



**OFFICE OF THE
CITY AUDITOR**

**SEMI-ANNUAL RECOMMENDATION FOLLOW-UP REPORT
ON ALL OUTSTANDING AUDIT RECOMMENDATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2004**

**A REPORT TO THE
SAN JOSÉ CITY COUNCIL
MAKING GOVERNMENT WORK BETTER COMMITTEE**



GERALD A. SILVA
City Auditor

CITY OF SAN JOSÉ, CALIFORNIA

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April 8, 2005

Honorable Mayor and Members
of the City Council
801 North First Street, Room 600
San José, CA 95110

Transmitted herewith is the *Semi-Annual Follow-Up Report On All Outstanding Audit Recommendations For The Six Months Ended December 31, 2004*.

An Executive Summary is presented on the blue pages in the front of this report. In accordance with procedures, the City Auditor gave the City Manager's Office a preview copy of this report for review.

The format of the Semi-Annual Follow-Up Report is intended to highlight recommendations requiring Making Government Work Better Committee attention and report on the status of all open recommendations.

I will present this report to the Making Government Work Better Committee at its April 21, 2005 meeting. Should you have any questions or need additional information in the interim, please let me know.

Respectfully submitted,

Gerald A. Silva
City Auditor

GS:bh
Dec04

cc: City Manager's Office
and affected departments

EXECUTIVE SUMMARY

In accordance with the City Auditor's approved 2004-05 Workplan, we have prepared a report of the status of open recommendations for the six months ending December 31, 2004. To prepare this report, we met with department staff, reviewed department assessments of audit status, and reviewed documentation provided by departments.

IMPLEMENTATION STATUS OF OPEN RECOMMENDATIONS

During the semi-annual period covering July 1 through December 31, 2004, there were one hundred and thirty eight (138) outstanding recommendations of which:

- 12 recommendations were implemented;
- 86 recommendations were partly implemented;
- 37 recommendations were not implemented;
- 3 recommendations were deferred; and

Table I summarizes these recommendations by audit report in chronological order.

**TABLE I
STATUS OF OPEN RECOMMENDATIONS BY AUDIT REPORT ENDING DECEMBER 31, 2004**

Report #	Audit Report	Implemented	Partly Implemented	Not Implemented	Deferred	Dropped
88-03	An Audit Of The Police Department Overtime Controls		1			
93-05	An Audit Of The Department Of General Services/Vehicle Maintenance Division--Police Vehicles		1			
95-06	An Audit Of The San Jose Arena Management Agreement			1		
96-06	An Audit Of The City Of San Jose's Business Tax Collection Process			1		
96-07	An Audit Of The City Of San Jose's Open Purchase Order Process		1	1		
97-01	An Audit Of The City Of San Jose's Utility Billing System		3			
97-05	An Audit Of The Department Of Public Works Engineering & Inspection Costs	1				
98-05	An Audit Of The City Of San Jose's Sewer Billing Services		1			
00-01	An Audit Of The Police Department -Bureau of Field Operations Patrol Division's Staffing and Deployment		1			
00-02	An Audit Of The City Of San Jose's Master Vendor File			1		
00-04	An Audit Of The City Of San Jose Building Division's Building Permit Fee Process				2	
01-01	An Audit Of The Property Appraisal Process Of The Department Of Public Works—Real Estate Division		2	2		
01-02	An Audit Of The City Of San Jose Fire Department's Overtime Expenditures		5			
01-05	An Audit of the City of San Jose Fire Department's Strategic Plan Regarding Proposed Fire Stations		1	1		
02-02	An Audit Of The San José Arena Management Corporation's Compliance With The San José Arena Management Agreement		3			
02-03	An Audit Of The Property Management Operations Of The City Of San José's Department Of Public Works – Real Estate Division		3	1		
02-04	An Audit Of The San José Police Department's Method Of Projecting Sworn Officer Retirements And Other Separations		2	1		
03-01	An Audit Of The Targeted Neighborhood Clean-up Program	1	1	1		
03-03	An Audit Of The Fleet Management Division Of The General Services Department's Vehicle Replacement Program		10			
03-04	An Audit Of The Airport Neighborhood Services Group		3			
03-07	An Audit Of The Neighborhood Development Center Of The Department Of Parks, Recreation, And Neighborhood Services	1	2			
03-10	An Audit of The San José Fire Department's Bureau of Fire Prevention		4		1	
03-11	An Audit Of The Utilization And Replacement Of The City's Metered Equipment	2	7			
04-01	An Audit Of The Concentrated Code Enforcement Program		5	1		
04-02	An Audit Of The Crossing Guard Program	3	2	2		
04-03	An Audit Of The Department Of Public Works' Real Estate Division Real Property Acquisition Process		2			
04-04	An Audit Of The Utilization And Replacement Of The City's Transport Vehicles	3	8			
6/2/04 Memo	Memorandum Of The Avis Rent A Car Audit		1	2		
04-05	A Review Of The CUSP Request For Proposal Process		3	11		
04-06	A Review Of The Request For Proposal For The New Civic Center Converged Network System		1	5		
04-07	An Audit Of The City's Cellular Phone Program		4	2		
04-08	An Audit Of San José Family Camp	1	8	2		
04-09	An Audit Of The City Manager's Reforms		1	2		
	Totals	12	86	37	3	0

EXECUTIVE SUMMARY - continued

As of December 31, 2004, the distribution of the one hundred twenty three (123) recommendations which remain open are as follows:

6	Airport	1	Information Technology
38	City Administration	5	Planning, Building, and Code Enforcement
1	City Attorney	4	Police Department
4	Environmental Services Department	15	Parks, Recreation, and Neighborhood Services
4	Finance Department	7	Public Works Department
12	Fire Department	4	San José Arena Management
18	General Services	4	Transportation

Of the one hundred twenty three (123) recommendations which remain open:

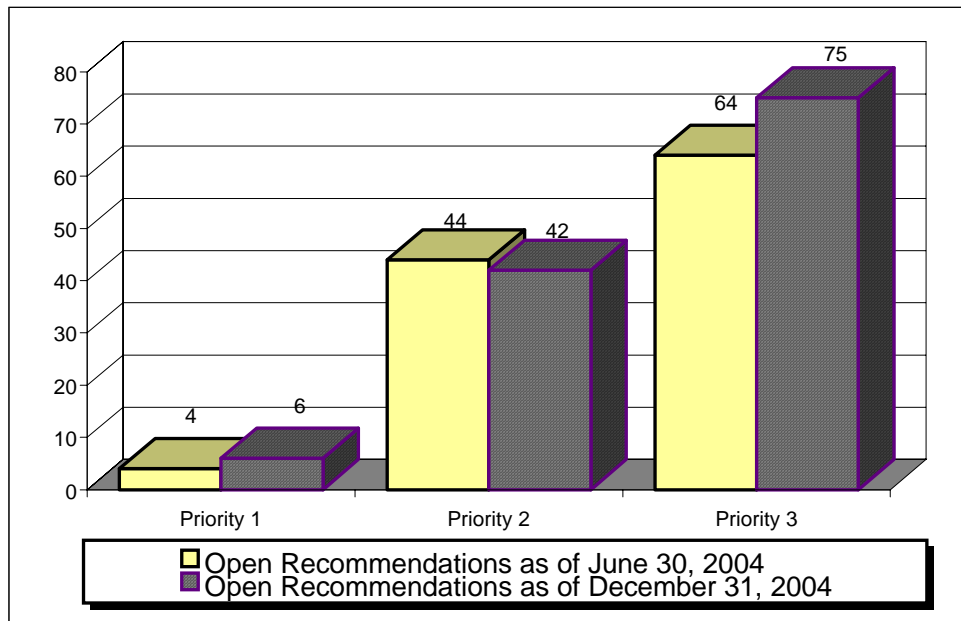
- 6 recommendations are Priority 1;
- 42 recommendations are Priority 2; and
- 75 recommendations are Priority 3.

Of the thirty seven (37) recommendations which are “not implemented”:

- 0 recommendations are Priority 1;
- 5 recommendations are Priority 2; and
- 32 recommendations are Priority 3.

Graph 1 shows the priority status of recommendations that remained open during the past year.

GRAPH 1
PRIORITY STATUS OF REMAINING OPEN AUDIT RECOMMENDATIONS



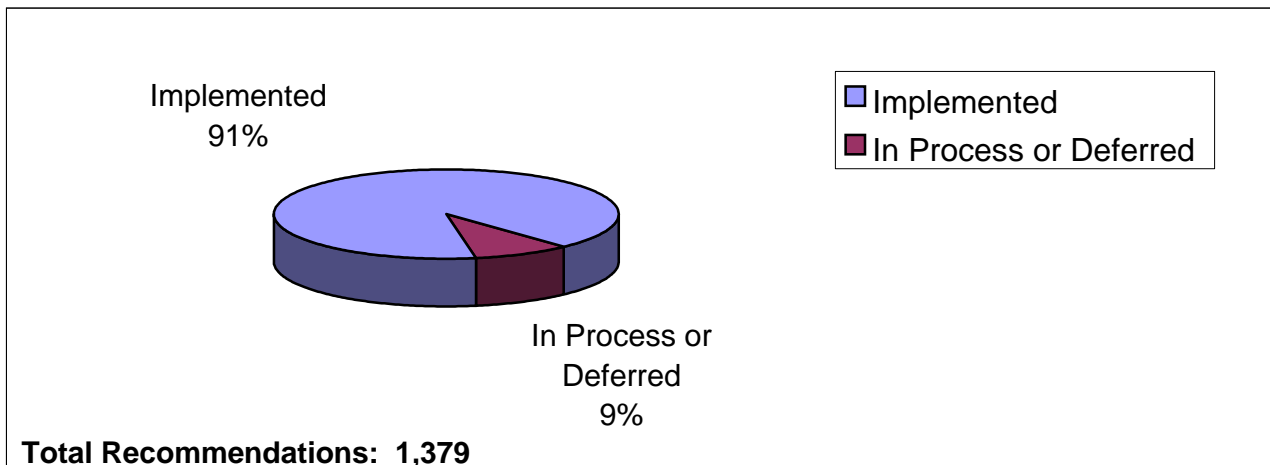
EXECUTIVE SUMMARY – continued

During this semi-annual period the City Council approved 26 new recommendations, and the Administration implemented 12 recommendations. We thank the departments for their efforts in implementing these recommendations and toward implementing those 123 recommendations still outstanding.

Graph II shows the number of City Auditor recommendations made and implemented from May 1985 through December 2004.

GRAPH II

**RECOMMENDATIONS IMPLEMENTED
May 1985 through December 2004**



EXECUTIVE SUMMARY - continued

RECOMMENDATIONS REQUIRING MAKING GOVERNMENT WORK BETTER COMMITTEE ATTENTION

Recommendations requiring Making Government Work Better Committee attention are those recommendations for which either 1) the City Auditor and the Administration disagree on the recommendation's implementation status, 2) the Administration has not informed the City Auditor as to the status of the recommendation's implementation, 3) the Administration has indicated it cannot or will not implement the recommendation, 4) the recommendation will require additional funding in order to be implemented, or 5) implementation would generate additional revenues or cost savings.

96-06: AN AUDIT OF THE CITY OF SAN JOSÉ'S BUSINESS TAX COLLECTION PROCESS

#4 (Finance/Treasury Division/RK) - Upon approval of Recommendations #1, #2 and #3, request funding for any associated costs for necessary new staff and additional operating expenses. (Priority 3)

Not implemented. According to the Finance Department, staff is working on revenue enhancing programs and Council-directed changes to the Business Tax Ordinance. Three main areas in which the department is concentrating its efforts are: Business Inventory Management System (BIMS), Business Tax Hardship Waiver, and the Business Tax Amnesty Program. The Finance Department stated it would revisit this recommendation during fiscal year 2004-2005. Target date: 6-05.

REQUIRES FUNDING: Funding was originally requested as part of the ITPB e-Gov funds

97-01: AN AUDIT OF THE CITY OF SAN JOSÉ'S UTILITY BILLING SYSTEM

#4 (Finance/Environmental Services Department/ME) - The City Council consider combining sewer and storm drain fees with Recycle Plus billings. (Priority 2)

Partly implemented. In November 2004, the City Council approved the selection of BearingPoint/PeopleSoft to implement an integrated billing, customer service, and partner management system (CUSP) that would have the capability to issue combined sewer, storm, and garbage bills. The project implementation and initial operation is expected to take about 18-24 months. The project anticipates a consolidated billing system, integrating Recycle Plus, Water, Sewer and Storm Drain fees into one system, one bill. Target date: 12-06.

INCREASES REVENUE: \$350,000.

REDUCES COSTS: \$350,000.

#19 (Finance/Environmental Services Department/ME) - Request that the City Council authorize a database administrator position at the UBS. (Priority 3)

Partly implemented. In November 2004, the City Council approved the selection of BearingPoint/PeopleSoft to implement an integrated billing, customer service, and partner management system. A project staffing plan was developed, and included the hiring of a DBA responsible for System Administrator tasks, Oracle database administration, and managing system security. The DBA position was filled the end of February 2005 on a temporary basis. Staff is proposing to permanently add the DBA position as part of the fiscal year 2005-06 budget process. In July 2005, when the position becomes permanent, we will classify this recommendation as implemented. Target date: 7-05.

REQUIRES FUNDING: The estimated cost to fill this position on a permanent basis is currently about \$125,000 annually.

00-02: AN AUDIT OF THE CITY OF SAN JOSÉ'S MASTER VENDOR FILE

#3 (Finance Department/IT Department/RK) - Prepare a proposal and budget requirements to allow for 1) identifying, researching, and purging inactive vendor numbers; "R" vendor numbers; deceased, retired, and former employee numbers; and erroneously assigned vendor numbers from the Master Vendor File and the corresponding records in other modules; 2) Archiving the records taken off the Master Vendor File and the corresponding records; and 3) Using a vendor numbering system for one-time payment of authorized purchases and automatic purging of such vendor numbers. (Priority 3)

Not implemented. During the 2000-2001 budget process, a budget proposal was submitted to address specific vendor file issues and other financial issues. System enhancements related to FMS were included in this proposal. However, the proposal was not funded. Due to the City's current budget situation, this proposal will not be advanced in this year's budget cycle. Target date: None.

REQUIRES FUNDING: TBD.

01-02: AN AUDIT OF THE CITY OF SAN JOSÉ FIRE DEPARTMENT'S OVERTIME EXPENDITURES

#9 (San José Fire Department/EL) - Evaluate the feasibility of implementing a comprehensive Wellness-Fitness Initiative Program for the San José Fire Department (SJFD) and prepare a budget proposal should the initiative appear cost beneficial. (Priority 3)

Partly implemented. The Fire Department is currently evaluating the requirements to implement a full comprehensive wellness program. The City Safety Officer is working with the Department Safety Officer and Department Safety Committee to formulate a Master Health and Safety Plan, which includes the implementation of the Wellness-Fitness Initiative. Target date: 6-05.

COUNCIL ATTENTION REQUIRED: Requires funding TBD.

01-05: AN AUDIT OF THE CITY OF SAN JOSÉ FIRE DEPARTMENT'S STRATEGIC PLAN REGARDING PROPOSED FIRE STATIONS

#3 (San José Fire Department/RM) - 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. (Priority 3)

Partly implemented. The SJFD has completed some of the prerequisites necessary to implement the Priority Dispatch Omega protocol. Specifically, it renewed its accreditation as an Accredited Center of Excellence in February 2005; it implemented the new CAD system necessary to integrate ProQA software necessary for the Priority Dispatch Omega protocol; and it has begun using the ProQA software. However, the current EMS Agreement with the County requires that the SJFD respond on all 911 calls received. Under the Priority Dispatch Omega protocol, the 911 call is referred to an appropriate alternate site rather than requiring a response. Therefore, the SJFD will address the Priority Dispatch Omega protocol as part of an upcoming report recommending that the current EMS Agreement with the County be revised to include this system improvement. The current contract is up for renewal in July 2006. The Fire Department will also need to evaluate advice program options and projected costs as well as coordinate with Priority Dispatch Corporation and American Medical Response Corporation to develop a comprehensive OMEGA protocol system for the City. Target date: 7-06.

REQUIRES FUNDING: TBD.

#5 (San José Fire Department/RM) - Implement a pilot project to evaluate the use of SUVs or Light Units to respond to lower priority emergency medical calls. (Priority 3)

Not implemented. Given the current economic situation and the anticipated budget deficit, the Fire Department has not implemented this pilot program. The Fire Department hopes at some future date to implement a pilot program utilizing current apparatus resources. The pilot program would also require funding for 3 FTEs per pilot site, which is the primary reason for the delay in implementing a pilot program. Target date: 6-05.

REQUIRES FUNDING: TBD.

02-03: AN AUDIT OF THE PROPERTY MANAGEMENT OPERATIONS OF THE CITY OF SAN JOSÉ'S DEPARTMENT OF PUBLIC WORKS – REAL ESTATE DIVISION

#1 (City Council/EL) - Revisit its policy on non-profit leases of City-owned properties. (Priority 2)

Not implemented. Before revisiting its policy on below-market rents to non-profit entities, the City Council requested that the Office of the City Auditor survey all City departments, and the Redevelopment Agency, to identify all City- and Agency-owned

real property non-profit organizations lease, occupy, or otherwise use. The City Auditor issued a survey of Citywide Real Property Inventory in December 2002. The survey identified 43 leases to non-profit organizations. The City Council needs to utilize the survey results to review its policy on below-market rents involving City-owned properties. The City Council has not reviewed this policy to date.
Target date: 6-05.

REQUIRES COUNCIL ATTENTION.

03-01: AN AUDIT OF THE TARGETED NEIGHBORHOOD CLEAN-UP PROGRAM

#1 (Code Enforcement/CC) - Report to the City Council on its assessment of ways to reduce overtime costs and increase targeted Clean-up areas to accommodate an average of 22 bins per Clean-up event,

Work with the City Council to establish a City Council Office-Directed Community Grant Program to provide for two small neighborhood Clean-ups per year per City Council District, and

Develop written standards regarding the form, content, and timing for Clean-up event flyers and use funds budgeted for Clean-up event bins to cover the costs to mail the flyers. (Priority 3)

Partly implemented. Code Enforcement reports that bin usage was still below the recommended average of 22 bins per Clean-Up event due to the vacancy of one of the two Code Enforcement Inspector positions dedicated to event coordination. Additionally, Code Enforcements reports that Recreation Leaders, a large source of Clean-Up bin monitors, have been significantly reduced due to PRNS restrictions on the number of hours they may work in a pay period. Code Enforcement continues to seek a new pool of bin monitors. We recommend that Code Enforcement explore the possibility of establishing part-time, non-benefited bin monitor positions or use Temporary Unclassified Positions to replace reduced pool of Recreation Leaders as an option to reduce overtime costs. Target date: 6-05.

Code Enforcement is unable to identify funds for the Council Office-directed Community Grant Program. Code Enforcement continues to urge Council Offices and neighborhood associations to take advantage of Community, Action, Pride (CAP) grants to fund small neighborhood clean-ups.

REQUIRES FUNDING: TBD.

04-08 AN AUDIT OF SAN JOSÉ FAMILY CAMP

#2 (Parks, Recreation, And Neighborhood Services/EL) - Upgrade camp staff housing. (Priority 3)

Partly implemented. Staff housing consists of 22 soft-sided tents and five hard-sided cabins. Staff has renovated the five hard-sided cabins to include electrical upgrades, dry rot repairs, decks, doors, and stairs. PRNS plans to upgrade four tent platforms each year until all tent platforms are improved. PRNS expects to upgrade four tent platforms by June 2005 at a cost of \$10,000. Target date: 6-05.

COUNCIL ATTENTION REQUIRED: \$45,000 funding required to repair 18 tent platforms.

**COMPLETE LISTING OF THE STATUS
OF OPEN AUDIT RECOMMENDATIONS
AS OF DECEMBER 31, 2004**

88-03: AN AUDIT OF THE POLICE DEPARTMENT OVERTIME CONTROLS

#14 (San José Police Department/ME) - Develop and implement forms for documenting the justification and authorization of all overtime occurrences. (Priority 3)

Partly implemented. The City Auditor and members of the SJPD met with the Rules Committee to discuss this recommendation. The City Auditor's Office recommended to add this item to their 2005-06 Audit Workplan to review the issue. It was agreed that the City Auditor would conduct a "controls review" of the SJPD's overtime controls now in place. After their review of the control documents, the City Auditor's Office will then make the decision to either close this recommendation or recommend another audit of the Department's overtime justification and authorization process. Target date: 6-06.

93-05: AN AUDIT OF THE DEPARTMENT OF GENERAL SERVICES/VEHICLE MAINTENANCE DIVISION--POLICE VEHICLES

#5 (City Council & City Administration(Employee Relations)/JO) - Update the current section of the City Administrative Manual on employee transportation to include language defining a City-wide sphere of influence and stipulating how employees will compensate the City for taking a City vehicle beyond the City's sphere of influence. (Priority 2)

Partly implemented. City Policy Manual Section 13.01 states, "Employees approved for take-home use of vehicles will comply with any standards, which may be set by the City regarding the maximum allowable time or distance from the reporting location for standby or callback duty." In order to implement this recommendation, we will review the departments' standards regarding this issue for appropriateness and consistent implementation. Target date: 6-05.

95-06: AN AUDIT OF THE SAN JOSÉ ARENA MANAGEMENT AGREEMENT

#4 (City & San José Arena Management Corporation/ME) - Agree on a definition of what the program operating budget in section 9.02 of the Management Agreement should include in order to facilitate the San José Arena Management Corporation preparing the budget and submitting it to the City for review and approval in accordance with the terms of the Management Agreement. (Priority 2)

Not implemented. Although the City and Arena Authority continue to reserve the right for future considerations for the submittal of the program operating budget, it continues to be not required for any immediate purpose. Target date: 6-05.

96-06: AN AUDIT OF THE CITY OF SAN JOSÉ'S BUSINESS TAX COLLECTION PROCESS

#4 (Finance/Treasury Division/RK) - Upon approval of Recommendations #1, #2 and #3, request funding for any associated costs for necessary new staff and additional operating expenses. (Priority 3)

Not implemented. According to the Finance Department, staff is working on revenue enhancing programs and Council-directed changes to the Business Tax Ordinance. Three main areas in which the department is concentrating its efforts are: Business Inventory Management System (BIMS), Business Tax Hardship Waiver, and the Business Tax Amnesty Program. The Finance Department stated it would revisit this recommendation during fiscal year 2004-2005. Target date: 6-05.

REQUIRES FUNDING: Funding was originally requested as part of the ITPB e-Gov funds.

96-07: AN AUDIT OF THE CITY OF SAN JOSÉ'S OPEN PURCHASE ORDER PROCESS

#19 (General Services Purchasing Division/Finance Department/RM) - Develop and implement invoice review and approval procedures to be included in the City Administrative Manual. The procedures should provide assurance that:

- *goods or services were authorized under the open purchase order;*
- *goods or services were received;*
- *on open purchase orders over \$5,000, invoiced quantities, prices/rates and terms are in accordance with the terms of the open purchase order;*
- *invoices are mathematically correct;*
- *departments receive the pricing and rate documentation necessary to properly review invoices; and*
- *receiving documents are forwarded to accounting units to match to the invoices.*

(Priority 2)

Not implemented. The Finance Department is in the process of developing procedures to be included in the City Administrative Manual. However, staff redeployments intended to accomplish this task are not complete, so these procedures have not yet been completed. Target date: 6-05.

#21 (Finance/RM) - Finalize revisions to the Finance Administrative Manual Accounts Payable Section. (Priority 3)

Partly implemented. The Finance Department is in the process of updating the Accounts Payable Section of the Finance Administrative Manual. Continued vacancies in this section have further delayed completion of this project.
Target date: 6-05.

97-01: AN AUDIT OF THE CITY OF SAN JOSÉ'S UTILITY BILLING SYSTEM

#4 (Finance/Environmental Services Department/ME) - The City Council consider combining sewer and storm drain fees with Recycle Plus billings. (Priority 2)

Partly implemented. In November 2004, the City Council approved the selection of BearingPoint/PeopleSoft to implement an integrated billing, customer service, and partner management system (CUSP) that would have the capability to issue combined sewer, storm, and garbage bills. The project implementation and initial operation is expected to take about 18-24 months. The project anticipates a consolidated billing system, integrating Recycle Plus, Water, Sewer and Storm Drain fees into one system, one bill. Target date: 12-06.

INCREASES REVENUE: \$350,000.

REDUCES COSTS: \$350,000.

#19 (Finance/Environmental Services Department/ME) - Request that the City Council authorize a database administrator position at the UBS. (Priority 3)

Partly implemented. In November 2004, the City Council approved the selection of BearingPoint/PeopleSoft to implement an integrated billing, customer service, and partner management system. A project staffing plan was developed, and included the hiring of a DBA responsible for System Administrator tasks, Oracle database administration, and managing system security. The DBA position was filled the end of February 2005 on a temporary basis. Staff is proposing to permanently add the DBA position as part of the fiscal year 2005-06 budget process. In July 2005, when the position becomes permanent, we will classify this recommendation as implemented. Target date: 7-05.

REQUIRES FUNDING: The estimated cost to fill this position on a permanent basis is currently about \$125,000 annually.

#20 (Finance/Environmental Services Department/ME) - Establish on-going procedures for (1) scanning for errors and correcting customer data in the database, (2) purging unnecessary data, (3) authorizing changes in account status from active to inactive, and (4) routinely reviewing monthly reports for rate code exceptions. (Priority 3)

Partly implemented. In November 2004, the City Council approved the selection of BearingPoint/PeopleSoft to implement an integrated billing, customer service, and

partner management system. Staff is currently working with BearingPoint to develop an implementation plan, which will include determining which data will be converted to the new system. During the implementation phase, staff will work with BearingPoint to develop procedures for ongoing, periodic purging and/or archiving of billing system data, which are expected to be in place once the new system goes live. Target date: 12-06.

97-05: AN AUDIT OF THE DEPARTMENT OF PUBLIC WORKS ENGINEERING AND INSPECTION COSTS

#2 (Public Works/RK) - In conjunction with the Budget Office, develop and propose to the City Council an alternate method, such as the “budget-off-the-top” approach, to budget and account for DPW costs charged to capital projects. (Priority 3)

Implemented. The Department of Public Works has completed the Public Works Cost Allocation Plan. The Plan calculates “Capital Program Support” rates based on services provided to various capital programs and applies them to each capital project the Department of Public Works supports. The revenues generated by these rates are accounted for in the Public Works Program Support Fund which was established during the 2004-2005 budget process. The use of the Fund, compliant with OMB A-87, will primarily be for staff providing central departmental services that support capital programs. The Department’s paid absences will also charge to the Fund rather than to individual capital projects. The Public Works Cost Allocation Plan replaces the “budget-off-the-top” pilot program and is intended to facilitate a business model to accomplish three major goals: (1) equitable distribution of Department of Public Works’ indirect costs; (2) accountability for managing the indirect costs; and (3) accountability for managing project delivery costs.

98-05: AN AUDIT OF THE CITY OF SAN JOSÉ’S SEWER BILLING SERVICES

#2 (Environmental Services Department/DM) - Document its methodology for estimating sewer flow and its criteria for granting water loss adjustments. In addition, the Environmental Services Department should annually review existing water loss adjustment factors for both monitored industries and unmonitored companies and require supervisory review and approval of all changes to those factors. (Priority 2)

Partly implemented. The Environmental Services Department (ESD) has adopted a policy requiring installation of flow meters at major industrial locations, where feasible, as part of the permit renewal cycle. Those major industrial locations without flow meters are required to submit engineering reports that the ESD will review. The ESD procedures also require that industrial customers submit an engineering report to substantiate disputed water loss adjustments. For the remaining institutional, commercial, and industrial customers, ESD plans to focus its review resources on 1) those customers that use the largest amounts of water, 2) schools, and 3) those customers with the largest water loss adjustment factors. In addition, any new customers coming to Planning and Building will be asked to provide information on

their requested water loss factor adjustments. The ESD will develop a plan that identifies a schedule and timeline to evaluate the water loss factors for the customers listed above. Target date: 6-05.

00-01: AN AUDIT OF THE POLICE DEPARTMENT – BUREAU OF FIELD OPERATIONS PATROL DIVISION’S STAFFING AND DEPLOYMENT

#1 (San José Police Department/City Administration/RM) - Negotiate with the San José Police Officers’ Association to modify shift-starting times to provide sufficient flexibility to deploy officers in the most efficient and effective manner. (Priority 2)

Partly implemented. Staff has received training on the Police Department’s patrol staffing software purchased in early 2003. Due to technical problems related to the transition from the legacy PRC computer-aided dispatch (CAD) system to the new Intergraph CAD system, the Police Department is in the process of resolving ongoing validation of calls-for-service data and reconciling application. Additionally, the Police Department is in the process of finalizing budget issues that could impact staffing levels. According to the Police Department, shift change time-modifications will require an extended study and analysis using the patrol staffing software for a minimum of at least two full shift change periods. Target date: 3-06.

00-02: AN AUDIT OF THE CITY OF SAN JOSÉ’S MASTER VENDOR FILE

#3 (Finance Department/IT Department/RK) - Prepare a proposal and budget requirements to allow for 1) identifying, researching, and purging inactive vendor numbers; “R” vendor numbers; deceased, retired, and former employee numbers; and erroneously assigned vendor numbers from the Master Vendor File and the corresponding records in other modules; 2) Archiving the records taken off the Master Vendor File and the corresponding records; and 3) Using a vendor numbering system for one-time payment of authorized purchases and automatic purging of such vendor numbers. (Priority 3)

Not implemented. During the 2000-2001 budget process, a budget proposal was submitted to address specific vendor file issues and other financial issues. System enhancements related to FMS were included in this proposal. However, the proposal was not funded. Due to the City's current budget situation, this proposal will not be advanced in this year's budget cycle. Target date: None.

REQUIRES FUNDING: TBD.

00-04: AN AUDIT OF THE CITY OF SAN JOSÉ BUILDING DIVISION'S BUILDING PERMIT FEE PROCESS

#3 (Building Division/EL) - Develop a process for accounting for works-in-progress to ensure a proper matching of Building Program revenues and costs. (Priority 3)

Deferred. The Building Division received a final report from the Financial Consulting Group on the process to account for works-in-progress. The Building Division staff were trained on how to update statistics and apply the process. The department considers the establishment of an enterprise fund or a special revenue fund with a fully funded works-in-progress reserve to be unlikely in the current economic climate as significantly larger reserves would be required than are currently available. Planning, Building, and Code Enforcement staff and the other development service partners will use the methodology to calculate the City's works-in-progress liability for development fees, report it to the development community, and reconsider the implementation of this item in 2006 when increased activity and higher reserve levels might make it more feasible. Since full implementation is delayed by the fiscal recovery of the economy, the City Council approved deferring this recommendation at its April 27, 2004 meeting. Target date: 6-06.

#4 (Building Division/EL) - Establish a policy and process to pay for long-term capital or asset acquisitions. (Priority 3)

Deferred. The Building Division received a final report from the Financial Consulting Group recommending a sinking fund to pay for long-term capital asset acquisitions. Long-term assets in the program consist primarily of inspector vehicles and the Integrated Development Tracking System (IDTS). Vehicle fleet adds are charged directly to the fee program when purchased and the cost of replacement vehicles is recovered through the overhead rate on the basis of a depreciation schedule determined by the Finance Department. Funding for the IDTS was accumulated through the implementation of a 2 percent automation surcharge on development fees. This surcharge was discontinued after three years and the ongoing maintenance costs of the system are included as overhead in the cost of permits. Since full implementation is delayed by the fiscal recovery of the economy, the City Council approved deferring this recommendation at its April 27, 2004 meeting. Target date: 6-06.

01-01: AN AUDIT OF THE PROPERTY APPRAISAL PROCESS OF THE DEPARTMENT OF PUBLIC WORKS—REAL ESTATE DIVISION

#11 (Public Works Real Estate/GE) - Augment its requested consultant services to include an assessment of whether the File Locator Database Program is compatible with the City's overall records management strategy and other City systems and can be upgraded to provide the ability to identify specific documents for purging and the statistical functions needed to support productivity tracking and management reports. (Priority 2)

Partly implemented. Without the use of consultant services, the Real Estate Division and General Services are working on how best to implement this recommendation. Staff reduction in the FY 04-05 budget has slowed progress and draft recommendations will be delayed. However, an initial assessment has been conducted and recommended options will be tested. Target date: 07-06.

#12 (Public Works Real Estate/GE) - Write a user manual and conduct staff training on the use and maintenance of the File Locator Database Program if it decides to enhance and implement the Database. (Priority 3)

Not implemented. Implementation of this recommendation depends on the implementation of Recommendation #11. Target date: 7-06.

#13 (Public Works Real Estate/GE) - Write current and complete Real Estate Division policies and procedures in the prescribed Department of Public Works format. (Priority 3)

Partly implemented. The department has determined that this recommendation can be completed with shared resources within the department. Target date: 6-05.

#14 (Public Works Real Estate/GE) - Develop a project tracking system that will track targeted and actual dates on a project by project basis. (Priority 3)

Not implemented. The Budget Office and the Information Technology Department approved a request to expend funds to complete the Real Estate Tracking System (RETS). Nevertheless, implementation of the RETS database has not been accomplished. The Real Estate Division has not been successful in negotiating with the consultant to complete the work on the RETS. This was the fourth consultant with whom the Real Estate Division has attempted to negotiate. As a result, we have changed the implementation status of this recommendation from partly implemented to not implemented. The Real Estate Division is now proposing to develop an in-house tracking system with redeployed resources. Target date: TBD.

01-02: AN AUDIT OF THE CITY OF SAN JOSÉ FIRE DEPARTMENT'S OVERTIME EXPENDITURES

#5 (San José Fire Department/EL) - Report to the City Council updated staffing information by December of each year including staffing levels and vacancies by rank, the number of personnel on disability and modified duty, and projected short-term and long-term vacancies. (Priority 3)

Partly implemented. The Fire Department presented a report to the Making Government Work Better (MGWB) Committee in September 2004. The report included a detailed analysis of staffing levels by rank, and projected long-term and short-term vacancies. At the time, the Department committed to return to MGWB in early 2005 with a comprehensive report on overtime. An update report was presented on February 17, 2005, and a comprehensive report on March 17, 2005. An annual staffing report will be presented in December of each year. Target date: 6-05.

#6 (San José Fire Department/EL) - Update its 1992 study regarding the use of relief staff and overtime to meet minimum staffing requirements and annually determine the most efficient and cost effective mix of relief staff and overtime to meet minimum staffing needs. (Priority 3)

Partly implemented. The Fire Department presented a report to the Making Government Work Better (MGWB) Committee in September 2004. The report included a detailed analysis of staffing levels by rank, and projected long-term and short-term vacancies. At the time, the Department committed to return to MGWB in early 2005 with a comprehensive report on overtime. An update report was presented on February 17, 2005, and a comprehensive report on March 17, 2005. The study identified that using relief positions cost the City 9 to 15 percent less than overtime, depending on the rank required to meet minimum daily staffing. Target date: 6-05.

#7 (San José Fire Department/EL) - Review sick leave data to establish benchmarks for sick leave use and identify possible patterns of abuse and take appropriate follow-up actions. (Priority 3)

Partly implemented. The Fire Department continues to pursue options for implementing a program to address the concerns highlighted in this recommendation. The Department is collecting data to identify the “drivers” of sick leave and identify patterns and their impact. Through the meet and confer process, the Department has commenced a discussion with Local 230 to work together to address sick leave usage. Target date: 6-05.

#8 (San José Fire Department/EL) - Implement a proactive sick leave reduction program to inform line personnel of the benefits of conserving sick leave and rewarding personnel with perfect attendance. (Priority 3)

Partly implemented. The Fire Department continues to pursue options for implementing a program to address the concerns highlighted in this recommendation. The Department is collecting data to identify the “drivers” of sick leave and identify patterns and their impact. Through the meet and confer process, the Department has

commenced a discussion with Local 230 to work together to address sick leave usage.
Target date: 6-05.

#9 (San José Fire Department/EL) - Evaluate the feasibility of implementing a comprehensive Wellness-Fitness Initiative Program for the SJFD and prepare a budget proposal should the initiative appear cost beneficial. (Priority 3)

Partly implemented. The Fire Department is currently evaluating the requirements to implement a full comprehensive wellness program. The City Safety Officer is working with the Department Safety Officer and Department Safety Committee to formulate a Master Health and Safety Plan, which includes the implementation of the Wellness-Fitness Initiative. Target date: 6-05.

COUNCIL ATTENTION REQUIRED: Requires funding TBD.

01-05: AN AUDIT OF THE CITY OF SAN JOSÉ FIRE DEPARTMENT'S STRATEGIC PLAN REGARDING PROPOSED FIRE STATIONS

#3 (San José Fire Department/RM) - 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. (Priority 3)

Partly implemented. The SJFD has completed some of the prerequisites necessary to implement the Priority Dispatch Omega protocol. Specifically, it renewed its accreditation as an Accredited Center of Excellence in February 2005; it implemented the new CAD system necessary to integrate ProQA software necessary for the Priority Dispatch Omega protocol; and it has begun using the ProQA software. However, the current EMS Agreement with the County requires that the SJFD respond on all 911 calls received. Under the Priority Dispatch Omega protocol, the 911 call is referred to an appropriate alternate site rather than requiring a response. Therefore, the SJFD will address the Priority Dispatch Omega protocol as part of an upcoming report recommending that the current EMS Agreement with the County be revised to include this system improvement. The current contract is up for renewal in July 2006. The Fire Department will also need to evaluate advice program options and projected costs as well as coordinate with Priority Dispatch Corporation and American Medical Response Corporation to develop a comprehensive OMEGA protocol system for the City. Target date: 7-06.

REQUIRES FUNDING: TBD.

#5 (San José Fire Department/RM) - Implement a pilot project to evaluate the use of SUVs or Light Units to respond to lower priority emergency medical calls. (Priority 3)

Not implemented. Given the current economic situation and the anticipated budget deficit, the Fire Department has not implemented this pilot program. The Fire

Department hopes at some future date to implement a pilot program utilizing current apparatus resources. The pilot program would also require funding for 3 FTEs per pilot site, which is the primary reason for the delay in implementing a pilot program. Target date: 6-05.

REQUIRES FUNDING: TBD.

02-02: AN AUDIT OF THE SAN JOSÉ ARENA MANAGEMENT CORPORATION'S COMPLIANCE WITH THE SAN JOSÉ ARENA MANAGEMENT AGREEMENT

#1 (Arena Management/ME) - Develop written procedures for calculating the annual Arena fees payment to the City and include in those new procedures estimating luxury suite revenues based upon prior years' luxury suite leasing history. (Priority 2)

Partly implemented. The 2004-05 Arena fees payment has been received; however, the City has not obtained required documentation supporting the fee calculation. The Finance Department is working with the Offices of the City Manager and City Attorney to secure the receipt of the supporting documentation. Procedures to assure correctness of the Arena fees payment are currently being drafted and will be completed to verify the correctness of the 2004-05 payment. Target date: 6-05.

#3 (Arena Management/Arena Authority/City Attorney's Office/ME) - Develop a mutually agreeable delivery schedule regarding the frequency of the detailed reports and records relating to the City Related Accounts. (Priority 3)

Partly implemented. A mutually agreeable delivery schedule has not yet been finalized. Target date: 6-05.

#4 (Arena Management/ME) - Provide the past and future City Income Reports and Audit Reports in accordance with the Management Agreement. (Priority 3)

Partly implemented. Arena Management did not file the required reports, partially due to the National Hockey League labor dispute. City staff is working actively with Arena Management to resolve this issue and other related issues. Target date: 12-05.

02-03: AN AUDIT OF THE PROPERTY MANAGEMENT OPERATIONS OF THE CITY OF SAN JOSÉ'S DEPARTMENT OF PUBLIC WORKS – REAL ESTATE DIVISION

#1 (City Council/EL) - Revisit its policy on non-profit leases of City-owned properties. (Priority 2)

Not implemented. Before revisiting its policy on below-market rents to non-profit entities, the City Council requested that the Office of the City Auditor survey all City departments, and the Redevelopment Agency, to identify all City- and Agency-owned real property non-profit organizations lease, occupy, or otherwise use. The City

Auditor issued a survey of Citywide Real Property Inventory in December 2002. The survey identified 43 leases to non-profit organizations. The City Council needs to utilize the survey results to review its policy on below-market rents involving City-owned properties. The City Council has not reviewed this policy to date.
Target date: 6-05.

REQUIRES COUNCIL ATTENTION.

#2 (Administration/Department of Public Works/Real Estate Division/EL) - Include language in its leases with non-profits requiring the annual submission of documents to the Division to facilitate an annual review. (Priority 3)

Partly implemented. Effective July 1, 2002, all Public Works' property management operations were transferred to the General Services Department. At the direction of the City Manager's Office, non-profits whose leases expire will be given month-to-month rental agreements until such time as the City Council revisits Policy 7-1. All non-profits requesting lease renewals will be required to submit key non-profit background information prior to having their leases renewed. Additionally, new lease agreements will contain wording requiring the annual submission of documents to facilitate an annual review. The department should identify the leases with these new provisions and those leases that have undergone an annual review. Target date: 6-05.

#3 (Administration/Department of Public Works/Real Estate Division/EL) - Establish a formal application process for non-profit leases of City-owned property including the submission of key non-profit background information. (Priority 3)

Partly implemented. Effective July 1, 2002, all Public Works' property management operations were transferred to the General Services Department. At the direction of the City Manager's Office, non-profits whose leases expire will be given month-to-month rental agreements until such time as the City Council revisits Policy 7-1. All non-profits requesting lease renewals will be required to submit key non-profit background information prior to having their leases renewed. The Administration needs to formalize and implement an application process for non-profits to complete to obtain the necessary information to ensure compliance with City Council policy.
Target date: 6-05.

#12 (Department of Public Works/EL) - Assign to the Real Estate Division the responsibility for providing oversight over leases of City-owned property. (Priority 2)

Partly implemented. The General Services Department's Asset Management Group has assumed responsibility for providing oversight over leases of City-owned property. The Asset Management Group has begun to document and identify the leases that are overseen by other departments. The elimination of a Real Property Agent position during the 2004-05 budget process had hampered the implementation of this recommendation. Target date: 6-05.

02-04: AN AUDIT OF THE SAN JOSÉ POLICE DEPARTMENT’S METHOD OF PROJECTING SWORN OFFICER RETIREMENTS AND OTHER SEPARATIONS

#1 (San José Police Department/EL) - Expand its current attrition-based approach for projecting sworn officer retirements to include the longer-term impact of retirements using demographic considerations. (Priority 3)

Partly implemented. The San José Police Department has conducted a survey of Police Officers’ Association (POA) members within five years of retirement. We provided the Police Department with guidance on enhancing its current attrition-based approach for projecting sworn officer retirements with retirement eligibility information. The Police Department agreed to use demographics to identify and evaluate groups of officers likely to retire after reaching retirement eligibility. Target date: 6-05.

#2 (San José Police Department/EL) - Evaluate the impact of any proposed retirement plan changes on future sworn officer retirements. (Priority 3)

Partly implemented. The City is currently in negotiations with the Police Officers’ Association (POA) regarding their retirement plan. The department indicates that it has a process to evaluate the impact of retirement plan changes on future sworn retirements. The department plans to evaluate likely changes to retirement plans that will affect future sworn officer retirements. Target date: 6-05.

#3 (City Administration/EL) - Determine the feasibility of designing a Regular Deferred Retirement Option Plan that improves sworn officer retention and retirement predictability without being cost prohibitive. (Priority 3)

Not implemented. This issue will be discussed as part of the collective bargaining process now underway. Target date: 6-05.

03-01: AN AUDIT OF THE TARGETED NEIGHBORHOOD CLEAN-UP PROGRAM

#1 (Code Enforcement/CC) - Report to the City Council on its assessment of ways to reduce overtime costs and increase targeted Clean-up areas to accommodate an average of 22 bins per Clean-up event,

Work with the City Council to establish a City Council Office-Directed Community Grant Program to provide for two small neighborhood Clean-ups per year per City Council District, and

Develop written standards regarding the form, content, and timing for Clean-up event flyers and use funds budgeted for Clean-up event bins to cover the costs to mail the flyers. (Priority 3)

Partly implemented. Code Enforcement reports that bin usage was still below the recommended average of 22 bins per Clean-Up event due to the vacancy of one of the two Code Enforcement Inspector positions dedicated to event coordination. Additionally, Code Enforcement reports that Recreation Leaders, a large source of

Clean-Up bin monitors, have been significantly reduced due to PRNS restrictions on the number of hours they may work in a pay period. Code Enforcement continues to seek a new pool of bin monitors. We recommend that Code Enforcement explore the possibility of establishing part-time, non-benefited bin monitor positions or use Temporary Unclassified Positions to replace the reduced pool of Recreation Leaders as an option to reduce overtime costs. Target date: 6-05.

Code Enforcement is unable to identify funds for the Council Office-directed Community Grant Program. Code Enforcement continues to urge Council Offices and neighborhood associations to take advantage of Community, Action, Pride (CAP) grants to fund small neighborhood clean-ups.

REQUIRES FUNDING: TBD.

#4 (Code Enforcement/CC) - Collect and analyze Clean-up statistics and additional Clean-up performance information. (Priority 3)

Implemented. Code Enforcement developed and distributed a customer satisfaction survey during ten clean-up events held between October 2, 2004 and December 11, 2004. According to Code Enforcement, staff distributed 707 survey cards at bin locations during this two-month period. The survey included statistics on event organization, quality of staff assistance, importance of program, and overall satisfaction. The Program scored 90 percent or higher for all four categories with a 97 percent score for overall program satisfaction. Additionally, Code Enforcement collects and reviews each written comment provided on the survey. Code Enforcement intends to provide individualized reports to Council Offices on each clean-up event.

Code Enforcement continues to track and maintain statistics by event such as: Council district, hauler, number of homes served, breakdown of bins used (rubbish, metal, tire, wood, rock, etc.), number of televisions, computer monitors, and batteries collected. Further, Code Enforcement tracks the number of vehicles towed and/or cited in event-posted no parking areas.

#5 (Code Enforcement/CC) - Report to the City Council on the extent of coordination efforts with other City services and community-based organizations. (Priority 3)

Not implemented. Code Enforcement distributed a letter and clean-up schedule to community-based organizations in February 2005. Code Enforcement plans on providing the City Council with an informational memorandum on coordination efforts by the end of March 2005. Target date: 4-05.

03-03: AN AUDIT OF THE FLEET MANAGEMENT DIVISION OF THE GENERAL SERVICES DEPARTMENT'S VEHICLE REPLACEMENT PROGRAM

#2 (Fleet Management Division/San José Police Department/Budget Office/JO) - Determine an appropriate "operational contingency" of police patrol sedans that can meet operational and unexpected replacement needs. (Priority 2)

Partly implemented. To date, the police contingency has been reduced by 15 marked patrol vehicles. Further review and analysis by the Fleet Management Division (FMD), SJPD and the City Auditor's Office is necessary in order to determine the appropriate operational contingency. We will review this recommendation at the completion of the analysis. Target date: 6-05.

#6 (Fleet Management Division/JO) - Consistently follow its vehicle replacement policy for all vehicle purchases regardless of the funding source. (Priority 2)

Partly implemented. The Fleet Management Division (FMD) has finalized their replacement policy and procedures. However, due to the current freeze on vehicle replacements, the General Services Department has not had an opportunity to demonstrate consistency in its implementation of the vehicle replacement policy. We will follow up on this recommendation after the FMD has had an opportunity to implement the new procedures. Target date: 6-05.

#8 (City Manager/JO) - Establish and implement a Citywide replacement policy for transport vehicles that incorporates vehicle mileage, years in service, accurate repair costs, and comprehensive mechanical assessments. (Priority 2)

Partly implemented. The Fleet Management Division (FMD) has finalized their replacement policy. However, due to the current vehicle freeze, the FMD has not had an opportunity to demonstrate consistency in its implementation of the replacement policy. We will follow up on this recommendation after the FMD has had an opportunity to implement the new procedures. Target date: 6-05.

#9 (Fleet Management Division/JO) - Stop loaning vehicles to departments on a long term basis and implement a formal process for loaning vehicles, including the use of the City vehicle pool. (Priority 2)

Partly implemented. The Fleet Management Division (FMD) has finalized a Citywide vehicle loan policy. In order to fully implement this recommendation, we will review the loan policy and verify that the policy is consistently implemented. Target date: 6-05.

#10 (Fleet Management Division/JO) - Develop and implement procedures for the retrieval and disposal of replaced vehicles. (Priority 2)

Partly implemented. The Fleet Management Division (FMD) has finalized its retrieval and disposal policy and procedures. However, due to the current vehicle

freeze, the FMD has not had an opportunity to demonstrate consistency in implementing the policy. We will follow up on this recommendation after the FMD has had an opportunity to consistently implement the new procedures.
Target date: 6-05.

#11 (Fleet Management Division/JO) – Work with the Budget Office to develop and implement procedures to ensure all additions to the vehicle fleet receive Budget Office approval. (Priority 2)

Partly implemented. The Fleet Management Division has finalized procedures for the vehicle additions process. Due to the current freeze on vehicle purchases, the General Services Department has not had an opportunity to demonstrate consistency in its implementation of a vehicle additions policy. We will review this recommendation during the next follow-up to ensure the procedures are in place to be implemented as soon as the freeze is lifted.
Target date: 6-05.

#12 (Fleet Management Division/JO) – Review the database information to ensure it is accurate and complete. (Priority 3)

Partly implemented. The Fleet Management Division (FMD) is currently undergoing an additional software upgrade. In order to fully implement this recommendation, we will review the database and test the accuracy of the information. Target date: 6-05.

#13 (Budget Office/JO) - Ensure all department requests for vehicle additions identify the funding source and the estimated amount of on-going operating costs. (Priority 3)

Partly implemented. The Budget Office has modified the budget system. When an entry is made to purchase equipment, a flag is triggered and a message box pops up reminding the user to budget for the maintenance and operating costs. Due to the current freeze on vehicle purchases, the Budget Office has not had an opportunity to demonstrate consistency in its implementation of a vehicle policy. In order to fully implement this recommendation, we need to verify that the procedures put into place ensure that departments provide accurate estimates of vehicles' on-going costs.
Target date: 6-05.

#14 (Fleet Management Division or Budget Office/JO) - Develop a process to subject all department requests for vehicles to a standardized review process to ensure that departments are using similar vehicles for similar purposes. (Priority 2)

Partly implemented. The Fleet Management Division (FMD) has finalized a Citywide replacement policy. However, due to the current freeze on vehicle replacements, the FMD has not had an opportunity to demonstrate consistency in its implementation of the vehicle replacement policy. We will review this recommendation during the next follow-up to ensure the procedures are in place to be implemented as soon as the freeze is lifted. Target date: 6-05.

#15 (Budget Office/Fleet Management Division/JO) - Better coordinate the exchange of vehicle information to ensure that additions to the City's vehicle fleet are appropriate. (Priority 2)

Partly implemented. The Fleet Management Division has finalized procedures for the vehicle additions process. Due to the current freeze on vehicle purchases, the General Services Department has not had an opportunity to demonstrate consistency in its implementation of a vehicle additions policy. We will review this recommendation during the next follow-up to ensure the procedures are in place and ready for implementation as soon as the freeze is lifted. Target date: 6-05.

03-04: AN AUDIT OF THE AIRPORT NEIGHBORHOOD SERVICES GROUP

#1 (Airport Neighborhood Services Group/JC) - Develop a standardized constituent complaint form to document the nature of the complaint, how the issue was resolved, any follow-up action taken, and how long it took to resolve the complaint. (Priority 3)

Partly implemented. The division is currently utilizing in-house staff resources to develop an Access database and an electronic standardized constituent complaint form to document constituent complaints and concerns. In the meantime, division staff continues to track constituent concerns and complaints with an existing system of Excel worksheets, which enables staff to document the necessary information. Target date: 6-05.

#3 (Airport Neighborhood Services Group/JC) – Collaborate with, monitor, and report on the efforts of the other City entities that are responsible for Replacement Manager's Budget Addendum #18-identified responsibilities. (Priority 3)

Partly implemented. The Airport Neighborhood Services Group (ANSG) has developed a standard quarterly report which addresses most of the responsibilities identified in the Replacement Manager's Budget Addendum #18. While the ANSG has made significant progress with their quarterly report, we believe there are a few additional areas which should be incorporated into the quarterly report. We will work with the ANSG to make these changes in order to consider this recommendation implemented. Target date: 6-05.

#4 (Airport Neighborhood Services Group/JC) – Collaborate with the identified City entities in the City Council's June 25, 2001 and November 13, 2001 memoranda and monitor and report on their progress and efforts regarding their respective areas of responsibility. (Priority 3)

Partly implemented. The Airport Neighborhood Services Group (ANSG) has developed a standard quarterly report which addresses most of the outstanding responsibilities identified in both the June 25, 2001 and November 13, 2001 City Council memoranda. While the ANSG has made significant progress with their quarterly report, we believe there are a few additional areas which should be incorporated into the quarterly report. We will work with the ANSG to make these changes in order to consider this recommendation implemented. Target date: 6-05.

03-07: AN AUDIT OF THE NEIGHBORHOOD DEVELOPMENT CENTER OF THE DEPARTMENT OF PARKS, RECREATION, AND NEIGHBORHOOD SERVICES

#2 (Department of Parks, Recreation, And Neighborhood Services/GM) - Develop a comprehensive budget for the Project Blossom Program, a formal Project Blossom workplan for each Project Blossom site, and establish guidelines and better supervisory review. (Priority 2)

Partly implemented. The Neighborhood Development Center (NDC) has undergone a reorganization of its programs and services. NDC staff performs neighborhood outreach and Code Enforcement provides the Property Owners Training component with logistical support from NDC staff. The NDC tracks the budget for the neighborhood outreach component and has developed formal workplans for each site. NDC staff retains complete files which illustrate the work completed for an association. Furthermore, NDC staff utilizes request for service forms which will help the NDC target association needs and tailor a work plan to fit the needs of the association. Finally, a PRNS Acting Deputy Director regularly reviews and approves staff's activities. With respect to the Property Owners Training, we found that Code Enforcement was only tracking its component of the training. Code Enforcement staff were unaware that they were required to have a comprehensive budget for the entire training component which includes the logistical support NDC staff provides. Code Enforcement staff will now begin to track these expenditures and develop the comprehensive budget for the Property Owners Training. Target date: 6-05.

#3 (Department of Parks, Recreation, And Neighborhood Services/GM) - Require Project Blossom staff to document and report to PRNS management how they spend their time on Project Blossom activities. (Priority 3)

Implemented. The Neighborhood Development Center (NDC) has undergone a reorganization of its programs and services. The scope of work staff currently performs has been expanded to include technical and support services for property owners and neighborhood associations. Staff has improved upon their project tracking procedures by developing tracking sheets to report program participation, customer evaluations, and project status. This information is shared at weekly staff meetings. NDC staff retains complete files which illustrate the work completed for an association. In addition, NDC staff utilizes request for service forms which will help the NDC target association needs and tailor a work plan to fit the needs of the association. Finally, a PRNS Acting Deputy Director regularly reviews and approves staff's activities.

#6 (Department of Parks, Recreation, And Neighborhood Services/GM) - Make full use of the grant management oversight clause in its agreement with the Community Foundation Silicon Valley. (Priority 3)

Partly implemented. The Community Foundation of Silicon Valley (CFSV) sends monthly reports which list the payment made to each grantee and the date of payment. However, PRNS notifies successful applicants of their awards. According

to the CAP grant coordinator, it is not practical for the CFSV to perform this function and it would be best done in-house. The agreement with the CFSV expires on June 30, 2005. In our opinion, when PRNS obtains a new contract, it should accurately reflect the fiscal agent's responsibilities. Target date: 6-05.

03-10: AN AUDIT OF THE SAN JOSÉ FIRE DEPARTMENT'S BUREAU OF FIRE PREVENTION

#2 (San José Fire Department/ME) - If Recommendation #1 results in a significant number of facilities being added to the FIBS database, follow up on the remaining manufacturing facilities in the Business License database that did not have a FIBS number. (Priority 2)

Partly implemented. The City Auditor's Office and the SJFD will continue to work together to develop an efficient way of implementing this recommendation. Target date: 6-05.

#3 (San José Fire Department/ME) - Periodically compare the FIBS database with the Business License database using the SIC Codes that are most likely to require a fire safety inspection. (Priority 2)

Deferred. The SJFD has stated that it will compare its inspection database to the Business License database every five years. However, the SJFD will be developing a new inspection database. We recommended that this item be deferred until the SJFD has implemented a new inspection database. The City Council approved deferring this recommendation at its January 11, 2005 meeting. Deferral date: 1-06.

#10 (San José Fire Department/ME) - Develop a risk assessment methodology to assign facility inspection frequencies. (Priority 3)

Partly implemented. The SJFD has ranked facilities based on risk. The risk priorities are in the following order:

1. State-mandated
2. State Social Service Request
3. Complaints
4. Public Information on fire safety
5. Facilities with chronic problems/violations
6. Remaining facilities

The City Auditor's Office will continue to work with the SJFD to further the risk assessment for the remaining facilities and develop inspection frequencies for these facilities. Target date: 6-05.

#12 (San José Fire Department/ME) - Develop a workload analysis to determine its inspection staff needs to achieve its inspection goals and objectives. (Priority 3)

Partly implemented. The SJFD has developed an analysis of its staffing needs based on the number of inspections required and the time needed to complete these inspections. However, the SJFD needs to use the inspection frequencies established in Recommendation #10 to further refine its workload analysis. Target date: 6-05.

#16 (San José Fire Department/ME) - Develop procedures and controls to reduce the number of times inspectors return to facilities to confirm that an HMBP is in place and to ensure that facilities submit their HMBP in a timely manner. (Priority 3)

Partly implemented. The SJFD has developed a draft Administrative Enforcement Policy which includes fines for failing to maintain an updated Hazardous Materials Management Plan. It plans to discuss this policy with the community before submitting it to the City Council for approval. Target date: 6-05.

03-11: AN AUDIT OF THE UTILIZATION AND REPLACEMENT OF THE CITY'S METERED EQUIPMENT

#1 (City Manager/JO) - Officially designate the Fleet Management Division as the City entity that has the authority and responsibility to administer the City's fleet of metered equipment. (Priority 2)

Implemented. The City Policy Manual Section 13.01 states, "The Department of General Services, Fleet Management Division has the responsibility to manage the City's transportation vehicle fleet by working with departments to maximize utilization of vehicles, maintaining the fleet in good working condition, determining which vehicles will be removed from the fleet, and managing the acquisition and disposal of vehicles."

#2 (Fleet Management Division/JO) - Develop and consistently implement cost-effective utilization standards for the City's fleet of metered equipment. (Priority 2)

Partly implemented. The Fleet Management Division (FMD) has incorporated replacement criteria into their replacement policy. However, due to the current freeze on vehicle replacements, the FMD has not had an opportunity to demonstrate consistency in implementing the vehicle replacement policy. In order to implement this recommendation, we will review the policy and procedures and verify that they are consistently implemented. Target date: 6-05.

#3 (Fleet Management Division/JO) - Ensure the City has complete and current utilization information for all of the equipment in its inventory. (Priority 2)

Partly implemented. The Fleet Management Division (FMD) is providing utilization data to all departments on a semi-annual basis. However, due to the FMD

undergoing an additional software upgrade for their database, we cannot at this time verify the accuracy of the database information. We will re-evaluate the implementation status of this recommendation upon the completion of the software update. Target date: 6-05.

#4 (Fleet Management Division/JO) - Conduct frequent utilization assessments to identify equipment for retirement, redeployment, or inclusion into an equipment pool. (Priority 2)

Partly implemented. According to the Fleet Management Division (FMD), it is providing utilization data to all departments on a semi-annual basis. The FMD is also coordinating discussions with departments to determine equipment needs. In order to implement this recommendation, we will review the reductions the FMD determined were necessary in rightsizing the fleet. Target date: 6-05.

#5 (Fleet Management Division/JO) - Develop a proposal to establish and operate a City pool of metered equipment. (Priority 2)

Implemented. The Fleet Management Division (FMD) proposed and subsequently received approval for a metered and heavy equipment pool in the 2004-05 Operating Budget. According to the FMD, the pool is currently operational.

#6 (Fleet Management Division/JO) - Establish an equipment pool to address the needs of the City's low-use equipment and develop a formal policy for using and maintaining such a pool. (Priority 2)

Partly implemented. According to the Fleet Management Division (FMD), it has received approval to establish and manage a metered equipment pool. In addition, the FMD has finalized equipment pool policy and procedures. In order to implement this recommendation, we need to review and verify the consistent implementation of the policy and procedures for the equipment pool. Target date: 6-05.

#7 (Fleet Management Division/JO) - In conjunction with the City Manager's Office and City departments analyze the City's fleet of metered equipment to determine the optimal cost-effective fleet size. (Priority 2)

Partly implemented. The Fleet Management Division (FMD) is currently in the process of consolidating and establishing a metered equipment pool. We will revisit this recommendation after the FMD has concluded their consolidation efforts. Target date: 6-05.

#8 (Fleet Management Division/JO) - Review the number of scooters and other vehicles at the Water Pollution Control Plant for possible reductions and consolidation and install hour meters on those pieces of equipment without meters and track utilization. (Priority 2)

Partly implemented. The Fleet Management Division (FMD) has installed hour meters on pieces of equipment that did not previously have hour meters. We will

work with Fleet Management and ESD to ensure that their analysis incorporated the issues raised in the audit. Target date: 6-05.

#9 (Fleet Management Division/JO) - Include metered equipment, regardless of funding source, in its current efforts to develop and consistently implement a cost-effective replacement policy for transport vehicles, which incorporates repair costs and a minimum useful life. (Priority 2)

Partly implemented. The Fleet Management Division (FMD) has incorporated replacement standards for metered equipment into its policies and procedures. However, due to the current freeze on vehicle replacements, the FMD has not had an opportunity to demonstrate consistency in its implementation of the vehicle replacement policy. In order to fully implement this recommendation, we will review the policies and procedures and verify that they are consistently implemented. Target date: 6-05.

04-01: AN AUDIT OF THE CONCENTRATED CODE ENFORCEMENT PROGRAM

#2 (Parks, Recreation, and Neighborhood Services/CC) - Ensure that the CCEP is in full compliance with OMB A-87 documentation requirements. (Priority 2)

Partly implemented. The US Department of Housing and Urban Development (HUD) identified personnel time documentation as a financial finding during their August 2004 programmatic and financial program monitoring review. According to PRNS, PRNS staff reviewed CCEP personnel time documentation on a monitoring visit and OMB A-87 compliance was up to date for 2003-04 and 2005-06. PRNS indicates that they are working with HUD to develop a more simplified personnel documentation form. Target date: 5-05.

#3 (Parks, Recreation, and Neighborhood Services/CC) - Develop a comprehensive and up-to-date checklist of required CCEP documentation and the location where documentation should be retained. (Priority 3)

Partly implemented. PRNS developed a checklist for CCEP documentation, yet the checklist is a draft and still needs to be finalized. According to PRNS, a Code Enforcement checklist is under development. The Memorandum of Participation for the CCEP Program was completed in January 2005. PRNS will develop the Code Enforcement documentation checklist. PRNS will also include the semi-annual OMB A-87 staff certification and the Monitoring Checklists on the checklist. Target date: 6-05.

#4 (Parks, Recreation, and Neighborhood Services/CC) - Conduct a general review of its monitoring process and establish appropriate controls to improve its ability to evaluate grant subrecipients. (Priority 2)

Partly implemented. According to PRNS, PRNS formed a monitoring workgroup that reviewed the monitoring process for grants programs in the department's Administrative Services Division. The workgroup developed a Monitoring Plan to track contract compliance and provided a staff training in late September 2004. PRNS indicates that additional training will be needed. During our next follow-up, we will evaluate the effectiveness of PRNS's implementation of improvements to its monitoring process and controls over its ability to evaluate grant subrecipients. Target date: 6-05.

#5 (Code Enforcement/CC) - Conduct a comprehensive blight survey of SNI areas every five years beginning in 2007. (Priority 3)

Not implemented. Code Enforcement anticipates a blight survey will be conducted in 2007. Target date: 12-07.

#6 (Code Enforcement/CC) - Continue to improve its internal controls to address identified program threats. (Priority 3)

Partly implemented. Code Enforcement implemented procedures to address several threats. Code Enforcement combined several CDBG-funded Code Enforcement programs into one program with three components. They presented an information memorandum on the change to the Making Government Work Better Committee on September 16, 2004. Code Enforcement developed written procedures for assignment of casework to CDBG-funded inspectors by eligible census tract.

Code Enforcement includes a CDBG designation in the Code Enforcement System (CES) to identify CDBG eligible areas for service. Code Enforcement also created a CDBG Field Activity Log procedure that documents an inspector's activities in CDBG eligible activity. The procedure includes supervisory review of inspector activities.

Code Enforcement continues to improve the Code Enforcement System's accurate reporting of census tract information. Code Enforcement should develop a written procedure regarding the accurate updating of census tract information in the CES when new census tract information becomes available. Further, Code Enforcement should develop a procedure that requires verification of other matching funds used to supplement CCEP activities in CDBG eligible areas. Code Enforcement and PRNS are continuing to work on finalizing the form used to document compliance with OMB Circular A-87, a requirement of CDBG. Target date: 6-05.

#7 (Code Enforcement/CC) -

- *Update CES census tract information,*
- *Include the CCEP as a program designation in the CES, and*
- *Maintain written documentation showing CCEP work conducted in CDBG-eligible areas. (Priority 3)*

Partly implemented. Code Enforcement outlined a process used to verify the accuracy of census tract information. Additionally, Code Enforcement reports that they track inspector activities and maintain a procedure for retaining logs of all inspector activities and biannual certification of all CDBG-funded personnel with a supervisory review of the logs. Further, Code Enforcement includes a CDBG eligible designation in the Code Enforcement System to identify CDBG eligible code cases. Code Enforcement continues to work on improving the accuracy of CES census tract information. Target date: 6-05.

04-02: AN AUDIT OF THE CROSSING GUARD PROGRAM

#1 (Department of Transportation/RM) - Revise the safety index formula to 1) provide a more appropriate age factor for K-5 and K-6 schools and turn factor for the number of cars turning into a crosswalk and 2) provide sufficient weight to intersections with high numbers of children crossing the street. (Priority 3)

Implemented. The Department of Transportation (DOT) has revised the safety index formula to 1) provide a more appropriate age factor for K-5 and K-6 schools and turn factor for the number of cars turning into a crosswalk and 2) provide sufficient weight to intersections with high numbers of children crossing the street. The DOT and the Police Department submitted a memorandum recommending approval of these and additional revisions to the safety index formula to the School Pedestrian Safety Committee and the Building Better Transportation Committee. The safety index revisions were approved by the School Pedestrian Safety Committee in November 2004 and by the Building Better Transportation Committee and the City Council in March 2005.

#2 (Department of Transportation/RM) - Re-calculate the intersections that have not qualified for an adult crossing guard during the past three years using the revised safety index formula and submit the results to the School Pedestrian Safety Committee. (Priority 3)

Not implemented. The Building Better Transportation Committee and the City Council approved the revisions to the safety index formula in March 2005. The Building Better Transportation Committee directed staff to re-calculate the safety index for the denied locations over the calendar years 2002, 2003, and 2004 using the new formula and to provide the budgetary implications at the May 2, 2005 Building Better Transportation Committee meeting. Target date: 6-05.

#3 (Department of Transportation/RM) - Submit the revised safety index formula to the School Pedestrian Safety Committee and the City Council for approval. (Priority 3)

Implemented. The Department of Transportation (DOT) and the Police Department submitted a memorandum recommending approval of the revised safety index formula to the School Pedestrian Safety Committee and the Building Better Transportation Committee. The safety index revisions were approved by the School Pedestrian Safety Committee in November 2004 and by the Building Better Transportation Committee and the City Council in March 2005.

#4 (Department of Transportation/RM) - Submit to the City Council the anticipated budgetary implications of increasing or decreasing the safety index value. (Priority 3)

Not implemented. The Department of Transportation (DOT) and the Police Department submitted a memorandum recommending approval of the revised safety index formula to the School Pedestrian Safety Committee and the Building Better Transportation Committee. The safety index revisions were approved by the School Pedestrian Safety Committee in November 2004 and by the Building Better Transportation Committee and the City Council in March 2005. The Building Better Transportation Committee directed staff to provide the budgetary implications at the May 2005 Building Better Transportation Committee meeting. Target date: 6-05

#5 (Department of Transportation/RM) - Develop written procedures for entering information into the safety index formula and provide sufficient supervisory review. (Priority 3)

Partly implemented. The Department of Transportation (DOT) has drafted written procedures for entering information into the safety index formula and will also draft procedures for supervisory review. The DOT plans to finalize the procedures in April 2005. Target date: 6-05.

#6 (Department of Transportation/RM) - Develop written procedures for analyzing intersections and documenting the rationale for its decisions. (Priority 3)

Partly implemented. The Department of Transportation (DOT) has developed a draft of written procedures and plans to finalize them in April 2005. Target date: 6-05.

#7 (Department of Transportation/RM) - Provide the School Pedestrian Safety Committee with the posted speed limit and the date of any applicable speed study, and a diagram of the intersection it is considering for an adult crossing guard showing

- ***the number of children, their approximate ages, and the direction they are crossing;***
- ***the total number of vehicles crossing each leg of the intersection and the direction they are going; and***
- ***the total number of vehicle turns crossing each leg of the intersection. (Priority 3)***

Implemented. The Department of Transportation (DOT) distributes this information to the School Pedestrian Safety Committee for all intersections.

04-03: AN AUDIT OF THE DEPARTMENT OF PUBLIC WORKS' REAL ESTATE DIVISION REAL PROPERTY ACQUISITION PROCESS

#2 (Department of Public Works/RK) - Establish a process to ensure capital project construction plan changes are communicated when known and temporary construction easements and CEQA documents are requested timely. (Priority 3)

Partly implemented. According to the Department of Public Works, Public Works Real Estate Division staff continues to work with client departments in the project planning process. For example, Real Estate Division staff attends planning meetings of projects that involve Right-of-Way acquisition. The department has drafted a procedure describing the Real Estate Division's role in the planning process and intends to include the procedure in its revised Project Management Manual when finalized and approved. In addition, in March 2005 in coordination with the City Attorney's Office, the Department of Public Works was provided training regarding eminent domain. The training emphasized the need for client departments to work together with the Public Works Real Estate Division in the early stages of the selection process to improve the City's ability to condemn property.

Target date: 6-05.

#3 (Real Estate Division/RK) - Establish performance standards or benchmarks related to the costs to acquire real property. (Priority 2)

Partly implemented. According to Real Estate Division management, implementation of the Real Estate Tracking System (RETS) has been abandoned and the Division is working on alternative methods of determining benchmarks related to the costs of acquiring real property. The Division has identified milestones and timeframes for real property acquisition in cases when property owners accept the City's offer and in cases when they do not and the acquisition proceeds through eminent domain. The number of business days and the work hours required for a Real Property Agent to accomplish each milestone has been identified and an average cost to acquire one parcel has been calculated. The Real Estate Division intends to monitor current real estate activities in order to develop benchmarks for real property acquisition. When benchmarks have been established work can begin on a tracking system for monitoring and linking costs to the benchmarks. Target date: 6-05.

04-04: AN AUDIT OF THE UTILIZATION AND REPLACEMENT OF THE CITY'S TRANSPORT VEHICLES

#1 (City Manager's Office/JO) - Direct departments to assign sedans to employees who consistently drive over 9,000 miles per year and amend City Policy Manual Section 142 to better define special purpose vehicles and other possible exceptions to the mileage standard. (Priority 1)

Implemented. The City has adopted the revised "Use of City and Personal Vehicles" policy which addresses vehicle utilization and defines special purpose vehicles.

#2 (City Manager's Office/JO) - Officially designate the Fleet Management Division as the City entity that has the authority and responsibility to actively manage the City's transport vehicle fleet. (Priority 2)

Implemented. The City Policy Manual Section 13.01 states, "The Department of General Services, Fleet Management Division has the responsibility to manage the City's transportation vehicle fleet by working with departments to maximize utilization of vehicles, maintaining the fleet in good working condition, determining which vehicles will be removed from the fleet, and managing the acquisition and disposal of vehicles."

#3 (City Departments/JO) - When appropriate, assign employees to park at the remote parking locations that are nearest to the employees' primary work areas and ensure that employees are parking assigned City vehicles at authorized remote parking locations. (Priority 1)

Partly implemented. The revised City Policy Manual, Section 13.01 states, "All City provided vehicles must be parked, when not in use, in the City parking lot designated by the Department...Departments may authorize remote parking locations, however, employees must use the remote parking location nearest their primary work area. Employees are prohibited from parking a City vehicle in other than the Department's approved location in order to park closer to the employee's home...Departments will be required to maintain a list of each vehicle and the vehicle's designated parking area. This list will be made available to the Fleet Management Division." We will review this recommendation during the next follow-up to ensure the policy is consistently implemented. Target date: 6-05.

#4 (City Manager's Office/JO) - Implement the City's policy to track 24-hour vehicle assignments and provide a complete list of authorized vehicles and employees to appropriate departments. (Priority 2)

Partly implemented. According to the City Manager's Office, information on 24-hour vehicle assignments has been provided, but the City Manager's Office has not yet completed its determinations regarding approval of these vehicles. Target date: 6-05.

#5 (City Manager's Office/JO) - Improve controls over the mileage reimbursement program to help ensure that mileage reimbursement forms are properly completed and contain accurate mileage. (Priority 2)

Partly implemented. The updated City Policy Manual Section 13.01 addresses mileage reimbursement issues. We will review this recommendation during the next follow-up to ensure the policy is consistently implemented. Target date: 6-05.

#6 (Finance Department/JO) - Implement the City's policy to monitor the use of mileage reimbursement and ensure employees are not exceeding 750 miles per month. (Priority 2)

Partly implemented. The Finance Department has designed and implemented a report from the payroll system that summarizes payments for mileage reimbursement exceeding 750 miles per year on a monthly basis. They provide these reports to the City Manager's Office. We will sample mileage reimbursement claims during the next follow-up to verify consistent implementation. Target date: 6-05.

#7 (Fleet Management Division/JO) - Periodically conduct a transport vehicle break-even analysis to identify the annual mileage at which the City should provide a vehicle instead of mileage reimbursement. (Priority 2)

Partly implemented. We will review the application of the FMD's break-even analysis during the next recommendation follow-up. Target date: 6-05.

#8 (City Manager's Office/JO) - Establish 11,000 miles as the annual mileage criteria for assigning a light truck to a City employee. (Priority 2)

Implemented. Recently-approved City Policy Manual Section 13.01 establishes 11,000 miles per year as the minimum utilization standard for light trucks.

#9 (Fleet Management Division/JO) - Review the City's fleet of specialized vehicles to determine the most cost-effective complement of vehicles. (Priority 2)

Partly implemented. The updated City Policy Manual Section 13.01 addresses specialized vehicles. We will review this recommendation during the next follow-up to ensure the policy is consistently implemented. Target date: 6-05.

#10 (Fleet Management Division/JO) - Remove from the City's fleet and sell at auction those transport vehicles that do not meet the City's annual mileage criteria and do not serve a special purpose or are otherwise not exempt. (Priority 2)

Partly implemented. The Fleet Management Division (FMD) is in the process of identifying underutilized vehicles as defined by the updated vehicle policy. According to the FMD, vehicles that are not candidates for redeployment will be removed from the City's fleet and sold at auction. We will revisit this recommendation upon completion of the auction process. Target date: 6-05.

#12 (San José Fire Department/JO) - Implement a transport vehicle rotation program to balance usage and reduce the number of vehicles with low mileage. (Priority 2)

Partly implemented. In February 2005, the Fire Department began Phase I of a Vehicle Mileage Balancing program that will utilize vehicle mileage information to facilitate a "swap" mechanism that will move lower mileage vehicles to higher usage assignments and rotate higher mileage vehicles into assignments where data indicates lower usage. Every four months, the vehicles' mileage will be evaluated and a

rotation process will take place according to the mileage and years of service differential. Target date: 6-05.

6/2/04: MEMORANDUM OF THE AVIS RENT A CAR AUDIT

#1 (San José Int'l Airport/JC) –

- ***Provide a written demand to Avis for payment of \$1,247.59 in understated Customer Transportation Fee and interest for the period July 2002 to May 2003.***
- ***Review Customer Transportation Fee payments for the previous three years and verify that Avis correctly reported the number of customer contracts and the Customer Transportation Fee.***
- ***In accordance with the terms of the agreement, recover costs of this audit. (Priority 2)***

Partly implemented. The Airport is in the process of requesting reimbursement from Avis for the understated Customer Transportation Fee (CTF) and audit costs. Target date: 6-05.

#3 (San José Int'l Airport/JC) – Require Avis to implement controls to track the amount of gas returned in cars when customers purchase the gas service option and include this amount in its gross revenue calculations. (Priority 3)

Not implemented. The rental car concession agreements expire on March 31, 2005. As new agreements are negotiated, the Airport will examine modifications and simplification of the contract language. Target date: 6-05.

#4 (San José Int'l Airport/JC) – Renegotiate the terms of its agreement with Avis to eliminate several exclusions from future gross revenue calculations with a countervailing concession fee percentage reduction. (Priority 3)

Not implemented. The Airport will review its position on the definition of gross revenues and make adjustments to the definition of gross revenues and the percentage of gross payments, as may be appropriate, once the rental car concession agreements expire on March 31, 2005 and the new agreements are negotiated. Target date: 6-05.

04-05: A REVIEW OF THE CUSP REQUEST FOR PROPOSAL PROCESS

#1 (City Manager/JC) - The City require consultants to complete a conflict of interest questionnaire affirming that he or she has no actual or apparent financial or other conflicts of interest related to any specific project. (Priority 1)

Partly implemented. The City Manager's Office, City Attorney's Office, and General Services have worked collaboratively to develop an interim conflict of interest form for consultants to complete prior to working on any specific project. A corresponding administrative procedure will be incorporated into the City's RFP guidelines. Target date: 12-05.

#2 (City Manager/JC) - The City require all City personnel who participate in an evaluation process to complete a similar questionnaire. (Priority 1)

Partly implemented. The City Manager's Office, City Attorney's Office, and General Services have worked collaboratively to develop an interim conflict of interest form for City personnel to complete prior to working on any specific project. A corresponding administrative procedure will be incorporated into the City's RFP guidelines. Target date: 12-05.

#3 (City Manager/JC) - City staff should immediately request a formal City Attorney opinion when any conflict of interest issues arise. (Priority 1)

Partly implemented. Interim questionnaires to screen potential conflicts of interests have been developed and include working with the City Attorney's Office to obtain a formal opinion. The permanent Conflict of Interest Administrative Procedure and Forms will include this recommendation and will be reflected in the final revised RFP Guidelines. Target date: 12-05.

#4 (City Manager/JC) - City staff level future vendor cost proposals only for budgeting purposes and after the City has selected a vendor. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#5 (City Manager/JC) - The City develop a formal policy regarding when it is appropriate for City staff to question and/or communicate with respondents to City RFPs. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#6 (City Manager/JC) - The General Services Purchasing Division should be the City's primary point of contact and the manager of the RFP process for all RFPs in which general services and commodities are being procured. (Priority 3)

Not implemented. According to staff, this procedure will be incorporated into the City's revised RFP guidelines. Target date: 12-05.

#7 (City Manager/JC) - When the City uses a consensus scoring system it should document why the team members gave specific scores. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#8 (City Manager/JC) - The City should retain all individual scoring cards and note sheets. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#9 (City Manager/JC) - City Evaluation Teams and Committees should keep attendance records and minutes. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#10 (City Manager/JC) - The City should structure its RFPs to facilitate the scoring of responses. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#11 (City Manager/JC) - Evaluation Teams or Committees should score all of the vendors that make product demonstrations. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been

completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#12 (City Manager/JC) - Evaluation Teams and Committees should comply with the City's Request For Proposal Procedures Manual. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#13 (City Manager/JC) - The City should implement procedures to insure that City staff or consultants compile comparative vendor cost information that is complete and accurate. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#15 (City Manager/JC) - The City ensure that City staff adequately check proposer references for future RFPs. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

04-06: A REVIEW OF THE REQUEST FOR PROPOSAL FOR THE NEW CIVIC CENTER CONVERGED NETWORK SYSTEM

#1 (City Attorney/JC) - The City Attorney review with the City Manager's Office and the General Services Department the need for clarifications or other amendments to the San José Municipal Code standardization provisions. (Priority 2)

Partly implemented. The City Attorney, City Manager's Office, and General Services Department have worked together in developing an ordinance to amend San Jose Municipal Code Section 4.12.149 of Chapter 4.12 of Title 4 to revise the requirements for standardization with respect to the procurement of brand name products. On February 15, 2005, the San Jose City Council approved the proposed

ordinance. The final adoption of the standardization ordinance was on March 1, 2005. Under Charter Section 605, the ordinance will become effective after 30 days of final adoption. Therefore, this recommendation will be considered implemented on March 31, 2005. Target date: 3-05.

#2 (Administration/JC) - Develop a policy to require a formal contract with scope of service and nondisclosure provisions for non-compensated outside parties who are providing technical or specialized assistance to the City. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#3 (City/JC) - Structure its RFPs to facilitate the evaluations of minimum qualifications requirements. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#4 (City/JC) - Include in its RFPs the relative importance of price and other factors and subfactors. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#5 (General Services Department/JC) - Work with the City Attorney to look for ways to improve how the City evaluates and scores responses to RFPs and considers price relative to other evaluative factors. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#6 (City/JC) - San José Municipal Code Section 4.13.010 be amended to clarify that the request for proposal method of procurement is authorized where the provision of services and the purchase of equipment are integral to each other in accomplishing the purpose of the project and the services are not merely incidental to the equipment purchase. (Priority 3)

Not implemented. The City Manager's Office is working with the City Attorney's Office to complete Municipal Code changes regarding standardization and other procurement issues. Target date: 6-05.

04-07: AN AUDIT OF THE CITY'S CELLULAR PHONE PROGRAM

#1 (City Administration and Departments/CC) –

- ***Develop and use a universal written cellular phone authorization form that incorporates the elements of the City's Wireless Telephone Policy,***
- ***Conduct a reauthorization review to identify unnecessary cellular phones and appropriately authorize necessary cellular phones, and***
- ***Amend the City's existing Wireless Telephone Policy to require departments to regularly review cellular phone usage. (Priority 1)***

Partly implemented. The City developed a new universal authorization form and revised the City's Wireless Telephone Policy. City departments are working to complete reauthorizations of all cellular phones. Target date: 6-05.

#2 (City Administration and Departments/CC) -

- ***Develop a process to guide departments in identifying cellular phone abuse and***
- ***Review existing City-issued cellular phones to identify users'/departments' ownership and update vendor records to include current information. (Priority 2)***

Not implemented. The City requires employees to review telephone bills and identify/reimburse personal calls. The City has not developed a process to guide departments in efficiently and effectively reviewing electronic usage information to identify abuse. Departments continue to rely on employee self-reporting personal call information. Our review of select December 2004 to February 2005 cellular phone information indicates that the City has not completed a review to update vendor records with current information. Target date: 6-05.

#3 (Departments/CC) –

- ***Properly document that employee reimbursements for personal use of City-issued cellular phones are made, received, and posted to the City financial records. (Priority 2)***

Partly implemented. The City's new City Cellular Telephone Policy (revised January 2005) establishes procedures and forms to be used to ensure that any employee reimbursements are made, received, and posted. During a survey of departments, most departments responded that they use the new procedures and forms to document

reimbursements. Further, the Fire Department, for example, continues to improve upon the City's forms to better track that reimbursements are collected and booked into the City's Financial Management System. Target date: 6-05.

#4 (Departments/CC) –

- ***Authorize one individual in each department to oversee the issuance, use of, and employee reimbursements for personal use of City-issued cellular phones, and ensure compliance with the City's Wireless Telephone Policy. (Priority 2)***

Not implemented. The City does not appear to have identified one individual in each department to oversee that department's cellular phone program. A review of the City's list of department liaisons revealed that there are multiple liaisons for some departments and an individual that is not a liaison. City departments should identify one individual to represent the department as the primary liaison. Target date: 6-05.

#5 (City Administration/CC) –

- ***Consider changing the reimbursement rate for personal use of City-issued cellular phones to reflect the actual cost of cellular phone usage and***
- ***Consider alternatives to reduce personal call subsidies and Cellular Phone Program administration costs. (Priority 1)***

Partly implemented. The City revised the City's Cellular Telephone Policy in January 2005. It clarifies the amount to be reimbursed for personal calls. The City currently offers stipends as an alternative to issuing City cellular phones where offering the stipend would be more cost effective than issuing a City phone.

The City has not fully considered pooling all cellular phones plans into one large plan in order to maximize the use of available minutes and limit overage charges caused by users exceeding their allowed minutes in individual plans. According to our cursory review of pooled plans in June of 2004, the City would have saved up to approximately \$500,000 by switching to a pooled plan. The City will consider this option, once the necessary amount of minutes that will need to be purchased in the pooled plan are determined from the reauthorization effort. Target date: 6-05.

#6 (City Administration/CC) –

- ***Update the City's Wireless Telephone Policy to reflect new information and reflect Recommendations 1 to 5 in this report. (Priority 3)***

Partly implemented. The City revised the City's Cellular Telephone Policy in January 2005. We will continue to monitor the City's update of the policy to reflect the implementation of Recommendations 1 to 5. Target date: 6-05.

04-08 AN AUDIT OF SAN JOSÉ FAMILY CAMP

#1 (Parks, Recreation, And Neighborhood Services/EL) - Conduct a physical needs assessment of camp facilities to identify health and safety issues. (Priority 3)

Partly implemented. A physical needs assessment of camp facilities was conducted and resulted in the identification of 21 items posing health and safety risks. Repairs and improvements are in progress. Target date: 6-05.

#2 (Parks, Recreation, And Neighborhood Services/EL) - Upgrade camp staff housing. (Priority 3)

Partly implemented. Staff housing consists of 22 soft-sided tents and five hard-sided cabins. Staff has renovated the five hard-sided cabins to include electrical upgrades, dry rot repairs, decks, doors, and stairs. PRNS plans to upgrade four tent platforms each year until all tent platforms are improved. PRNS expects to upgrade four tent platforms by June 2005 at a cost of \$10,000. Target date: 6-05.

COUNCIL ATTENTION REQUIRED: \$45,000 funding required to repair 18 tent platforms.

#3 (Parks, Recreation, And Neighborhood Services/EL) - Conduct a thorough camp clean-up to remove unused equipment and furnishings. (Priority 3)

Partly implemented. Staff conducted a thorough clean-up of the facility by removing 90 percent of unused equipment and furnishings. Staff is reviewing salvaging options to reduce the disposal cost of the remaining debris. Staff plans on removing remaining unused equipment and furnishings beginning in Spring 2005. Target date: 6-05.

#4 (Parks, Recreation, And Neighborhood Services/EL) - Develop budget estimate for repairing deck railings, water tanks, and amphitheatre. (Priority 3)

Partly implemented. PRNS has begun planning repairs to deck railings, water tanks, and amphitheatre. PRNS repaired four tent platforms and deck railings in 2004 and plans on upgrading six additional platforms this year to address safety concerns. The remaining deck railings will be repaired when the 55 tent platforms are repaired or reconditioned. PRNS plans on repairing two water storage tanks by reconditioning the wood and replacing tank liners by June 2005. The repair cost is \$3,200 per tank. PRNS is planning on repairing amphitheatre erosion and seating. Target date: 12-05.

#5 (Parks, Recreation, And Neighborhood Services/EL) - Reconcile permitted camp tent platforms with U.S. Forest Service Permit. Remove non-permitted tent platforms or obtain permit amendment to allow additional platforms. (Priority 3)

Partly implemented. PRNS staff met with a U.S. Forest Supervisor in September and November 2004 to initiate discussions regarding camp operations. An additional

meeting was held in February 2005. Formal agency approvals and permit amendment will require several months to develop. Target date: 12-05.

#6 (Parks, Recreation, And Neighborhood Services/EL) - Make good faith effort to reach an agreement or memorandum of understanding with Friends of San José Family Camp to determine the appropriate role of organization. (Priority 3)

Partly implemented. Staff is in the process of defining the appropriate role for The Friends of San Jose Family Camp. Staff has met with the incoming organization's president three times and additional meetings have been scheduled. On-going cooperative projects (work parties) are being approved on a case-by-case basis. The City's goals are to focus the group's role towards fundraising to fund specific multi-year projects and purchase unfunded equipment. In accordance with City policies, the Family Camp Manager will approve volunteers and volunteer projects. Target date: 12-05.

#7 (Parks, Recreation, And Neighborhood Services/EL) - Ensure compliance with City policies concerning substance abuse and sexual harassment. (Priority 3)

Not implemented. PRNS will include staff substance abuse and sexual harassment training for all camp employees. PRNS plans to increase supervision of the staff residence area. A lead person will be assigned the responsibility of enforcing policies. Target date: 6-05.

#8 (Parks, Recreation, And Neighborhood Services/EL) - Ensure a reasonable staffing pattern and ensure compliance with labor laws. (Priority 3)

Not implemented. In 2004, Camp understaffing led to operational problems. PRNS plans on hiring 67 per diem staff counselor employees. The recruitment and hiring timeline has been accelerated in order to hire lead workers by April 2005 and regular camp counselors by May 2005. Staff training planned for June 2005 will define staff roles and work schedules. Adhering to work schedules will ensure compliance with labor laws. Target date: 6-05.

#9 (Parks, Recreation, And Neighborhood Services/EL) - Reassess the practice of using underage volunteers. (Priority 3)

Implemented. PRNS implemented a policy that staff and in-residence volunteers will be 18 years and older. Recruitment bulletins specify minimum age.

#10 (Parks, Recreation, And Neighborhood Services/EL) - Review and revise reservation policy to deal with extra campers, non-resident campers, and minimize registration waiting period. (Priority 3)

Partly implemented: PRNS has revised several policies to deal with extra campers, non-resident campers, and minimize registration waiting period. In 2005, PRNS will institute a \$20 reservation change fee to discourage extra campers. In 2004, extra

campers resulted in the camp exceeding capacity. PRNS is also recommending a higher fee for non-residents. In 2004, 30 percent of campers were non-residents. With a higher non-resident fee, PRNS needs to focus on identifying non-residents using resident addresses to avoid paying the higher non-resident rate. In 2004, auditors identified at least one situation where a husband and wife reserved two separate tents for two separate families. In 2005, PRNS changed the pre-registration process to minimize waiting and increase access. A new random number process resulted in a more efficient and equitable process. Target date: 6-05.

#11 (Parks, Recreation, And Neighborhood Services/EL) - Conduct and maintain inventory of tools and equipment. (Priority 3)

Partly implemented. A photo documentation of power tools and non-fixed equipment valued over \$300 was completed in June 2004. A standard tool and equipment inventory will be conducted in Spring 2005. Target date: 6-05.

04-09: AN AUDIT OF THE CITY MANAGER'S REFORMS

#1 (Finance/JC) - Establish policies and procedures to ensure that the Purchasing function is adequately segregated from the Accounts Payable function. (Priority 3)

Partly implemented. The Finance Department is currently recruiting a Chief Purchasing Manager (Deputy Director of Finance) to oversee and operate the Purchasing function. Once the Chief Purchasing Manager is hired, staff will work with him/her to develop and/or review internal controls with the Accounting Division to assure proper segregation of duties between Purchasing and Accounts Payable. Target date: 6-05.

#2 (City Administration/JC) - Develop a detailed project staffing plan for its complex RFP projects that would identify the required staff, their estimated time commitments, and when they will be needed for the project. (Priority 3)

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest is underway and is scheduled to be completed in June 2005. Work on standardization has been completed and Council has approved ordinance changes. Development of policies on the scoring and methodology will begin in June 2005. Target date: 12-05.

#3 (City Council/JC) - Refer to the City's Blue Ribbon Task Force for discussion and consideration, amending the Code of Ethics regarding an employee's duty to report improper activities. (Priority 3)

Not implemented. The Blue Ribbon Task Force's work plan includes a discussion of the City's Code of Ethics in March 2005. Target date: 6-05.

Appendix A