENTIAL BUDGET SAVINGS:** Corrections to pensions could lower City contributions by an amount TBD.

[5] July 1, 2001 was the date that the Federated Retirement Plan began using the highest 12-month salary as opposed to the highest three-year salary when computing retirement benefits.

RETIREMENT

Audit Report and Recommendation	Department	Current Status	Comments
#4: To the extent possible, correct pension payments and retirement contributions for the Police and Fire Retirement members and for the Federated Retirement members where higher class pay or management allowances were considered pensionable.	Retirement, Payroll, and Employee Relations	Partly Implemented	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&F), ongoing monthly benefits of members with FLSA adjustments (from previously closed recommendation #6) were corrected in February and March 2017 and collection of overpayments are expected to begin in October 2017. The non-FLSA P&F population has been notified of the corrections and information sessions were held in May and June 2017. The P&F Board discussed next steps for this population at its August meeting and are hearing from affected members. The Federated members' recalculations and analysis are nearing completion for review. Target date 6-18 (delayed from 12-16 as recalculations are still underway or under review). **POTENTIAL BUDGET SAVINGS:** Corrections to pensions could lower City contributions by an amount TBD.
#5: Propose amendments to the Municipal Code to ensure that only pays that are specifically negotiated and defined as pensionable in the Municipal Code for the Police and Fire and Federated Retirement Plans are included in the pension calculations.	Employee Relations	Implemented	This recommendation was implemented as part of the Alternative Pension Reform Framework, approved by voters as Measure F in November, 2016. The implementing ordinances were approved by the City Council in May 2017.
#7: Obtain authoritative documentation for time reporting codes and earnings codes, and create written policies and procedures for proper application of all codes, and for regularly reviewing and maintaining an authoritative time/earning code mapping table.	Payroll and Employee Relations	Partly Implemented ***PRIORITY ITEM***	Finance reviewed time reporting codes as part of the City's payroll system upgrade; most of the upgrade been completed. In April, 2017 Payroll, Employee Relations, and the City Attorney's office reviewed pensionable earnings codes for members of the Police and Fire plan. Additional work related to documenting pensionable codes for members of the Federated

RETIREMENT

Audit Report and Recommendation	Department	Current Status	Comments
			plan and creating procedures to ensure the proper application of codes and creating an authoritative mapping table of codes still needs to be done. Target date: 12-19.
#8: Conduct periodic reviews of all codes to cull duplicative or unused codes.	Payroll and Employee Relations	Partly Implemented **_PRIORITY ITEM_**	See Recommendation # 7 above. Target date: 12-19.
#9: Correct past errors and review all codes to ensure that codes are only available for use to applicable work groups.	Payroll and Employee Relations	Not Implemented **_PRIORITY ITEM_**	See Recommendation # 7 above. Target date: 12-19.
#10: Perform periodic reviews of all codes to ensure they are being used correctly. And to the extent possible, correcting past misuse. For example, checking that codes with strict parameters for their use are used correctly, e.g. Cancer Screening Release Time, Unpaid Furlough Leave.	Payroll	Not Implemented **_PRIORITY ITEM_**	In 2011, Finance/Payroll deactivated the Cancer Screening Release Time code that was no longer in use, and will be reviewing time reporting codes as part of the City's payroll system upgrade currently in process. (see Recommendation #7 above). Target date: 12-18.
#12: Provide timekeepers with written procedures and consider having them conduct the periodic monitoring of time codes.	Payroll	Not Implemented **_PRIORITY ITEM_**	See recommendation #7 above. Target date: 12-18.

TRANSPORTATION

TRANSPORTATION

Audit Report and Recommendation	Department	Current Status	Comments

15-02 STREET PAVEMENT MAINTENANCE: ROAD CONDITION IS DETERIORATING DUE TO INSUFFICIENT FUNDING (Issued 2/23/15)

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Department of Transportation, together with the City Manager's Office, should identify a sustainable, predictable funding stream to maintain roads annually, and develop a multi-year plan to use one-time funding to bring the road network up to ■ good condition by addressing maintenance backlogs and reconstructing ■ poor and ■ failed streets.	DOT	Partly Implemented	DOT reports that it continues to work with local, regional, and State agencies and stakeholders to increase pavement maintenance funding. According to DOT, two recent developments have resulted in an additional $36.5 million in projected annual revenue for pavement maintenance.

DOT reports that it continues to work with local, regional, and State agencies and stakeholders to increase pavement maintenance funding. According to DOT, two recent developments have resulted in an additional $36.5 million in projected annual revenue for pavement maintenance.

First, the Valley Transportation Authority (VTA) countywide Measure B Sales Tax initiative passed on the November 2016 ballot. DOT anticipates that the City will receive approximately $19 million per year on-going in pavement maintenance funding from this source. The project implementation details of this program are still under development by the VTA. Funds are expected to be available for use in 2018.

Second, on April 28, 2017, the Governor signed Senate Bill 1, the Road Repair and Accountability Act, which will raise $6 billion annually statewide to improve roads and transportation infrastructure. The law raises funding from a package of sources including gas taxes and vehicle fees. DOT reports that collection on a portion of these revenues will commence on November 1, 2017 and be available for use by the City in 2018. Once fully implemented, the City is projected to receive $17.5 million per year for City street pavement maintenance. The California Transportation Commission is finalizing its program guidelines for use and reimbursement of the funds.

With these new sources, the annual ongoing funding for pavement maintenance is projected to be approximately $50 million starting in 2018-19, which is still far short of the $108 million needed each year to improve the City's overall pavement network up to good condition.

However, according to DOT, additional one-time funding from local, State and Federal sources is projected to bring total pavement maintenance funding for FYs 2017-18 and 2018-19 to approximately $71 million per year. These funding sources, along with the ongoing

Audit Report and Recommendation	Department	Current Status	Comments
			funding, will allow DOT to perform pavement maintenance on the City's local and neighborhood (residential) street network for the first time since 2012. Target date: 12-17.
			POTENTIAL BUDGET SAVINGS: On average, every $1 spent to address deferred pavement maintenance saves $1 to $4 in additional cost.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: DOT's in-house street sweeping operation should stop emptying street sweepings onto the street.	DOT	Not 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 staff engaged with contractors to determine the cost and feasibility of adding storage containers. The cost is high (the current estimate is $300,000/year) because the in-house operation would need more equipment and staffing. DOT will consider this need with others in forthcoming budget cycles. Target date: 6-18 (delayed from 6-17).
#3: Going forward, DOT should periodically monitor the comparative effectiveness, costs, and efficiency of in-house and contracted street sweeping operations, and the threshold at which alternative service delivery should be considered.	DOT	Not Implemented	DOT reports that it will begin the analyzing the comparative effectiveness, costs, and efficiency of in-house and contracted street sweeping operations in FY 2017-18. In its analysis, DOT reports that it will consider overall cost, cost per curb mile and performance quality. Target date: 6-18.

TRANSPORTATION

Audit Report and Recommendation	Department	Current Status	Comments
#4: The City should identify additional funding to improve street sweeping service citywide.	DOT/Budget	Partly Implemented	DOT reports that funding was secured for the installation of 44+ curb miles of parking restriction signage. A new in-house sweeper was approved and will be delivered in FY 2018-19. However, the proposed addition of an inspector and parking compliance officer was not funded for FY 2017-18. Target date: 6-18.
#5: 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; and link route conditions and problems, and street cleanliness to specific locations along street sweeping routes; and c) Include electronic tracking and inspection compatibility in future bids for contracted street sweeping services.	DOT/ESD	Partly Implemented	DOT's in-house program has installed GPS telematics, which will be used to confirm completion of sweeping routes. An electronic inspection program is being developed, which allows each operator to identify barriers (low branches, vehicles, pavement damage) and will route the geocoded information to the appropriate section for mitigation. DOT will need to secure funding for equipment to implement. As the current residential street sweeping contractor does not have GPS-tracking devices, ESD will incorporate electronic inspection and GPS tracking capabilities into future residential street sweeping services agreements. ESD plans to issue a Request for Proposals in FY 2017-18 for the next round of hauler contracts for new services beginning July 1, 2021. Target date: 1-18.
#6: Based on staff input, route data, the results of past studies, and equipment needs, DOT should: a) Review and revise street sweeping schedules and routes; b) Consider additional enhanced sweeps in particularly dirty areas as funds and resources become available; and c) Develop a plan to periodically review street sweeping schedules and routes that consider street conditions.	DOT	Partly Implemented	DOT has and continues to review and revise street sweeping schedules. In January 2017, 16 new miles were added to sweep routes, and 11.4 miles were removed because they were identified as private streets or the street sweeper was not able to access those locations. Additionally, DOT is immediately alerted when residents use the street sweeping lookup tool and their address is not found. Additional resources will need to be evaluated by the Administration as a part of future budget cycles. DOT will incorporate street condition data into street sweeping schedules and route reviews throughout the year. Target date: 6-18.
#7: DOT should install additional permanent parking prohibition signs and/or expand enhanced sweeps based on need, as funds become available.	DOT	Partly Implemented	DOT has identified the areas for the additional signed miles. DOT reports that it is working with ESD and GreenWaste to add this additional signage. However, DOT reports that the signage will not be as effective without requested DOT support positions. Target date: 6-18.

TRANSPORTATION

Audit Report and Recommendation	Department	Current Status	Comments
#9: DOT and ESD should use the new electronic inspection system to identify and resolve conflicts between street sweeping, yard waste, garbage, and recycling schedules.	DOT/ESD	Partly Implemented	DOT was able to use the new collection day lookup tool (see recommendation #13) to identify conflicts at a small number of locations. As a result, residential routes were adjusted to ensure that street sweeping occurs the day following garbage, recycling, and yard waste collection service. These new sweep route changes were implemented in January 2017, and DOT will continue to monitor and respond to any issues that arise along residential routes. DOT has identified conflicts and is currently developing a plan to resolve remaining conflicts along commercial routes (multi-family residences have variable garbage and recycling service). Target date: 6-18 (delayed from 1-18).
#10: DOT should use its new electronic inspection system to streamline recording and referring barriers and violations.	DOT	Partly Implemented	The electronic inspection system is fully implemented for in-house and contractual street sweeping programs and will facilitate increased reporting of discrepancies throughout the City. With increased reporting, the City will need to expend more funds for repairs. More detailed reports on specific road segments will require additional resources and will need to be evaluated by the Administration as a part of future budget cycles. Target date: 6-18.

17-01 AUDIT OF OUR CITY FOREST (Issued 2/27/17)

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

#1: DOT should request all documents required by its current Operating Grant, and follow up as needed.	DOT	Implemented	OCF has submitted reports and required documentation for the FY 2015-16 Operating Grant Agreement and the FY 2016-17 Operating Grant Agreement.
#2: To ensure that the City's Matching Grant Agreement is in alignment with OCF's AmeriCorps grant, DOT should request to be notified of AmeriCorps grant submittals, request a copy of Our City Forest's annual grant agreement with AmeriCorps, request all documents required by its current Matching Grant with the City, and follow up as needed.	DOT	Partly Implemented	OCF has been regularly submitting reports related to the City's Matching Grant Agreement, and OCF's grant with AmeriCorps to DOT. DOT has received the first two of three reports. The final report is due October 2017, in alignment with the term of OCF's AmeriCorps grant agreement. Target date: 10-17.

TRANSPORTATION

Audit Report and Recommendation	Department	Current Status	Comments
#3: The City Administration should review and formalize its off-site tree replacement process. If the City desires to contract for these services, it should determine whether a competitive process is required to select a provider(s), establish an agreement(s) for these services (including a cost per tree), and require documentation of the tree plantings and maintenance provisions.	PBCE	Partly Implemented	PBCE staff report that they are in the process of developing a Request for Proposals (RFP), in conjunction with DOT, ESD, and PRNS, to establish a competitive process for an off-site tree provider. Following this, PBCE staff report that they will establish an agreement for services and documentation of those services. Target date: 12-17.
#4: To ensure permit conditions are met, the Planning Division should: a) Require permittees (developers and homeowners/landowners) to provide proof of off-site tree mitigation plantings; b) For development permits, require proof of off-site replacement plantings prior to the issuance of building permits; c) For tree removal permits, continue to require proof of off-site replacement plantings within 30 days of removal of the trees, and utilize Code Enforcement to ensure compliance; d) Retain documentation of verification of compliance with off-site replacement tree conditions; and e) Require maintenance period for replacement trees and replanting if they fail within that period.	PBCE	Partly Implemented	a) & b) According to the Department, permittees (both developers and landowners) are required to provide proof of off-site replacement, however this has not yet been documented. c) Permits (both for development permits and tree removal permits) require that replacement plantings (on- or off-site) are planted within 30 days of removal. Compliance for development permits is ensured through the plan check conformance review. d) Documentation of verification of compliance with on- and off-site tree planting is maintained by staff in hard copy and is noted in Planning's permitting system. e) Planning staff is currently in the process of improving the Private Tree Removal Permits to incorporate the findings of this audit, including that replacement trees have a maintenance period. PBCE is planning on presenting a Code change for approval by the City Council by December 2017. Target date: 12-17.