



2017-2018

OPERATING BUDGET

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

Status of City Auditor Recommendations With Funding Impact 2017-2018 Adopted Operating Budget

There are audit recommendations that are incorporated into actions included in the 2017-2018 Adopted Budget. The table below provides a summary of those audit recommendations. While this report focuses on audit recommendations with budget actions in 2017-2018, there are numerous outstanding audit recommendations with financial implications that are not being implemented as part of the 2017-2018 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
Environmental Services	Environmental Services: A Department at a Critical Juncture – 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. (Issued 8/08/2012, #21)	The 2018-2022 Adopted Capital Improvement Program incorporates the exemption of capital improvement projects at the Regional Wastewater Facility (RWF) from the one percent (1%) public art assessment of the capital improvement budget for construction projects. Action on this exemption was approved at the June 6, 2017 City Council meeting. More detail on this action can be found in the Water Pollution Control Capital Program section of 2017-2018 Adopted Capital budget document.

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Department	Item	Remarks
Finance	<p>Consulting Agreements: Better Enforcement of Procurement Rules, Monitoring, and Transparency is Needed –</p> <ul style="list-style-type: none"> - 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 are adequate. - To lessen the burden on City staff while fostering improved competition in consultant procurements, the Finance Department should include in its annual procurement training simplified procurement processes for smaller consulting contract procurements while encouraging full and open competition, and define when these simplified processes can be used. <p>(Issued 6/12/2013, #5, #7)</p>	<p>The 2017-2018 Adopted Operating Budget adds ongoing funding to acquire and maintain Request for Proposal (RFP) software to guide City departments in creating successful RFPs and streamline current processes. More detail on this action can be found in the City Departments/Council Appointees section of the 2017-2018 Adopted Operating Budget for the Finance Department.</p>
Housing	<p>The Apartment Rent Ordinance: Additional Investment, Improved Processes, and Strategic Resource Deployment Needed to Better Serve Tenants and Landlords -</p> <ul style="list-style-type: none"> - 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. <p>(Issued 11/30/2016, #2)</p>	<p>The 2017-2018 Adopted Operating Budget adds ongoing fee-supported funding for 1.0 Senior Deputy City Attorney position to provide staffing to assist on legal issues relating to rental rights, including issues relating to the new Tenant Protection, Ellis Act and Mobilehome ordinances. More detail on this action can be found in the City Departments/Council Appointees section of the 2017-2018 Adopted Operating Budget for the Office of the City Attorney.</p>

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Housing	<p>The Apartment Rent Ordinance: Additional Investment, Improved Processes, and Strategic Resource Deployment Needed to Better Serve Tenants and Landlords -</p> <ul style="list-style-type: none"> - To improve communication and outreach, the Housing Department should: <ul style="list-style-type: none"> a) Adopt a targeted approach to tenants and landlords, b) Improve language accessibility, c) Improve its lobby space, d) Improve websites, and, e) Expand its online offerings including an on-line look-up tool, and the ability to file petitions online. - 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. <p>(Issued 11/30/2016, #3, #4)</p>	<p>The 2017-2018 Adopted Operating Budget adds fee-supported funding for 1.0 Information Systems Analyst and realigns staffing to provide 1.0 Senior Analyst within the Rental Rights and Referral Program to administer the Modified Apartment Rent Ordinance. The Senior Analyst will develop communications materials in multiple languages and oversee daily interactions with owners and tenants. More detail on this action can be found in the City Departments/Council Appointees section of the 2017-2018 Adopted Operating Budget for the Housing Department.</p>

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Department	Item	Remarks
Information Technology	<p>Technology Deployments: Additional Resources Needed to Shorten Deployment Timelines – The Administration should establish a continuous replacement program for the City’s key technology systems by:</p> <p>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;</p> <p>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</p> <p>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.</p> <p>(Issued 03/10/2016, #1)</p>	<p>The 2017-2018 Adopted Operating Budget adds funding to replace a portion of the City’s server and storage infrastructure, including ongoing funding for replacements. This action partially implements audit recommendations a) and b) consistent with the outlined methodology in recommendation c). More detail on this action can be found in the City Departments/Council Appointees section of the 2017-2018 Adopted Operating Budget for the Information Technology Department.</p>

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Department	Item	Remarks
Information Technology	<p>Technology Deployments: Additional Resources Needed to Shorten Deployment Timelines –</p> <ul style="list-style-type: none"> - 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. - 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. <p>(Issued 03/10/2016, #3, #7)</p>	<p>The 2017-2018 Adopted Operating Budget realigns Information Technology Department staffing to dedicate 2.0 Information Systems Analysts (Product-Project Managers) to create a Portfolio and Project Management Office (PPMO) to ensure that critical City technology projects are managed and implemented within required time, cost, scope, and customer satisfaction targets. This staffing realignment for professional project and product management allows the City to address project initiation rigor and resolve these audit recommendations. More detail on this action can be found in the City Departments/Council Appointees section of the 2017-2018 Adopted Operating Budget for the Information Technology Department.</p>

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Department	Item	Remarks
Information Technology	<p>Technology Deployments: Additional Resources Needed to Shorten Deployment Timelines –</p> <ul style="list-style-type: none"> - 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. - Given the continuous need to replace technology systems, the Administration should hire qualified, permanent project management staff and train departmental staff in project management skills to develop in-house knowledge. <p>(Issued 03/10/2016, #4, #6)</p>	<p>The 2017-2018 Adopted Operating Budget realigns Information Technology Department staffing to dedicate 2.0 Information Systems Analysts (Product-Project Managers) to create a Portfolio and Project Management Office (PPMO) to ensure that critical City technology projects are managed and implemented within required time, cost, scope, and customer satisfaction targets. This staffing realignment allows the City to resolve these audit recommendations, though capacity will be limited to a small number of key projects. More detail on this action can be found in the City Departments/Council Appointees section of the 2017-2018 Adopted Operating Budget for the Information Technology Department.</p>

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Department	Item	Remarks
Information Technology	<p>Customer Call Handling: Resident Access to City Services Needs to be Modernized and Improved –</p> <ul style="list-style-type: none"> - To improve access to City services and to reduce the City’s telephone call handling costs, the Administration should develop a coordinated strategy to <ul style="list-style-type: none"> 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. <p>(Issued 08/14/2014, #2)</p>	<p>The 2017-2018 Adopted Operating Budget adds one-time funding for the Customer Relationship Management (CRM) solution. Implementation of CRM this year, as well as the additional funding for support of the solution, will allow the ability to add new self-service options. If successful, the CRM solution will reveal where service demands outstrip the City’s ability to respond, allowing for review and resolution of utilization targets. More detail on this action can be found in the City Departments/Council Appointees section of the 2017-2018 Adopted Operating Budget for the Information Technology Department.</p>

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Department	Item	Remarks
Information Technology	<p>Customer Call Handling: Resident Access to City Services Needs to be Modernized and Improved –</p> <ul style="list-style-type: none"> - 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. - 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. <p>(Issued 08/14/2014, #11, #12)</p>	<p>The 2017-2018 Adopted Operating Budget adds one-time funding for the Customer Relationship Management (CRM) solution. Implementation of CRM addresses these audit recommendations for the City's top-five service priorities. CRM support and limited feature additions will allow further integration with departmental systems, and maintain and grow the knowledgebase for both staff and public uses. In addition, the 2017-2018 Adopted Operating Budget addresses staffing for professional in-house project and product management, providing specialties to develop the City's methodologies and practices to achieve a high project success rate. More detail on these actions can be found in the City Departments/Council Appointees section of the 2017-2018 Adopted Operating Budget for the Information Technology Department.</p>

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Department	Item	Remarks
Information Technology	<p>Graffiti Abatement: Implementing a Coordinated Approach –</p> <ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> 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. <p>(Issued 06/13/2013, #15)</p>	<p>The 2017-2018 Adopted Operating Budget adds one-time funding for the Customer Relationship Management (CRM) solution. The implementation of CRM, development of interfaces, and funding for staff support in the Portfolio and Project Management Office will resolve audit recommendations a) and b). More detail on this action can be found in the City Departments/Council Appointees section of the 2017-2018 Adopted Operating Budget for the Information Technology Department.</p>