



**2015-2016**

---

**OPERATING BUDGET**

**ATTACHMENT C -  
STATUS OF  
CITY AUDITOR  
RECOMMENDATIONS  
WITH  
FUNDING IMPACT**

## Status of City Auditor Recommendations With Funding Impact 2015-2016 Adopted Operating Budget

There are a number of audit recommendations that are incorporated into actions included in the 2015-2016 Adopted Budget. The table below provides a summary of those audit recommendations. While this report focuses on audit recommendations with budget actions in 2015-2016, there are numerous outstanding audit recommendations with financial implications that are not being implemented as part of the 2015-2016 Adopted Budget. The City Auditor's Office reports on all outstanding audit recommendations on a semi-annual basis. These status reports can be found on the Auditor's Office website at: <http://www.sanjoseca.gov/index.aspx?nid=309>.

Department	Item	Remarks
Police	Audit of Civilianization Opportunities in the San José Police Department – Develop short, medium, and long-term plans to civilianize the positions identified in this audit and/or other positions identified by the Police Department (Issued 1/14/10, #9)	The 2015-2016 Adopted Budget adds 22.0 Community Service Officers (CSOs), 4.0 Senior Community Service Officers, associated non-personal/equipment costs (\$811,000), training costs (\$88,000), academy costs and one-time funding for 27 vehicles (\$675,000). This action will increase the number of CSOs from 28 to 50 and will add four supervisor positions to provide oversight for this program. These combined actions will enhance the unit's ability to handle low priority calls, and in turn will free up time for sworn officers to respond to calls for service and conduct proactive police work. Due to the lengthy time to recruit, background, and hire for this classification, these positions are projected to be filled by February 2016.
Police	Audit of Civilianization Opportunities in the San José Police Department – Identify partial administrative roles filled by sworn and consider options for civilianization. (Issued 1/14/10, #10)	The 2015-2016 Adopted Budget adds 1.0 Senior Office Specialist to the Field Training Officer (FTO) program in order to relieve sworn staff from administrative duties. This position will work in conjunction with an Administrative Officer on the day-to-day operations of the FTO program.

## Status of City Auditor Recommendations With Funding Impact 2015-2016 Adopted Operating Budget

Department	Item	Remarks
Library	<p>Library Hours and Staffing: By Improving the Efficiency of its Staffing Model, the Library Can Reduce the Cost of Extending Service Hours – the Library Department should:</p> <ul style="list-style-type: none"> <li>• Add back hours based on usage and traffic per time/day and day/week;</li> <li>• Evaluate a regional service model;</li> <li>• Reassign duties to lower level/cost staff;</li> <li>• Establish and monitor performance standards in materials movement;</li> <li>• Implement Lean processes system-wide;</li> <li>• Evaluate public floor assignments and reassign to other duties;</li> <li>• Redeploy staff from “greeter” assignments where possible;</li> <li>• Reevaluate staffing needs and proposed changes to the City Council to extend hours;</li> <li>• Preserve or increase the number of branches overseen by Senior Librarians;</li> <li>• Increase volunteer recruitment; and</li> <li>• Assign volunteers to augment staff in accomplishing library services activities.</li> </ul> <p>(Issued 3/13/14, #1, 2, 4, 5, 6, 8, 9, 11, 12, 14, and 15)</p>	<p>The 2015-2016 Adopted Budget addresses these recommendations by including the addition of 27.93 net positions (8.0 Librarian I, 13.24 Library Aide PT, 1.0 Library Clerk, 4.90 Library Page PT, 4.0 Literacy Program Specialist, 1.0 Network Technician I PT, 1.0 Senior Public Information Rep, 1.0 Senior Supervisor-Administration, 1.0 Warehouse Worker I, and 0.17 Warehouse Worker I PT, offset by the reduction of 4.8 Librarian I/II PT and 2.58 Library Clerk PT) to restore branch library hours from four days to six days of service per week, and from 33-34 hours to 47 hours at all 23 branch libraries. This action also continues ongoing the 2.88 positions (0.50 Librarian II PT, 1.0 Library Clerk PT, 1.21 Library Page PT, and 0.17 Library Aide PT) added on a one-time basis in 2014-2015 to support Saturday hours at the Evergreen Branch Library.</p> <p>Under this new model, all branches will be open Monday through Saturday and will result in increases to materials circulation, visitor attendance, and library programming.</p> <p>The cost of the expansion will be initially funded by both the Library Parcel Tax (approximately 80% of costs) and the General Fund (approximately 20% of costs). The General Fund, however, would assume the total cost of this expansion over a five-year period, with an anticipated increase in the General Fund share of 20% per year.</p>

**Status of City Auditor Recommendations With Funding Impact  
2015-2016 Adopted Operating Budget**

<b>Department</b>	<b>Item</b>	<b>Remarks</b>
Library	Library Hours and Staffing: By Improving the Efficiency of its Staffing Model, the Library Can Reduce the Cost of Extending Service Hours – the Library Department should continue to automate materials handling, and adjust branch staffing models to reflect the simplified check-in process. (Issued 3/13/14, #7)	The 2015-2016 Adopted Capital Budget and 2016-2020 Capital Improvement Program includes \$5.75 million for Automation Projects and System Maintenance in the Library Capital Program. By the end of 2015-2016, 20 of the City's 23 branch libraries will have Automated Materials Handling systems. The highest priority will be given to projects that provide enhancements to customer service, increase staff productivity and effectiveness, and increase the Library's ability to provide faster, better electronic access to information.
Library	Library Hours and Staffing: By Improving the Efficiency of its Staffing Model, the Library Can Reduce the Cost of Extending Service Hours – the Library Department should evaluate the feasibility of going cash-free in its branches. (Issued 3/13/14, #10)	The 2015-2016 Adopted Budget Capital Budget and 2016-2020 Capital Improvement Program includes \$2.4 in 2015-2016 for the Materials Handling Technology project to explore and implement a Radio Frequency Identification (RFID) system for library materials handling services, which will include the ability for cash and credit payments. The Library expects the new technology to be operational in 2015-2016.

## Status of City Auditor Recommendations With Funding Impact 2015-2016 Adopted Operating Budget

Department	Item	Remarks
Planning, Building and Code Enforcement	<p>Development Services: Improving the Experience for Homeowners – To improve communication and outreach to Permit Center customers, Planning, Building and Code Enforcement should:</p> <ul style="list-style-type: none"> <li>a) Review and correct outdated information on its website;</li> <li>b) Remove jargon and provide simply-worded instructions about when, why, and how to obtain permits and approvals; and</li> <li>c) Upgrade the online permit interface to make it more user-friendly.</li> </ul> <p>(Issued 9/18/14, #14)</p>	<p>The 2015-2016 Adopted Budget adds 1.0 Public Information Representative (\$77,000) and 1.0 Planner I/II (\$88,000). The Public Information Representative position will provide resources to update and maintain the Planning, Building and Code Enforcement (PBCE) Department's website and educational handouts. The PBCE webpages and educational handouts are constantly changing because of the introduction of new programs, new codes, and new industry standards. An effectively designed website will assist Permit Center staff by providing the public information about PBCE programs and increasing the percentage of permit applications completed online.</p> <p>The Planner I/II position will support general planning work and improve service to customers calling the Planning Division with questions related to development and planning inquiries. This position will help to improve response times to customers by increasing the number of hours from 4 to 6 per day that Planning staff will be available to assist customers; decreasing wait times to the goal of less than 10 minutes for customers to have questions answered.</p>

## Status of City Auditor Recommendations With Funding Impact 2015-2016 Adopted Operating Budget

Department	Item	Remarks
Public Works	<p>Facilities Maintenance: Process Improvements are Possible, but a Large Deferred Maintenance Backlog Remains – To enable better asset lifecycle management, Public Works should:</p> <ul style="list-style-type: none"> <li>a) Identify funding, in coordination with the Manager’s Budget Office, and create a plan to conduct comprehensive condition assessments, including lifecycle cost analysis of City facilities;</li> <li>b) Resume regular, ongoing condition assessments of City facilities; and</li> <li>c) Provide this information to City Council together with an analysis of the consequences of continuing funding at current versus enhanced levels.</li> </ul> <p>(Issued 11/13/14, #1)</p>	<p>The 2015-2016 Adopted Capital Budget adds one-time funding of \$400,000 to conduct a building inspection and evaluation assessment of City-owned facilities. This project is needed to conduct building assessments of the City's most crucial building components and systems, which will help the City's facilities management staff determine and prioritize the replacement and repair needs of the City-owned building infrastructure and equipment.</p>

## Status of City Auditor Recommendations With Funding Impact 2015-2016 Adopted Operating Budget

Department	Item	Remarks
Public Works	Facilities Maintenance: Process Improvements are Possible, but a Large Deferred Maintenance Backlog Remains – To fully institutionalize the City’s preventive maintenance focused strategy, the City Administration should identify ongoing funding for the Preventive Maintenance Program. (Issued 11/13/14, #2)	The 2015-2016 Adopted Budget adds ongoing funding of \$500,000 to continue the current Preventative Maintenance Program at the annual level of \$1.8 million. Since 2012-2013, this program has been funded at \$1.8 million with a combination of ongoing and one-time funds, ensuring the continuity of this service. By increasing the final ongoing level of support to \$1.8 million, this action will allow the overall preventive maintenance of City facilities to be maintained at the industry standard of 80% annual preventative maintenance by utilizing a combination of staff, overtime, and contractual services for maintaining the HVAC, plumbing, lighting, energy management systems, roofing, generators, and emergency fire alert systems.
Public Works	Facilities Maintenance: Process Improvements are Possible, but a Large Deferred Infrastructure Backlog Remains – 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. (Issued 11/13/14, #5)	The 2015-2016 Adopted Budget adds one-time non-personal/equipment funding of \$500,000 to upgrade the Enterprise Asset Management (EAM) system. Upgrading the EAM system will optimize and extend the functionality of the system to provide timely and accurate data needed for informed decisions regarding the City’s capital assets. This system upgrade will facilitate a business process review and analysis of capital asset replacement needs.

## Status of City Auditor Recommendations With Funding Impact 2015-2016 Adopted Operating Budget

Department	Item	Remarks
Finance	<p>Accounts Receivable: The City Can Enhance Revenue Collections by Improving its Billing &amp; Collection Practices – The Finance Department should determine a target workload for its collections staff and reduce the current backlog of accounts, sending accounts to its outside collections agency, reassigning staff within the revenue management division on a short-term basis, or other appropriate measures.</p> <p>(Issued 12/4/14, #9)</p>	<p>The 2015-2016 Adopted Budget adds 1.0 Investigator Collector and associated non-personal/equipment funding of \$76,000 to collect on delinquent accounts receivables.</p>
Finance	<p>Accounts Receivable: The City Can Enhance Revenue Collections by Improving its Billing &amp; Collection Practices – To maximize collections, Finance should finalize and implement City-wide billing, accounts receivable, revenue collection, post-judgment tool application, and departmental account reviews procedures and guidelines (City Administrative Policy).</p> <p>(Issued 12/4/14, #2, 4, 7, 8, 11, 13, 17)</p>	<p>The 2015-2016 Adopted Budget adds one-time contractual services funding of \$200,000 to develop policies, procedures, and training materials for financial functions in order to enhance internal controls and improve efficiencies for financial activities throughout the City. Training material topics will include cash handling, timekeeping, travel procedures, p-card procedures, contract management, and the Financial Management System.</p>



## Status of City Auditor Recommendations With Funding Impact 2015-2016 Adopted Operating Budget

Department	Item	Remarks
Budget Office	Fund Balance and Reserves: San José Should Aim to Have Higher Safety Net Reserves Within the General Fund – The Budget Office should propose revisions to Council Policy 1-18 (which address the City’s general purpose reserves) that would establish an overall reserve target level range for the Contingency Reserve and the Budget Stabilization Reserve. Such a range should be approximately 10 percent of expenditures (the minimum of benchmarked California cities) to 16.6 percent (the GFOA – recommended best practice. (Issued 3/12/2015, #1)	Manager’s Budget Addendum #26, Operating Budget and Capital Improvement Program Policy, responded to this direction and, with its incorporation into the City Council-approved Mayor’s June Budget Message, amended City Council Policy 1-18 to set a funding goal of 10 percent for General Purpose Reserves.
Budget Office	Fund Balance and Reserves: San José Should Aim to Have Higher Safety Net Reserves Within the General Fund – The Budget Office should propose revisions to Council Policy 1-18 regarding the City’s general purpose reserves (the <i>Contingency Reserve</i> and <i>Budget Stabilization Reserve</i> ) to incorporate all essential and important policy elements recommended by GFOA. (Issued 3/12/2015, #2)	Manager’s Budget Addendum #26, Operating Budget and Capital Improvement Program Policy, responded to this direction and, with its incorporation into the City Council-approved Mayor’s June Budget Message, amended City Council Policy 1-18 to clarify General Purpose Reserves and added specifics regarding the Contingency Reserve and Budget Stabilization Reserve.

## Status of City Auditor Recommendations With Funding Impact 2015-2016 Adopted Operating Budget

Department	Item	Remarks
Human Resources	Employee Hiring: The City Should Streamline Hiring and Develop a Workforce Plan to Fill Vacancies – In order to reduce vacancy backlog, the Human Resources Department should hire temporary recruitment staff. (Issued 4/9/15, #1)	The 2015-2016 Adopted Budget adds one-time funding for 1.0 Analyst II and 1.0 Senior Office Specialist through June 30, 2016, to extend the Human Resources Department's increased hiring capacity across the City, consistent with funding levels approved in 2014-2015. There continues to be a backlog for recruitment, with approximately 10-12% of authorized City positions vacant. The Human Resources Department will use the funding to continue temporary positions that assist in the various phases of the recruitment process. This funding will enable the department to conduct more recruitments concurrently and/or expedite the hiring process, which will better meet the needs of the various City departments. In addition, temporary positions will again be authorized in various departments with higher vacancy rates to assist with recruiting and will be funded by vacancy savings.

## Status of City Auditor Recommendations With Funding Impact 2015-2016 Adopted Operating Budget

Department	Item	Remarks
Human Resources	<p>Employee Hiring: The City Should Streamline Hiring and Develop a Workforce Plan to Fill Vacancies – In order to reduce vacancy backlog, the Human Resources Department should:</p> <ul style="list-style-type: none"> <li>a) Standardize hiring steps where possible to make the hiring process consistent; and</li> <li>b) Delineate consistent roles for Human Resources and department staff in the hiring process</li> </ul> <p>(Issued 4/9/15, #5)</p>	<p>The 2015-2016 Adopted Budget adds one-time contractual services funding of \$100,000 to provide consultant support for the Employment Services Division to review the 53 current steps of the recruitment process and suggest improvements that can be implemented based on best practices. This funding will also be used to revise a number of critical job specifications, which cannot be completed by current staff without diverting from recruitments to fill vacancies.</p> <p>In addition, the 2015-2016 Adopted Budget adds one-time funding of \$129,000 for temporary staffing resources to aid the Human Resources Department's evaluation of service delivery and strategic analysis. The position will analyze business processes, identify improvements, and document methodologies throughout the department, as well as develop metrics for measuring the success of those improvements and methodologies. Through this analysis, it is anticipated that this position will identify areas for efficiencies and business process improvements and work with staff to prioritize and implement those improvements. The focus will be on actions that reduce cycle time in key areas, such as employment services and workers' compensation administration, increase efficiency, and improve the accuracy of work products.</p>