Office of the City Auditor

Report to the City Council
City of San José

STATUS OF OPEN AUDIT RECOMMENDATIONS AS OF DECEMBER 31, 2015

March 2016

March 11, 2016

Honorable Mayor and City Council
City of San Jose
200 E. Santa Clara Street
San Jose, CA 95113

STATUS OF OPEN AUDIT RECOMMENDATIONS AS OF DECEMBER 31, 2015

Recommendation

We recommend the City Council review and accept the attached report on the status of open audit recommendations as of December 31, 2015.

Background

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

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

Summary of Results

This report summarizes the status of 296 open audit recommendations as of December 31, 2015. This includes 275 recommendations that were outstanding after our last status report as of June 30, 2015, and 21 new recommendations from audits issued in the last 6 months.

Since our last report, 45 recommendations were implemented or closed. Significant benefits include:

- The City reached agreement with its remaining employee bargaining units on cost saving proposals related to the City's two retirement systems. These include prohibiting retroactive retirement increases, requiring voter approval of retirement benefit enhancements, continuing the elimination of the Supplemental Retirement Benefit Reserve (SRBR), and providing for a modified Tier 2 retirement system (*Pension Sustainability: Rising Pension Costs Threaten the City's Ability to Maintain Service Levels – Alternatives for a Sustainable Future, 2010*).

- In April 2015, the City and the Municipal Employee's Federation entered into a Side Letter Agreement that identified additional responsibilities for "Library Services" volunteers, such as assisting Library staff with maintaining the collection as well as welcoming customers to the Library. In October 2015, the Library Department implemented this expansion at all branches.

From October to December 2015, there were 1,485 more "Library Services" volunteer hours than during the same period the year prior, representing a 77 percent increase. To date, the Library implemented 10 of 15 recommendations, with 5 others well on the way to implementation (*Audit of Library Hours and Staffing, 2014*).

- In November 2015, the City Council agreed on a restated contract agreement with Taxi San Jose that provides for the reallocation of company permits based on fleet size, the reduction of driver idle times at the airport via a technology solution, the delegation of certain administrative duties to Taxi San Jose, and a new cost recovery fee of $1.55. The recommendations for interdepartmental coordination of complaints about taxicab service and regional regulation of taxicabs are still outstanding *(Audit of Taxicab Service and Regulation, 2013)*.

- In February 2016, Airport and Fire Department staff signed a memorandum of understanding that included performance metrics reporting, meetings between Airport and Fire Department staff, and training requirements. The enhanced communication between departments aims to improve the safety of passengers, staff, and concessionaires at the Airport (*Audit of Airport Public Safety Level of Service, 2011*).
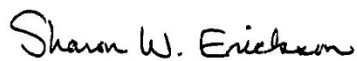
A total of 178 recommendations are partly implemented, and 73 recommendations are not implemented. We will continue to follow-up on these recommendations. For example:

- The Department of Transportation continues its focus on identifying a sustainable, predictable funding stream to maintain roads annually, and to develop a multi-year plan to use one-time funding to bring the road network up to good condition by addressing maintenance backlogs and reconstructing poor and failed streets. The City is supporting statewide legislation to address transportation funding needs. In addition, a potential sales tax ballot measure could provide approximately $12 million per year, and a countywide sales tax measure could result in an additional $29 million per year for additional pavement maintenance funding (*Audit of Street Pavement Maintenance*, 2015).

- The Information Technology department continues work on ten recommendations to improve information technology general controls (*Audit of Information Technology General Controls*, 2012).

- Development Services continues work on twenty recommendations to improve the customer experience (*Audit of Development Services: Improving the Experience for Homeowners*, 2014)

The attached report lists the status of all recommendations still pending. 18 of our audits contain recommendations which have potential budget impacts totaling $13 million or more. A total of 6 audits have recommendations with potential meet and confer issues.

The City Auditor's Office would like to thank the City Manager's Office and all of the affected departments for their efforts to implement audit recommendations and for their assistance in compiling this report.

Respectfully submitted,

Sharon W. Erickson
City Auditor

Attachment: Report on the Status of Audit Recommendations as of 12/31/15

STATUS OF AUDIT RECOMMENDATIONS AS OF 12/31/15

This report summarizes the status of all open audit recommendations for the six months ended December 31, 2015. It shows those recommendations that are implemented, not implemented, or closed, and provides an agreed course of action to implement remaining recommendations.

Page Number	Report Title	Date Issued	Implemented/ Closed	Partly Implemented	Not Implemented	Potential Budget Impact	Potential Meet and Confer Issues
7	San José Fire Department Strategic Plan Regarding Proposed Fire Stations	10/18/01		2		✓	
10	San José Fire Department Bureau of Fire Prevention	11/26/03			4	✓	
15	Oversight of Financial Assistance to Community-Based Organizations	11/12/08		2			
17	San José Police Department Auto Theft Unit	5/13/09		3		✓	
21	Employee Medical Benefits	6/10/09		2		✓	✓
23	Performance Management and Reporting in San Jose: A Proposal for Improvement	9/24/09		1			
28	Pensionable Earnings and Time Reporting	12/09/09	3	6	4	✓	
42	Civilianization Opportunities in the San José Police Department	1/14/10		4	2	✓	✓
49	Decentralized Cash Handling	2/10/10		1			
50	Community Center Staffing	3/11/10		3			
54	Licensing and Permitting of Cardroom Owners and Employees	4/7/10		5			
61	City Procurement Cards: Policies Can Be Improved	9/8/10		1			

Page Number	Report Title	Date Issued	Implemented/ Closed	Partly Implemented	Not Implemented	Potential Budget Impact	Potential Meet and Confer Issues
62	Pension Sustainability: Rising Pension Costs Threaten the City's Ability to Maintain Service Levels - Alternatives for a Sustainable Future	9/29/10	2	1		✓	
65	Police Department Staffing: Opportunities to Maximize the Number of Police Officers on Patrol	12/9/10		3	3	✓	✓
72	Disability Retirement: A Program in Need of Reform	4/14/11	1	1			
75	Key Drivers of Employee Compensation: Base Pay, Overtime, Paid Leaves and Premium Pays	5/11/11		2	3	✓	✓
78	Airport Public Safety Level of Service	10/12/11	2		1		
81	Annual Form 700 Filers	11/10/11		2			
83	Office Supply Purchases: the City Did Not Receive all Anticipated Discounts Nor Did It Fully Take Advantage of OfficeMax's Environmentally Friendly Offerings	1/18/12	1				
84	Audit of Information Technology General Controls	1/18/12		8	2	✓	
93	2010-11 Annual Performance Audit of Team San Jose's Management of the City's Convention and Cultural Facilities	1/18/12		1			
94	Police Department Secondary Employment: Urgent Reform and a Cultural Change Needed to Gain Control of Off-Duty Police Work	3/07/12		19	6	✓	
105	Review of Fire Department Performance Measures: Improving the Usefulness of Data	5/10/12		3			
108	Environmental Services: A Department at a Critical Juncture	8/08/12	1	7	2	✓	
115	Fire Department Injuries: A More Coordinated Response and Better Follow-up Is Needed	9/12/12		6	4	✓	✓

Page Number	Report Title	Date Issued	Implemented/ Closed	Partly Implemented	Not Implemented	Potential Budget Impact	Potential Meet and Confer Issues
120	Ten Years of Staffing Reductions at the City of San José: Impacts and Lessons Learned	11/08/12	2		3		✓
122	Deferred Compensation: The City Can Streamline and Improve the Administration of its Deferred Compensation Program	2/13/13		1	1		
124	Office of Economic Development Performance Measures: Existing Measures Are Generally Meaningful, Useful, and Sustainable, But Can Be Improved	2/13/13		1			
125	Fire Prevention: Improve Follow-up on Fire Code Violations, Prioritize Inspections, and Target Public Education to Reduce Fire Risk	4/10/13	1	9	3		
135	Taxi Service and Regulation in San José: An Opportunity to Reevaluate City Priorities And Oversight	5/24/13	4	1	1	✓	
139	Consulting Agreements: Better Enforcement of Procurement Rules, Monitoring, and Transparency Is Needed	6/12/13		5	8		
144	Graffiti Abatement: Implementing A Coordinated Approach	6/13/13	1	5			
149	Indirect Cost Allocation: Improved Procedures and Better Communication Needed	11/14/13	2	2	1		
152	Code Enforcement: Improvements Are Possible, But Resources Are Significantly Constrained	11/14/13	2	3	2		
155	Employee Travel Expenditures	12/11/13	9	2	1		
161	Library Hours and Staffing: By Improving the Efficiency of Its Staffing Model, the Library Can Reduce the Cost of Extending Service Hours	3/13/14	1	5		✓	
165	Housing Loan Portfolio: Approval and Monitoring Processes Should Be Improved	5/8/14	1	3			
170	Customer Call Handling: Resident Access to City Services Needs to be Modernized and Improved	8/14/14		7	2		

Page Number	Report Title	Date Issued	Implemented/ Closed	Partly Implemented	Not Implemented	Potential Budget Impact	Potential Meet and Confer Issues
174	City Procurement Cards: Better Oversight and Streamlined Processes Would Improve Protection of Public Resources	9/18/14	1	3			
176	Development Services: Improving the Experience for Homeowners	9/18/14		17	3	✓	
184	Facilities Maintenance: Process Improvements Are Possible, But A Large Deferred Maintenance Backlog Remains	11/13/14	1	6			
187	Accounts Receivable: The City Can Enhance Revenue Collections By Improving Its Billing & Collection Practices	12/04/14		4	6	✓	
190	Street Pavement Maintenance: Road Condition Is Deteriorating Due to Insufficient Funding	2/23/15	2		1	✓	
193	Employee Hiring: The City Should Streamline Hiring and Develop a Workforce Plan to Fill Vacancies	4/9/15	6	4	4		
196	PRNS Fee Activity Program: The Department Can Better Reflect the City's Goals for Tracking and Recovering Costs, Setting Fees, and Promoting Affordable Access	5/7/15		4			
AUDITS ISSUED SINCE LAST RECOMMENDATION STATUS REPORT:							
198	Curbside Recycling: The City Can Enhance Its Single-Family Residential Recycling Program to Improve Waste Diversion	5/22/15		5	1		
200	Police Hiring: Additional Efforts to Recruit Qualified Candidates Urgently Needed to Fill Vacancies	9/10/15	2	8	4		
203	Team San Jose's Performance 2014-15	11/06/15			1		
	TOTAL		**45**	**178**	**73**	**18**	**6**

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

The purpose of this audit was to review the SJFD's Strategic Plan, data integrity, and proposed fire stations and configuration options. Of the 5 recommendations, 3 were previously implemented or closed, and 2 are partly implemented.

	Department	Current Status	Comments
#3: Develop for City Council consideration plans for expanding its use of the Omega priority response level. These plans should include: obtaining the software necessary to fully implement the Omega priority response level; options and costs for dispensing non-emergency medical advice; and any other issues that need to be addressed.	Fire	Partly Implemented	**Auditor's update as of June 2010:** Under the Medical Priority Dispatch System, a 911 call determined to be a medical call with the lowest priority has an Omega priority response level and would receive an alternate response. For example, instead of both the San José Fire Department (SJFD) and an ambulance responding to an Omega protocol call, only an ambulance would respond. The SJFD has completed some of the steps necessary to implement the Priority Dispatch Omega protocol. Specifically, it renewed its accreditation as an Accredited Center of Excellence in April 2008 and uses ProQA software which is necessary for the Priority Dispatch Omega protocol. Currently, the Emergency Medical Services (EMS) Agreement with the County, which expires June 30, 2011, requires that the SJFD respond on all 911 calls received. However, the current EMS agreement gives the Fire Department authorization to respond to lower-priority medical aid service requests, as determined through the Medical Priority Dispatch System, with Basic Life Support resources. The SJFD is in the process of completing the implementation of its new RMS and has been collecting patient care data since March 2009 to support of its efforts to identify Omega responses. Furthermore, the SJFD is participating as a stakeholder in the redesign of the EMS agreement to expand the use of the Omega protocol. Target date: 6-11.

Auditor's update as of December 2010: The Fire Department is continuing its efforts to ensure it has sufficient data and analytical capacity to review its data and develop written justification to the Santa Clara Local EMS Agency for not responding to lower-priority medical aid service requests. While opportunities for referring these lower-priority requests to telephone advice lines were prevalent during the development of the Consultant's report in 2001, this option has become significantly less feasible with declining number and membership of managed healthcare organizations. The Fire Department is currently working with the Local EMS Agency to craft a first responder agreement between the City and Local EMS Agency that addresses when it is appropriate for the City to not respond to lower priority medical aid requests. Target date: 6-11.

Auditor's update as of June 2011: The Fire Department recently completed work on a first responder agreement between the City and Santa Clara County. Discussions regarding the level of resource response to lower priority service requests have been ongoing. The Department will be revisiting policy options following a 90-day assessment period of the new EMS system. Target date: 12-11. |

			Auditor's update as of December 2011: Discussions with County EMS continue. There is an internal process that the County is developing to reduce 9-1-1 calls to County medical facilities and jails. Discussions will be ongoing to address reducing resource demands based on emergency dispatch prioritizing. An update will be provided in June 2012.
			Auditor's update as of June 2012: Discussion with County EMS continues. The County will be developing a strategic plan that includes the concept of triaging lower acuity 9-1-1 calls to advise medical staff and/or transportation by routine medical transport resources to clinical care facilities. An update will be provided in December 2012.
			Auditor's update as of December 2012: Discussion with County EMS continues, which includes triaging of calls. Target date: TBD.
			Auditor's update as of June 2013: No change. The Department advises that this requires further discussion with the County. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. The Department advises that when a new contract is negotiated with the County, the City will discuss outcome-based solutions including the Omega protocol. Target date: TBD.
			Auditor's update as of December 2014: No change. The City continues with initial discussions with the County on the EMS contract. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. The City continues discussions with the County on the EMS contract. Target date: TBD.
			POTENTIAL BUDGET IMPACT: The ability to respond by phone would potentially reduce the number of EMS responses, saving wear and tear on vehicles and reallocating resources to more critical emergencies.
#5: Implement a pilot project to evaluate the use of SUVs or Light Units to respond to lower priority emergency medical calls.	Fire	Partly Implemented	**Auditor's update as of June 2010:** The SJFD completed its operational planning related to temporary redeployment of resources and the use of an alternatively staffed unit to respond to lower priority calls. The pilot program has begun with the relocation of Engine 2 to a temporary facility during Station 2's reconstruction. The SJFD implemented an alternatively–staffed brush patrol equipment unit to respond to lower priority calls in the event a simultaneous request for service was received in Station 2's first-due district. The alternatively-staffed brush patrol unit responds with Engine 2, creating a six-person, two-piece engine company. In the event a second service request occurs during a response, the two-person brush patrol unit, with an Advanced Life Support complement of equipment, can continue responding on the original request or respond separately to the new request; depending on

the priority of the response and with supervisory approval. The two-person unit is staffed with an engineer and a paramedic 12 hours per day. This approach was agreed to by the firefighters union and management to address safety concerns until more data on the effectiveness and safety of an alternatively staffed unit could be determined. During this period, the SJFD will collect patient care, and unit availability and location data regarding this deployment model with the incident-reporting module of the Records Management System and Mobile Data Computer. Target date: 11-10.

Auditor's update as of December 2010: The Fire Department is continuing its efforts to use existing data obtained from RMS and other sources of data contained within the City's computer-aid dispatch system. Interviews with personnel who staffed the two-person brush patrol were inconclusive regarding the effectiveness of this resource staffing configuration. Quantitative data, which exists within the RMS, is in the process of being reviewed, extracted, and analyzed. Other Fire Department priorities that require IT resources have slowed this process. Target date: 6 -11.

Auditor's update as of June 2011: The Department continues to review alternative staffing models. Recommendations regarding alternative staffing units will be presented during the 2012-2013 budget process. Target date: TBD.

Auditor's update as of December 2011: No change.

Auditor's update as of June 2012: The Squad Pilot Program was implemented in May 2012 to respond to lower priority emergency calls. The Pilot Program will be completed in May/June 2013 and an evaluation of the Program could be completed by fall 2013. Updates to staffing models could be presented during the 2013-2014 budget process. Target date: 12-13.

Auditor's update as of December 2012: No change. Target date: 12-13.

Auditor's update as of June 2013: No change. The Department advises that an evaluation of the program is still anticipated. Target date: 6-14.

Auditor's update as of December 2013: No change. Target date: 6-14.

Auditor's update as of June 2014: The Squad Pilot Program was implemented in May 2012 to respond to lower priority emergency calls. The Department reports that, on a daily basis, it deploys at least three squad cars to improve fire engine/truck company capacity to respond to higher priority calls. In addition, the Department continues its work analyzing deployment options utilizing workload and response time data. An organizational review of the Fire Department is expected to begin in November/December with results by winter 2015. This review will include

an assessment of apparatus types to improve response time performance and delivery of services. Target date: 6-15.

Auditor's update as of December 2014: The Department currently experiences brownouts of squad car companies. According to the Department, the brownouts occur when duty positions cannot be filled due to absences or vacancies. In a joint undertaking, the Fire Department and the City Manager's Office have posted a Request for Proposal for an organizational review of the Fire Department. The first phase of the study is expected to be completed by mid-May and will consist of an evaluation of delivery of Fire Department services, including appropriateness of Fire Department response time performance targets and analysis of alternative service models and staffing deployment models. The final phase of the study will be completed by August 2015. Target date: 12-15.

Auditor's update as of June 2015: In the May 2015 Side Letter Agreement between the City of San José and the International Association of Firefighters, Local 230 extended the Squad Pilot Program to June 30, 2018. In addition, the Fire Department advises that it will present results of the consultant's organizational review of the Fire Department to the Public Safety, Finance, and Strategic Support Committee in fall 2015. This report will include a review of staffing and resource deployment options. Target date: TBD.

Auditor's update as of December 2015: No change. The organizational review of the Fire Department was presented to the Public Safety, Finance, and Strategic Support Committee in February 2016, and will be brought back to the Committee in March 2016. Target date: TBD.

POTENTIAL BUDGET IMPACT: The ability to respond with SUVs or Light Units would potentially reduce the number of EMS responses for lower-priority EMS calls, saving wear and tear on Fire Engines and Trucks and leaving such units available for higher-priority responses.

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

The purpose of this audit of the fire safety, school, and multiple housing inspection programs was to determine whether inspections met regulatory targets and ensured adequate enforcement of San Jose Fire Code requirements. Of the 16 recommendations, 12 were previously implemented or closed, and 4 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#2: If Recommendation #1 results in a significant number of facilities being added to the Fire Inspection Billing System (FIBS) database, follow up on the remaining manufacturing facilities in the Business License database that did not have a FIBS number.	Fire	Not Implemented	**Auditor's update as of June 2010:** According to San Jose Fire Department (SJFD) Administration, the Bureau of Fire Prevention no longer has the ability to access the Business License database to follow up on manufacturing facilities that should be added to the Fire Inspection Billing System (FIBS) database because City Information Technology (IT) Services implemented system changes that broke the link between the databases. Specifically, in the past, both the FIBS and Business License applications ran on the City's VAX system, sharing common data which

linked the databases. With the migration of both applications from the VAX system, the link was broken. Until City IT Services initiates system changes that again allow migration of the two systems, the FIBS system will not be able to retrieve Business License information. Currently, there is no funding available to restore the link. Target date: TBD.

Auditor's update as of December 2010: No change.

Auditor's update as of June 2011: According to Fire Department Administration, in Fall 2011, the Finance Department will be issuing a Request for Proposal to replace the Business Tax system. As part of the requirements, the selected system is to have custom interfaces to integrate Business Tax information with other applications, including the FIBS. Implementation of a new Business Tax system is anticipated to begin in Spring 2012. Target date: 5-12.

Auditor's update as of December 2011: In Fall 2011, the Finance Department issued a Request for Proposal to replace the Business Tax System (BTS). As part of the requirements, the selected system is required to have custom interfaces to integrate Business Tax information with other applications, including FireHouse. Implementation of a new Business Tax System is anticipated to begin in Spring 2012.

The Fire Department billing system migrated from the FIBS to FireHouse in September 2009. New businesses from the Finance BTS and from the County (CUPA database) are manually reconciled with FireHouse, with updates made to new businesses in FireHouse. Fire staff continues its work on updating FireHouse to reflect new and closed businesses; however, staffing changes in the Department are likely to result in some delays in reconciliation. Target date: TBD.

Auditor's update as of June 2012: Implementation of a new Business Tax System is anticipated to begin in Spring 2013, meanwhile Finance Department manual reconciliation continues. Target date: 6-13.

Auditor's update as of December 2012: According to the Finance Department, a new RFP will be issued spring 2013 to replace the current Business Tax System (BTS). The Department anticipates that the new BTS will have a custom interface with the FireHouse. Pending the implementation of the new BTS, Fire Department staff updates FireHouse manually to reflect new and closed businesses. Target date: 6-14.

Auditor's update as of June 2013: The Finance Department advises that it will issue a new RFP to replace the Business Tax System (BTS) in fall 2013. The Department anticipates that the new BTS will have a custom interface with FireHouse. Implementation of a new BTS is anticipated to begin in Spring 2014; meanwhile, the Finance Department manual reconciliation continues. Target date: 12-14.

Auditor's update as of December 2013: The Finance Department issued a new RFP to replace the Business Tax System (BTS) in January 2014. The Finance Department anticipates that the new BTS will have a

Audit Report and Recommendation	Department	Current Status	Comments
			custom interface with FireHouse. Implementation of a new BTS is anticipated to begin in Spring 2014 with a Go-Live date of July 2015; meanwhile the Finance Department manual reconciliation continues. Target date: 12-15.
			Auditor's update as of June 2014: The Finance Department issued a new RFP to replace the Business Tax System (BTS) in January 2014. The Finance Department anticipates that the new Business Tax System will enable the comparison of the FIBS and Business License datasets. Implementation of a new BTS is anticipated to begin in Fall, 2014, with a go-live date of July 2015; meanwhile staff continues with manually adding new businesses to FireHouse. Target date: 12-15.
			Auditor's update as of December 2014: The Finance Department issued a new RFP to replace the Business Tax System (BTS) in January 2014. The Finance Department anticipates that the new Business Tax System will enable the comparison of the FIBS and Business License datasets. Implementation of a new BTS is anticipated to begin in Spring, 2015, with a go-live date of December 2015; meanwhile staff continues with manually adding new businesses to FireHouse. Target date: 12-15.
			Auditor's update as of June 2015: The Fire Department billing system migrated from the FIBS to FireHouse in 2009. A new Business License system is expected to integrate Business Tax information with other applications, including FireHouse. The go-live date is expected to be January 2016. Pending completion of the implementation of the new Business License system, manual reconciliation between the current Business License system and FireHouse continues. Target date: 01-16.
			Auditor's update as of December 2015: The Business Tax System is expected to go live August 2016. Pending integration and completion of the new Business License system, manual reconciliation will continue. Target date: 10-16.
			POTENTIAL BUDGET IMPACT: In addition to potential safety issues, the Department may be forgoing revenue from unpermitted facilities (in 2015-2016, annual Fire Safety Permits will cost from $409 to $1,643 per permit plus applicable inspection fees at an hourly rate of $87.00 per half-hour or portion thereof).
#3: Periodically compare the FIBS database with the Business License database using the SIC Codes that are most likely to require a fire safety inspection.	Fire and Finance	Not Implemented	**Auditor's update as of June 2015:** See Recommendation #2. **Auditor's update as of December 2015:** No change. See Recommendation #2. **POTENTIAL BUDGET IMPACT:** See Recommendation #2.
#10: Develop a risk assessment methodology to assign facility inspection frequencies.	Fire	Not Implemented	**Auditor's update as of June 2010:** According to San Jose Fire Department (SJFD) Administration, a contract with Emergency Services Consulting, Inc. (ESCI) to develop a risk assessment methodology expired prior to their ability to correct incomplete work. Currently, there

is no funding mechanism to complete this task with consultants. As a result,

developing a risk assessment methodology to assign facility inspection frequencies is temporarily suspended until other options available to the City are identified. Target date: TBD.

Auditor's update as of December 2010: No change.

Auditor's update as of June 2011: No change.

Auditor's update as of December 2011: No change.

Auditor's update as of June 2012: No change. Audit of fire prevention efforts currently in progress.

Auditor's update as of December 2012: No change. Audit of fire prevention efforts currently in progress.

Auditor's update as of June 2013: No change. The development of a risk assessment methodology remains suspended. The Department intends to continue pursuing additional resources, including funding for consulting services, to assist SJFD staff in developing a risk assessment methodology. Target date: TBD.

Auditor's update as of December 2013: The Fire Department advises that it is gathering information on a risk assessment being developed by the City of New York Fire Department. The Department intends to review the program's effectiveness and evaluate the possibility of developing a similar program in San José. The Department anticipates that if it decides to develop a risk assessment model in San José, it will then develop budget proposals for analytics and fire prevention expertise. Target date: TBD.

Auditor's update as of June 2014: To implement this recommendation, the 2014-2015 Operating Budget includes $40,000 for a consultant study of the Fire Department's non-development fee program. An analysis of risk-based fee structures will be included in this study. It is anticipated that the study will be completed in early 2015, in time to include fee changes in the 2015-2016 Budget Process. Target date: 6-15.

Auditor's update as of December 2014: The Department completed its Request for Proposal process for a consultant study of the Fire Department's non-development fee program in October 2014. This study would include an analysis of risk-based fee structures. Only one proposal was received with a compensation package exceeding the budgeted allocation. The Department will be reviewing current scope and funding sources with the intention of renewing its process to solicit proposals for this study by June 2015. Target date: 12-15.

Auditor's update as of June 2015: The Department's Request for Proposal for a consultant study of the Fire Department's non-development fee program, including an analysis of risk-based fee

Audit Report and Recommendation	Department	Current Status	Comments
			structures, closed on July 31, 2015. It is anticipated that a consultant could be selected by September 2015. Target date: TBD.
			Auditor's update as of December 2015: A consultant to conduct a study of the Fire Department's non-development fee program (including an analysis of risk-based fee structures), has been selected and is expected to begin its work summer of 2016. Target date: TBD.
#12: Develop a workload analysis to determine its inspection staff needs to achieve its inspection goals and objectives.	Fire	Not Implemented	**Auditor's update as of June 2010:** According to San Jose Fire Department (SJFD) Administration, a contract with Emergency Services Consulting, Inc. (ESCI) to develop an inspection staff workload analysis expired prior to their ability to correct incomplete work. SJFD does not have the expertise to develop a workload analysis in-house and there is currently no funding mechanism to complete this task with consultants. As a result, this task is temporarily suspended until other options available to the City are identified. Target date: TBD.
			Auditor's update as of December 2010: No change.
			Auditor's update as of June 2011: No change.
			Auditor's update as of December 2011: No change.
			Auditor's update as of June 2012: No change. Audit of fire prevention efforts currently in progress.
			Auditor's update as of December 2012: No change. Audit of fire prevention efforts currently in progress.
			Auditor's update as of June 2013: No change. The Department advises that the task will continue to remain suspended until more resources are available. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: The 2014-2015 Operating Budget includes $40,000 for a consultant study of the Fire Department's non-development fee program. An analysis of workload to deliver services and meet inspection goals and objectives will be a component of this study. This study is expected to be completed in early 2015. Target date: 6-15.
			Auditor's update as of December 2014: As described in Recommendation # 10, the Department completed the process for a consultant study of the Fire Department's non-development fee program. Only one proposal was received with compensation package exceeding budgetary allocations. This study would have included an analysis of workload to deliver services and meet inspection goals. The Department will be reviewing current scope and funding sources with the intention of renewing its process to solicit proposals for this study by June 2015. Target date: 12-15.

| | | | **Auditor's update as of June 2015:** See Recommendation # 10. Target date: TBD. |
| | | | **Auditor's update as of December 2015:** See Recommendation #10. Target date: TBD. |

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

This audit summarized previous City Auditor reports related to grant oversight, identified additional forms of financial assistance that the City provides to community-based organizations, and assessed opportunities to improve the administration of the various forms of financial assistance. Of the 21 recommendations, 19 were previously implemented or closed, and 2 are partly implemented.

#9: Clarify when the 7-1 policy should apply to leases with CBOs of City facilities.	Economic Development	Partly Implemented	**Auditor's update as of June 2010:** Amendments to Council Policy 7-1 (below-market leases) have been drafted. The policy now includes the eligibility criteria for non-profit organizations to rent from the City at reduced lease rates. Staff will be presenting the revised policy to Council for approval. Target date: TBD.
			Auditor's update as of December 2010: The Real Estate Services and Asset Management Division has been transferred from General Services to OED. There has been no change in the status of this recommendation. Target date: TBD.
			Auditor's update as of June 2011: Staff is reviewing the draft amendments to Council Policy 7-1 along with other applicable City ordinances. Staff will be moving forward with recommendations to the City Council in March 2012. Target date: 3-12.
			Auditor's update as of December 2011: No change. Staff met with the City Auditor and discussed the Real Estate Division's current streamlining efforts. Staff is evaluating the current policy and preliminary recommendations include increasing the Administration's approval limit on 7-1 leases. Staff will be developing and implementing the streamlined processes during the next 18 months. Target date: 6-13.
			Auditor's update as of June 2012: In process. Target date: 6-13.
			Auditor's update as of December 2012: In process. Target date: 6-13.
			Auditor's update as of June 2013: In process. Real Estate is focusing first on Recommendation 11 and plans to update policies once the universe of leaseholders is clearer. Target date: 12-14.
			Auditor's update as of December 2013: In process. Target date: 12-14.
			Auditor's update as of June 2014: Staff advise that they are completing the review of hard and soft copy lease files and identifying missing information (such as insurance certificates). They are preparing to bring

Audit Report and Recommendation	Department	Current Status	Comments
			any expired leases to Council for consideration and possible renewal. This action will also include any recommendations that may clarify when the 7-1 Council Policy should be applied. Target date: 12-14.
			Auditor's update as of December 2014: In process. Target date: 6-15.
			Auditor's update as of June 2015: In process. Target date: 6-16.
			Auditor's update as of December 2015: In process. Target date: 12-16.
#11*:* We recommend the Real Estate Division: A. Develop a centralized spreadsheet to track the status of CBO leases and other long-term use agreements for City-owned properties with CBOs including key terms and rental payments. B. Bring current all expired leases, rental payments, insurance certificates, and other required reporting documentation.	Economic Development	Partly Implemented	**Auditor's update as of June 2010:** See Recommendation #10. **Auditor's update as of December 2010:** See Recommendation #10. **Auditor's update as of June 2011:** See Recommendation #10 in response to item #11A. Recommendation #11B: Staff is reviewing expired leases (currently less than 10 with only nominal annual rents), rental payments, and insurance certificates. Staff will monitor insurance certificates related to City-owned properties that are leased to ensure that the certificates are renewed for the duration of the lease. Target date: 3-12. **Auditor's update as of December 2011:** No change. Staff met with the City Auditor and discussed the Real Estate Division's current streamlining efforts. Staff will be developing and implementing the streamlined processes during the next 18 months. Target date: 6-13. **Auditor's update as of June 2012:** In process. Target date: 6-13. **Auditor's update as of December 2012:** In process. Target date: 6-13. **Auditor's update as of June 2013**: In Process. Staff have completed the review of the Real Estate files for both City as Landlord and City as Tenant properties (including 7-1 tenants). Staff plans to bring leasee information to City Council to determine which to keep what rental rates to offer. Target date: 12-14. **Auditor's update as of December 2013:** In process. Target date: 12-14. **Auditor's update as of June 2014:** Staff advise that spreadsheets have been updated for the City as Landlord, City as Tenant, and Revenue tracking for 2014-2015. Staff also advise that they are completing the review of hard and soft copy lease files identifying missing information (such as insurance certificates) and preparing to bring any expired leases to Council for consideration and possible renewal. Target date: 12-14. **Auditor's update as of December 2014:** Staff has updated its spreadsheets based on its completion of a review of hard and soft copy lease files that identified missing information (such as insurance certificates). This spreadsheet lists facility lease agreements that are

			managed by OED Real Estate along with terms, rental subsidy, and other basic information. As a result of the review, new leases are being prepared to bring to Council for consideration and possible renewal. Staff has also developed new processes and procedures for an annual review of all facility leases listed on the spreadsheet. This review includes items such as contract and insurance expiration dates, as well as if rent is current. Target date for bringing leases and other items current: 12-15.
			Auditor's update as of June 2015: Staff updated the centralized spreadsheets last year including information related to the terms of the lease and an estimate of the market rate for rent. Staff have begun updating the lease summary sheets on an annual basis. Staff are preparing the 'for profit' leases for consideration by Council for possible renewal. Upon completing the 'for profit' leases staff will begin working on the 'not for profit' leases. Target date: 6-16.
			Auditor's update as of December 2015: Staff is in the process of negotiating expired leases for both non-profit and for-profit tenants. As part of the lease negotiation process, staff will be evaluating the fair market value and market lease rate of the property. This information will assist in determining the amount of subsidy provided to CBOs that is due to the Council Policy 7-1 that provides below market rental rates for use of city-owned land. Target date: 12-16.

AUDIT OF THE SAN JOSÉ POLICE DEPARTMENT'S AUTO THEFT UNIT (Issued 5/13/09)

The objective of our audit was to evaluate the efficiency and effectiveness of the Auto Theft Investigations Program. Of the 15 recommendations, 12 were previously implemented or closed, and 3 are partly implemented.

#1: Periodically brief patrol on auto theft trends and utilize real-time mapped information and communicate this information to the Regional Auto Theft Task Force.	Police	Partly Implemented	**Auditor's update as of June 2010:** Auto Theft Unit investigators brief patrol and Regional Auto Theft Task Force personnel on auto theft trends as they are identified. This is accomplished by investigators attending patrol briefings and by providing alert bulletins, which are posted in the patrol briefing room. Procedures for this process have been formally documented and are included in the Auto Theft Unit Procedures Manual.
			The Automated Field Reporting/Records Management System (AFR/RMS) Request for Proposal (RFP) was finalized and released on 12/18/09. The system will allow for limited near real-time mapping capabilities to Crime Analysts in the Crime Analysis Unit. This information will be disseminated to the Auto Theft Unit. The estimated date for City Council consideration of a contract award for the AFR/RMS project is December 2010 and the estimated implementation date of the AFR/RMS is April 2012. Once a full AFR/RMS system is in place, officers will have immediate mapping access. Target date: 4-14.
			Auditor's update as of December 2010: Auto Theft Unit investigators brief patrol and Regional Auto Theft Task Force personnel on auto theft

trends as they are identified. This is accomplished by investigators attending patrol briefings and by providing alert bulletins, which are posted in the patrol briefing room. Procedures for this process have been formally documented and are included in the Auto Theft Unit Procedures Manual.

The Automated Field Reporting/Records Management System (AFR/RMS) Request for Proposal (RFP) was finalized and a vendor has been selected.

A Notice of Intent to Award was issued on December 6, 2010. The Department is currently negotiating a contract with the intended vendor and will bring the contract to the City Council for consideration on March 1, 2011.

The system will allow for limited near real-time mapping capabilities to Crime Analysts in the Crime Analysis Unit. This information will be disseminated to the Auto Theft Unit. The estimated implementation date of the AFR/RMS is April 2012. Once a full AFR/RMS system is in place, officers will have immediate mapping access. Target date: 4-14.

Auditor's update as of June 2011: The contract with Versaterm was approved by the City Council in March 1, 2011. Training of Sworn Personnel on the new system is set to begin in January of 2012. The project is still scheduled to be implemented by April 2012.

Auditor's update as of December 2011: Training of Sworn Personnel on the new system is now set to begin in March 2012. All three phases of the project are scheduled to be completed in June 2013.

Auditor's update as of June 2012: The new RMS will "go-live" on July 1, 2011. After "go-live," the Crime Analysis Unit will begin configuring the system to allow for limited near real-time mapping. This entire project is scheduled to be completed in June 2013. Target date: 6-13.

Auditor's update as of December 2012: SJPD advises that the new RMS went live on 7-1-12. The Auto Theft unit currently gives periodic updates to Patrol. However, the real-time mapping information project is still in process and will continue once the contract with the vendor, The Omega Group, has been approved and paid. Target date: 6-13.

Auditor's update as of June 2013: The Auto Theft unit gives periodic updates to Patrol with a quarterly newsletter. The Department advises that communication with the Auto Theft Task Force is minimal, and monthly meetings are no longer conducted due to staffing levels. The real-time mapping project is still in process. Target date: TBD.

Auditor's update as of December 2013: No change. Target date: TBD.

Auditor's update as of June 2014: No change. Target date: TBD.

Auditor's update as of December 2014: No change. Target date: TBD.

Auditor's update as of June 2015: The Department advises that crime mapping is available via the Crimeview Dashboard. However that system

Audit Report and Recommendation	Department	Current Status	Comments
			is not readily available to all officers. The Department further advises that the predictive analytics tool contract has been awarded to Omega and, when implemented, will be available to all officers. The Department also advises that the Auto Theft unit continues to give periodic updates to Patrol via a quarterly newsletter and that the Auto Theft Investigator communicates with the Regional Auto Theft Task Force any relevant cases and auto theft trends. Target date: TBD.
			Auditor's update as of December 2015: On a monthly basis "Car Tips" are provided to Patrol. "Car Tips" include trends, hints, and requests so that officers can stay up to date on the latest issues related to Auto Thefts. These updates are also shared with RATTF officers. Crime View Dashboard provides detailed information, including maps and analysis; however access to this information is limited. Target date: TBD.
#5: Explore the feasibility of using specially trained civilian staff for administrative assignments such as in-custody arrest documentation.	Police	Partly Implemented	**Auditor's update as of June 2010:** The Department continues to evaluate positions throughout the Police Department that could benefit from civilianization. Target date: TBD.
			Auditor's update as of December 2010: The Police Department advises that it has developed a short-term plan to civilianize 15 positions in FY 2011-12. Positions in the Auto Theft Unit are not anticipated to be included in the FY 2011-12 proposal; however, the Department will continue to evaluate positions throughout the Police Department that could benefit from civilianization. Once positions are identified, the Department will work with the City's Budget Office and Human Resources in terms of identifying appropriate job classifications and recruitment processes. Target date: TBD.
			Auditor's update as of June 2011: Due to budgetary issues facing the Department in FY 10-11, a reorganization of the Bureau of Investigations took place in July 2011. The reorganization led to cuts in many BOI personnel, primarily in property-related crimes. The reorganization resulted in the Auto Theft Unit being reduced to two (2) officers. Target date: TBD.
			Auditor's update as of December 2011: No change. While the Auto Theft Unit has been reduced to two (2) officers, there are still elements of administrative work that could potentially be completed by civilians, thereby freeing up the sworn officers' time and responsibilities.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2015: No change. Target date: TBD. **POTENTIAL BUDGET IMPACT:** TBD.
#6: To the extent possible, ensure that the proposed automated field reporting and records management system reduces duplication of auto theft data entry and automates quality control processes.	Police	Partly Implemented	**Auditor's update as of June 2010:** On December 18, 2009 the City issued a Request for Proposal (RFP) for the Automated Field Reporting and Records Management System (AFR/RMS). Quality control processes and elimination of redundancy are requirements in the RFP. Target date: 12-12.
			Auditor's update as of December 2010: The Automated Field Reporting/Records Management System (AFR/RMS) Request for Proposal (RFP) was finalized and a vendor has been selected. A Notice of Intent to Award was issued on December 6, 2010. The Department is currently negotiating a contract with the intended vendor and will bring the contract to the City Council for consideration on March 1, 2011. Quality control processes and elimination of redundancy are requirements mentioned in the RFP. Target date: 12-12.
			Auditor's update as of June 2011: The Department has selected a vendor and the AFR/RMS implementation process is underway. Quality control processes and elimination of redundancy are requirements mentioned in the RFP. The Department has created an AFR/RMS Implementation Team consisting of employees from various Units within the Department. This team has worked with all Units, including Auto Theft, to ensure that quality control processes are implemented and redundancies are eliminated. Target date: 12-12.
			Auditor's update as of December 2011: No change.
			Auditor's update as of June 2012: The new RMS will "go-live" on July 1, 2012. The AFR/RMS team will work with Auto Theft Unit personnel to ensure redundant processes are eliminated. Once the Department becomes comfortable with the new system, we will begin establishing quality control processes. Target date: 6-13.
			Auditor's update as of December 2012: SJPD advises that RMS went live on July 1, 2012. Currently RMS is being used for the management of the reports – all other paper processes and manual duplicate data entry processes remain the same. Target date: 6-13.
			Auditor's update as of June 2013: The Department advises that California Highway Patrol (CHP) 180 and CHP 555 forms are currently being scanned into the AFR system, but that the process is not yet automated. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: 2016 (March for CHP Form 555 and August for CHP Form 180).

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

The objective of our audit was to identify ways to improve the administration of the employee medical benefits program and optimize employee medical benefits. Of the 17 recommendations, 15 were previously implemented or closed, and 2 are partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#15: Clarify the rights of City retirees to suspend and re-enroll in their medical benefits.	Retirement, City Attorney, and Employee Relations	Partly Implemented	**Auditor's update as of June 2010:** The San José Municipal Code allows retirees to suspend and re-enroll in their medical benefits. However, the City Attorney's Office has identified potential problems with encouraging retirees who are covered by outside plans to suspend and reenroll in their medical benefits if or when they lose their outside coverage. Although medical providers will allow City retirees to suspend and re-enroll in their medical benefits, the San José Municipal Code requires the City retiree to be enrolled in a City plan at the time of the retirement and at the time of death. If City retirees are not enrolled in a City plan during any of these two periods, dependents may be permanently disqualified for City medical coverage. This potential impact on dependents could be addressed by amending the Municipal Code to change the eligibility requirements for retirees and survivors, and may have potential meet-and-confer implications. Target date: TBD.
			Auditor's update as of December 2010: No change.
			Auditor's update as of June 2011: No change.
			Auditor's update as of December 2011: No change.
			Auditor's update as of June 2012: No change.
			Auditor's update as of December 2012: The intent of this recommendation was to change the Municipal Code to allow retirees the flexibility to enroll in a retiree medical in-lieu plan as described in Recommendation #16. Recommendation #15 is on hold pending a determination of the feasibility of Recommendation #16. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: According to the City Attorney's Office, staff is drafting an amendment to the Municipal Code to address this issue and plans to bring it to the City Council for its consideration. Target date: 6-14.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: The Office of Employee Relations reports that it proposed to the bargaining units, changes that would allow retirees to suspend and re-enroll. No agreement has been reached on this matter. Target date: TBD.
			Auditor's update as of June 2015: See Recommendation #16.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2015: The City and the Federated bargaining units reached an agreement enabling retirees to choose, at the beginning of each plan year, to select an in lieu premium credit of 25 percent of the lowest cost plan or enroll in a healthcare plan. Under the current agreement, on an annual basis, or upon qualifying events described in the "special enrollment" provision of the Health Insurance Portability and Accountability Act of 1996, retirees and their dependents will be able to elect into enroll in healthcare plans or continue to receive an "in lieu" premium credit. Target date: TBD. **POTENTIAL BUDGET IMPACT:** TBD.
#16: Continue to explore an in-lieu program for qualified City retirees who suspend their medical benefits and work with the Office of Employee Relations on any potential meet-and-confer issues that such a change would present.	Retirement, Human Resources, and Employee Relations	Partly Implemented	**Auditor's update as of June 2010:** Human Resources and Retirement Services are actively working to identify issues that would affect the development of an in-lieu program for City retirees. Once they have identified the issues, the departments will prepare a work plan for addressing the issues and present it to the City Administration. Target date: TBD.
			Auditor's update as of December 2010: No change.
			Auditor's update as of June 2011: No change.
			Auditor's update as of December 2011: No change.
			Auditor's update as of June 2012: No change.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: The City is currently in discussions with the City's bargaining units on this item as part of the Retiree Healthcare Working Group process. Target date: TBD.
			Auditor's update as of December 2014: No change. This matter continues to be a topic for the Retiree Healthcare Stakeholder Solutions Working Group. Target date: TBD.
			Auditor's update as of June 2015: An agreement was reached between the City and the sworn bargaining units (SJPOA and IAFF Local 230), enabling retirees to choose, at the beginning of each plan year, to select an in lieu premium credit of 25 percent of the lowest cost plan or enroll in a healthcare plan. The City Administration reports that the municipal code will be clarified to allow for re-enrollment for medical benefits. Settlement discussions between the City and federated bargaining units are ongoing. Target date: TBD.
			Auditor's update as of December 2015: The City and the Federated bargaining units reached an agreement retirees to choose, at the beginning of each plan year, to select an in lieu premium credit of 25 percent of the lowest cost plan or enroll in a healthcare plan. On an annual basis, or upon qualifying events described in the "special

enrollment" provision of the Health Insurance Portability and Accountability Act of 1996, retirees and their dependents can elect to enroll in a healthcare plan or continue to receive an "in lieu" premium credit. Target date: TBD.

POTENTIAL BUDGET IMPACT: TBD.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
While preparing the City's first annual *Service Efforts and Accomplishments (SEA) Report* in January 2009, a number of issues surfaced regarding the City's performance management and reporting systems. We found that the City had been collecting performance measures but had not yet created an organization-wide performance *management* system. We also found that many of the existing performance measures were not meaningful, useful, or sustainable; that core services did not always align with the organization's mission, goals, and objectives; and that it was difficult to ascertain the true net cost of core services.	City Manager	Partly Implemented	**Auditor's update as of September 2010:** In the annual request for performance measures, the Budget Office strongly encouraged departments to propose elimination of performance measures and activity and workload highlights that were not necessary, meaning, useful and/or sustainable. The Budget Office's review of proposed changes resulted in a net reduction of 105 performance measures and activity and workload highlights (120 deletions, 15 additions, and 91 revisions) in the FY 2010-11 budget.

To make it easier for the reader to see what core services are provided by each department, many titles of core services were clarified and renamed in the approved FY 2010-11 operating budget, and Community Service Area Sections were revised to present each department in alphabetical order, and then each of the department's core services appear in alphabetical order.

To make it easier to see the full cost of services, beginning in FY 2009-10, the Budget Office allocated Strategic Support to individual core services in the City Service Area (CSA) sections of the operating budget. Workers' Compensation Claims were also allocated by department (i.e. Police, Fire, Transportation) as well as by CSA in the appropriate City-wide Expenses sections.

In March 2010, the City Auditor's Office completed a review and validation of performance measures and costs for the Department of Transportation's Sewer Line Cleaning Program, per department request. In FY 2009-10, the City Auditor's Office has also provided citywide trainings on performance measurement for all interested City employees and the Art & Practice of Leadership (APL) teams from the City Manager's Office, and will continue to provide such ongoing assistance to the City.

Auditor's update as of December 2010: In addition to the above results, the City Auditor's Office coordinated 2009-10 performance measure data gathering with the Budget Office. |

The purpose of the "white paper" was to provide a roadmap to improve the City's performance management and reporting systems. The "next steps" below were meant to reduce staff time compiling data while ensuring City staff and policy makers have the best information available for decision making and increasing accountability and transparency in the City's public reporting.

- Develop a performance management system.
- Promote data-driven decision making.
- Evolving meeting content and format should be expected.
- Periodic assessments of the performance management system.
- Review and reduce the number of performance measures.
- Compile methodology sheets for performance measures.
- Create a performance measure clearinghouse.
- Reassess Council Committee reports.
- Validate performance measures.
- Incorporate project management reporting into the performance measurement and management system.
- Consider use of information systems.
- Clarify core service names.
- Clarify the link between mission, goals, and objectives.
- Obtain the net cost of services.
- Allocate strategic support to individual core services.
- Increase use of efficiency measures.

The City Auditor's Office continues to provide performance measurement and management trainings to interested City employees and in February 2011, to the City's Innovation Incubator teams.

At the request of the City Manager's Office, in February 2011, the City Auditor's Office began presenting in depth performance information at weekly Issues Working Group meetings (IWG) to senior management to discuss departmental performance and problems.

Auditor's update as of June 2011: The Administration's IWG meetings were completed with a focus on basic service levels in each department. The Auditor's workplan for 2011-12 includes audits of the Airport's public safety level of service performance metrics and the Fire Departments' performance measures.

Auditor's update as of December 2011: The City has not yet begun the process of actively moving from measurement to management but has significantly improved performance measurement and is working to further improve in this area.

The City Manager's Budget Office is leading the City's performance measurement management and reporting. Every year during budget preparation, departmental staff are encouraged to evaluate performance measures to determine if any reductions, modifications, or additions are necessary to ensure that the measures are useful, meaningful, and sustainable as well as reflective of the major services provided. In 2010-2011, there were a total of 839 measures city-wide. In 2011-2012, the total number of measures reported was reduced to 791. This effort is particularly important given the significant organizational changes that have been necessary in recent years due to deep budget cuts.

In addition, the Budget Office evaluated the line items in the City-Wide Expenses category to determine if those expenditure items could be allocated to a particular department and core service. Based on this analysis, several line items in the City-Wide Expenses category were reallocated to departments as part of the 2010-2011 Adopted Budget.

To continue with efforts to streamline the data reporting and collecting process, the Budget Office created a template in 2011-2012 that was used to collect actual 2010-2011 performance data from departments, report that data to the Auditor's Office for the 2010-2011 Service Efforts and Accomplishments Report, and prepare the Performance Measure tables that will be included in the 2012-2013 Proposed Operating Budget. This simplifies the data submittal process for departments and helps ensure consistency in the data reported.

The Budget Office also continues to work with departments to streamline and clarify core service titles to provide more meaningful and clear names that better describe the particular City operations. Additional changes are expected to be brought forward as part of the 2012-2013 Proposed Budget.

Auditor's update as of June 2012: The City continues to make improvements to the performance measurement and reporting process.

Audit Report and Recommendation	Department	Current Status	Comments
			During the preparation of the 2012-2013 Proposed Budget, the Administration continued to clarify core service names for various departments such as the Airport Department and the Office of Economic Development. Also, 66 Performance Measures and Activity & Workload Highlights were deleted and 22 measures were added from a starting point of 791 measures for a net reduction of 44 or 6 percent. The Administration updates these measures and considers the information reported through these measures as part of the development of the annual Proposed Budget. As an example of updating departmental performance measures, the Administration and the City Auditor worked closely together as part of the May 2012 issued audit titled "*Review of Fire Department Performance Measures: Improving the Usefulness of Data.*" As a result of this work, it was determined that there were several measures in the Fire Department that were not meaningful and could therefore be eliminated or language could be revised. In fact, from this detailed review of Fire Department measures, it was determined that a net of 10 performance measures out of a total of 49 (or 20%) could be eliminated.
			The recent audit of the Fire Department's measures brought together the Administration and Auditor's experts in reviewing and improving a department's performance measurement and management system. Due to the success of this effort, the Administration and the City Auditor's Offices will identify more departments for a performance measure review, with a review of the performance measures for the Office of Economic Development on the Auditor's FY 2012-13 workplan.
			As part of the FY 2012-13 City Manager's Office workplan, the Administration will start the process to develop and/or standardize performance measure methodology sheets for all departments. Through this process, the Administration with assistance from the City Auditor's Office, as needed, will guide departments to adjust and/or develop additional measures which are meaningful, useful, and sustainable or delete measures which cannot meet these goals. Parallel to this effort, the Administration has begun exploring automating the City's Performance Measurement and Management System.
			Auditor's update as of December 2012: As part of the 2013-14 budget process, the Administration requested departments' performance measure revisions (additions, reductions and modifications) two months earlier than in the past in hopes that the performance measures will be considered in the context of their budget proposal strategies since this earlier due date coincides with submission of the following year's budget proposals.
			The Budget Office and the Auditor's Office also collaborated to provide performance measure and budget actuals data in one shared location rather than asking departments for data separately at different points in time.

Also during this period, the Budget Office began the process of reviewing and updating performance measure methodology sheets for the entire organization including updating the Methodology Sheet form. In November 2012, departments were directed to use the new methodology sheet when submitting requests for new or revised performance measures. Departments were further directed to complete the methodology sheets for their unchanged measures by the end of August 2013, with the goal of having a complete set of methodology sheets for all departments by the fall of 2013. Once compiled, these methodology sheets will be reviewed as part of the annual performance measure review process.

Further, the Auditor's Office began an audit (completed in February 2013) of the Office of Economic Development's performance measures which recommended changes to improve that departments performance measures.

Auditor's update as of June 2013: Progress has continued on the project to update the performance measure methodology worksheets, with the goal of having a complete set of methodology sheets by fall 2013. The Budget Office has also been working with the Information Technology Department to develop a SharePoint database for performance measures. In the first phase, departments will be able to enter the performance measure methodologies into the SharePoint site. Training on this phase is scheduled for July 31, 2013. The next phase will enable departments to enter the actual performance measure data that is used in the development of the Annual Budget and the City Auditor's Service Efforts and Accomplishments Report.

Auditor's update as of December 2013: There was significant work and collaboration between the Budget Office, Information Technology Department and performance measure contacts in each of the departments. The Budget Office held several training sessions to update staff city wide on the new Sharepoint performance measurement database. City departments were asked to submit complete sets of performance measure methodology worksheets directly into SharePoint this fall and the Budget Office found that for the most part, this had occurred although many methodology sheets were not highly detailed or complete. The Budget Office and Information Technology Department prepared the database to receive 2012-2013 year-end performance measure data actuals and many departments submitted their performance information through the system. Also, a module was added to SharePoint to enable the Auditor's Office to have access to the content in the methodology sheets and the year-end actuals data and to provide their comments, notes, and feedback. This was the first time the database became the primary source for sharing information with the Auditor's Office for the production of their Service Efforts and Accomplishments Report. The Budget Office will continue to work with

departments to ensure that methodology sheets and performance measure data are complete and accurate.

Auditor's update as of June 2014: Interdepartmental collaboration continues across the city-wide performance measures program. After the production of the Auditor's Service Efforts and Accomplishments (SEA) Report, the Auditor and Budget Offices met to exchange department performance measure data collection information. In preparation for the SEA Report, the Auditor's Office reviewed fiscal year 2012-13 data submitted by departments into the new SharePoint performance data system, which is also used by the Budget Office in their analysis of current and projected performance measure activity levels. The Auditor's review also contributed to the consideration and analysis of performance measure changes, leading to the continued modification of department performance measures. Several more performance measures were deleted or changed – and added when most appropriate – during this period. The SharePoint solution for performance measure reporting served as the primary resource to house all 2012-13 actual, 2013-14 Estimated, 2014-15 Target, and a set of a department's performance measure methodology sheets.

Auditor's update as of December 2014: The City Manager's Budget Office continues to facilitate the collection and reporting of city-wide performance measures for all departments. As has become practice, during this period, departments reported their 2013-2014 actuals performance and entered that information into the Performance Measure Reporting SharePoint system. To support the acquisition of a new budgeting system – that will include a performance measures reporting module – a Performance Measures Sub Work Group team was formed. This team will be instrumental during the development phase of the module, informing the work flow process specifically. Also during this period, a conference was set up between the Budget Office and Auditor's Office to take place in February 2015 to review the Auditor staff input resulting from their work preparing the SEA Report with departments. Target date: TBD.

Auditor's update as of June 2015: The City Manager's Budget Office continues to facilitate the collection and reporting of city-wide performance measures through SharePoint and Operating Budgets. For the second year in a row, the Auditor and Budget Offices met to discuss the observations and experiences of the audit staff in preparation of the Service, Efforts and Accomplishments Report published in December. This meeting continues to serve as a helpful tool for the budget analysts, highlighting departments who may require additional attention during the review of their performance measures in preparation of the proposed budget document in May. There were a number of changes (including deletions, additions and language modifications) to the performance measures published in the 2015-16 Adopted Budget. In addition, the City

			was recognized with the Certificate of Excellence in Performance Management by the ICMA Center for Performance Analytics. Target date: TBD.
			Auditor's update as of December 2015: The City Manager's Budget Office has taken our recommendations far, considering that Citywide Performance Management has not been adopted. They have reviewed and reduced the number of performance measures, created a performance measure clearinghouse, requested methodology sheets for all recommendations, and eliminated Council Committee Quarterly Reports. In addition, the City Auditor's Office has validated the methodology and measurement of performance measures for several departments. However, in order to fully implement the suggestions in the White Paper the City Manager's Office would need to adopt performance management practices such as frequent, scheduled meetings of top department managers and City Manager's Office staff to proactively discuss performance metrics and their impacts and evaluate solutions to implement or be brought forward for City Council consideration. Target date: TBD.

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

The objective of our audit was to review the time-reporting and payroll processes that impact pensionable earnings and pensionable hours. Of the 15 recommendations, 2 were previously implemented or closed, 3 were implemented during this period, 6 are partly implemented, and 4 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#2: Review the highest 12-month salary of all active beneficiaries starting in July 1, 2001[1] and work with Payroll to adjust those with retroactive lump sum payments to ensure that beneficiaries are receiving accurate pensions.	Retirement and Payroll	Partly Implemented	**Auditor's update as of June 2010**: Retirement Services will work with Finance to obtain the historical retroactive lump sum payment information, including the correct pay periods for which they need to be spread.
			Auditor's update as of December 2010: Payroll has run a Peoplesoft query of retroactive lump sum payments and is working to identify material amounts that will need further investigation. Target date: TBD.
			Auditor's update as of June 2011: Finance/Payroll will provide the query and work with Retirement Services to determine which retroactive transactions will need to be broken down into pay periods for their analysis of the highest 12-month salary and possible adjustment of benefits. Target date: 9-11.
			Auditor's update as of December 2011: Going forward, Payroll began identifying and spreading lump sum payments for all sums received after the audit issuance and Retirement added a step to their benefits set-up procedures to identify any lump sum payments in a retiree's highest year. There has been no additional progress on fixing the errors already made that we identified in our audit report due to resource constraints. Payroll

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

has a vacant Senior Accountant position and a vacant Accountant position. Target date: 6-12.

Auditor's update as of June 2012: Payroll will provide to Retirement a list of employees who have retired and who received retroactive lump sum payments but needs direction from Retirement on how to proceed with adjustments. Target date: 3-13.

Auditor's update as of December 2012: No change. Target date: TBD.

Auditor's update as of June 2013: No change. Target date: TBD.

Auditor's update as of December 2013: Payroll sent a new file to Retirement Services in January 2014, which will be reviewed. Target date: TBD.

Auditor's update as of June 2014: Retirement Services recently received a file with the retroactive lump sum payments in the format that they need to make adjustments. Retirement Services will review this file and make adjustments as needed to the pension administration system. Since all recalculations of the pension amounts are done manually, Retirement Services will coordinate all recalculations at the same time after all adjustments have been completed. Target date: December 2014 for the adjustments to the pension administration system. TBD for manual recalculation.

Auditor's update as of December 2014: Retirement Services is still working through the file to ensure the adjustments are accurate. As of this date, there are a number of issues that DRS needs to work through in order to get the accurate file to upload to the pension administration system. This includes having the file in the correct format, having approximately 2,600 members in the file that need to be researched manually and having to look through 7,000 records in the file. Once the file is in the correct format, recalculations will still need to be done on the member files that are affected. Since all recalculations of the pension amounts are done manually, DRS will coordinate all recalculations at the same time after all adjustments have been completed. Target date: 4-15 to begin correcting individual employees.

Auditor's update as of June 2015: Retirement Services is continuing to research the file to remove those adjustments that have already been applied in the pension administration system previously. The next step is for Retirement Services to assess the impact of the remaining adjustments and work with HR and Payroll to apply them in the correct pay periods. Once the adjustments are applied, recalculation will start on those who are affected. Target date: 12-15.

Auditor's update as of December 2015: Retirement Services has applied corrections to 70% of members in the file to correct lump sum overpayments. Retirement Services needs additional input from Payroll to complete the remaining 30% of the corrections. Target date: 6-16.

Audit Report and Recommendation	Department	Current Status	Comments
			POTENTIAL BUDGET IMPACT: Corrections to pensions could lower City contributions by an amount TBD.
#4: To the extent possible, correct pension payments and retirement contributions for the Police and Fire Retirement members and for the Federated Retirement members where higher class pay or management allowances were considered pensionable.	Retirement, Payroll, and Employee Relations	Partly Implemented	**Auditor's update as of June 2010:** The Finance Department has computed the required adjustments to pensionable earnings and the related retirement contributions, by pay period, for higher class pay. This information is in the final stages of verification and will be forwarded to the Retirement Services Department. Once the information on the over-collected and over-paid contributions is finalized, the Finance Department and Retirement Services will work with the City Attorney's Office to develop a plan and method for returning contributions to the employees and the City and Retirement Services will work with the City Attorney's Office to assess whether and to what extent future pension payments need to be adjusted and/or over-payments collected. The Finance Department is working with the City Attorney's Office and Office of Employee Relations to review whether it is possible to revise the manner in which management allowance is paid, or to recommend amendments of the Municipal Code, to implement a correction to the pension treatment of management allowances. Target date: 2-11.
			Auditor's update as of December 2010: In May 2010, Finance corrected the treatment of Higher Class Pay (HCL) on a go forward basis. Finance has computed the required adjustments to pensionable earnings and the related retirement contributions, by pay period, for HCL retroactively which they will provide to Retirement Services by the end of March 2011. Higher Class Pay was used by almost 900 employees in FY 2009-10 for a total of about $713,000 in earnings and by 714 employees for about $455,000 through mid-February in FY 2010-11 in non-pensionable earnings. Management Allowances have not been corrected. Management Allowances were used by 28 employees in FY 2009-10 for a total of just over $52,000 in pensionable earnings. Target date: 5-11.
			Auditor's update as of June 2011: In June 2011, Payroll inactivated Management Allowances on a go forward basis. Also, Finance has calculated the contribution overpayment for Higher Class Pay and will prepare a transmittal memo to Retirement Services. Target date: 9-11.
			Auditor's update as of December 2011: There has been no additional progress due to resource constraints. Payroll has a vacant Senior Accountant position and a vacant Accountant position. Target date: 6-12.
			Auditor's update as of June 2012: Payroll is finalizing the computations necessary to correctly reflect HCL payments as non-pensionable for all affected active employees. Payroll will provide the transmittal correction file to Retirement Services when completed. Target date: 9-12.
			Auditor's update as of December 2012: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2013: Payroll has submitted a file to Retirement with corrections to the HCL payments. Retirement is still testing the data but meets with Payroll biweekly to review this outstanding issue and expects to begin HCL corrections soon. Target date: 6-14.
			Auditor's update as of December 2013: The report received from Finance contained over 550 discrepancies that Retirement has asked Finance to review. Once the discrepancies have been resolved, Retirement will make the corrections as needed. Target date: TBD.
			Auditor's update as of June 2014: Retirement Services has narrowed down the discrepancies and will work with Finance to finalize adjustment amounts to the member files. The recalculation and adjustments to member accounts in the pension administration system is expected to be a long-term project because all the calculations have to be done manually. Target date: 12-14 for concurrence with Finance on the adjustment amounts. TBD for manual recalculation.
			Auditor's update as of December 2014: Retirement Services and Finance have come to an agreement on the adjustment amounts to the member files. However, there are still some issues regarding the file to be uploaded to the pension administration system. The recalculation and adjustments to member accounts in the pension administration system is expected to be a long-term project because all the calculations have to be done manually. Retirement Services recently hired a Senior Auditor to tackle this project. Target date: 4-15 to begin correcting individual employees.
			Auditor's update as of June 2015: Retirement Services has uploaded Payroll's Higher Class Pay adjustments to the pension administration system. Retirement's Senior Auditor will begin the recalculations after completing the FLSA recalculation (see recommendation #6). Target date: 12-15.
			Auditor's update as of December 2015: Retirement services has begun entering corrections in to the files of affected members. The files are in the review process but will not be completed until all three types of errors (FLSA, Higher Class Pay, and lump sum payments) have been corrected and the Retirement Boards determine how to notify members. Target date: 6-16.
			POTENTIAL BUDGET IMPACT: Corrections to pensions could lower contributions from the City to the funds by an amount TBD.
#5: Propose amendments to the Municipal Code to ensure that only pays that are specifically negotiated and defined as pensionable in the Municipal Code for the Police and Fire and Federated Retirement Plans are included in the pension calculations.	Employee Relations	Partly Implemented	**Auditor's update as of June 2010:** The City will ensure that any future pays that may be negotiated specify whether they are pensionable. If future pays are pensionable, ordinances will be prepared to amend the Municipal Code to include any new pensionable pays. Target date: TBD.
			Auditor's update as of December 2010: In addition to ensuring future pays are specified as pensionable, the City should amend the Municipal

Audit Report and Recommendation	Department	Current Status	Comments
			Code to clarify which of the existing pay codes are pensionable. Target date: TBD.
			Auditor's update as of June 2011: No change.
			Auditor's update as of December 2011: No change.
			Auditor's update as of June 2012: No change.
			Auditor's update as of December 2012: No change.
			Auditor's update as of June 2013: No change.
			Auditor's update as of December 2013: The City is in the process of evaluating current pensionable earning codes to determine the necessary changes to the Municipal Code. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: OER, together with the City Attorney's Office, has drafted language to amend the Municipal Code to clarify that pensionable compensation for Federated employees only includes pays that are specifically negotiated and defined as pensionable in the Municipal Code. OER is planning to propose this update at the same time as they come forward with pension settlement updates. Target date: TBD.
#6: Adjust the FLSA pension records for retirees and active employees as soon as possible and recalculate pension benefits for retired firefighters.	Retirement and Payroll	Partly Implemented	**Auditor's update as of June 2010:** On June 22, 2010 the City Council approved a Settlement Agreement to settle two federal Fair Labor Standards Act (FLSA) lawsuits brought by San Jose fire employees. The following actions will be taken as a result of the agreement: (1) the fire employees will be paid back wages in an amount of approximately $1,440,000; (2) the City will calculate overtime pay prospectively pursuant to the settlement agreement that commences after July 1, 2010; and (3) the City will pay attorneys' fees and costs for both lawsuits in the amount of $105,000. The City made payments to active employees through payroll on August 27, 2010, and payments to fire retirees on September 10, 2010.
			Macias, Gini & O'Connell (MGO), the Plan's external auditor, has completed a draft review of the FLSA correction file prepared by Finance that was discussed at the August 2010 Police and Fire Board meeting. Upon reconciliation by Finance of MGO's questions concerning the Finance file, Retirement Service will work with the Finance Department to implement the final reconciled report for active employees and will initiate implementation for retirees in coordination with the Finance Department and the City Attorney's Office.
			Auditor's update as of December 2010: Macias, Gini & O'Connell (MGO), the Plan's external auditor, has completed an Agreed Upon Procedures memo comparing data between Peoplesoft and

PensionGold. This review included testing of the FLSA correction file prepared by Finance. The memo went to the Plan boards in December 2010 and found many discrepancies between the two systems. Most of the discrepancies appeared to be explainable and/or immaterial differences such as slight differences in retirement start dates, however some discrepancies may have impacts on pension calculations and should be reviewed by Payroll and Retirement. Retirement has requested information from Payroll to correct the discrepancies but Finance has not had the resources to commit to researching and providing the calculations for the items requested by MGO to date. Retirement has stated that they are willing to accept that some discrepancies are not worth researching and correcting but they would like Finance to definitively state which. Additionally, the City Attorney's Office has stated in the past that the City has only a three year window to correct past retirement contribution mistakes; if that is the case for the FLSA mistake then the City is almost out of time to collect any overpayments to the Plans. The FLSA issue was corrected on a go forward basis in July 2008, two and a half years ago, so only six months of mistakes still fall in the three year window. Target date: 6-11.

Auditor's update as of June 2011: Finance has responded to the Retirement board on the items identified by MGO. Their analysis on the difference found that many of the items were caused by differences in paper timecards and the adjusted electronic payroll system date used by Finance. As stated by Retirement Services, these items and other items in the audit report were immaterial. Finance will correct discrepancies identified, related to contribution and pensionable earnings related to FLSA during the period from July 1999 to October 1999. Finance will provide corrected reports even though this period is outside of the 3-year window. The adjusted report will be provided to Retirement Services by September 30, 2011. Target date: 9-11.

Auditor's update as of December 2011: Finance is working to complete their review of FLSA issues by March to present their changes to the March Police and Fire Board Meeting. Shortly thereafter, Finance plans to put the changed data into an uploadable format for Retirement to use. Retirement is optimistic that they will be finished with their data entry and pension adjustments related to FLSA issues by the end of 2012. Target date: 12-12.

Auditor's update as of June 2012: Finance completed the return of FLSA retirement contributions to active employees in June 2012, however, due to a problem in the file transfer Retirement has not been able to determine the potential impact on retirees and no determination has been made as to whether their records can be corrected. Target date: 10-12.

Auditor's update as of December 2012: The Finance Department provided a revised transmittal file to Retirement Services but Retirement

found some discrepancies and asked for Finance to correct the discrepancies and resubmit the file. The Police and Fire Pension Board receives an oral update on the status of this recommendation at each meeting which should also aid in its implementation. Target date: TBD.

Auditor's update as of June 2013: Finance submitted another, corrected file to Retirement in March. Retirement is still testing the file and meets with Payroll biweekly to go over this and other outstanding issues. Target date: 12-13.

Auditor's update as of December 2013: Retirement has identified discrepancies that they are still in the process of reconciling with Finance. Target date: TBD.

Auditor's update as of June 2014: Retirement Services has narrowed down the discrepancies and will work with Finance to finalize adjustment amounts to the member files. The recalculation and adjustments to member accounts in the pension administration system is expected to be a long-term project because all the calculations have to be done manually. Target date: 12-14 for concurrence with Finance on the adjustment amounts. TBD for manual recalculation.

Auditor's update as of December 2014: Retirement Services has met with Finance, and both departments have agreed on the adjustments. Retirement Services is awaiting documentation from Finance explaining the discrepancies as discussed in the meeting. Once the documentation is received, the recalculation and adjustments to member accounts in the pension administration system is expected to be a long-term project because all the calculations have to be done manually. Retirement Services recently hired a Senior Auditor to tackle this project. Target date: 4-15 to begin correcting individual employees.

Auditor's update as of June 2015: Retirement Services has adjusted the FLSA pension records for both active and retired employees in the pension administration system. Approximately half of the population also needs to be adjusted for retro lump sum payments (see recommendation #2). The Senior Auditor in Retirement Services is in the process of manually recalculating the accumulative effects of the adjustments. Once the recalculation process is completed, the results will be presented to the Retirement Boards for resolution. Target date: 12-15.

Auditor's update as of December 2015: Retirement services has begun entering corrections in to the files of affected members. The files are in the review process but will not be completed until all three types of errors (FLSA, Higher Class Pay, and lump sum payments) have been corrected and the Retirement Boards determine how to notify members. Target date: 6-16.

POTENTIAL BUDGET IMPACT: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#7: Obtain authoritative documentation for time reporting codes and earnings codes, and create written policies and procedures for proper application of all codes, and for regularly reviewing and maintaining an authoritative time/earning code mapping table.	Payroll and Employee Relations	Partly Implemented	**Auditor's update as of June 2010:** As of July 2009 the Finance Department captures authoritative documentation for implementation of new time reporting codes and earnings codes on a go forward basis. Creating written policies and procedures for proper application of all codes, and for regularly reviewing and maintaining an authoritative time/earning code mapping table requires coordination of time and resources between Human Resources, Office of Employee Relations and Finance. Prioritization of this effort will be coordinated through the Human Resources/ Payroll Steering Committee. Target date: TBD.
			Auditor's update as of December 2010: This item has been delayed due to other priorities related for payroll. It will be brought before the Human Resources/Payroll Steering Committee in the upcoming meetings. Target date: TBD.
			Auditor's update as of June 2011: No change.
			Auditor's update as of December 2011: No change. Target date: TBD.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: The department plans to begin implementation early next year when it begins converting to an upgraded, new Payroll system. Target date: 12-15.
			Auditor's update as of December 2014: No change. Target date: 12-15.
			Auditor's update as of June 2015: No change. Target date: 9-16.
			Auditor's update as of December 2015: According to the Department, time reporting codes are being reviewed as part of the City's Payroll system upgrade, which should aid in implementation of this recommendation. Target date: TBD.
#8: Conduct periodic reviews of all codes to cull duplicative or unused codes.	Payroll and Employee Relations	Partly Implemented	**Auditor's update as of June 2010:** This recommendation to conduct periodic reviews of all codes to cull duplicative or unused codes has been placed on the Human Resources/Payroll Steering Committee workplan for appropriate prioritization. The committee will be prioritizing the workplan over the next six months. Target date: TBD.
			Auditor's update as of December 2010: See Recommendation #7.
			Auditor's update as of June 2011: Payroll has conducted some minor reviews of codes when requested through the Steering Committee, however, due to staffing issues/other priorities there are no current plans to review all the codes. Target date: TBD.
			Auditor's update as of December 2011: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: The department plans to start conducting reviews in January 2015 as part of the implementation of the new Payroll System. Target date: 12-15.
			Auditor's update as of December 2014: No change. Target date: 12-15.
			Auditor's update as of June 2015: Payroll ran an initial report showing which codes have been unused for the past three years. Target date: 9-16.
			Auditor's update as of December 2015: According to the Department, time reporting codes are being reviewed as part of the City's Payroll system upgrade, which should aid in implementation of this recommendation. Target date: TBD.
#9: Correct past errors and review all codes to ensure that codes are only available for use to applicable work groups.	Payroll and Employee Relations	Not Implemented	**Auditor's update as of June 2010:** This recommendation to correct past errors and review all codes to ensure that codes are only available for use to applicable work groups has been placed on the Human Resources/Payroll Steering Committee workplan for appropriate prioritization. The committee will be prioritizing the workplan over the next six months. Target date: TBD.
			Auditor's update as of December 2010: See Recommendation #7.
			Auditor's update as of June 2011: See Recommendation #8. Target date: TBD.
			Auditor's update as of December 2011: No change. Target date: TBD.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: The department plans to add codes to the new Payroll system in a way that ensures that codes are only used for applicable work groups. Corrections to past errors are not currently planned. Target date: Spring 2015 for ensuring code availability moving forward, TBD for correcting past errors.
			Auditor's update as of December 2014: No change. Target date: 12-15.
			Auditor's update as of June 2015: No change. Target date: 9-16.
			Auditor's update as of December 2015: According to the Department, time reporting codes are being reviewed as part of the City's Payroll

Audit Report and Recommendation	Department	Current Status	Comments
			system upgrade, which should aid in implementation of this recommendation. Target date: TBD.
#10: Perform periodic reviews of all codes to ensure they are being used correctly. And to the extent possible, correcting past misuse. For example, checking that codes with strict parameters for their use are used correctly, e.g. Cancer Screening Release Time, Unpaid Furlough Leave.	Payroll	Not Implemented	**Auditor's update as of June 2010:** Implementing this recommendation requires coordination of time and staffing between Human Resources, Office of Employee Relations and Finance. Prioritization of this effort will be coordinated through the Human Resources/ Payroll Steering Committee. Target date: TBD.
			Auditor's update as of December 2010: See Recommendation #7.
			Auditor's update as of June 2011: Payroll has inactivated the Cancer Screening Release Time code that is no longer used. They currently do not have the staff to monitor and restrict usage for other strict-use codes. According to Payroll, effective monitoring of these types of codes would require advanced IT programming set up by ITD staff as well as querying run by Payroll. Target date: TBD.
			Auditor's update as of December 2011: No change. Target date: TBD.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: Payroll plans to delegate this type of review to department timekeepers once Payroll is able to provide comprehensive timekeeper trainings with some regularity. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: 12-15.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#11: Conduct regular comprehensive training for timekeepers and supervisors on PeopleSoft, time reporting and earning codes, and any changes in Union negotiated pay or hours.	Payroll	Not Implemented	**Auditor's update as of June 2010:** This recommendation has been placed on the Human Resources/Payroll Steering Committee workplan for appropriate prioritization. The committee will be prioritizing the workplan over the next six months. Target date: TBD.
			Auditor's update as of December 2010: See Recommendation #7.
			Auditor's update as of June 2011: Finance plans to coordinate with OER to combine the OER conducted annual training for timekeepers with Payroll to include supervisors and broaden topics covered in the training. Target date: 12-11.
			Auditor's update as of December 2011: No change. Target date: TBD.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: Payroll plans to begin trainings for timekeepers as part of the new Timekeeping module in the new Payroll system which is scheduled for implementation starting in January 2015. Target date: Spring 2015.
			Auditor's update as of December 2014: No change. Target date: 12-15.
			Auditor's update as of June 2015: No change. Target date: 12-16.
			Auditor's update as of December 2015: No change. This recommendation reduces the risk that employees will receive the incorrect pay, we would urge the Department to provide timekeepers with training as soon as possible. Target date: TBD.
#12: Provide timekeepers with written procedures and consider having them conduct the periodic monitoring of time codes.	Payroll	Not Implemented	**Auditor's update as of June 2010:** Payroll is in the process of developing written procedures for timekeepers requiring increased monitoring of the use of time codes. Target date: 3-11.
			Auditor's update as of December 2010: Little progress has been made on this project due to year end processing priorities. Target date: 6-11.
			Auditor's update as of June 2011: The written procedures are still being developed and will be available for the next scheduled annual training for timekeepers. Target date: 12-11.
			Auditor's update as of December 2011: No change. Target date: TBD.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: Payroll plans to begin providing written procedures in conjunction with the new Payroll system. Target date: Spring 2015.
			Auditor's update as of December 2014: No change. Target date: 12-15.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. This recommendation reduces the risk that employees will receive the incorrect pay, we would urge the Department to provide timekeepers with written advice as soon as possible. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#13: Consider amending the Municipal Code to calculate final compensation as the highest base salary received, with suitable exceptions.	Employee Relations	Implemented	**Auditor's update as of June 2010:** The City Administration will evaluate the recommendations within the context of its overall negotiation strategy with the various bargaining units. The City will be in negotiations with the majority of the bargaining groups in 2011 and will consider this issue as part of the retirement reform discussions.
			Auditor's update as of December 2010: The City has begun negotiating second tier benefits for all new hires and is proposing changing the determination of final average salary in the new plan. Target date: 6-11.
			Auditor's update as of June 2011: The City is continuing to negotiate the determination of final average salary. Target date: 3-12.
			Auditor's update as of December 2011: The City is planning to put opt-in and second tier retirement plans on the ballot in June which would address this issue. Target date: 6-12.
			Auditor's update as of June 2012: Measure B, which was approved by the voters in June 2012 addresses this issue, as does the proposed second tier for new Federated employees. Target date: TBD.
			Auditor's update as of December 2012: The final average salary in calculating pension benefits for Federated employees hired, reinstated or rehired on or after September 30, 2012, will be a three year final average salary calculation. The City is working towards implementing a voluntary opt-in retirement tier for current employees that includes this definition of compensation. The City is also working towards a second tier retirement benefit for the Police and Fire Plan. Target date: TBD.
			Auditor's update as of June 2013: The City has established second tier retirement benefits for Police that will apply to all employees, hired, rehired or reinstated on or after August 4, 2013. Second tier for Police includes this provision. The City is still working on implementing a second tier for firefighters. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: The City went to arbitration with IAFF Local 230 regarding second tier benefits and is awaiting the arbitrator's decision. Target date: Awaiting arbitration decision.
			Auditor's update as of December 2014: The arbitration decision has been made and the City now offers second tier retirement benefits for Fire that applies to all employees (including firefighters), hired, rehired or reinstated on or after January 2, 2015. Tier 1 pension changes have not been implemented yet as Measure B is still being worked through the legal system. Target date: TBD.
			Auditor's update as of June 2015: An agreement was reached between the City and the sworn bargaining units that provide for modified Tier 2 that would calculate final compensation as the highest base salary received, rather than earnable, with suitable exceptions. Measure B

			settlement discussions with Federated bargaining units are on-going. Target date: TBD.
			Auditor's update as of December 2015: An agreement has been reached between the City and the Federated bargaining units that calculates final compensation as the highest base salary received, rather than earnable, with suitable exceptions, for Tier 2.
#14: Consider amending the Municipal Code such that the Retirement Board shall credit a member with one year of federated city service for 2,080 hours of federated city service rendered by the member in any calendar year.	Employee Relations	Implemented	**Auditor's update as of June 2010**: The City Administration will evaluate the recommendations within the context of its overall negotiation strategy with the various bargaining units. The City will be in negotiations with the majority of the bargaining groups in 2011 and will consider this issue as part of the retirement reform discussions.
			Auditor's update as of December 2010: The City has begun negotiating second tier benefits for all new hires and is including changing the determination of final average salary in the new plan. Target date: 6-11.
			Auditor's update as of June 2011: The City has a proposal on the table in ongoing retirement reform negotiations to effect this change. Target date: 3-12.
			Auditor's update as of December 2011: See Recommendation #13. Target date: 6-12.
			Auditor's update as of June 2012: See Recommendation #13.
			Auditor's update as of December 2012: Employees hired, reinstated or rehired on or after September 30, 2012, will earn one (1) year of Federated service credit for every 2,080 hours. The City is working towards implementing a voluntary opt-in retirement tier for current employees that includes this service credit. The City is also working towards a second tier retirement benefit for the Police and Fire Plan. Target date: TBD.
			Auditor's update as of June 2013: The City is waiting for the IRS to rule on whether the opt-in retirement plan can be offered to active employees. Target date: TBD.
			Auditor's update as of December 2013: The City has implemented a second tier retirement benefit for Police.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: The arbitration decision has been made and the City now offers second tier retirement benefits for Fire that applies to all employees (including firefighters), hired, rehired or reinstated on or after January 2, 2015. Tier 1 pension changes have not been implemented yet as Measure B is still being worked through the legal system. Target date: TBD.
			Auditor's update as of June 2015: An agreement was reached between the City and the sworn bargaining units that provide for a

Audit Report and Recommendation	Department	Current Status	Comments
			modified Tier 2. Measure B settlement discussions, with Federated bargaining units are on-going.
			Auditor's update as of December 2015: An agreement has been reached between the City and the Federated bargaining units that credits a member with one year of federated city service for 2,080 hours of federated city service rendered by the member in any calendar year for Tier 2.
#15: Consider amending the Municipal Code to return to a three year average in calculating pension benefits in both Retirement Plans. Prior to July 1, 2001 for the Federated Plan and January 1, 1970 for the Police and Fire Plan, the City used a three year average in calculating pension benefits.	Employee Relations	Implemented	**Auditor's update as of June 2010:** The City Administration will evaluate the recommendations within the context of its overall negotiation strategy with the various bargaining units. The City will be in negotiations with the majority of the bargaining groups in 2011 and will consider this issue as part of the retirement reform discussions.
			Auditor's update as of December 2010: The City has begun negotiating second tier benefits for all new hires and is proposing changing the determination of final average salary in the new plan. Target date: 6-11.
			Auditor's update as of June 2011: Retirement reform negotiations with all bargaining units are currently underway. In addition the City Council has proposed a ballot measure that would effect this change for current and future employees. Target date: 3-12.
			Auditor's update as of December 2011: See Recommendation #13. Target date: 6-12.
			Auditor's update as of June 2012: See Recommendation #13.
			Auditor's update as of December 2012: The final average salary in calculating pension benefits for Federated employees hired, reinstated or rehired on or after September 30, 2012, will be a three year final average salary calculation. The City is working towards implementing a voluntary opt-in retirement tier for current employees that includes this definition of highest salary. The City is also working towards a second tier retirement benefit for the Police and Fire Plan. Target date: TBD.
			Auditor's update as of June 2013 (Corrected): The City has established second tier retirement benefits for Police that will apply to all employees, hired, rehired or reinstated on or after August 4, 2013. Second tier for Police includes this provision. The City is still working on implementing a second tier for firefighters. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: Second tier benefits for IAFF are awaiting the arbitrator's decision. Target date: Awaiting arbitration decision.
			Auditor's update as of December 2014: The arbitration decision has been made and the City now offers second tier retirement benefits for Fire that applies to all employees (including firefighters), hired, rehired or

reinstated on or after January 2, 2015. Tier 1 pension changes have not been implemented yet as Measure B is still being worked through the legal system. Target date: TBD.

Auditor's update as of June 2015: An agreement was reached between the City and the sworn bargaining units that provides for a modified Tier 2 that returns to a 3-year average in calculating pension benefits. Measure B settlement discussions, with Federated bargaining units are on-going. Target date: TBD.

Auditor's update as of December 2015: An agreement has been reached between the City and the Federated bargaining units that uses a three year average in calculating pension benefits for Tier 2.

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

The objective of the audit was to assess the efficiency and effectiveness of current deployment of sworn versus non-sworn Police department employees. We identified duties and roles in the Police Department that are currently performed by sworn employees that could be performed by a civilian. Of the 13 recommendations, 7 were previously implemented or closed, 4 are partly implemented, and 2 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#2: Adopt a civilianization policy based on that of the International Association of Chiefs of Police or other best practices the Police Department identifies.	Police	Not Implemented	**Auditor's update as of June 2010:** The Police Department advises that it does not have the resources to work on this during the short term. The Department further advises that it is on the Department's work plan for this year and that they will work with the appropriate City departments and the POA to develop a work plan that facilitates this recommendation and to research best practices. We encourage the Police Department to adopt a framework in the short-term based the principles in the IACP policy. Target date: 3-11.
			Auditor's update as of December 2010: No change. Target date: 9-11.
			Auditor's update as of June 2011: No change. Target date: 7-12.
			Auditor's update as of December 2011: No change. Target date: 7-12.
			Auditor's update as of June 2012: No change. Target date 7-13.
			Auditor's update as of December 2012: No change. Target date TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. The Auditor's proposed FY 2015-16 workplan includes a project to assess the level of

Audit Report and Recommendation	Department	Current Status	Comments
			civilian support within the Police Department. This project will serve as a follow-up to the 2010 Audit of Civilianization Opportunities in the San José Police Department. Target date: TBD.
#6: Analyze its employment and assignment options regarding *Brady* officers and then develop a policy accordingly, based on the International Chiefs of Police model policy and other best practices identified by the Police Department. Should also consider whether to retain those officers and whether the work they perform, if administrative, could instead be performed by civilians.	Police	Partly Implemented	**Auditor's update as of June 2010:** The Police Department advises that it has conducted research on best-practices throughout the State to determine what other California agencies are doing internally with "Brady" officers. Based on the Department's research, it is developing a proposed "Brady" policy and considering all related issues. Implementation may require coordination with the POA, the City Attorney's Office, and with the District Attorney. Target date: 3-11.
			Auditor's update as of December 2010: The Police Department advises it has conducted research on best-practices throughout the State and developed a "Brady" policy which has been approved by the City Attorney's Office and the District Attorney's Office. Management advises that the policy is now in effect. The Auditor's Office notes, however, that the adopted policy differs from the IACP model in that it does not address how or whether Brady status may affect a sworn employee's continued employment. The problem identified in the audit was that the Brady employees were frequently assigned to administrative work that could have been performed by civilians. Target date: TBD.
			Auditor's update as of June 2011: The Auditor's Office notes that the current policy does not address how or whether Brady status may affect a sworn employee's continued employment, Police Department management advises that such additional changes in the policy will require further analysis. Such changes are also subject to "meet and confer" with SJPOA. The Department will continue to work with SJPOA, the City Attorney's Office, and all affected stakeholders. Target date: TBD.
			Auditor's update as of December 2011: No change. Target date: TBD.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: The Department will continue to analyze the status of *Brady* officers moving forward. The Department advises that it continues to work with the identified stakeholders about the status of specific *Brady* officers, which has resulted in some officers returning to the Patrol function. The Department is also looking at utilizing body-worn cameras for the Department. The utilization of body-worn cameras by *Brady* officers may allow them to move from an administrative to law enforcement function. Target date: TBD.
			Auditor's update as of June 2014: The Department advises that it developed a policy in 2010 to address this issue. In 2013, several officers meeting the Department's policy were deployed to patrol. Once body-

			worn cameras are deployed to patrol, the remaining officers meeting this criteria will be deployed to patrol. Any change to the Department's policy is subject to meet and confer. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. The Auditor's proposed FY 2015-16 workplan includes a project to assess the level of civilian support within the Police Department. This project will serve as a follow-up to the 2010 Audit of Civilianization Opportunities in the San José Police Department. Target date: TBD.
#7: Work with the Human Resources Department to update or create job descriptions to accurately reflect job duties of non-Patrol sworn positions.	Police and Human Resources	Not Implemented	**Auditor's update as of June 2010:** The Police Department advises that it will work with individual units to update job descriptions of non-Patrol sworn positions as resources allow. Currently, due to budget shortages and staffing reductions, the Department advises that it is in the process of reorganizing its unit structure. The Department advises that as the full impact of staffing reductions and changes is assessed, the Department will begin moving forward with this recommendation. Target date: 3-11.
			Auditor's update as of December 2010: The Police Department management advises that it will work with individual units to update job descriptions of non-Patrol sworn positions as resources allow. Management advises that the Department faces current and upcoming budget and staffing cuts and because of the challenges and constraints brought about by these cuts, making significant organizational and structural changes at this time will not serve the best interest of the Department and the public. Management advises that it will reevaluate this issue once it gets a better picture of the short-term and long-term impacts brought by the current and upcoming budget cuts. Target date: 9-11.
			Auditor's update as of June 2011: The Police Department advises that due to current budget and staffing cuts the target date has been revised. Target date: 7-12.
			Auditor's update as of December 2011: The Police Department advises that due to limited resources both in the Police Department and Human Resources, no progress has been made on this recommendation. Target date: 12-12.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. The Auditor's proposed FY 2015-16 workplan includes a project to assess the level of civilian support within the Police Department. This project will serve as a follow-up to the 2010 Audit of Civilianization Opportunities in the San José Police Department. Target date: TBD.
#9: Develop short, medium, and long-term plans to civilianize the positions identified in this audit and/or other positions identified by the Police Department.	Police	Partly Implemented	**Auditor's update as of June 2010:** The Police Department advises that it developed a short-term plan that identified positions for civilianization that would be allowed under the SJPOA MOA and therefore, could be immediately incorporated into the budget process. The Department advises that this plan included 15 positions and was presented to Budget but that funding was not available. The City Manager's Office advises that additional analysis, given the current budget context, is required. Target date: 3-11.
			Auditor's update as of December 2010: Police Department management advises that it has developed a short-term plan to civilianize 15 positions in the 2011-12 fiscal year. The proposal would eliminate the sworn positions and add new civilian positions in the appropriate classifications. Target date: 9-11.
			Auditor's update as of June 2011: Police Department management advises that it has civilianized 15 positions in the FY 2011-12 budget. The proposal eliminated certain sworn positions and added new civilian positions. The Department advises that it will continue to explore civilianization opportunities and implement such measures provided that it will maximize efficiencies, result in cost savings, and enhance service delivery. Target date: 7-12.
			Auditor's update as of December 2011: No change. Target date: 12-12.
			Auditor's update as of June 2012: The Police Department completed an analysis that was submitted to Council in May 2012 (MBA #34). To date, the Department has civilianized 22 positions, including 15 in FY 2011-12 and an additional seven in FY 2012-13 (consisting of four in the Gaming Division and two in the Permits Unit and one in the Personnel Unit). The Department advises that it will continue to explore civilianization opportunities in the context of recent budget reductions and redeployments. The May 2012 report indicated that an additional 52 positions were continuing to be evaluated for potential civilianization opportunities. Target date: TBD.
			Auditor's update as of December 2012: The Police Department advises that as a part of its ongoing effort of civilianization, SJPD has again proposed positions that can be civilianized in the 2013-2014 Budget Process.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2013: The Department advises that civilianization continues to be an ongoing effort. On June 18, 2013, Council approved the addition of 21 CSO positions and 3 Crime Prevention Specialists. Target date: TBD.
			Auditor's update as of December 2013: The Department advises that it continues to work on the implementation of previous civilianization actions, including the CSOs. The short-term plan is to review civilianization opportunities each year through the budget process. The Department advises that it does not currently have the time or resources to establish a long-term civilian staffing plan and that, considering the instability of the budget, it would not be prudent to develop a long-term plan at this time. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. The Auditor's proposed FY 2015-16 workplan includes a project to assess the level of civilian support within the Police Department. This project will serve as a follow-up to the 2010 Audit of Civilianization Opportunities in the San José Police Department. Target date: TBD.
			POTENTIAL BUDGET IMPACT: $5.1 million per year was identified as potential savings in the audit (based on 88 positions). As of June 2012, the Police Department had civilianized 22 positions as well as eliminated various positions, some of which were recommended for civilianization in the audit. The 22 civilianized positions resulted in an estimated savings of $1.4 million. Additional civilianization would result in more savings. Separate from the 88 positions identified for civilization in the audit, the City Council approved the creation of 21 Community Service Officers and 3 Crime Prevention Specialists in the FY 2013-2014 Adopted Budget. In the FY 2014-15 Adopted Budget, the Department added 7 additional Community Service Officer and Crime Prevention Analyst to provide civilian supervision. In the FY 2015-16 Proposed Budget, four additional civilians were proposed to assist in crime analysis and in the Bureau of Investigations. In addition, another 22 Community Service Officers were proposed, bring the Departmental total to 50. Four Senior Community Service Officers were also proposed, as were 4 Crime Prevention Specialists.
#10: Identify partial administrative roles filled by sworn and consider options for civilianization.	Police	Partly Implemented	**Auditor's update as of June. 2010:** The Police Department advises that it agrees with this recommendation and will continue to identify partial administrative duties conducted by sworn personnel as the long-term civilianization plan is developed and as staffing allows. Target date: 3-11.
			Auditor's update as of December 2010: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2011: Police Department management advises that through the budget process, the Department continues to evaluate and consider options for civilianization. This is an ongoing review that the Department has incorporated in its budget development process. Target date: TBD.
			Auditor's update as of December 2011: The Police Department advises that this is an ongoing process. The Department continues to review staffing and resource allocations to determine how best to deploy resources. Target date: TBD.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: The Police Department advises that as a part of its ongoing effort of civilianization, SJPD has again proposed positions that can be civilianized in the 2013-2014 Budget Process.
			Auditor's update as of June 2013: The Department advises that civilianization continues to be an ongoing effort. Target date: TBD.
			Auditor's update as of December 2013: The Police Department management advises that through the budget process, it continues to evaluate and consider options for civilianization. This is an ongoing review that the Department has incorporated in its budget development process. Target date: TBD.
			Auditor's update as of June 2014: No change. The Department advises that work is ongoing. Target date: TBD.
			Auditor's update as of December 2014: No change. The Department advises that work is ongoing. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. The Auditor's proposed FY 2015-16 workplan includes a project to assess the level of civilian support within the Police Department. This project will serve as a follow-up to the 2010 Audit of Civilianization Opportunities in the San José Police Department. Target date: TBD.
			POTENTIAL BUDGET IMPACT: See Recommendation #9.
#11: Consider outsourcing the helicopter pilot duties as well as the fixed-wing airplane assignments on an hourly basis.	Police	Partly Implemented	**Auditor's update as of June 2010:** The Police Department advises that it has completed the analysis for such outsourcing but has not received Budget approval to outsource the positions. The Department advises that it is necessary to meet and confer with the SJPOA but that this has not happened yet. The Department notes that the Air Support Unit has been reassigned to the Airport Division for greater efficiency, consolidation of supervision and to save money. Target date: 3-11.
			Auditor's update as of December 2010: The Police Department has suspended the Helicopter Program effective in March 2011. The Air Support Unit (of which the Helicopter Program is a part) was reassigned

			to the Airport Division for greater efficiency, consolidation of supervision and to save money but has not been considered for outsourcing. Target date: 9-11.
			Auditor's update as of June 2011: In the FY 2011-12 budget, the Helicopter Unit continues to be suspended. The suspension includes the elimination (on a one-time basis) of 4 officer positions and 1 sergeant position resulting in a savings of $1.2 million. The budget states that the Police Department will work to identify service delivery alternatives, including collateral assignment and contract pilots during the one-year suspension. It further states that the proposal does not impact the fixed-wing aircraft which is staffed as a collateral assignment. Target date: 7-12.
			Auditor's update as of December 2011: The Department advises that the Helicopter Unit remains suspended and that the Department has considered outsourcing the helicopter pilots and is in the process of evaluating the cost impact of such a proposal in the FY2012/2013 budget process. Target date: 7-12.
			Auditor's update as of June 2012: No change. Target date: 7-13.
			Auditor's update as of December 2012: SJPD advises that it is currently working with the Finance Department to release an RFP to solicit proposals to outsource the helicopter pilot duties. Until this process is complete, the cost/benefit analysis is on hold. At that time, a recommendation will be made to the City Manager's Office or Council. Target date: 7-13.
			Auditor's update as of June 2013: The Department advises that it completed an RFP process for Helicopter Services, but the process did not result in a contract due to cost concerns. The Department will work with HR to explore creating a civilian pilot position. Target date: TBD.
			Auditor's update as of December 2013: The Department continues to utilize sworn pilots. However, the Department continues to look for civilianization opportunities, and the civilianization of the pilots is under consideration and currently on the workplan for HR and PD to review as time and resources become available. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. The Auditor's proposed FY 2015-16 workplan includes a project to assess the level of civilian support within the Police Department. This project will serve as a follow-up to the 2010 Audit of Civilianization Opportunities in the San José Police Department.
			POTENTIAL BUDGET IMPACT: TBD.

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

The objective of our audit was to determine if the City has an adequate and effective system of internal controls over the cash handling process. Of the 8 recommendations, 7 were previously implemented or closed, and 1 is partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#2: Develop Citywide policies and procedures to require and periodically assess Payment Card Industry compliance at all distributed cash handling sites accepting credit cards.	IT and Finance	Partly Implemented	**Auditor's update as of June 2010:** According to City Administration, an October 1, 2010 deadline for Payment Card Industry (PCI) compliance has been established and the Information Technology Department (IT) is working with the Finance Department and Wells Fargo Bank to meet it. IT will be working with a PCI consultant to finalize the security policy regarding credit card acceptance at Citywide cash handling sites in accordance with PCI Council requirements. Target date: 10-10.
			Auditor's update as of December 2010: According to IT, there has been a delay in identifying consulting resources to complete the information security policy. The City's merchant card processor (Wells Fargo) has granted an extension until the information security policy is approved. Target date: 4-11.
			Auditor's update as of June 2011: According to Information Technology Department Administration, the department has sought additional contractual assistance to complete the information security policy. Target date: 1-12.
			Auditor's update as of December 2011: ITD is currently working the City's information security consultant to finalize a security policy that will be sent forward for Council approval. Target date: 6-12.
			Auditor's update as of June 2012: The City's security policy has been drafted and is currently under review by key stakeholders. A final version is expected to be sent to Council for adoption in October 2012. Target date: 10-12.
			Auditor's update as of December 2012: No change. Target date: 3-13.
			Auditor's update as of June 2013: No change. Target date: 12-13.
			Auditor's update as of December 2013: No change. Target date: 12-14.
			Auditor's update as of June 2014: No change. Target date: 12-14.
			Auditor's update as of December 2014: According to the IT Department, the department will be working with a security consultant to review and complete a larger security policy. This policy will cover PCI compliance and require annual assessments. Target date: 6-15.
			Auditor's update as of June 2015: ITD and the City's Information Security consultant have completed a draft security policy that includes periodic PCI assessments. The draft policy is being reviewed and is

anticipated for Council approval prior to the end of the calendar year. Target date: 12-15.

Auditor's update as of December 2015: The City's information security consultant is completing the final draft of the new Security Policy addressing PCI compliance. The draft policy is expected to be complete by March 2016 for Council consideration. According to the Finance Department, a related policy is also being developed to address PCI compliance at sites accepting credit cards. Target date: 6-16.

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

The objective of our audit was to determine if the current allocation of staff at community centers is efficient and effective. Of the 17 recommendations, 14 were previously implemented or closed and 3 are partly implemented.

#1: Enhance data collection methodology to track community center traffic, daily and hourly attendance, and program participation.	PRNS	Partly Implemented	**Auditor's update as of June 2010:** PRNS has modified data collection forms and processes to collect program information by site, rather than regionally, effective July 2010. PRNS is in the process of purchasing automated people counter systems, for high-use sites with limited points of entry, which will provide daily and hourly attendance counts. PRNS staff believes collecting hourly attendance data for other sites is not feasible because the labor time involved to gather information by hand would result in a significant reduction in programming and center services. Target date: 7-11.

Auditor's update as of December 2010: According to PRNS, an initial market scan of people counter systems revealed higher than budgeted costs for hardware and installation. PRNS says that it will continue to pursue people counter systems in the first half of FY 2011-12 by searching for more affordable hardware/installations and/or alternative funding sources. In the interim, PRNS states it has focused data collection efforts on using the Registration and E-Commerce System (RECS). Since the December 2008 initial implementation of RECS, PRNS has implemented a number of functionalities to improve data collection, including class registration, facility reservation and memberships. Target date: 12-11.

Auditor's update as of June 2011: The process of evaluating different people counter systems was temporarily postponed so staff could evaluate the impact of FY 2011-12 budget reductions on community center staffing and programs. Contingent on securing necessary funding, PRNS estimates implementation of people counter systems in June 2012. Target date: 6-12.

Auditor's update as of December 2011: The Department is moving forward with securing estimates for people counter systems to install at select community centers. The Division has submitted a budget proposal to the PRNS Capital Unit to secure funds in FY 2012-13 for the purchase

of the door counters. The estimated costs per site will range from $8,500-$12,500. Target date: 6-13.

Auditor's update as of June 2012: The FY 2012-13 capital budget includes $65,000 for the Department to install the people counter systems. According to staff, PRNS is currently developing the bid specifications to procure the most viable system for community center use. Target date: 6-13.

Auditor's update as of December 2012: According to PRNS staff, Public Works will be managing the project. Target date: 6-13.

Auditor's update as of June 2013: According to staff, PRNS explored the potential use of the Library Department's current people counter system for community centers and determined that the Library's system does not meet PRNS needs. The Library primarily uses its system for anti-theft and self-checkout purposes, whereas PRNS needs to track community center traffic by hour, day, week and month in order to fully analyze staffing needs.

PRNS met with the Department of Public Works (DPW) and will continue to research specific solutions that meet its needs. Once a solution is identified, PRNS will engage the solution manufacturer to determine lead time for material delivery. DPW will perform an initial review of one joint entry facility, one multiple entry facility, and one simple entry facility. DPW will collect and review the floor plans for the 10 hub community centers and will coordinate site visits at each Hub community centers to quantify the number of access points for each site and determine access points that capture the largest share of traffic. DPW will then provide an estimate of work to be performed as well as a project rollout plan. Target date: 9-14.

Auditor's update as of December 2013: PRNS staff has worked with DPW to select a people counter solution (Sensource) to pilot at three PRNS community centers (Evergreen, Roosevelt and Seven Trees). PRNS expects to launch the pilot in partnership with IT and DPW in April 2014. The pilot is scheduled to end in October 2014. After the pilot period, PRNS and DPW will work with Purchasing to draft an RFP to procure an ongoing solution. Target date: 12-12.

Auditor's update as of June 2014: PRNS staff is working with IT and DPW to install the people counter solution (Sensource) jointly with the City's wi-fi project. This change was mutually agreed upon by PRNS and IT due to the scope of work described in the people counter solution (e.g., Web-based platform, wireless network). According to staff, the wi-fi contract is scheduled to be awarded in August 2014 with installation following in September. People counter installation should begin soon thereafter. In preparation, PRNS has supplied IT with the inventory of community centers subject to this joint project, emphasizing hub centers as the priority. According to Public Works, people counter installation will start with a 6-month pilot period at up to three community centers. After

Audit Report and Recommendation	Department	Current Status	Comments
			the pilot period, PRNS and DPW staff will evaluate and install people counter equipment in the remaining City-operated community centers as funding allows. Target date: 9-15.
			Auditor's update as of December 2014: PRNS has worked with ITD to obtain cost estimates from the City's wi-fi vendor for the installation of wi-fi at 11 community centers. The estimated cost is nearly $200,000, and PRNS has identified a capital funding source to support project costs in FY 2015-16 and 2016-17. PRNS is working with ITD to determine additional scope and cost for including the People Counter pilot as part of the Wifi project to potentially reduce implementation time and limit disruption to PRNS staff and community center visitors. If this is not feasible, People Counter will be part of the next phase of implementation. Target date: 9-15.
			Auditor's update as of June 2015: The project is in process. Target date: 12-16.
			Auditor's update as of December 2015: No change. Target date: TBD.
#2: Invest in a people counter system to capture more complete and consistent data on community center usage.	PRNS	Partly Implemented	**Auditor's update as of June 2010:** PRNS staff has identified six hub community centers—Roosevelt, Berryessa, Mayfair, Seven Trees, Evergreen, and Almaden—where, based on the numbers of entry points and foot traffic, the installation of people counter systems is most feasible. According to PRNS, staff has been working with potential vendors to determine the appropriate type of device for each site and with the General Services Department to plan installation of the equipment. PRNS plans to evaluate the feasibility of installing equipment at other sites based on the availability of technology to deal with multiple entry points, foot traffic, and estimated cost effectiveness. PRNS staff state funding availability will also be a determining factor in implementation as initial costs are estimated at approximately $8,000 to $9,000 per site. Target date: 7-11.
			Auditor's update as of December 2010: See recommendation #1.
			Auditor's update as of June 2011: See recommendation #1.
			Auditor's update as of December 2011: See recommendation #1.
			Auditor's update as of June 2012: See recommendation #1.
			Auditor's update as of December 2012: See recommendation #1 above.
			Auditor's update as of June 2013: See recommendation #1.
			Auditor's update as of December 2013: See recommendation #1.
			Auditor's update as of June 2014: See recommendation #1.
			Auditor's update as of December 2014: See recommendation #1.
			Auditor's update as of June 2015: See recommendation #1.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2015: See recommendation #1.
#8: Estimate the fair market value of re-use facilities.	Economic Development	Partly Implemented	**Auditor's update as of June 2010:** According to PRNS, staff has provided basic information on re-use facilities—such as age and square footage—and held preliminary discussions about their fair market lease valuations with the General Services Department. General Services staff plans to have more in-depth discussions with PRNS to address this recommendation. Target date: 6-11.
			Auditor's update as of December 2010: According to Real Estate, staff developed a draft methodology for estimating the fair market value of reuse facilities, and will begin evaluating each property when the methodology is finalized. Target date: 6-11.
			Auditor's update as of June 2011: Real Estate staff has moved from Public Works and General Services into the Office of Economic Development, and is in the process of gathering information related to City owned property assets, including re-use facilities. As part of that project, staff is working with appraisal consultants to obtain estimates of value for City owned property and estimates of current market rents. This effort will result in an inventory of City property assets, including an estimate of their fair market value and anticipated annual income. Target date: 6-12.
			Auditor's update as of December 2011: No change. Staff has met with the City Auditor and discussed the streamlining efforts that are taking place in the Real Estate Division. Staff will be developing and implementing the streamlined processes during the next 18 months. Target date: 6-13.
			Auditor's update as of June 2012: No change. Target date: 6-13.
			Auditor's update as of December 2012: No change. Target date: 6-13.
			Auditor's update as of June 2013: No change. Target date: 6-14.
			Auditor's update as of December 2013: According to staff, a review of the Real Estate files for both City as Landlord and City as Tenant properties has been completed. The next step in the process is to estimate the fair market value of the re-use facilities. Target date: 12-14.
			Auditor's update as of June 2014: Real Estate updated tracking spreadsheets for City as Landlord, City as Tenant, and Revenue sites for 2014-15. Staff is now reviewing hard and soft copy lease files to identify missing information (i.e., insurance certificates) and prepare any expired leases for Council consideration and possible renewal. Staff is also updating processes and procedures that will result in an annual review of all facility leases that are the responsibility of Real Estate, which will

include a comparison of the current lease amount to the estimated current market rent. Target date 12-14.

Auditor's update as of December 2014: Staff completed a market analysis of rental rates which will be used as the basis for comparing current lease rates with market lease rates. The difference between the current rate and market rate will indicate the amount of subsidy of the lease. The next step of the process includes estimating the market value of the lease facility. Target date: 12-15.

Auditor's update as of June 2015: No change. Target date: 12-15.

Auditor's update as of December 2015: No change. Target date: TBD.

AUDIT OF THE CITY'S LICENSING AND PERMITTING OF CARDROOM OWNERS AND EMPLOYEES (Issued 4/7/10)

The purpose of our review was to assess the efficiency and effectiveness of the City's licensing and permitting process for cardroom owners and employees, including benchmarking the scope and cost of cardroom employee background investigations and the cost of oversight. Of the 6 recommendations, 1 was previously implemented, and 5 are partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: Retain the City's licensing of cardroom owners, and propose amendments to Title 16 to require and rely solely on the State's key employee license for issuing a San Jose key employee license thereby reducing the DGC's workload while preserving the City's ability to impose limitations and conditions on these licenses including the ability to retract the license based on the key employee's violations of Title 16. These revisions should apply to all new, pending, and incomplete license investigations.	Police, and City Manager	Partly Implemented	**Auditor's update as of June 2010:** The City Attorney's Office plans to propose amendments to Title 16 in Fall 2010. Target date: 12-10.

Auditor's update as of December 2010: According to the City Attorney's Office amendments to Title 16 have been deferred to Summer 2011. Target date: 6-11.

Auditor's update as of June 2011: The City Attorney's Office will be bringing forward amendments to Title 16 in October 2011. The amended Title 16 will require the City to accept Key Employee Licenses that have been granted by the State while retaining the DGC's ability to impose limitations or conditions on the license. However, this new amendment would not apply to those key employees that are designated as such only by the City's DGC. For these employees, the old licensing process would still apply. According to the SJPD, guidelines on the scope of the investigations and internal procedures would be addressed by its Business Plan which is currently awaiting final approval from the Chief of Police. We will revisit this recommendation, once Title 16 amendments have been adopted and DGC's new procedures are in place. Target date: 12-11.

Auditor's update as of December 2011: Title 16 changes were approved by the City Council on February 14, 2012 with direction to return to the Rules Committee in April 2012 regarding changes to non-key employee licensing and permitting. Target date: TBD.

Auditor's update as of June 2012: No change. Target date: TBD.

Auditor's update as of December 2012: The City is currently accepting State-issued key employee licenses. The City has however continued to

perform background investigations on those employees that the City designates as key employees but the State does not. Staff has continued to work on the February 14, 2012 City Council direction. The City Manager's Office, City Attorney's Office and the DGC meet monthly and go over outstanding issues. Target date: 6-13.

Auditor's update as of June 2013: See recommendation #2. Target date: TBD.

Auditor's update as of December 2013: As reported above, Title 16 has been amended to accept State-issued key employee licenses. For cardroom personnel not designed by the State as key employees but designated as such by the City, the DGC performs its own background investigation.

The DGC reports that it has issued 19 key employee licenses (including 5 renewals) for Bay 101 employees on the basis of their State-issued license since January 2013. In addition, DGC has approved 6 City-only key employee licenses for Bay 101 employees, 2 of which have been issued and 4 of which are awaiting pick up by employee.

The DGC reports that it has issued 9 key employee licenses for Casino M8trix employees on the basis of their State-issued license since January 2013. In addition, DGC has issued temporary licenses to 9 Casino M8trix employees who hold interim licenses from the State, pending State approval of their licenses (one of those employees has been working on a temporary license since 2012 due to delays in the State approval process). In addition, DGC is allowing two other M8trix employees to work with expired licenses due to unresolved issues with their licenses at the State level. Finally, one additional Casino M8trix City-only key employee license was filed in December 2013 and is pending.

Policies and procedures ("unit guidelines") are still pending. Also see recommendations 2, 3 and 4. Target date: 6-14.

Auditor's update as of June 2014: No change. Target date: 1-15.

Auditor's update as of December 2014: The City Administration and the City Attorney's Office is in the process of reviewing further changes to Title 16. The Division Unit guidelines (policies and procedures) are pending review. Target date: TBD.

Auditor's update as of June 2015: No change. Target date: TBD.

Auditor's update as of December 2015: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#2: Abide by the Title 16 guideline that license investigations should be completed within 180 days and develop clear written guidelines for when investigations can extend beyond 180 days. These revisions should apply to all new, pending, and incomplete license investigations.	Police and City Manager	Partly Implemented	**Auditor's update as of June 2010:** According to the Gaming Administrator, the DGC no longer does key employee license investigations. However, the DGC has not made any progress on issuing permanent licenses to all key employees with a State license and has not provided guidelines for when license issuance could extend beyond 180 days. According to the Gaming Administrator, the DGC is waiting for the

City Attorney's Office to present Title 16 amendments to City Council. Target date: 12-10.

Auditor's update as of December 2010: No change.

Auditor's update as of June 2011: The City Attorney's office will be bringing forward amendments to Title 16 in October 2011. Those amendments do not address when investigations should extend beyond 180 days. According to the SJPD, this will be addressed in its Business Plan which is awaiting the Chief of Police's final approval. We will revisit this recommendation once the Business Plan is approved, and procedures are in place. Target date: 12-11.

Auditor's update as of December 2011: The Business Plan does not contain the relevant guidelines pertaining to work that went beyond 180 days. Title 16 changes were approved by the City Council on February 14, 2012 with direction to return to the Rules Committee in April 2012 regarding changes to non-key employee licensing and permitting. Target date: TBD.

Auditor's update as of June 2012: No change. Target date: TBD.

Auditor's update as of December 2012: No change. Target date: TBD.

Auditor's update as of June 2013: As mentioned above, Title 16 changes were approved by the City Council on February 14, 2012. The amended Title 16 requires the City to accept Key Employee Licenses that have been granted by the State while retaining the DGC's ability to impose limitations or conditions on the license. However, this new amendment does not apply to those key employees that are designated as such only by the City's DGC and the DGC continues to do these investigations.

As of August 20, 2013, the DGC's own records showed a number of employees at both cardrooms were still holding "temporary" permits – some of which had expired. Employees continued to work at the cardrooms with expired licenses while the DGC continued to review their applications even though Title 16 expressly forbids it.

Furthermore, the Division still lacks any policies and procedures, including guidelines for when license investigations can extend beyond 180 days, documents required for a "complete" application, how and who would complete the investigations, process for contacting the State to get information about the employee's State license, etc. Finally, the procedures need to include any additional type of investigations that the DGC or its consultants take on- such as investigations for funding sources. Target date: TBD.

Auditor's update as of December 2013: Division Unit guidelines (policies and procedures) are pending. Target date: 6-14.

Auditor's update as of June 2014: See Recommendation #3. Target date: 1-15.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2014: The Division Unit guidelines (policies and procedures) are pending review. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#3: To better manage its backlog of pending license investigations, redesign its background investigations to: a) provide clearer guidance on the desired scope of the DGC licensing process, b) be more limited in scope, and c) track and report the status and cost of these pending and incomplete license investigations through the Annual Report to the City Council. These revisions should apply to all new, pending, and incomplete license investigations.	Police and City Manager	Partly Implemented	**Auditor's update as of June 2010:** DGC has not made any progress on pending key employee licenses. According to the Gaming Administrator, the DGC has discontinued key employee license investigations and is waiting for key changes to Title 16. Once Title 16 is revised, the DGC intends on issuing permanent licenses to all eligible key employees. Further, according to the Gaming Administrator, the DGC has developed new guidelines on the scope of license investigations. These guidelines will be presented in a Business Plan. The draft Business Plan is awaiting approval by the Chief of Police. Target date: 12-10.
			Auditor's update as of December 2010: No change.
			Auditor's update as of June 2011: No change.
			Auditor's update as of December 2011: The business plan does not provide any guidance on the desired scope of the license investigations. Further, it does not address the reporting mechanism of the costs of the investigations nor does it provide for reporting the costs of the pending and incomplete license investigations through the Annual Report. Title 16 changes were approved by the City Council on February 14, 2012 with direction to return to the Rules Committee in April 2012 regarding changes to non-key employee licensing and permitting. Target date: TBD.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: According to the department it has begun tracking costs and is in the process of revising the scope of the investigations which is pending approval by the Chief of Police. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: 12-13.
			Auditor's update as of December 2013: Division unit guidelines (policies and procedures) are pending. Target date: 6-14.
			Auditor's update as of June 2014: The DGC has recently begun tracking its license investigations in SalesForce. It is currently in the process of investigating two City-designated key employee applications. In addition, the department plans to provide the PSFSS committee a report on the state of the Division in addition to the Division's Annual Crime Report. Unit guidelines are still pending. Target date: 1-15.
			Auditor's update as of December 2014: The SJPD's report on *Cardroom Compliance with Title 16 of the San José Municipal Code* to the City's PSFSS Committee reports on license investigations completed

Audit Report and Recommendation	Department	Current Status	Comments
			and work permits issued for each cardroom. In addition it informs City Council on the various regulatory actions during the fiscal year. This report is separate from the Annual Crime Report that reports on the impact of crime around the cardrooms. Division Unit guidelines are pending. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#4: Implement procedures to track time and costs of each licensing review, provide an itemized accounting to each applicant at the end of each review, and include the per applicant cost in the Annual Report to City Council.	Police and City Manager	Partly Implemented	**Auditor's update as of June 2010:** The Division has not made any progress on tracking time and cost of each licensing review. Target date: 12-10.
			Auditor's update as of December 2010: As stated in the audit, the DGC purchased a web-based time sheet management portal in 2009 which can track the time that DGC staff has expended on each and every investigation. Further, as stated in recommendation # 3, the DGC has discontinued license investigations pending changes to Title 16. We will revisit this recommendation once we have reviewed the DGC's new license investigations guidelines detailed in a Business Plan. This Plan is pending approval by the Chief of Police. Target date: 6-11.
			Auditor's update as of June 2011: No change.
			Auditor's update as of December 2011: No change. See recommendation #3.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: See response to #3 above.
			Auditor's update as of June 2013: No change. Target date: 12-13.
			Auditor's update as of December 2013: According to the Administration, the City reports a total regulation cost to each cardroom because the regulation fee is paid for by the cardrooms. It is our understanding it does not include an itemized cost of each license investigation. Furthermore, the DGC has not publicly provided an average cost per applicant. Target date: 6-14.
			Auditor's update as of June 2014: See Recommendation # 3. Target date: 1-15.
			Auditor's update as of December 2014: The DGC tracks the time for each licensing review in SalesForce, and has included the number of license investigations completed in the *Cardroom Compliance with Title 16 of the San José Municipal Code* report to PSFSS. However, information about the cost of each investigation has not been provided to applicants. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments

#6: We recommend the City Administration:
 	
  A. Propose revisions to Title 16 to discontinue the City's permitting function and accept State-issued portable gaming work permits, or
 	
  B. Process work permits within the DGC.
 	
If the Administration chooses to process work permits within the DGC we also recommend that: a) the DGC continue to streamline and develop a work permitting approval and renewal process that strictly abides by the Title 16 guideline to issue work permits within 20 working days, and b) the Administration analyze the cost recovery status of work permit fees.
	Police and City Manager	Partly Implemented	**Auditor's update as of June 2010:** As of August 4, 2010, the DGC has taken over the work permit function. According to the Gaming Administrator, as of September 9, 2010, the DGC has reviewed and granted 72 new work permits and renewals. Due to the limited timeframe since the adoption of the audit report in June 2010 and the limited available data, the Auditor's office will revisit this recommendation in the next recommendation follow-up cycle. Target date: 12-10.
			
			Auditor's update as of December 2010: The DGC has been processing work permits in-house since September, 2010. Appointments are scheduled based on a list of applicants the cardrooms send on a weekly basis. Each cardroom has two 30 minute slots each day (Monday to Thursday). Since September 2010, the DGC has processed more than 100 work permits. On average it took the DGC about 12 days to process and issue a work permit. According to the DGC, it has allocated 0.5 Police Officer and 0.25 staff technician to the work permitting process. The SJPD's fiscal division will be working on analyzing the cost-recovery of work permit fees based on the total hours that the DGC spends on work permits, however this analysis has not yet started. Target date:3-11.
			
			Auditor's update as of June 2011: The DGC has been processing work permits in house and appears to be processing most completed applications in a timely manner. However, DGC lacks a mechanism to track the timeliness of processing. The DGC has also revised the pre-approval portion of the work permit process. Target date: 12-11.
			
			Auditor's update as of December 2011: At the 2-14-12, Council meeting, the City Council directed the Administration to determine the feasibility of accepting State-issued portable gaming work permits. The Administration response is expected by April 2012. Target date: TBD.
			
			Auditor's update as of June 2012: The Administration reported to the May 12, 2012 Rules Committee meeting and requested more time to respond to the February 14 City Council direction. Target date: TBD.
			
			Auditor's update as of December 2012: The City Manager's Office reports that in 2012 most of its effort was focused on the opening of and issues related to the new Casino M8trix which opened in August 2012. The City Attorney's Office has continued to work with State officials to develop a draft ordinance to address the feasibility of accepting State-issued portable gaming work permits. In addition, the DGC with assistance from the City Manager's Office, has implemented a new software to hold the DGC accountable for timeliness. It tracks time from when an application comes in to when the applicant's background is completed by the Department of Justice. Staff is also working on developing an auto notification process to inform permit holders and new applicants on key dates. Finally, the DGC provides each cardroom with

pre-determined dates when their employees can come in for work permits. Target date: 6-13.

Auditor's update as of June 2013: The DGC has continued to process work permits in-house while the Administration explores the possibility of accepting State issued work permits.

The DGC has been providing a one-stop permit application and processing service where the applicants submit their application, and have their fingerprints and photographs taken at the same place. Between January 1, 2013 and June 30, 2013 the DGC processed 174 new work permits in an average of 7 working days. It also renewed 171 work permits in an average of 7 working days. However, the DGC has determined that the 20-day response time guideline should not include the time it takes to make an appointment, or the time for the Department of Justice (DOJ) to process the fingerprints – it can take an applicant up to 12 days to schedule an appointment at the DGC, and the DOJ has taken an average of 10 days to process fingerprints. Finally, in our opinion, the work permitting process needs to be addressed in the DGC's policies and procedures.

Sworn officers continue to handle work permit applications and investigations due to an unsuccessful recruitment effort. The work permit fee reflects this higher cost sworn component.   The department anticipates reducing the fee when civilians are hired for performing the work. Target date: TBD.

Auditor's update as of December 2013: The DGC reports that it has processed about 90 new work permit applications between July 1, 2013 to December 31, 2013. On average it took about 17 working days for an application to be completed including the time that it took to get a response from the Department of Justice (DOJ).   The DGC also processed about 150 renewals. On average it took about 7 working days to issue renewals. The DGC continues to use sworn staff to do work permit background investigations; written policies and procedures ("unit guidelines") are pending.

On January 28, 2014 the City Council directed the City Administration to return with options for a revised work permitting process by May 1, 2014. We will follow-up on this recommendation at that time. Target date: 6-14.

Auditor's update as of June 2014: The Division tracks all work permits in SalesForce. This information and process is detailed in the Unit guidelines which are pending. Target date: 1-15.

Auditor's update as of December 2014: The City Attorney's Office and the City Manager's Office is in the process of revising portions of Title 16. Further, Division Unit guidelines (policies and procedures) are pending review. Target date: TBD.

Auditor's update as of June 2015: No change. Target date: TBD.

Auditor's update as of December 2015: No change. Target date: TBD.

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

The objective of this audit was to review p-card transactions from three departments (Environmental Services, Police, and Parks, Recreation and Neighborhood Services) for compliance with the City's p-card policy and other applicable policies. Of the 8 recommendations, 7 were previously implemented, and 1 is partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: Revise the p-card policy to require simple descriptive annotations on receipts or statements that describe the intended use of the purchases, as well as the intended location, and if applicable, the number of people intended to use the purchased items or services.	Finance	Partly Implemented	**Auditor update as of December 2010:** The Finance department plans to propose changes in the purchasing process which may result in increasing the p-card limit. Finance staff has deferred making revisions to the p-card policy pending the outcome of this proposal. Target date: 6-11.

Auditor update as of June 2011: No change.

Auditor's update as of December 2011: No change. Target date: TBD.

Auditor's update as of June 2012: No change. Target date: TBD.

Auditor's update as of December 2012: The Finance department conducts an annual P-card review providing department heads with their departments' P-card activity and expenditure. Per City policy, Department Directors shall submit a memorandum to the Director of Finance certifying that the Department is in full compliance with the City Procurement Card Policy, and that adequate controls are implemented to ensure proper use of the cards. The Finance department plans to use this review to inform departments to require its P-card users to provide simple descriptive annotations on receipts or statements that describe the intended use of the purchases, as well as the intended location, and if applicable, the number of people intended to use the purchased items or services. It plans to follow-up with a formal revision to the Citywide P-card policy. Target date: 3-13.

Auditor's update as of June 2013: No change. Target date: 12-13.

Auditor's update as of December 2013: Finance has drafted updates to the P-Card policy to require simple descriptive annotations on receipts. City departments were informed of this requirement through the annual P-card process. The draft policy is currently under review. We will consider this recommendation implemented once the policy is finalized. Target date: 6-14.

Auditor's update as of June 2014: No change. Target date: 12-14.

Auditor's update as of December 2014: These recommendations will be addressed in the revised City Procurement Cards (Section 5.1.2 of the City Policy Manual) policy, which needs to be finalized and approved. Target date: 6-15.

Auditor's update as of June 2015: The revised Policy is currently in the review process and will be released within the next six months. Target date: 12-15.

| | | | **Auditor's update as of December 2015:** The revised Policy is still in the review process, as it has been for the past two years. Target date: 6-16. |

PENSION SUSTAINABILITY: RISING PENSION COSTS THREATEN THE CITY'S ABILITY TO MAINTAIN SERVICE LEVELS – ALTERNATIVES FOR A SUSTAINABLE FUTURE (Issued 9/29/10)

The purpose of this audit was to assess the long-term sustainability of the City's pension benefits and the potential impact of increases in pension costs on City operations, and provide background information on pension reform and alternatives being pursued by other retirement systems. Of the 6 recommendations, 3 were previously implemented, 2 were implemented this period, and 1 is partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments

#1: Explore prohibiting:
  A. Pension benefit enhancements without voter approval
  B. Retroactive pension benefit enhancements that create unfunded liabilities
	Employee Relations	Implemented	**Auditor's update as of December 2010:** The City Manager's Office will include these two issues as components of Retirement Reform to be addressed in a future phase of the overall reform effort. Target date: TBD.
			Auditor's update as of June 2011: The City Council is considering a ballot measure that would include these changes. Target date: 3-12.
			Auditor's update as of December 2011: The target date for the ballot measure has been revised to 6-12.
			Auditor's update as of June 2012: Measure B, the Pension Modification Ballot Measure, was passed by the voters on June 5, 2012, and provides that future retirement benefit increases be approved by the voters. Additionally, all of the City's pension and retiree healthcare plans must be actuarially sound. Measure B is in the process of being implemented. Target date: TBD.
			Auditor's update as of December 2012: No change.
			Auditor's update as of June 2013: No change.
			Auditor's update as of December 2013: Measure B's provisions requiring voter approval for pension benefit enhancements and that the pension plans remain actuarial sound were challenged as part of litigation surrounding implementation of Measure B. These provisions were upheld in the Superior Court of California's tentative decision in December 2013. The decision is expected to be appealed.
			Auditor's update as of June 2014: A final decision upholding Measure B's provisions that require voter approval for pension benefit enhancements and that the pension plans remain actuarial sound was issued in February 2014. A notice of appeal was filed in May 2014. Target date: TBD.
			Auditor's update as of December 2014: No change.
			Auditor's update as of June 2015: An agreement was reached between the City and the sworn bargaining units (SJPOA and IAFF Local 230) that would require voter approval of benefit enhancements, and

Audit Report and Recommendation	Department	Current Status	Comments
			prohibit retroactive pension increases. Measure B settlement discussions between the City and federated bargaining units are ongoing. Target date: TBD.
			Auditor's update as of December 2015: An agreement has been reached between the City and the Federated bargaining units that requires voter approval of benefit enhancements, and prohibits retroactive pension increases.
#2: To ensure the reasonableness of the methods and assumptions used in the retirement plans' actuarial valuations, we recommend that the City Council amend the Municipal Code to require an actuarial audit of such valuations every five years if the actuary conducting the valuation has not changed in that time.	Retirement and City Attorney	Partly Implemented	**Auditor's update as of December 2010:** Retirement Services plans to work with the City Attorney to bring forth to City Council a proposal to amend the Municipal Code that would require an actuarial audit of the retirement plans' actuarial valuations every five years if the actuary conducting the valuation had not changed during that time. Target date: TBD.
			Auditor's update as of June 2011: No change.
			Auditor's update as of December 2011: No change.
			Auditor's update as of June 2012: No change.
			Auditor's update as of December 2012: No change.
			Auditor's update as of June 2013: No change.
			Auditor's update as of December 2013: No change.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: On February 5, 2015, the Rules Committee directed the City Attorney to draft an ordinance to amend the Municipal Code. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD
			POTENTIAL BUDGET IMPACT: Actuarial assumptions not reflecting actual plan experience had a significant impact on the retirement plans' funded status and the City's annual budget outlays for pension costs. Ensuring the reasonableness of the methods and assumptions will reduce the risk of such occurrences in the future.
#3: Pursue at least one or a combination of pension cost-containment strategies, including: ● Additional cost sharing between the City and employees ● Eliminating the Supplemental Retirement Benefit Reserves (SRBRs) or at least prohibiting transfers in and distribution of "excess earnings" when the plans are underfunded ● Negotiating with employee bargaining groups for changes to plan benefits for existing employees	Employee Relations	Implemented	**Auditor's update as of December 2010:** The City will be in negotiations with all 11 of the bargaining units in 2011 and will consider these issues as components of the retirement reform efforts. Target date for establishing a 2nd tier pension benefit: 6-11. Target date for changes for current employees and/or retirees: TBD. **Auditor's update as of June 2011:** The City is engaging all bargaining units in retirement reform negotiations and currently has proposals on the table to eliminate SRBR and second tier pension benefits. The City has reached tentative agreements with five bargaining units to eliminate SRBR. In addition, the City Council is considering a proposed ballot

Audit Report and Recommendation	Department	Current Status	Comments

- Establishing a second tier pension benefit for new employees
- Considering whether to join the California Public Employees Retirement System in order to reduce administrative costs

The Administration should work with the Office of Employee Relations on potential meet-and-confer issues that such changes would present.

measure to change benefits and cost sharing for existing employees. Negotiations are expected to conclude in October 2011 and the ballot measure could go before the voters in March 2012. Target date: 3-12.

Auditor's update as of December 2011: The target date for the ballot measure has been revised to 6-12.

Auditor's update as of June 2012: Measure B, the Pension Modification Ballot Measure, as approved by the voters on June 5, 2012, provides for additional employee retirement contributions for current employees who do not opt into a Voluntary Election Program (VEP) with reduced benefits for future years of employment. Measure B also discontinued the Supplemental Retiree Benefit Reserve (SRBR) and established the parameters for a Tier 2 defined benefit plan and the VEP. Measure B is in the process of being implemented (pending the outcome of legal challenges).

A Tier 2 plan was approved by the City Council on June 12, 2012, for new employees in the Federated City Employees' Retirement System and ordinances are currently in review and are expected to be effective in the Fall of 2012. The City is proceeding to arbitration with the San José Police Officers Association and the International Association of Firefighters regarding a Tier 2 plan.

The City has researched joining the California Public Employees' Retirement System and has determined not to move forward with this at this time. Target date: TBD.

Auditor's update as of December 2012: The SRBR was eliminated effective January 4, 2013 for the Federated Retirement System. The City is in the process of eliminating SRBR for the Police and Fire retirement system (expected effective date is March 2013). The new Tier 2 plan became effective September 30, 2012, for new, rehired or reinstated Federated employees. The rest of Measure B is in the process of being implemented (pending the outcome of legal challenges). Target date: TBD.

Auditor's update as of June 2013: The SRBR has been eliminated in the Federated and Police and Fire retirement systems. The elimination resulted in the City's fiscal year 2013-14 annual required contribution for the plans being reduced by $13.4 million in the General Fund and $17.8 million in all funds. These savings were included in the City's budget; however, this is a subject of pending litigation. In addition, the City has established second tier retirement benefits for Police members (effective date is August 4, 2013). Target date: TBD.

Auditor's update as of December 2013: The City has established second tier benefits and eliminated the SRBR for both retirement systems The elimination of the SRBR was subject to litigation surrounding the implementation of Measure B, the 2012 Pension Modification Ballot

Measure. This was upheld in the Superior Court of California's tentative decision in December 2013. The decision is expected to be appealed.

Auditor's update as of June 2014: A final decision upholding Measure B's elimination of the SRBR was issued in February 2014. A notice of appeal was filed in May 2014. In May, the City went to arbitration with IAFF Local 230 regarding second tier benefits and is awaiting the arbitrator's decision. Target date: TBD.

Auditor's update as of December 2014: During arbitration with IAFF Local 230, the arbitrator agreed with the City's position, and the City has established second tier retirement benefits for Fire members that will apply to all employees hired, rehired, or reinstated on or after January 2, 2015. Ongoing litigation continues related to other elements of this recommendation. See Recommendation #1 above.

Auditor's update as of June 2015: An agreement was reached between the City and the sworn bargaining units (SJPOA and IAFF Local 230) to continue the elimination of SRBR and replace it with a guaranteed purchasing power (GPP) provision for all Tier 1 retirees, prospectively. The GPP is intended to maintain the monthly allowance for Tier 1 retirees at 75% of purchasing power effective the date of the individual's retirement. The Agreement also provides for a modified Tier 2 and cost sharing of the Tier 2 between the City and employees will be 50/50 of normal costs and any future unfunded liabilities. Measure B settlement discussions between the City and federated bargaining units is ongoing. See Recommendation #1 above. Target date: TBD.

Auditor's update as of December 2015: An agreement has been reached between the City and the Federated bargaining units to continue the elimination of SRBR and replace it with a guaranteed purchasing power (GPP) provision for all Tier 1 retirees, prospectively. The GPP is intended to maintain the monthly allowance for Tier 1 retirees at 75% of purchasing power effective the date of the individual's retirement. The Agreement also provides for a modified Tier 2 and cost sharing of the Tier 2 between the City and employees will be 50/50 of normal costs and any future unfunded liabilities.

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

The purpose of our audit was to review several FY 2010-11 budget proposals related to the Police Department and to identify efficiencies to maximize the number of police officers on patrol. Of the 8 recommendations, 2 were previously implemented or closed, 3 are partly implemented, and 3 are not implemented.

#1: To promote transparency and provide the public with information about how resources are allocated in the Police Department, the Police Chief should report to the Public Safety, Finance, and Strategic	Police	Partly Implemented	**Auditor's update as of December 2010:** The Chief of Police plans to update the Public Safety, Finance, and Strategic Support Committee once every six months as to organizational changes made within the Department. The next update is expected to occur after the Department's

Support Committee of the City Council at each shift change (every six months) on the changes in staffing by unit and function.

March 2011 shift change. The Auditor's Office notes that the intent of the recommendation was to provide a one-page summary of Department-wide staffing that shows the changes in each unit's staffing levels from one shift change to the next. Target date: 3-11.

Auditor's update as of June 2011: Police Department management advises that the Chief of Police reports organizational and staffing changes to the Public Safety, Finance, and Strategic Support Committee on a bi-monthly basis. The most recent report included a general summary, but the intent of the audit recommendation was to provide a one-page summary of Department-wide staffing that shows the changes in each unit's staffing level from one shift change to the next. The Department is exploring the possibility of providing such data. Target date: TBD.

Auditor's update as of December 2011: No change. Target date: TBD.

Auditor's update as of June 2012: The Department continues to report operational changes and staffing changes to the PSFSS Committee, but has not presented the simplified one-page summary of Department-wide staffing changes as described above. Target date: TBD.

Auditor's update as of December 2012: No change. Target date: TBD.

Auditor's update as of June 2013: No change. Target date: TBD.

Auditor's update as of December 2013: The Department continues to report operational changes and staffing changes to the PSFSS Committee, but has not presented the simplified one-page summary of Department-wide staffing changes as described above. The Department advises that it continually provides information about how resources are allocated in the Police Department. Target date: TBD.

Auditor's update as of June 2014: Staff advise that the Department will provide information on Bureau staffing levels at PSFSS. The Department advises that it has concerns about providing unit staffing information because this would result in the public release of too much information about Department operational tactics. Target date: TBD.

Auditor's update as of December 2014: The Department continues to report departmental staffing levels to the PSFSS Committee, but has not presented the information on a unit-by-unit basis. Target date: TBD.

Auditor's update as of June 2015: The Department continues to report departmental staffing levels to the PSFSS Committee, but has not presented the information on a unit-by-unit basis. The Auditor's Office continues to support the concept of the recommendation and the idea of clear reporting on crime data and staffing to PSFSS to help the committee understand crime trends as well as the reallocation of staffing within the Department. The Auditor's FY 2015-16 workplan includes a project to: *identify opportunities to improve Police Department crime reporting*

Audit Report and Recommendation	Department	Current Status	Comments
			through graphical presentation (carryover project from 2014-15 workplan). Target date: TBD.
			Auditor's update as of December 2015: Department continues to report departmental staffing levels to the PSFSS Committee, but has not presented the information on a unit-by-unit basis. The Auditor's Office continues to support the concept of the recommendation and the idea of clear reporting on crime data and staffing to PSFSS to help the committee understand crime trends as well as the reallocation of staffing within the Department. In September 2015, the Auditor's Office provided suggested improvements to the Police Department's current reporting of crime and staffing data to PSFSS. These suggestions have not been adopted to date. Target date: TBD.
#2: To better align staffing with workload, SJPD should propose additional shift start times.	Police	Not Implemented	**Auditor's update as of December 2010:** The Police Department is considering implementing an early swing shift car deployment. Management further advises that it is in talks with the Office of Employee Relations (OER) and the San José Police Officers' Association (SJPOA) as this issue requires the Department to "meet and confer" with SJPOA. Target date: TBD.
			Auditor's update as of June 2011: Police Department management advises that it has considered implementing an early swing shift car deployment but that plans to implement such a shift have been delayed due to budgetary and staffing cuts. Target date: TBD.
			Auditor's update as of December 2011: No change. Target date: TBD.
			Auditor's update as of June 2012: The Department continues to review staffing allocations and schedules as staffing levels fluctuate. Target date: TBD.
			Auditor's update as of December 2012: The Department advises that a pilot committee was formed to evaluate in detail potential start and end of shift times for patrol officers. However, with the recent change of high-level Departmental management, this process has been put on hold. The Department advises that a new timeline to evaluate this recommendation will be determined by the new Chief of Police. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: The Department advises that due to current Police staffing levels, there is no change. Target date: TBD.
			Auditor's update as of June 2014: The Department advises that it currently has a patrol staffing committee that is evaluating its patrol deployment given the current police staffing levels. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: The Department advises that it lacks the resources to conduct an analysis on different deployment methods

Audit Report and Recommendation	Department	Current Status	Comments
			and is considering hiring a consultant to look at various deployment models for patrol. An RFI will be sent out in FY 2015-2016. Target date: 2017.
			Auditor's update as of December 2015: The Department sent out an RFI in November 2015 and has received information from vendors. In February 2016, the Department issued an RFP to hire a consultant to conduct an analysis on different deployment methods and various deployment models for patrol. Target date: TBD.
#4: If SJPD decides that redistricting is needed, the Department should conduct further study on the possibility of 12 districts and should reconsider its assumptions regarding span of control, proactive patrol time, call saturation, and hourly workload demand versus average hourly workload demand.	Police	Partly Implemented	**Auditor's update as of December 2010:** Police Department management advises that it conducted a verbal analysis and will postpone any consideration of redistricting until after it has a better picture of the short-term and long-term impacts brought by the current and upcoming budget cuts. Target date: TBD.
			Auditor's update as of June 2011: Police Department management advises that it conducted an analysis after conducting interviews with various Units within the Department which would be directly involved and affected if redistricting were implemented. Department management advises that the analysis indicated extensive resources would be required if redistricting were to be implemented in order to ensure that the Department's operations and service delivery would not be compromised. Department management advises that it has decided to postpone any consideration of redistricting until it has a better picture of the short-term and long-term impacts brought about by the current and upcoming budget cuts and layoffs. Department management further advises that it may work with an outside consultant to review span of control. Target date: TBD.
			Auditor's update as of December 2011: The Department advises that it formed an internal committee and had a telephone conference call with the outside consultant in November 2011, who had done prior work for the Department regarding police districts in San Jose. The Department will also continue the review of its span of control, and will conduct analysis for the policy as resources become available. Target date: TBD.
			Auditor's update as of June 2012: The Department reports that it has reviewed and considered redistricting, and determined that the existing model is appropriate. (However, the Department will reduce the number of divisions from four to three at the September shift change, as noted in Recommendation #3.). Target date: 9-12.
			Auditor's update as of December 2012: The Department advises that in September 2012 SJPD restructured the Bureau of Field Operations (BFO) from 4 to 3 divisions. This action decreased the span of control between lieutenants and sergeants and allowed SJPD to reduce the overall number of lieutenants assigned to the BFO Patrol Division. The ongoing departures of sworn staff have also resulted in a decrease of span of control. The Auditor's Office would like to re-analyze the

Audit Report and Recommendation	Department	Current Status	Comments
			Department's span of control after many of the Department's numerous vacancies have been filled.
			Auditor's update as of June 2013: The Department agrees that redistricting should occur, but further analysis is needed before a redistricting plan can be implemented. Target date: TBD.
			Auditor's update as of December 2013: In 2012, the Department went from 4 to 3 divisions. After consideration, the Department determined that having 3 divisions presented operational problems. In September 2013, the Department returned to 4 divisions. The Department is currently operating with 4 divisions with no plans to change. The Auditor's Office notes that the intent of the recommendation was to decrease the span of control. Due to the current fluidity of staff in the Department, the Auditor's Office will re-analyze the Department's span of control after many of the Department's numerous vacancies have been filled. Target date: TBD.
			Auditor's update as of June 2014: The Department advises that it currently has a patrol staffing committee which is evaluating its patrol deployment given the current police staffing levels. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: The Department advises that it lacks the resources to conduct an analysis on different deployment methods and is considering hiring a consultant to look at various deployment models for patrol. An RFI will be sent out in FY 2015-2016. Target date: 2018.
			Auditor's update as of December 2015: The Department agrees that redistricting should occur, but a staffing analysis is needed before a redistricting plan can be implemented. In February 2016, the Department issued an RFP to hire a consultant to conduct an analysis on different deployment methods and various deployment models for patrol. Target date: TBD.
#5: SJPD should assess and report on (to the Public Safety, Finance, and Strategic Support Committee of the City Council) the feasibility of changing the Patrol schedule to a potentially more efficient schedule.	Police	Not Implemented	**Auditor's update as of December 2010:** Police Department management advises that in 2010 (prior to the audit), the Bureau of Field Operations (BFO) Administrative Unit revised the scheduling of approximately one-third of the total patrol teams to improve operating efficiencies. The Department believes this change has resulted in greater operational efficiencies but is still evaluating the impact and the Chief will report on any changes to the Patrol schedule when appropriate. The Auditor's Office notes that the intent of the recommendation was for the Department to assess and report on the possibility and potential impact of switching to a patrol schedule other than the current four-days-per-week, 10 hours-per-day schedule (4-10). Target date: TBD.
			Auditor's update as of June 2011: Police Department management advises that its current shift schedule provides maximized efficiencies. Management further advises that In light of the latest budgetary and

Audit Report and Recommendation	Department	Current Status	Comments
			staffing cuts, the Department is constricted in exploring and experimenting with any new patrol schedule as recommended by the Auditor's Office due to the negative impacts that such experimentation can create to the Department's service delivery model. Target date: TBD.
			Auditor's update as of December 2011: No change. Target date: TBD.
			Auditor's update as of June 2012: The Department reports that as staffing is restored within the Department, the Department will review this again to determine if there is opportunity for a change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: The Department advises that due to current Police staffing levels, there is no change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: The Department advises that it lacks the resources to conduct an analysis on different deployment methods and is considering hiring a consultant to look at various deployment models for patrol. An RFI will be sent out in FY 2015-2016. Target date: 2017.
			Auditor's update as of December 2015: In February 2016, the Department issued an RFP to hire a consultant to conduct an analysis on different deployment methods and various deployment models for patrol. Target date: TBD.
			POTENTIAL BUDGET IMPACT: TBD.
#7: To ensure that span of control is reasonable from both a safety and a cost perspective, the San José Police Department should develop a policy that provides guidance on how the department determines appropriate spans of control. The policy should incorporate criteria such as: complexity of work; quality, skills, and experience of supervisors and employees; administrative requirements; dispersed workforce; stability of the organization, etc.	Police	Not Implemented	**Auditor's update as of December 2010**: Police Department management advises that the Department has not created a formal policy for span of control. As resources become available, the Department will conduct analysis for the policy. Target date: TBD.
			Auditor's update as of June 2011: Police Department management advises that it is reviewing span of control and may work with an outside consultant to review it. The Auditor's Office notes that in the FY 2011-12 budget, the Police Department eliminated 23 supervisory positions in Patrol and restored 8 officer positions for a net savings of about $3.5 million (see Recommendation #3). Target date: TBD.
			Auditor's update as of December 2011: The Department advises that an internal workgroup has been formed to review the issue. Target date: TBD.
			Auditor's update as of June 2012: The Department provided the PSFSS Committee an informational memorandum regarding span of

Audit Report and Recommendation	Department	Current Status	Comments
			control. The Committee accepted the written report and no further action is expected at this time. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: The Department advises that due to current Police staffing levels, there is no change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: In February 2016, the Department issued an RFP to hire a consultant to conduct an analysis on different deployment methods and various deployment models for patrol. Target date: TBD.
#8: The San José Police Department should develop a high level staffing and resource allocation framework that: a) Reflects today's economic realities and focuses on improving efficiency of existing staffing levels; b) Includes both an assessment of community priorities determined via community involvement and management's staffing priorities by unit or function; c) Incorporates span of control guidance and targets; and d) Considers how prior recommendations regarding civilianization, outsourcing, and use of alternative personnel and schedules will be implemented.	Police	Partly Implemented	**Auditor's update as of December 2010:** Police Department management advises that with the current budget and staffing cuts the Department is facing, the Department does not have the staffing resources to conduct this type of analysis. As resources become available, the Department will consider this recommendation. Target date: TBD.
			Auditor's update as of June 2011: Police Department management advises that with the current budget and staffing cuts the Department is facing, the Department does not have the staffing resources to conduct this type of analysis. Target date: TBD.
			Auditor's update as of December 2011: The Department advises that it has implemented a verified response program to address the high number of false alarm calls. The Department has also modified its responses to non-emergency calls including non-injury accidents, street peddling violations, and other events not requiring an immediate police officer presence. The Department has civilianized some positions and will continue to evaluate the possibility of contracting and civilianizing additional positions. Target date: TBD.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: The Department advises that due to current Police staffing levels, there is no change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.

Auditor's update as of June 2015: The Department advises that it lacks the resources to conduct an analysis on different deployment methods and is considering hiring a consultant to look at various deployment models for patrol. An RFI will be sent out in FY 2015-2016. Target date: 2017.

Auditor's update as of December 2015: In February 2016, the Department issued an RFP to hire a consultant to conduct an analysis on different deployment methods and various deployment models for patrol. However, the scope of the RFP does not include analysis regarding civilianization opportunities. Target date: TBD.

DISABILITY RETIREMENT: A PROGRAM IN NEED OF REFORM (Issued 4/14/11)

The purpose of our audit was to assess potential factors leading to a high disability retirement rate in the City. Of the 6 recommendations, 4 were previously implemented or closed, 1 was implemented during this period, and 1 is partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#2: Take steps to amend the Municipal Code to reconfigure the City's process for reviewing disability retirement applications so that: (1) the medical decision to grant or deny an application for a disability retirement is made by a disability committee made up of individuals with experience in disability and workers' compensation laws; (2) applicants who wish to appeal the decision of the disability committee may appeal the committee's decision to a board-appointed Hearing Officer; and (3) the City has its own legal counsel to advocate for its interests at the disability hearings.	City Attorney and Employee Relations	Implemented	**Auditor's update as of June 2011:** The City Council is considering a ballot measure that would establish an independent panel of medical experts, appointed by the City Council that would make disability determinations for both plans with the right of appeal to an administrative law judge. Target date: 3-12.

Auditor's update as of December 2011: The revised ballot measure is scheduled for the June 2012 election. Target date: 6-12.

Auditor's update as of June 2012: San Jose voters approved Measure B on June 5, 2012. Measure B provides that an independent panel of medical experts, appointed by the City Council will make determinations of disability for both plans. It also provides the City and the employees the right to appeal the decisions to an administrative law judge. Measure B is in the process of being implemented. As far as the City having its own legal counsel at the disability hearings is concerned, according to the Office of Employee Relations the plan is to have a process that will include an advocate for the City however, they have not developed the process yet. Target date: 12-12.

Auditor's update as of December 2012: No change. Target date: TBD.

Auditor's update as of June 2013: A position was added in the budget for FY 2013-14 for a position in the Office of Employee Relations to work specifically on retirement related issues and help coordinate proposals to amend the Municipal Code. The City is currently in the process of hiring for this position. Target date: 12-13.

Auditor's update as of December 2013: No change. Target date: TBD.

Auditor's update as of June 2014: No change. Target date: TBD.

Auditor's update as of December 2014: No change. Target date: TBD. |

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2015: The City and the sworn bargaining units (SJPOA and IAFF Local 230) have agreed on a Measure B settlement framework that an independent panel of experts appointed by the Retirement Board will evaluate and approve or deny disability retirement applications. The framework also allows applicants who wish to appeal the decision of the disability committee to an administrative law judge, and provides that the member and the City may have legal representation at hearings. Target date: 12-15.
			Auditor's update as of December 2015: An agreement has been reached between the City and the Federated bargaining units whereby an independent panel of experts appointed by the Retirement Board will evaluate and approve or deny disability retirement applications. The settlement framework also allows applicants who wish to appeal the decision of the disability committee to an administrative law judge, and provides that the member and the City may have legal representation at hearings.
#6: We recommend that the City take aggressive steps to collect the outstanding balances it is owed from those retirees who still have not fully repaid the City the amounts they were overpaid for their unused sick leave. If sick leave payouts are not eliminated as part of contract negotiations, payouts should be reduced when a disability retirement is pending to avoid future overpayments.	Finance	Partly Implemented	**Auditor's update as of June 2011:** According to Finance Administration, Finance/Payroll will work with Retirement Services to reduce sick leave payouts when disability retirement payments are pending. In addition, Finance/Payroll will also focus more on the accuracy of the billings in order to avoid delays in the collection process by Revenue Management.
			Also, Finance staff: (1) has collected approximately $70,000 in overpaid sick leave payouts, (2) has utilized the small claims court process, (3) set up payment plans with the debtors, (4) sent accounts to the collection agencies to collect on the City's behalf, and (5) worked with the City Attorney's Office to collect these past due amounts. Target date: TBD.
			Auditor's update as of December 2011: According to the Finance department, a total of about $100,000 of the $148,000 in overpayments as pointed out by the audit has been collected. Efforts to collect the remaining continue.
			We should note that sick leave payouts have not yet been eliminated for a majority of the employee groups. The City is currently in negotiations with various bargaining groups to eliminate this. If agreement is not reached, then the City would still need to develop a process for reducing payouts when a disability retirement is pending. Target date: TBD.
			Auditor's update as of June 2012: Finance department staff has continued to work with six retirees to collect about $50,000 outstanding sick leave payout overpayments. According to Finance, the City has begun legal proceedings on two of the six accounts, agreed upon a payment plan with three retirees and is currently reviewing an amount dispute with the one retiree. In addition, Finance staff identified three

additional sick leave payout overpayments of about $87,000 and has been successful in collecting $9,800.

However as mentioned in the previous recommendation follow-up update, sick leave payouts have not been eliminated for all the employee groups and if an agreement on its elimination is not reached, the City would still need to develop a process for reducing payouts when a disability retirement is pending. Target date: TBD.

Auditor's update as of December 2012: Sick leave payouts have not been eliminated for all employee groups, and payouts have not been reduced when a disability retirement is pending. Target date: TBD.

Auditor's update as of June 2013: The City has eliminated sick leave payout for all new employees hired on or after September 30, 2012, with the exception of the San Jose Fire Fighters, The City has reached agreements with the Municipal Employees' Federation (MEF), the Confidential Employees Organization (CEO), the Association of Maintenance Supervisory Personnel (AMSP), and the City Association of Management Personnel (CAMP) that current employees' sick leave balances and hourly rates will be frozen effective June 22, 2013. This change has also been added for employees in Unit 99. Sick leave balances and hourly rates will be frozen effective July 6, 2013 for current employees represented by the POA. The City is currently in negotiations with the remainder of the bargaining units on this issue. While there are no sick leave payouts anticipated for new employees that are in the above employee groups, the recommendation still applies for the frozen sick leave balances for current employees. For those employees, the Finance department still needs to develop policies to reduce payouts when a disability retirement is pending. Target date: 12-13.

Auditor's update as of December 2013: According to Measure B provisions, employees will not be eligible for a disability retirement if they are eligible for a service retirement. Therefore, sick leave payout amounts will not need to be reduced. Implementation of Measure B provisions related to disability retirement for federated employees in Tier 1 is on hold until at least July 1, 2014. We will consider this recommendation implemented once the related provisions have been implemented. Target date: TBD.

Auditor's update as of June 2014: No change. Target date: TBD.

Auditor's update as of December 2014: No change. Target date: TBD.

Auditor's update as of June 2015: Finance department reports that it is working with the City Attorney's Office on its collection process and reinstating some of the accounts that were written off. Target date: 12-15.

Auditor's update as of December 2015: The City Attorney's Office is has begun the process to collect overpaid amounts and has assigned a litigator to this. Target date: TBD.

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

The objective of our audit was to define and quantify the various components and major cost drivers of employee cash compensation. Of the 7 recommendations, 2 were previously implemented, 2 are partly implemented, and 3 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: We recommend the City Administration take steps to move towards a merit-based system by: (1) requiring a current positive performance appraisal before implementing any pay increase (including step and general wage increases), (2) considering elimination of the automatic step increase process and/or establishing minimum performance thresholds for receiving step increases, and (3) automating the current performance appraisal system.	Employee Relations	Partly Implemented	**Auditor's update as of June 2011:** This is part of the City Manager's May 2011 Fiscal Reform Plan and will be a part of upcoming contract negotiations with the City's bargaining units. Target date: Varies by employee unit. **Auditor's update as of December 2011:** No change. Target date: Varies by employee unit. **Auditor's update as of June 2012:** No change. Target date: Varies by employee unit. **Auditor's update as of December 2012:** No change. Target date: Varies by employee unit. Target date: Varied by employee unit. **Auditor's update as of June 2013:** No change. Target date: Varies by employee unit. **Auditor's update as of December 2013:** No change. Target date: Varies by employee unit. **Auditor's update as of June 2014:** No change. Target date: Varies by employee unit. **Auditor's update as of December 2014:** No change. Target date: Varies by employee unit. Target date: TBD. **Auditor's update as of June 2015:** The City Administration has taken steps to move towards a merit-based system. For example, per the agreement reached between the City and IAFF Local 230 during 2015 contract negotiations, "Employees shall not receive an automatic salary step increase if they have an Annual Performance Appraisal with an overall rating below that of "Meets Standard" dated within twelve (12) months prior to the salary step increase." The City Administration reports that this will be addressed in subsequent negotiations with the other bargaining units. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD. **POTENTIAL BUDGET IMPACT:** TBD.
#2: To reduce the cost of overtime, the City should (1) conduct a Citywide FLSA overtime review or at a minimum review job specifications for specific positions and whether they would qualify for an FLSA overtime exemption; (2) pursue reductions in overtime to align with FLSA requirements (including but not limited to calculating overtime on hours worked, not paying overtime to exempt employees, and not paying overtime to employees receiving executive leave); and	Employee Relations	Partly Implemented	**Auditor's update as of June 2011:** The City achieved changes in overtime eligibility for some employees. Specifically, effective July 2011, employees represented by OE#3, IBEW, MEF and CEO (September 2011) are compensated at the rate of time-and-one-half hourly rate for hours worked in excess of forty hours per week, and paid time off shall not be considered time worked for the purposes of calculating eligibility for overtime. Reducing overtime costs is part of the City Manager's May

Audit Report and Recommendation	Department	Current Status	Comments
(3) prepare full cost estimates of contract provisions that exceed FLSA provisions.			2011 Fiscal Reform Plan and will be a part of upcoming contract negotiations with the City's bargaining units.
			The City has not yet conducted a citywide FLSA overtime review or a review of job specifications to determine whether some positions would qualify for FLSA overtime exemptions. The City has not prepared full cost estimates of contract provisions that exceed FLSA provisions, but OER reports this analysis will be done in preparation for the upcoming contract negotiations.
			Changing overtime eligibility for employees that receive executive leave may be subject to meet-and-confer and would be considered within the context of labor negotiations. Target date: Varies by employee unit.
			Auditor's update as of December 2011: No change. Target date: Varies by employee unit.
			Auditor's update as of June 2012: No change. Target date: Varies by employee unit.
			Auditor's update as of December 2012: No change. Target date: Varies by employee unit.
			Auditor's update as of June 2013: No change. Target date: Varies by employee unit.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: Varies by employee unit.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
			POTENTIAL BUDGET IMPACT: Between the date the audit was issued (May 2011) and August 2014, overtime costs to supervisory employees approached $4 million. We estimate pursuing reductions in overtime and comp time for supervisory employees could save over $1.6 million per year (depending on actual usage).
#3: We recommend that the City include eligible paid time off in calculations of total compensation, and consider aligning paid leaves, particularly holidays, with other comparable employers.	Employee Relations	Not Implemented	**Auditor's update as of June 2011:** The Administration generally agreed with this recommendation and will initiate efforts to develop and communicate a uniform definition of total compensation, including base and other eligible pays as well as benefits. Target date: TBD.
			Auditor's update as of December 2011: No change. Target date: TBD.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: Varies by employee unit. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#5: We recommend the City Administration (1) seek to eliminate obsolete premium pays, (2) disclose the direct and indirect costs associated with rolling in premium pays, and (3) consider discounting the value of premium pays to maintain cost neutrality when rolling in premium pays OR identify and disclose the full cost associated with rolling in these premium pays into base pay.	Employee Relations	Not Implemented	**Auditor's update as of June 2011:** OER reports that premium pays will be evaluated during the upcoming negotiations. Target date: TBD.
			Auditor's update as of December 2011: No change. Target date: TBD.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
			POTENTIAL BUDGET IMPACT: TBD.
#6: The City should discontinue including POST in its calculation of overtime and leave payouts, or should roll POST pay into base pay on a discounted, cost neutral basis.	Employee Relations	Not Implemented	**Auditor's update as of June 2011:** As part of the 2011-12 labor negotiations, the City proposed excluding POST pay from the calculation of separation payouts for employees represented by the San Jose Police Officers' Association (POA). However, POST continues to be included in calculations of overtime and leave payouts. In our audit, we estimated this treatment of POST has cost the City over $4.7 million between 2000-01 and 2009-10. Until this recommendation is implemented, these costs will continue to grow. Target date: TBD.
			Auditor's update as of December 2011: No change. Target date: TBD.
			Auditor's update as of June 2012: No Change. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
			POTENTIAL BUDGET IMPACT: Between the date the audit was issued (May 2011) and August 2012, we estimate this treatment of POST has cost the City over $1 million.

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

The objective of this audit was to benchmark the current level of police and fire services at Mineta San José International Airport. Of the 5 recommendations, 2 were previously implemented or closed, 2 were implemented during this period, and 1 is not implemented.

	Department	Current Status	
#1: In order to better monitor the levels of service provided by law enforcement and aircraft rescue and firefighting services, performance metrics should be continuously reviewed and discussed amongst the Airport and its public safety and security partners.	Airport	Implemented	**Auditor's update as of December 2011**: The Airport is working on clarifying a Memorandum of Understanding with SJPD-Airport Division and SJFD, respectively, that includes staffing and equipment agreements, operational requirements regarding public safety and security, as well as performance-related reports to be provided to the Airport on a weekly and monthly basis. Target date: 6-13**.**

Auditor's update as of June 2012: The Airport completed the Memorandum of Understanding (MOU) with SJPD-Airport Division. The MOU includes a staffing agreement, operational requirements and identifies performance reports to be provided. Work with SJFD continues. Target date: 6-13.

Auditor's update as of December 2012: No change. Target date: 6-13.

Auditor's update as of June 2013: The Airport reviews SJPD-Airport Division quarterly reports on staffing and response times and meets with the Division periodically to discuss coordination. Work with SJFD continues. Target date: 1-14.

Auditor's update as of December 2013: Work to complete a MOU with SJFD continues. Key performance metrics have been identified for SJFD to report on a quarterly basis and the Airport will begin regular review and discussion of these items with Fire Department staff. The Airport identified key, useful, and meaningful performance metrics for San Jose Fire Department to provide to Airport Operations. Specifically, Airport seeks quarterly reports on FAA requirements:

1. Mandatory ARFF training requirements for Fire Fighters and Reserve Fire Fighters;
2. Fuel truck inspections and results;
3. Fuel Farm facility inspection and compliance assessment.

Target date: 12-14.

Auditor's update as of June 2014: Airport staff has partnered with SJFD staff on the FAA requirements for fuel truck and fuel farm inspections. An initial draft Letter of Agreement (LOA) has been drafted to detail those inspections as well as the coordination required. Review of the draft LOA is underway in the SJFD. A meeting is scheduled for August 2014 between Airport and SJFD staff to review the draft LOA and incorporate any input from the participating staff. Staff then plans to submit the LOA for approval by Department Directors.

Airport staff has also developed an initial draft MOU which provides a more holistic overview of each Department's responsibilities, duties, and

Audit Report and Recommendation	Department	Current Status	Comments
			expectations. This initial draft of the MOU is anticipated to be shared with SJFD for their initial review and input at the August 2014 meeting. Staff believes that this MOU will serve as the foundation to better document the responsibilities, duties and expectations of each Department. Currently, Airport staff continues to partner with SJFD personnel to provide a quarterly over-the-shoulder review of the mandatory ARFF training records for all personnel either permanently assigned or serving in a reserve capacity to ensure compliance with FAA regulatory requirements. Target date: 12-14. **Auditor's update as of December 2014:** Airport and Fire Department collaboration continues on review of the draft MOU and performance metrics. Target date: 6-15. **Auditor's update as of June 2015:** No change as discussions between the Airport and the Fire Department on a draft LOA continue. Target date: 12-15. **Auditor's update as of December 2015:** The Airport and the Fire Department have agreed upon performance expectations, requirements, and metrics in an MOU signed February 2016. The MOU establishes daily, weekly, and monthly Reporting requirements; monthly coordination meetings and post ARFF Response test meetings; and training requirements.
#2: Airport Operations should summarize and distribute key performance metrics such as gate and door alarms, TSA red alarms, FAA alerts, and a summary of other significant events to its public safety and security partners (currently the San José Police Department and the San José Fire Department) on a regular basis.	Airport	Implemented	**Auditor's update as of December 2011:** Representatives of SJPD-Airport Division and SJFD (Station 20) typically receive daily activity reports from Airport Operations via email of all significant airport events; however, key activities and performance metrics are not yet being summarized and distributed on a regular basis. The Airport needs to discuss which measures to focus on for data collection and how often such data should be compiled and shared with the City and other departments. Target date: 6-13. **Auditor's update as of June 2012:** Key performance metrics are being developed for distribution to appropriate entities. Target date: 6-13. **Auditor's update as of December 2012:** No change. Target date: 6-13. **Auditor's update as of June 2013:** No change. Target date: 1-14. **Auditor's update as of December 2013:** According to staff, Airport Operations, SJPD and SJFD have enhanced the collaboration and sharing of information in a variety of ways. SJFD receives quarterly Aircraft Rescue and Fire Fighting response testing results that summarize performance on communications with the Control Tower, response timing and additional FAA requirements. The Airport Manager on Duty (MOD) regularly reviews the reports with the SJFD staff. SJPD and the Airport Security Coordinator work in partnership in bi-weekly operational meetings to discuss a wide variety of topics including expenditure tracking

			to ensure the safe, effective, efficient provision of public safety and security services.
			Quarterly Public Safety Meetings with Airport, SJPD, SJFD, local federal/state safety and law enforcement agencies are held to share and disseminate information on current trends and best practices. When there are significant events at the Airport, public safety and security partners meet to debrief about the incident and discuss issues and lessons learned.
			There is regular ongoing cooperation between the public safety and security partners (Airport, SJPD, and SJFD) to ensure the safety of passengers, staff and other visitors. The implementation of a variety of methods of communicating is intended to ensure that information is shared and efforts aligned to effectively and efficiently provide for public safety. Target date: 12-14.
			Auditor's update as of June 2014: Airport staff has developed a list of performance metrics that may be beneficial to SJFD. During the August 2014 meeting with SJFD, Airport staff will verify that these metrics are meaningful, useful and enhance the communications and meetings which already occur. Target date: 12-14.
			Auditor's update as of December 2014: See Recommendation #1 above. Target date: 6-15.
			Auditor's update as of June 2015: No change as discussions between the Airport and the Fire Department on a draft LOA continue. Target date: 12-15.
			Auditor's update as of December 2015: Staff from both the Police Department and the Fire Department attend weekly Airport Manager's meetings to stay informed of projects and issues, and to collaborate on solutions. There is regular and ongoing communication between parties to enhance service and performance in public safety roles. As noted in the update for Recommendation #1, in February 2016 the Airport and the Fire Department signed an MOU specifying performance metrics and reporting.
#5: In order to better monitor levels of service, the San José Fire Department should summarize and distribute key performance metrics such as incidents by type, response times, and a summary of off-field responses to its public safety and security partners (currently Airport Operations and the San José Police Department) on a regular basis.	Fire	Not Implemented	**Auditor's update as of December 2011:** Review of Fire Department performance measures is currently being undertaken. An update will be provided in June 2012. Target date: TBD.
			Auditor's update as of June 2012: No change. Target date: TBD.
			Auditor's update as of December 2012: The Department is reviewing available resources. It is anticipated that work will begin June 2013. Target date: TBD.
			Auditor's update as of June 2013: The Fire Department continues to work on key performance metrics. As more resources become available, the Department advises that it will be better positioned to distribute summary reports on off-field responses to its public safety and security

partners (Airport Operations and San Jose Police Department) on a regular basis. Target date: TBD.

Auditor's update as of December 2013: No change. Target date: TBD.

Auditor's update as of June 2014: The Fire Department advises that it has made progress on performance measures related to emergency response times, but that work on summarizing and distributing key performance metrics is not currently in progress and will not be undertaken until more resources can be devoted to the project. Target date: TBD.

Auditor's update as of December 2014: No change. Target date: TBD.

Auditor's update as of June 2015: No change. Target date: TBD.

Auditor's update as of December 2015: No change. Target date: TBD.

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

The purpose of this audit was to determine whether the City had identified everyone who should be filing these forms, and to document whether the forms were filed timely or not. Of the 5 recommendations, 3 were previously implemented, and 2 are partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#2: The City Attorney's Office should provide instructions to department and Purchasing staff to facilitate the identification of consultants who should be Form 700 filers. In addition, City departments should notify the City Clerk in cases where a contract terminates early or the designated consultant's assigned employee(s) change.	City Attorney	Partly Implemented	**Auditor's update as of December 2011:** Not Implemented. Target date: TBD. **Auditor's update as of June 2012:** Instructions have been developed and training given for consultant contracts involving Public Works. In addition, instructions and training for other consultant contracts will be developed and will be reviewed with departments as a part of the Biennial review of the City's Conflict of Interest Code. The Biennial review will be submitted for Council approval by December 2012. Target date: 12-12. **Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** The City Attorney's Office reports that it will need to develop and conduct additional instructions and training for consultant contracts. Target date: 12-13. **Auditor's update as of December 2013:** The City Attorney's Office will conduct training in coordination with the general contracts training that the Administration plans to provide staff per the Contract management audit. Target date: 6-14. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** The City Attorney's Office reports that it is finalizing the consultant agreement forms and instructions which will include instructions on how to determine whether a consultant should file a Form 700. Target date: Spring 2015. **Auditor's update as of June 2015:** The City Attorney's Office has prepared new consultant agreement forms and instructions that will be provided to Departments in Fall 2015. The instructions include guidance to departments on how to analyze when a consultant should be required

Audit Report and Recommendation	Department	Current Status	Comments
			to file the Form 700 as part of the process of preparing the consultant agreement. Target date: Fall 2015.
			Auditor's update as of December 2015: The City Attorney's Office has finalized the consultant forms which includes instructions for evaluating when a consultant should file a Form 700, and instructions for complying with Form 700 filing requirements. Training would still need to be developed and implemented on how to use the new forms. Target date: 6-16.
#3: To ensure designated consultant firms' assigned employees file their Form 700s timely, (a) the City Clerk should require such firms to coordinate and file assuming office statements for their assigned employees upon the commencement of work, and (b) the City Clerk should annually notify those firms whose contracts are still valid of the requirement for their assigned employees to file the Annual Form 700.	City Clerk	Partly Implemented	**Auditor's update as of December 2011:** Not Implemented. Target date: TBD.
			Auditor's update as of June 2012: Procedures are being developed and will be reviewed with departments as a part of the Biennial review of the City's Conflict of Interest Code. The Biennial review will be submitted for Council approval by December 2012. Target date: 12-12.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: 12-13.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: The City Clerk's Office requires Form 700s to be filed by all applicable consultants before the contracts are entered into CHAD with an active status. The consultant firms are also included in the annual reminder emails to all Form 700 filers. However, the City Clerk's Office did not have completed forms for all required filers. Target date: 12-14.
			Auditor's update as of December 2014: The electronic filing system is set up to alert required filers of their reporting obligations. However, the City Clerk's Office has not yet been able to identify all required filers. Target date: TBD.
			Auditor's update as of June 2015: The City Clerk's Office has set up a system, using current rosters of employees and contractors, to identify all required filers. The electronic filing system is set up to alert required filers of their reporting obligations. The City Attorney's Office has prepared new consultant agreement forms and instructions that will be provided to Departments in Fall 2015. The instructions include guidance to departments on how to analyze when a consultant should be required to file the Form 700 as part of the process of preparing the consultant agreement. Target date: Fall 2015.
			Auditor's update as of December 2015: No progress reported. Target date: TBD.

OFFICE SUPPLY PURCHASES: THE CITY DID NOT RECEIVE ALL ANTICIPATED DISCOUNTS NOR DID IT FULLY TAKE ADVANTAGE OF OFFICEMAX'S ENVIRONMENTALLY FRIENDLY OFFERINGS (Issued 1/18/12)

The objective of our audit was to determine if the City was receiving all applicable discounts. Of the 5 recommendations, 4 were previously implemented or closed and 1 was implemented during this period.

Audit Report and Recommendation	Department	Current Status	Comments
#4: We recommend that the City Manager aggressively seek to phase out City-owned printers, scanners and faxes and divert those needs to the Ricoh machines.	IT	Implemented	**Auditor's update as of June 2012:** IT has benchmarked the usage of laser printers citywide and is analyzing the data to make a vendor neutral recommendation to the City Manager. Fax machines are being analyzed for possible efficiencies as part of the hosted Voice over IP implementation. Ricoh, the City's current printer vendor for rented machines, has also reviewed machine usage in City Hall to identify areas where machines could be eliminated. They are working with IT to implement this recommendation. Target date: 12-12.

Auditor's update as of December 2012: IT is working on the portion of this recommendation related to fax machines. They are currently preparing to pilot Fax over IP (FoIP) which would use the rented multi-function devices and expects to coordinate a printer and fax rollout strategy in conjunction with a new telephone system by the end of the calendar year. Target date: 12-13.

Auditor's update as of June 2013: IT is working towards using Fax over IP for the City's faxing needs and would like to roll out changes to printing and scanning capabilities at the same time as the roll out of hosted VoIP. IT is currently developing the infrastructure for the faxing changes and expects to enter into a testing phase in January 2014. Purchasing is in discussions with Ricoh to offer a greater variety of rented machines, including some smaller models, based on need in smaller remote locations. IT and Purchasing have not yet begun the process of phasing out City-owned printers and scanners. Target date: 12-14.

Auditor's update as of December 2013: On January 28, 2014, Council approved an amendment and multi-year extensions to the Ricoh contract. The amendment includes the purchase and implementation of Fax over IP at no cost to the City (a $100K value). Ricoh is scheduled to implement the faxing solution by 6/30/14, with Citywide rollout to be completed by the end of 2014, eliminating most of the City's stand-alone fax machines. A solution for City-owned printers has not yet been outlined. Target date: 12-14.

Auditor's update as of June 2014: IT and Ricoh have installed the new faxing solution which is currently being tested prior to system acceptance. Following system acceptance, staff will work with Ricoh to develop a transition plan for printers. Target date: 12-14**.** |

Auditor's update as of December 2014: IT completed testing of the faxing solution and is moving forward with the transitional plan. IT expects the transition from City owned printers, scanners and fax machines to be complete by May 2015. Additionally, Finance Purchasing has removed printers, scanners and faxes to items that now require IT approval so that MFDs will be purchased in most instances. Target date: 5-15.

Auditor's update as of June 2015: Ricoh completed the upgrade of City owned printers, scanners and fax machines with internet faxing capabilities for departments. ITD and Ricoh have also executed an agreement for configuration of the machines to scan to SharePoint, the new Enterprise Content Management Solution for the City. Additionally, this year, ITD has implemented a practice that directs departments to always lease new networked machines to the Ricoh contract. This practice is being formalized in a technology approval update which will be sent for City Manager approval by September 2015 which should move the City to the final stage of phasing out City owned machines. Target date: 9-15.

Auditor's update as of December 2015: ITD is currently rolling out the fax over IP solution. With this implementation, each aspect of this recommendation will be complete. Target date: 12-16.

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

The objective of our audit was to assess the general controls ensuring that the City's information systems are properly safeguarded, that applications programs and data are secure, and that computerized operations can be recovered in case of unexpected interruptions. Of the 11 recommendations, 1 was previously implemented, 7 are partly implemented, and 3 are not implemented

Audit Report and Recommendation	Department	Current Status	Comments
#1: To ensure changes to the City's network and mission-critical enterprise systems are tightly controlled, ITD should immediately change the password to its shared administrative account, ensure that administrative log-ins to the City's network are traceable, and strictly limit administrative log-in privileges to those who absolutely need such privileges. Furthermore, we recommend that the ITD CIO annually review and approve the memberships of shared accounts that can access the City's network and enterprise systems, and if necessary make changes based on current business needs.	IT	Partly Implemented	**Auditor's update as of June 2012:** ITD has changed passwords for the highest level administrative log-ons as recommended. Staff is currently upgrading Microsoft Active Directory (the City's identify management system). According to ITD, this will reduce the number of shared accounts and enforce automated password rotations of shared accounts without staff intervention. Target date: 11-12. **Auditor's update as of December 2012:** ITD has completed the upgrade of Microsoft Active Directory. Included as part of this upgrade are limitations on passwords to its shared administrative accounts, traceable log-ins to the City's network and strict limitations on administrative log-in privileges. ITD's next step is to develop a policy for shared accounts and access reviews which will be drafted and distributed to its stakeholders. Target date: 3-13. **Auditor's update as of June 2013:** No change. Target date: 12-13. **Auditor's update as of December 2013:** ITD has implemented changes to its shared administrative account. The CIO intends to work with

Audit Report and Recommendation	Department	Current Status	Comments
			enterprise systems' owners to determine the most efficient way to limit that access. Target date: TBD.
			Auditor's update as of June 2014: ITD is in the process of reviewing all Active Directory accounts to ensure they are tied to current City employees, identify generic accounts for relevancy, and review privilege levels. ITD has engaged a security consultant to review Active Directory controls. These include role and responsibility delineation, updated permissions and access, etc. Target date: 1-15.
			Auditor's update as of December 2014: ITD's Security Consultant has completed Phase I of a two phase Active Directory (AD) controls audit. This audit included an overall assessment of the health and security of AD in accordance with industry best practices. ITD staff has begun work on addressing areas identified by this audit. Finally, ITD has implemented a Log and Event Manager (LEM) to ensure all administrative log-in privileges are traceable and auditable for all network switches. Target date: 12-15.
			Auditor's update as of June 2015: ITD's Security Consultant completed the AD critical remediation and training as well as a governance assessment. The final task is governance remediation which is in progress and anticipated to be completed by December 2015. Finally, the new security policy will address administrative log-in privileges as well as the governance of shared accounts. Target date: 12-15.
			Auditor's update as of December 2015: ITD's security consultant is completing the final draft of the new security policy which will address administrative log-in privileges and shared accounts. Target date: 5-16.
#2: To improve password and access controls over the City's network and data, ITD should: a) Establish minimum length and complexity requirements for users' passwords, automatic periodic expiration schedules, and "lock-outs" when users reach a pre-determined number of consecutive unsuccessful login attempts. b) While granting access to additional server drives, etc., ITD should by default, terminate transferring employees' access to the drives of the departments they are departing, or explore a system through which employees' access levels are tied to their employment status as recorded in the City's personnel system. c) Develop a review process requiring departments to periodically review the users with access to their departmental drives.	IT	Partly Implemented	**Auditor's update as of June 2012:** ITD's draft security policy addresses many security concerns addressed in the audit. Further, according to ITD, this recommendation will also be addressed as part of the active directory upgrade. Target date: 12-12. **Auditor's update as of December 2012:** ITD's Microsoft Active Directory upgrade has provided ITD the ability to set password length, complexity and expiration schedules. ITD is in the process of testing this new environment. In addition, the Information Security Policy addresses password and access controls. ITD expects that it can begin deploying the new requirements once the policy has been approved by City Council. Finally, ITD has drafted a formal first day/last day procedure to remove employee access from the City's network at the time the notice of separation is received from a department. Target date: 6-13. **Auditor's update as of June 2013:** ITD staff has completed testing the users' password policy which includes requirements for minimum length and complexity. An enterprise password policy will be a part of the Office 365 roll-out. Target date: 6-14.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2013: ITD is in the process of Office 365 implementation. Many of these recommendations will be addressed as a result of this implementation. Target date: 12-14.
			Auditor's update as of June 2014: Office 365 includes a password protocol and includes minimum length and complexity requirements and automatic periodic expiration schedules. Target date: 12-14.
			Auditor's update as of December 2014: Controls for access to shared drives will be granted to departmental Sharepoint administrators as part of the Office 365 deployment. The City is in the process of reviewing responses to an RFP to provide SharePoint services which include among other things implementing governance and new permission strategies. ITD expects that once a contract is signed the consultants will draft policies governing such access. Target date: 12-15.
			Auditor's update as of June 2015: The SharePoint RFP has closed and ITD contracted with three vendors to provide consulting services which will include the draft of governance policies. SharePoint implementation is expected to begin in August 2015. Target date: 6-16.
			Auditor's update as of December 2015: ITD's Security Consultant is working toward Active Directory governance remediation by coordinating interviews with key stakeholders within the City to identify the processes within Active Directory Administration that address granting access to server drives. Target date: 6-16.
#4: In order to fully comply with Data Security Standards (PCI-DSS), immediately develop an Information Security Policy and include within this policy (applicable to all users who are connected to the City's network) the following minimum standards: a) Updated password and access protocols (see Recommendation #2); b) Required schedules for periodic reviews of people with access to data center (including restricting the number of people with access); c) Improved guidelines to departments for facilitating IT network changes during inter-departmental transfers and terminations; d) Training and implementation of the City's information security policy; e) After developing and implementing a Council-adopted Information Security Policy, initiate a citywide data security assessment to identify City's PCI-DSS status.	IT	Partly Implemented	**Auditor's update as of June 2012:** ITD has worked with an Information Security consultant to draft a Citywide Information Security Policy. Elements of the policy are currently under review by key stakeholders. The policy is anticipated for Council approval in October 2012: While most recommendations are addressed by this policy, ITD will still need to develop schedules for periodic reviews of people with access to the data center, training and implementation of the City's Information Security Policy, and initiating a citywide data security assessment to identify the City's PCI-DSS status. Target date: 10-12. **Auditor's update as of December 2012:** No change. Target date: 3-13. **Auditor's update as of June 2013:** ITD has established a procedure for monthly review of Data Center access (4b). The remainder of the items continue to be part of the draft Citywide Information Security Policy, currently under review by stakeholders. Target date: 10-13. **Auditor's update as of December 2013:** No change. Target date: 6-14. **Auditor's update as of June 2014:** Office 365 includes updated password and access protocols. ITD has re-engaged the services of its data security consultant and performed a current PCI assessment. The

Audit Report and Recommendation	Department	Current Status	Comments
			consultant is working with staff to draft an updated information security policy that includes guidelines and training. Target date: 12-14.
			Auditor's update as of December 2014: ITD's security consultant completed the current PCI assessment. ITD has engaged a consultant to assist with the implementation. ITD's consultant is working on drafting a security policy. Target date: 6-15.
			Auditor's update as of June 2015: ITD has worked with the City's information security consultant to develop a draft information security policy. The policy includes the password protocols as outlined in this recommendation. The policy is currently being reviewed internally by ITD and is anticipated for Council approval before the end of the calendar year. Once the security policy has been adopted by Council, Citywide employee training will be provided. Target date: 12-15.
			Auditor's update as of December 2015: The City's information security consultant is completing the final draft of the new Security Policy to comply with Data Security Standards and is expected to be complete by March 2016 for Council consideration. Once the security policy has been adopted by Council, Citywide employee training will be provided and assessment of Citywide data security will be initiated. Target date: 6-16.
#5: The City should expand its Identity Theft Prevention Program to include all programs that collect personally identifiable information and: a) Annually review, amend and report on the status of handling private information. b) Annually review the business needs of employees with access to private information and update accordingly. c) Provide periodic training for all employees handling private information and/or annually highlight (through an email) and inform employees of their responsibilities on safeguarding this data. d) Include boilerplate language in its contracts to protect the City from liability when personally identifiable information is collected and ensure that the contractor has controls in place to secure and protect this information. e) Ensure that the ITPP guidelines are posted publicly and easily accessible by City employees.	IT and Employee Relations	Not Implemented	**Auditor's update as of June 2012:** ITD is currently working with the City Attorney's Office on data classification and examples of personally identifiable information (PII) to better raise awareness in the identification of PII within the organization. Once this area is complete, ITD plans to work with OER, HR and the CMO to update policies and develop an education program with respect to the identification of PII. As part of this coordinated effort, departments will be required to formalize specific PII handling procedures. ITD anticipates that because this is much larger than a technology issue, completion must be phased and the adoption of the Information Security Policy is the beginning of this process. ITD expects that this recommendation may take up to year to complete. Target date: 8-13. **Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD. **Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#6: We recommend that ITD develop the following written policies and procedures:	IT	Partly Implemented	**Auditor's update as of June 2012:** Staff has been working on formalizing key system administration procedures. These procedures are centrally stored and accessible. The draft Information Security Policy

a) Internal policies and procedures on day-to-day operations within ITD; b) Citywide policies on technology usage such as ITD responsibilities in enforcement, principles of least privilege, and acceptable use of computer equipment. Within these policies develop clear guidelines on which departments would be exempt and why, from some of these policies.			addresses principles of least privilege and acceptable use of computer equipment and is expected to be presented to the City Council for approval in October 2012. Target date: 10-12. **Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD. **Auditor's update as of December 2013:** No change. Target date: 12-14. **Auditor's update as of June 2014:** No change. Target date: 12-14. **Auditor's update as of December 2014:** No change. Target date: 6-15. **Auditor's update as of June 2015:** ITD has worked with the City's information security consultant to develop a draft information security policy. The policy is currently being reviewed internally by ITD and is anticipated for Council approval before the end of the calendar year. Once the policy has been approved, ITD will work with the City's information security consultant to formalize internal procedures that are consistent with the baseline requirements regarding day to day operations. Target date: 6-16. **Auditor's update as of December 2015:** The City's information security consultant is completing the final draft of the new Security Policy to address Citywide policies on technology usage and is expected to be complete by March 2016 for Council consideration. Internal policies are pending. Target date: TBD.
#7: In order to ensure that the City's critical data is protected ITD should: a) Ensure that backups are done and tapes are sent off-site at the pre-determined intervals; b) Get end-user input to determine if the current back-up process meets individual departments' business needs and City Council-approved document retention schedules; and c) Formalize, document and implement these processes.	IT	Partly Implemented	**Auditor's update as of June 2012:** Since January 2012, ITD has begun following pre-determined schedules of vaulting tapes. In addition, on September 4, 2012, ITD released an RFP for data storage which will automatically vault backups to the cloud. This will minimize the reliance on tapes, manual processes and staff intervention. Following the procurement of the new storage system, ITD will work with end-users to ensure business needs and adopted retention policies are met. Target date: 3-13. **Auditor's update as of December 2012:** ITD has developed a formal back-up policy. The RFP for data storage has closed with an award of contract expected in February 2013. ITD expects implementation of the new system to begin in late 2013. Target date: 12-13. **Auditor's update as of June 2013:** An award of contract for cloud storage was approved by Council on June 18, 2013. Technical implementation is underway and expected to complete by mid-2014. Target date: 6-14. **Auditor's update as of December 2013:** ITD has completed migrating user directories and workgroup shared folders to cloud storage. ITD anticipates that local storage with cloud archive will significantly reduce

			the need for the use of tape technology as most data is automatically backed up to the cloud. Target date: 12-14.
			Auditor's update as of June 2014: One-Drive in Office 365 will allow users to store working documents in the cloud rather than locally. ITD received $250,000 in the 2014-15 Operating Budget to complete migration of applications off of the Storage Area Network (SAN). This includes FMS, Human Resources/Payroll and AMANDA. ITD reports that it has engaged Microsoft and City stakeholders in a discussion regarding enhancement of data management. This includes streamlining data storage, search and records retention, aiding in the future development of formalized policies and procedures based on current rather than the legacy environment. Target date: 3-15.
			Auditor's update as of December 2014: SAN decommission is in process and expected to be completed by September 2015. ITD is in the process of deploying One-Drive for end-user document storage in the cloud. ITD has begun roll-out this out within its own department and Citywide deployment is expected to begin in March 2015. Shared drives will be migrated to Sharepoint (which is the City's document management portion of Office 365) for collaboration in the cloud by December 2015. ITD/City is in the process of selecting a consultant to help draft policies underlying Sharepoint governance. Target date: 12-15.
			Auditor's update as of June 2015: ITD is currently drafting a Statement of work with the City's information security consultant, and complete items b and c. Item a was previously implemented. Target date: 12-15.
			Auditor's update as of December 2015: ITD's Security Consultant is in the process of coordinating interviews with key stakeholders within the City to identify business requirements vs. current ITD practices. ITD has contracted with its SharePoint vendors who will to draft the ECMS (Enterprise Contract Management Systems) governance policies. Target date: 6-16.
#8: ITD take the lead to develop (and test) a Disaster Data Recovery Plan and ensure that end-user business needs are included in the final plan.	IT	Partly Implemented	**Auditor's update as of June 2012:** ITD has developed a draft framework of requirements for disaster recovery for key systems. Although ITD plans to take the lead in facilitating coordination of the responses, technical solutions will be driven by business requirements developed by the system owners in individual departments. Target date: 12-13.
			Auditor's update as of December 2012: ITD has developed an inventory of applications, identified the business owners and support teams and defined the administrative services for each application. Staff is currently in the process of developing a customer agreement that defines services, service hours and data recovery objectives. Staff is in the process of gathering infrastructure and cost requirements to implement a virtual off-site data center. Target date: 6-13.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2013: No change. Target date: 12-13.
			Auditor's update as of December 2013: No change. Target date: 12-14.
			Auditor's update as of June 2014: No change. Target date: 6-15.
			Auditor's update as of December 2014: No change. Target date: 12-15.
			Auditor's update as of June 2015: No change. Target date: 12-15.
			Auditor's update as of December 2015: ITD's Security Consultant is in process of coordinating interviews with key stakeholders within the City to identify business requirements vs. current ITD practices. Based on information discovery, ITD's security consultant will begin drafting a new Disaster Data Recovery Plan. Target date: 6-16.
#9: ITD should collect, maintain and periodically update a central inventory of computer equipment and software, and should use its inventory management system and records of technology purchases to: a) better evaluate purchasing needs, b) identify opportunities to redistribute and/or share equipment and software, and c) to the extent possible, ITD should pursue opportunities to centrally-install packages, rather than installing packages at individual workstations.	IT	Partly Implemented	**Auditor's update as of June 2012:** ITD is creating a process to leverage the current asset management system, and to track asset management lifecycles. Staff is also working with current vendors to implement electronic order processing and inventory management. Further, the 2012-13 Adopted Operating Budget provided ITD with funding for purchasing the tools necessary for software centralization, and reports that it met with software vendors to begin planning for the project. Target date: 1-13.
			Auditor's update as of December 2012: ITD is pursuing centralization of Adobe Acrobat. It also plans to upgrade the Office Productivity suite and deploy it using cloud-based subscription services. Target date: 8-13.
			Auditor's update as of June 2013: Office 365, a subscription-based office productivity suite was approved by Council on May 7, 2013. Training for ITD staff and project plans for implementation and change management are currently underway for a Citywide roll-out. Target date: 12-13.
			Auditor's update as of December 2013: ITD is in the process of a citywide roll-out of Office 365. In addition, ITD has included Adobe Acrobat in its Ricoh contract which would eliminate the need for an Adobe Acrobat installation. This is expected to roll-out by the end of the year. Target date: 12-14.
			Auditor's update as of June 2014: No change. Target date: 12-14.
			Auditor's update as of December 2014 According to ITD, the rollout for Adobe Acrobat is scheduled for the early 2015. ITD is also performing a proof of concept for the centralization of the entire desktop environment (VDI). This initiative will centralize and standardize the desktops rather than being performed on a PC by PC basis. The environment to being VDI should be in place by July 2015. Target date: 7-15.
			Auditor's update as of June 2015: ITD completed a VDI pilot which identified certain barriers such as the complexities of the infrastructure

Audit Report and Recommendation	Department	Current Status	Comments
			required to support centralizing desktops. The department is currently evaluating alternate tools to minimize the complexity and working with Microsoft to select the appropriate architecture. Target date: 6-16.
			Auditor's update as of December 2015: ITD has launched the SolarWinds web help desk's Asset Management module to start collecting asset data which includes most windows and mobile devices. The second phase of this project will be to track license data and is expected to be completed by the end of June 2016. Target date: 6-16.
			POTENTIAL BUDGET IMPACT: At the time of our audit we estimated that using centrally managed software and subscription based model could potentially save the City $800,000 in labor and equipment costs.
#10: Because computer equipment may contain personal identifiable information and other sensitive information, ITD should develop, distribute, and implement a Citywide policy for decommissioning computer equipment, and include it in the citywide surplus inventory policy.	IT	Not Implemented	**Auditor's update as of June 2012:** The draft Information Security Policy addresses some aspects of protecting personal identifiable information and other sensitive information. However, ITD still needs to address decommissioning computer equipment and including it in the Citywide surplus inventory policy. Target date: 1-13.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: 12-13.
			Auditor's update as of December 2013: No change. Target date: 6-14.
			Auditor's update as of June 2014: No change. Target date: 12-14.
			Auditor's update as of December 2014: No change. Target date: 6-15.
			Auditor's update as of June 2015: ITD has worked with the City's information security consultant to develop a draft information security policy. The policy is currently being reviewed internally by ITD and is anticipated for Council approval before the end of the calendar year. Once approved, ITD will update and formalize the current procedures for decommissioning computer equipment. Target date: 12-15.
			Auditor's update as of December 2015: ITD anticipates presenting the information security policy for City Council consideration in March 2016. Target date: 3-16.
#11: Review the life expectancies of critical computer systems and determine a replacement schedule and budget for the highest-priority systems and hardware.	IT and Budget	Partly Implemented	**Auditor's update as of June 2012:** ITD and user departments are in the process of reviewing life expectancies and usefulness of various critical computer systems. These include FMS, Payroll system, Budgeting system, the Business Tax system and Integrated Billing System.
			As part of the approval of the 2012-2013 Adopted Budget, the City Council allocated funds for mapping the FMS system. Further, Finance has completed Phase I of the HR/Payroll RFP. In addition, ITD has mapped the "as is" state of the budget process and the Budget Office

plans to release an RFI for a budget system in 2012-2013. Finally, options for the Integrated Billing System (IBS) are currently under evaluation including the replacement of the existing system, alternative service delivery for the Recycle Plus billings, and the migration of remaining systems such as the Business Tax to a new platform. Funding for the Business Tax replacement was included in the 2011-2012 and 2012-13 Adopted Operating Budget. Target date: 1-13.

Auditor's update as of December 2012: A Request for Information (RFI) for a budget system has been released and staff is currently reviewing responses. Per Council direction, the in-house option for upgrading the Recycle Plus component of the IBS system has been removed. However, other components of the IBS system still need to be addressed. Target date: 6-13.

Auditor's update as of June 2013: Staff reviewed the RFI responses for a budget system and invited a number of respondents to provide presentations on their budget systems. Finance is currently drafting specifications to release an RFP for the Business Tax application. Target date: 12-13.

Auditor's update as of December 2013: ITD reports that its assessment of citywide systems determined the immediate need to replace the HR/Payroll system, the Budget system and the Integrated Billing system. ITD determined that the City's Financial Management System, while not meeting the needs of the organization is still a vendor-supported solution. Further, the current budget does not allow for its replacement in the near future. The City is in the process of developing an RFP for a new Operating and Capital Budget system and an HR/Payroll system. It anticipates releasing RFPs for these two systems in March 2014. In addition, RFPs to replace modules of the Integrated Billing System (IBS) such as the Business Tax System (BTS) and Muni Water have been released. Target date: 6-14.

Auditor's update as of June 2014: ITD, along with departmental business owners, are in the process of replacing multiple enterprise systems. FMS is not currently included in that replacement schedule. Funding has been set aside for FMS business process mapping. Target date: TBD.

Auditor's update as of December 2014: No change. Target date: TBD.

Auditor's update as of June 2015: The City has replaced or is in the process of replacing many of the City's enterprise systems. The Recycle Plus portion of IBS went live on a new system. The Business Tax System (BTS) is scheduled for completion in January 2016. The Muni Water billing system went live in August 2015. HR/Payroll, Recruiting and Budget systems are in the implementation phase for anticipated completion October 2016. ITD reports that the final two critical enterprise systems, FMS and RevResults, are funded and scheduled for upgrade by the end of 2016.   Further,   a   more   comprehensive

upgrade/replacement of FMS will go through the budget process when funding and staff capacity are identified. ITD provides updates of current projects in a semi-annual reports to the PSFSS Committee. In our opinion, providing a list of critical systems along with their estimated replacement schedule and cost in this report would be a helpful tool in long-term strategic planning for policy makers. Target date: TBD.

Auditor's update as of December 2015: ITD will include a matrix of major systems with lifecycle maturity as part of its semi-annual reports to PSFSS, for the purpose of strategic planning. Target date: TBD.

2010-11 ANNUAL PERFORMANCE AUDIT OF TEAM SAN JOSE'S MANAGEMENT OF THE CITY'S CONVENTION AND CULTURAL FACILITIES (Issued 1/18/12)

The objective of our audit was to determine whether Team San Jose (TSJ) met its performance measures as specified in the Management Agreement for FY 2010-11. We also assessed the costs and services of TSJ's Convention and Visitor Bureau efforts. Of the 4 recommendations, 3 were previously implemented or closed, and 1 is partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#2: To make its reporting of its results more meaningful to readers, we recommend that Team San Jose reformat its monthly report so that CVB's accomplishments for the month covered are shown next to the Team San Jose's performance targets.	TSJ	Partly Implemented	**Auditor's update as of June 2012:** TSJ plans to reformat its monthly report to City staff in the coming months. Target date: 12-12.
			Auditor's update as of December 2012: TSJ established monthly goals for FY 2012-13 and is tracking results internally. For FY 2013-14, TSJ will establish and report monthly on performance accomplishments against established monthly goals for media impressions, tradeshow and events exposure, unique website visitors. Target date: 12-13.
			Auditor's update as of June 2013: TSJ modified its monthly reports to the Administration and Community and Economic Development Committee but can still better reflect actual results against performance measure targets. Target date: 12-13.
			Auditor's update as of December 2013: TSJ's reports to the Community and Economic Development Committee still do not include its internal targets for certain CVB activities, such as the number of media impressions generated or the number of tradeshows in which its staff participated. Including these targets will improve transparency. Target date: 6-14.
			Auditor's update as of June 2014: City staff is working with Team San Jose to ensure CVB measures and accomplishments will be reported next to performance targets in public reports beginning in the fall. Target date: 9-14.
			Auditor's update as of December 2014: Recent Team San Jose reports lacked CVB-specific measures and targets because City staff is working with TSJ and an adviser to determine more focused CVB metrics. Target date: 6-15.

| | | | **Auditor's update as of June 2015:** No change. Target date: 12-15. |
| | | | **Auditor's update as of December 2015:** City staff is working with Team San Jose on their report structure. Furthermore, the City now holds positions on both the Team San Jose Board as well as the Finance Committee where these measures and targets are reviewed in great detail. Target date: 8-16. |

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

The objective of the audit was to assess the cost and effectiveness of the San José Police Department's program allowing sworn personnel to work second jobs in uniform in addition to their City work. Of the 30 recommendations, 5 were previously implemented, 19 are partly implemented, and 6 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Police Department should develop and immediately implement a written procedure for periodic review of off-duty employment timecards including comparisons of: (a) City timecards to off-duty timecards, and (b) timecards for multiple off-duty jobs to each other to test for fraud, and (c) hours taken for administrative/disability/sick leave to hours worked off-duty. The Department should also hold supervisors accountable for paying attention to on-duty and secondary employment time keeping.	Police	Partly Implemented	**Auditor's update as of June 2012:** The Police Department updated procedures for the Secondary Employment Unit (SEU) to include audits of timecards to test for fraud/overlapping hours as well as secondary employment worked simultaneously with disability or other leaves. However, SEU management advises that the SEU does not currently have the staff to conduct the audits. The Department advises that there are sections of the Duty Manual that hold supervisors accountable. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date TBD.
			Auditor's update as of June 2014: The Department has purchased a software that has yet to be implemented but that will be beta tested in the future and will address some of these problems. For example, the Department advises that this software will prevent employees from scheduling both a secondary employment job and a City shift simultaneously. Target date: TBD.
			Auditor's update as of December 2014: The Department advises that it is still waiting for the vendor to finish their constructing of the software. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#2: The Police Department should develop a system to compile real-time data regarding the number of hours worked and pay earned from off-duty work.	Police	Partly Implemented	**Auditor's update as of June 2012:** Department management advises that they are exploring the potential for real-time tracking of hours worked. The Department has recently submitted a Request for Proposal (RFP 10-12-10) to implement a shift bidding and workplace scheduling software/technology-based solution. The system would potentially allow real time data regarding the number of regular and secondary

Audit Report and Recommendation	Department	Current Status	Comments
			employment hours worked by an individual employee. Secondary Employment Unit staff continues to work with the Department's Bureau of Technical Services (BTS) and Bureau of Administration (BOA) to identify key components specific to secondary employment. Target date: TBD.
			Auditor's update as of December 2012: The Department advises that Department management, along with City Purchasing, has selected a vendor for development and implementation of the above system. Target date: 12-13.
			Auditor's update as of June 2013: No change. Target date: 12-13.
			Auditor's update as of December 2013: The Department advises that SEU continues to work with the vendor and anticipates beta testing to begin by June 2014. Target date: 6-14.
			Auditor's update as of June 2014: The Department advises that due to other priorities, the new anticipated beta testing has been postponed. Target date: 10-14.
			Auditor's update as of December 2014: The Department advises it is still waiting for the vendor to finish their constructing of the software. Target date: TBD**.**
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#3: The Police Department should: (a) keep lists of work permits and employers updated and be able to provide summary data, (b) include tests in periodic reviews to ensure the completeness of pay job hours that are reported to the City, (c) specify in the Duty Manual the disciplinary consequences for both employees and supervisors for failure to consistently report off-duty hours worked, (d) develop a way to track enforcement actions taken at pay jobs; one possibility is a special code or call sign in CAD to designate calls from those working secondary employment.	Police	Partly Implemented	**Auditor's update as of June 2012:** (a) With the assistance of temporary employees, the SEU has developed detailed spreadsheets of updated work permit and employer lists. However, SEU management advises that the unit does not have sufficient staffing to keep the lists current. (b) The SEU Procedures Manual has been revised to require verification of hours worked based on secondary employers' records. However, SEU management advises that the unit does not have sufficient staffing to conduct the verifications. (c) SEU management advises that several sections of the Duty Manual document policy and discipline as it relates to secondary employment. Specific disciplinary consequences cannot be listed as discipline can vary based on an employees past history. (d) SEU management advises that this has been accomplished through the use of specific call signs dedicated to secondary employment officers. Any enforcement action is captured under this call sign specific to the date, time, and officer. Duty Manual Section C1548 (Secondary Employment Logs) also requires officers to log their time and hours worked, call sign, and any enforcement action taken. Target date: TBD. **Auditor's update as of December 2012:** No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2014: The Department advises that to implement part (a), it is awaiting implementation of Accela to assist in maintaining updated lists of work permits and employers. For part (b), the Department advises it still lacks sufficient staffing to conduct the verifications. Regarding part (c), the Department advises that the Duty Manual requires employees to track and report secondary employment hours. The Department advises that the Secondary Employment Unit will send out a reminder to employees about this. Regarding (d), the Department advises that officers are using call signs specific to secondary employment jobs. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#4: The SEU should report to the Police Chief at least annually on the following data about the secondary employment program: (a) the number of hours worked, (b) the amount of pay earned by employee from each off-duty employer, (c) the number of employees who have off-duty work permits, (d) the total number of permits, and (e) the number of employers participating in the program. The report should also note major changes or challenges with program during the prior year.	Police	Partly Implemented	**Auditor's update as of June 2012:** Regarding (a) and (b), the Department has recently submitted an RFP for a shift bidding system that may potentially allow for tracking of hours worked and pay earned (see description in Recommendation #2). Regarding (c),(d), and (e) while the SEU has updated the list of employees who have work permits, SEU management advises that the unit lacks sufficient staffing to keep the lists updated going forward. Target date: TBD.
			Auditor's update as of December 2012: The Department advises that Department management, along with City Purchasing, has selected a vendor for development and implementation of the above system. Target date: 12-13.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: The Department advises that SEU continues to work with the vendor and anticipates beta testing to begin by June 2014. Target date: 6-14.
			Auditor's update as of June 2014: See Recommendation #2**.** Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#5: To promote transparency and accountability, the Police Department should know and post annually, on the City's web site, total compensation earned by Police Department employees working secondary employment in SJPD uniform. The Department should know and post information for each employee by name, each employer where that employee worked, and the amount earned from each employer during the year as reported by the employee to the Police Department.	Police	Partly Implemented	**Auditor's update as of June 2012:** Department management advises that if the Chief of Police were to comply with this recommendation, an increase in SEU staff would be needed and that the current decentralized structure of secondary employment would make it a labor-intensive task. Department management anticipates that the new staffing and scheduling software-based solution (see Recommendation #2) would assist with the implementation of this recommendation. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2012: The Department advises that Department management, along with City Purchasing, has selected a vendor for development and implementation of the above system. Target date: 12-13.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#8: The Police Department should enforce rules from the Duty Manual that have been ignored in the past including: (a) reporting of secondary employment hours, (b) CAD log-on from off-duty jobs, (c) approvals for use of City vehicles and equipment (d) prohibitions against working secondary employment while on disability, sick, or administrative leave, and (e) pay rates. The Department should inform employees that failure to comply could result in the suspension or revocation of an employee's secondary employment permit.	Police	Partly Implemented	**Auditor's update as of June 2012:** Parts of the Duty Manual have been revised to better address some of these provisions, but Department management advises that additional SEU staffing will be needed to sufficiently monitor and enforce these rules. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#9: The Police Department should enforce its procedure for periodic inspections of secondary employers. As specified in the procedure, such inspections should include reviews of: (a) current business license and proper regulatory permits, (b) other required licenses or professional certificates, (c) employer logs of officer work hours, (d) consistency of job with description on work permit and employer approval form, (e) whether officers at site have current/authorized work permits on file. Inspections of a sample of employers should occur at least quarterly, be documented, and notes maintained on the resolution of problems. The Police Department should inform employers and employees that such reviews will occur.	Police	Partly Implemented	**Auditor's update as of June 2012:** SEU management advises that additional SEU staffing will be needed to conduct inspections of secondary employers. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: The Department advises that the SEU commander conducts inspections in response to complaints about employer or employee conduct. As specified in the audit, inspections include reviews of: (a) current business license and proper regulatory permits, (b) other required licenses or professional certificates, (c) employer logs of officer work hours, (d) consistency of job with description on work permit and employer approval form, (e) whether officers at site have current/authorized work permits on file. There has been no change regarding periodic or regular inspections. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: The Department advises that the SEU commander conducts inspections in response to complaints about employer or employee conduct. As specified in the audit,

Audit Report and Recommendation	Department	Current Status	Comments
			inspections include reviews of: (a) current business license and proper regulatory permits, (b) other required licenses or professional certificates, (c) employer logs of officer work hours, (d) consistency of job with description on work permit and employer approval form, (e) whether officers at site have current/authorized work permits on file. There has been no change regarding periodic or regular inspections. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: The Department advises that it has begun to do periodic site inspections. However, due to limited staffing, inspections are not as robust as the recommendation prescribes. Target date: TBD.
#10: The Police Department should clarify (in writing) the City's limited liability with regard to workers' compensation in the context of secondary employment.	Police	Not Implemented	**Auditor's update as of June 2012:** Police Department management advises that the Department's Research and Development Unit and SEU should work with Office of Employee Relations, the City Attorney's Office and City Risk Management to determine the feasibility of this recommendation. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: The Department advises that it met with the Office of Employee Relations recently to discuss this topic, but there was no definitive guidance for moving forward. The Department will continue to work with OER, the City Attorney's Office, and Risk Management on a case by case basis as issues arise. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. The Police Department advises that this issue is addressed on a case-by-case basis. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#11: The Police Department should immediately eliminate the practices of allowing Department employees to solicit off-duty work and allowing them to be paid in cash. The Department should develop and implement a written procedure that includes a business card SJPD employees can provide to businesses or individuals who inquire about hiring off-duty police. The card could include contact information for SEU and inform businesses that calling SEU is the only way to arrange the hiring of SJPD employees. A provision should also be added to secondary-employer agreements to prohibit cash payments to SJPD employees for off-duty work and to require employers to issue appropriate tax documents to pay job employees.	Police	Partly Implemented	**Auditor's update as of June 2012:** The Duty Manual has been revised to prohibit Department members from soliciting secondary employment and from being paid in cash (with exceptions allowed if approved by SEU commander or the Chief of Police). In addition, Department management advises that the Secondary Employer application has been removed from the intranet and all applications must now be processed through SEU (in the past they could be handled by individual officers). A tax document provision has not yet been added to the Secondary Employer application. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2013: No change. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#12: Assuming that the City continues to offer uniformed off-duty employment to private employers, then the Department should contact local business organizations as well as existing approved employers and inform them of (a) revisions to the secondary employment program, and (b) new procedures that prohibit officers from soliciting jobs or accepting cash payments or gratuities, and (c) how to contact the Department if they are interested in secondary employment, (d) pay rates for secondary employment and prohibitions on gratuities or other forms of compensation, and (e) how to lodge a complaint or suggestion, and (f) the requirement that SJPD employees may only enforce the law and may not enforce employer rules. The Department should also provide guidance, in writing, about how employees should address potential situations in which there is a conflict between what a private employer requests of them and their role as a City employee.	Police	Not Implemented	**Auditor's update as of June 2012:** The Police Department is considering options for the future structure of the secondary employment program. Target date: TBD. **Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD. **Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#14: The Police Department should clarify the Duty Manual to ensure that careful consideration is given to the potential for the appearance of a conflict with an on-duty assignment. The Department should further specify in the Duty Manual the criteria upon which the Police Chief will determine whether a pay job conflicts with an on-duty assignment.	Police	Not Implemented	**Auditor's update as of June 2012:** Neither the Duty Manual nor SEU procedures specify the criteria upon which the Police Chief determines whether a pay job conflicts with an on-duty assignment. Target date: TBD. **Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD. **Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#15: The Department should: (a) reinstate its prohibition against employees working as private investigators and (b) write and implement a procedure for periodic review for appropriateness of access to criminal databases by sworn employees working secondary employment.	Police	Not Implemented	**Auditor's update as of June 2012:** Department management has stated that employees should be allowed to continue working as private investigators and that the prohibition should not be reinstated. While the Department does have written policies in place regarding the use of criminal information and other City/Departmental databases, there is not a specific procedure for periodic review of the accessing of such data by employees working secondary employment. Target date: TBD. **Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#16: The Police Department should develop and implement written guidelines that include criteria for how pay jobs are assigned by SEU and by coordinators. The Department should also prohibit employees who work in the Secondary Employment Unit from working pay jobs, even if they were working such jobs before being assigned to the unit. Reasonable exceptions should be included related to oversight of special events.	Police	Partly Implemented	**Auditor's update as of June 2012:** The Duty Manual has been revised to prohibit employees who work in the SEU from working pay jobs. SEU management advises that in order to assign jobs based on criteria, software would be required. Management advises that the RFP described in Recommendation #2 could potentially assist with assigning jobs. Target date: TBD.
			Auditor's update as of December 2012: The Department advises that while the Duty Manual was revised to prohibit employees who work in the SEU from working pay jobs, they may work jobs coordinated through SEU if they get the approval of the SEU commander. This is designed to allow SEU employees who were heavily involved in the oversight of planning a special event to be able to work at that event due to their familiarity with it. Target date: 12-13.
			Auditor's update as of June 2013: No change. Target date: 12-13.
			Auditor's update as of December 2013: The Department intends to implement a shift bidding and workplace scheduling software/technology-based solution, as described in Recommendation #2. The system would potentially allow real time data regarding the number of regular and secondary employment hours worked by an individual employee. The Department advises that SEU continues to work with the vendor and anticipates beta testing to begin by June 2014. Target date: TBD.
			Auditor's update as of June 2014: See Recommendation #2 regarding new software. Target date: TBD.
			Auditor's update as of December 2014: The Department advises that secondary employment jobs have become more difficult to fill due to mandatory overtime requirements. The Department further advises that there have not been complaints about the current process for filling secondary employment jobs. However, it is still essential that the Department have criteria for how to assign secondary employment jobs.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#17: The Police Department should revise its written guidelines for the exercise of discretionary judgment in determining the number of police employees the Department requires event organizers to hire for special events. The guidelines should specify the criteria upon which the	Police	Partly Implemented	**Auditor's update as of June 2012:** SEU management advises that the SEU is currently working with the Office of Cultural Affairs to find an appropriate mix of security, non-sworn personnel, and police. SEU advises that it is also exploring alternative methods to police staffing and

Audit Report and Recommendation	Department	Current Status	Comments
decisions will be made and should also address how the Department determines an appropriate mix of private security and police.			is establishing criteria for special events and an appropriate staffing model. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: The Department has been working with the Department of Transportation and the Office of Cultural Affairs on developing a new traffic control and security model for Special Events. Target date: 12-13.
			Auditor's update as of December 2013: A new traffic control model was created, but does not address the issue of written guidelines. The Department will continue to evaluate each event, and discuss traffic and security needs with the Department of Transportation to decide on a proper mix of personnel and equipment. Although the Department continues to use discretionary judgment, it advises that it looks at historical data related to repeat events and works closely with promoters to determine the proper staffing levels. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#20: The Police Department should fully implement the Independent Police Auditor's recommendation for ongoing ethics training and should try to do so as soon as possible.	Police	Partly Implemented	**Auditor's update as of June 2012:** Department management advises that the ethics training has begun and is expected to be completed within the next year. Target date: 6-13.
			Auditor's update as of December 2012: The Department advises that ethics training began in April 2011. The Department further advises that the Video Unit is creating video version of the training for future training of other sworn employees. Target date: 6-13.
			Auditor's update as of June 2013: Ethics training was provided to all Department members and concluded June 2013. The Department advises that due to the large amount of POST mandated training officers must receive, training of this nature will not be provided on an ongoing basis until resources become available. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: The Department advises that it is providing an ethics training every four years. The Independent Police Auditor's recommendation stated that training should be every other year. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#21: If the Police Department retains the system of decentralized coordination, the SEU should be solely responsible for appointing coordinators and providing them with the lists of employees available to work pay jobs. The SEU should also maintain an up-to-date list of coordinators and the jobs they oversee. The Department should also establish and implement clear written guidelines regarding: (a) roles and responsibilities of coordinators and how they fit within the chain of command, (b) a prohibition against any form of compensation other than pay, (c) a fixed hourly rate for coordinators as well as not-to-exceed limits on coordinators pay, (d) clarify that coordinators can only be paid for actual hours of coordination rather than an agreed upon estimate or "plug", and (e) expressly prohibit coordination on City time.	Police	Partly Implemented	**Auditor's update as of June 2012:** SEU management advises that the SEU has an updated list of all coordinators. Additional work, though, is pending decisions regarding the future structure of the secondary employment program. Target date: TBD. **Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** The Department advises that SEU appoints all new coordinators and discusses roles and responsibilities with them. They are required to know all new SEU policies, which address SEU coordination policy. Target date: TBD. **Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** The SEU lieutenant advises that he is researching an appropriate fixed pay rate for coordinators and will recommend the adoption of such a rate once identified. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#22: The Police Department should: (a) calculate the cost of bringing all coordination into SEU and the related impact on employers' fees (b) assess the impact on the hourly rate charged to employers, as well employer fees, if coordination were brought into SEU and employees were paid at an overtime rate. Given that information, the Department should seriously consider three options moving forward: (1) phasing into SEU the coordination of additional pay jobs, (2) bringing all coordination into SEU, (3) bringing all coordination into SEU and also paying employees on overtime through the City.	Police	Partly Implemented	**Auditor's update as of June 2012:** SEU management advises that some cost-benefit analysis has been conducted and that the Department is exploring the options for the future structure of the secondary employment program. Target date: TBD. **Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD. **Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#23: The Police Department should: (a) immediately develop and enforce a reasonable daily hour limit and should consider a rest period prior to a regular shift; (one possibility is to reinstate the 14-hour daily limit previously in place), and (b) apply the 24-hour weekly limit for off-duty jobs even in weeks when employees have taken time off, and (c) develop a way to ensure sufficient days off per month.	Police	Partly Implemented	**Auditor's update as of June 2012:** The Duty Manual has been revised to limit to 16 the number of hours worked in a 24-hour period. Target date: TBD. **Auditor's update as of December 2012:** The Department advises that in November 2012 the Duty Manual was revised to increase the 24-hour weekly limit on secondary employment hours to 30-hours per week. This change is contrary to the intent of the recommendation, which is to help reduce potential fatigue. The audit report included the following quote from research about police fatigue: "Everything we know about fatigue indicates that it will tend to impair officers' ability to perform their duties safely and deal with job stresses in a healthy manner." In 1995, when the

Audit Report and Recommendation	Department	Current Status	Comments
			Independent Police Auditor first issued a report about secondary employment, the weekly limit on hours was 20 per week. It was subsequently increased to 24 and is now at 30 per week following the November change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. The Auditor's proposed FY 2015-16 workplan includes a project to assess overtime within the Police Department. This project may provide further insight on the issue of fatigue in the Department. Target date: TBD.
#24: The Police Department should train employees on the topic of police fatigue and the risks associated with it.	Police	Not Implemented	**Auditor's update as of June 2012:** SEU management advises that there is not currently any department curriculum that addresses police fatigue and the risks associated with it. Management further advises that it is not a POST-mandated topic and that any training in this topic would need to be researched. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. The Auditor's proposed FY 2015-16 workplan includes a project to assess overtime within the Police Department. This project may provide further insight on the issue of fatigue in the Department. Target date: TBD.
#25: Because engaging in secondary employment may prolong the recovery of a member who has been injured, the Police Department should (a) ensure that the existing Duty Manual provision prohibiting secondary employment while on disability leave is enforced and (b) develop a process for identifying employees who are working secondary employment hours either concurrently or in the same time frame as taking disability leave hours.	Police	Partly Implemented	**Auditor's update as of June 2012:** The SEU Procedures Manual includes a provision for auditing employee timecards to check whether an employee was on disability leave while working secondary employment. However, SEU management has advised that it lacks sufficient staff to conduct such audits. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: See Recommendation #2. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#26: The SEU should be housed in the Police Chief's office with the appropriate mix of civilian and sworn employees, with an emphasis on civilians to perform administrative duties and an emphasis on stable staffing and sufficient staffing to provide oversight. Sworn employees should be of sufficient rank to oversee all lower ranks that work secondary employment.	Police	Partly Implemented	**Auditor's update as of June 2012:** The Secondary Employment Unit has been moved to the Office of the Chief. The Department advises that it requested but did not receive additional civilian staffing. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#27: The Police Chief should set clear goals and a timetable for restructuring the secondary employment program and should propose a plan as soon as possible to the City Council for secondary employment going forward.	Police	Partly Implemented	**Auditor's update as of June 2012:** SEU management advises that the Department is currently exploring the possibilities for the future structure of the secondary employment program. Target date: 3-13.
			Auditor's update as of December 2012: No change. Target date: 12-13.
			Auditor's update as of December 2013:
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#28: The Police Department should: (a) calculate the comprehensive cost of the secondary employment program (personnel, administrative costs, etc.), (b) compare those costs to the revenue generated by related fees, and (c) determine the fees that would be required to make the program 100% cost recovered and present this data to the City Council.	Police	Partly Implemented	**Auditor's update as of June 2012:** SEU management advises that some cost-benefit analysis has been conducted and that the Department is exploring the options for the future structure of the secondary employment program. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			POTENTIAL BUDGET IMPACT: The personnel costs of operating the SEU unit were estimated at $747,000 in the audit. Recovery of these costs through fees would reduce the subsidy by the General Fund.
#29: The Police Department should fully recover the cost of secondary employment liability policy either through increased employee contributions or by a fee charged to secondary employers.	Police	Not Implemented	**Auditor's update as of June 2012:** SEU management advises that the Department is currently exploring the possibilities for the future structure of the secondary employment program. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
			POTENTIAL BUDGET IMPACT: The General Fund subsidy of the secondary employment liability policy was $59,000 at the time of the audit. If the program remains in its current format, requiring participating employees to pay the full cost of the insurance would eliminate the subsidy by the General Fund.
#30: Assuming that the City continues to offer uniformed off-duty employment to private employers, the City should assess the public and private benefits of the current provision of uniformed security services to a broad range of private and public entities. The Department should analyze the costs and benefits of continuing to provide this service on such a broad scale as well as the potential effects of limiting the program to certain types of jobs. The Department should propose a plan for the future of the program to the City Council that includes the results of this analysis.	Police	Partly Implemented	**Auditor's update as of June 2012:** SEU management advises that the Department is currently exploring the possibilities for the future structure of the secondary employment program. Target date: TBD.
			Auditor's update as of December 2012: No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.

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

The objective of our review was to assess the appropriateness and accuracy of the Fire Department's publicly reported performance measures. Of the 3 recommendations, 3 are partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: For those performance measures that it will continue to track, the Fire Department should document methodologies for calculating measures. In particular, the Bureau of Fire Prevention should	Fire	Partly Implemented	**Auditor update as of June 2012:** The department is reviewing methodologies used for standard performance measures reporting related to Field Operations. Staff has begun working with Bureau of Fire

Audit Report and Recommendation	Department	Current Status	Comments

document its methodologies for calculating and reporting key performance measures, including but not limited to measures for internal day-to-day management and public reporting.

Prevention and will continue to review methodologies and standardized reports during the first half of FY 2012-13. An audit of fire prevention efforts is currently in progress. Other divisions, such as, EMS, Training, Arson, and Haz-Mat will be evaluated using a similar consultative approach with Bureau and Division managers to create meaningful daily operational measures and identify opportunities to further automate their production and posting. Staff expects to complete a status report by June 2013. Target date: TBD.

Auditor's update as of December 2012: The Department has experienced staffing turnover, but is now reviewing available resources. It is anticipated that work will begin June 2013. Target date: TBD.

Auditor's update as of June 2013: The Fire Department continues to work on documenting methodologies for calculating performance measures. Performance methodology worksheets are expected to be completed and submitted to the City Manager's Budget Office by August 30, 2013. In addition, the Fire Department has organized an IT Work Group to provide ongoing technical support. The Department plans to use the staff to address any training needed on data input, and to develop a comprehensive plan that includes an analysis of the current hardware and software being used for Performance Measure reporting. Target date: 12-13.

Auditor's update as of December 2013: No change. Target date: 12-14.

Auditor's update as of June 2014: No change. Target date: 12-14.

Auditor's update as of December 2014: In August 2013, the Fire Department completed the majority of performance methodology worksheets for calculating performance measures. An organizational review of the Department is expected be completed by August 2015. This study would include evaluation and recommendations for improvements in data analytics to create efficiencies and assist in operations management. It will also identify gaps in resources to attain data analytic goals of the Department, including reliable reporting tools in FireHouse that could be included in the Fire Department's 2016-2017 budget proposals. Target date: TBD.

Auditor's update as of June 2015: Fire Department staff continues to work on system improvements in mining data for performance measures, including review and update of reporting tools in FireHouse. As improvements in FireHouse are made, documentation of methodologies for calculating and reporting key performance measures will be updated. Target date: TBD.

Auditor's update as of December 2015: No change. The Department reports that improvements to FireHouse will enable progress on implementation. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#2: The Fire Department should continue to review—by core service—its performance measures and determine which are most important to monitor and track on an ongoing basis for internal use, management purposes, and for public reporting.	Fire	Partly Implemented	**Auditor's update as of June 2012:** The department intends to use a comprehensive review process to clarify terminology, methodology and relevance. Staff initiated the effort during the preparation of the proposed FY 2012-13 budget. Staff will continue to work with upper and middle management to obtain a more in-depth understanding of day-to-day reporting needs to create a process that addresses the daily informational needs of both internal and external customers. Target date: TBD.
			Auditor's update as of December 2012: The Department has experienced staffing turnover, but is now reviewing available resources. It is anticipated that work will begin June 2013. Target date: TBD.
			Auditor's update as of June 2013: The Department advises that Fire senior staff has reviewed performance measures by core service. An analysis of the performance measures that are most important to monitor and track on an ongoing basis continues to be undertaken. The newly-formed IT Work Group will perform an analysis of the current Performance Measures data. Changes would be submitted to the City Manager's Budget Office by August 30, 2013. Target date: 12-13.
			Auditor's update as of December 2013: The Department advises that it has completed an analysis of performance measure data and methodologies, primarily regarding emergency response. The IT work group will continue monitor, track and analyze data on an ongoing basis. Target date: 12-14.
			Auditor's update as of June 2014: No change. Target date: 12-14.
			Auditor's update as of December 2014: See Recommendation #1. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#3: The Fire Department should assess—by core service—how performance data can be used by management and staff on an ongoing basis to help analyze past performance, establish next performance objectives, and examine overall performance strategies.	Fire	Partly Implemented	**Auditor's update as of June 2012:** It is anticipated that by December 2012, the Department will begin a review of department-wide performance measures. This review will assess and document the Fire Department's performance management practices, methodology, and supporting systems; and identify opportunities for improving the accuracy and reliability of performance measurement data. Initial analysis of current sources and methodologies for creating process and outcome data for the Bureau of Fire Prevention has already begun. Target date: TBD.
			Auditor's update as of December 2012: The Department has experienced staffing turnover, but is now reviewing available resources. It is anticipated that work will begin June 2013. Target date: TBD.
			Auditor's update as of June 2013: The recent establishment of an IT Work Group will provide tools to enable the Department to work on evaluating department-wide strategies, including the use of performance

			data to analyze past performance and set short and medium-term performance objectives. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: 12-14.
			Auditor's update as of June 2014: No change. Target date: 12-14.
			Auditor's update as of December 2014: See Recommendation #1. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.

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

The objective of this audit was a broad review of staffing and management with a special focus on how ratepayer funds are used and the proposed Water Pollution Control Plant rehabilitation project. Of the 22 recommendations, 12 were previously implemented, 1 was implemented during this period, 7 are partly implemented, and 2 are not implemented (one of which was referred to the Council Priority Setting Process).

Audit Report and Recommendation	Department	Current Status	Comments
#2: The Department of Human Resources/Office of Employee Relations should conduct a formal salary survey for consideration in an evaluation for retaining critical Plant engineering staff.	Human Resources/ Employee Relations	Implemented	See Recommendation #1 above. **Auditor's update as of December 2014:** HR expects to conduct a formal salary survey of all City engineering classes in 2015. Target date: 12-15. **Auditor's update as of June 2015:** HR is conducting a market salary survey for multiple City classifications, including the engineering series. Proposed changes will be presented to the Association of Engineers and Architects (AEA) and City Council in Fall 2015. Target date: 12-15. **Auditor's update as of December 2015:** Compensation increases for Senior Engineer, Associate Engineer and Engineer I/II were approved by Council effective 11-8-2015, based on market survey results.
#4: During implementation of Plant Master Plan projects, the Environmental Services Department should provide for ongoing construction audit or other audit work.	ESD	Partly Implemented	**Auditor's update as of December 2012:** ESD anticipates procuring program management services by the end of FY 2012-13. The program management contract is expected to include services like construction and financial audits. Target date: 6-13. **Auditor's update as of June 2013:** ESD is currently negotiating with a program management firm and anticipates bringing forward the agreement to Council in September. The scope of services in the agreement is expected to include program and other audit work. Target date: 9-13. **Auditor's update as of December 2013:** ESD contracted with MWH Americas, Inc. for Program Management consultant services in September, 2013. The consultant's scope of work includes quality assurance/quality control services, and construction management

Audit Report and Recommendation	Department	Current Status	Comments
			services. Included sub-tasks include internal program audits and third-party oversight of construction management firms. In addition, they plan to engage outside auditors to conduct ongoing construction or other audit work as necessary. Target date: TBD.
			Auditor's update as of June 2014: A program-wide procurement strategy for the Wastewater Facility CIP is in progress, A draft procurement plan is being prepared to identify upcoming consultant services procurement needs, including construction auditing services. Target date: TBD.
			Auditor's update as of December 2014: ESD expects to present a Project Delivery and Procurement Strategy for the Wastewater Facility CIP at the March TPAC and Council meetings and expects to issue a separate RFQ for audit services in Spring 2015. Target date: 6-15.
			Auditor's update as of June 2015: ESD presented a Project Delivery and Procurement Strategy for the Wastewater Facility CIP at the March TPAC and Council meetings and expects to issue an RFQ for construction audit services in Fall 2015. Target date: 12-15.
			Auditor's update as of December 2015: The RFQ for construction audit services is scheduled to be issued in Spring 2016 and the contract award recommendation will be presented to Council in Summer 2016. Target date: 12-16.
#10: The Environmental Services Department should evaluate and present to the City Council and the Treatment Plant Advisory Committee the potential ratepayer impacts of implementing the Master Plan once the Environmental Impact Report is complete.	ESD	Partly Implemented	**Auditor's update as of December 2012:** Comments on the draft Environmental Impact Report (EIR) were due by February 26, 2013. The EIR process is expected to be complete during the spring of 2013. Target date: 3-14.
			Auditor's update as of June 2013: The comment period on the draft Environmental Impact Report (EIR) was extended to March 13, 2013. According to the department, the large volume of comments and additional review by outside legal counsel have pushed the expected completion date to fall of 2013. Target date: 3-14.
			Auditor's update as of December 2013: The Planning Commission certified the Final Environmental Impact Report in October 2013. The San Jose and Santa Clara City Councils formally adopted the Plant Master Plan in November 2013 and December 2013, respectively. ESD contracted with MWH Americas, Inc. for Program Management consultant services in September 2013. The consultant scope of work includes significant program start-up activities including validation of the more than master plan projects being recommended for implementation over the next 30 years. The program validation team will complete its work by March 2014 which should result in an updated five-year CIP and evaluation of potential impacts to ratepayers. Target date: 6-14.
			Auditor's update as of June 2014: The consultant program start-up team has completed its work to validate the more than 100 master plan

projects, which included updating the project scopes, schedules, and cost estimates. Validated projects have also been organized into 32 project delivery packages for implementation over a ten year planning period. Priority projects have been incorporated into the Five-Year CIP. The Proposed Five-Year CIP was presented to the Treatment Plant Advisory Committee (TPAC) and adopted by the City Council on June 17, 2014. In addition, a Special Study Session was held with TPAC on April 17, 2014 to discuss the preliminary CIP financing strategy. A follow-up Special Study Session to present the final CIP financing strategy is scheduled for December 2014. Target date: 12-14.

Auditor's update as of December 2014: ESD and the Finance Department continue to work with consultants to finalize the CIP financing strategy. A presentation to TPAC and City Council is scheduled for March 2015. Target date: 6-15.

Auditor's update as of June 2015: The San José-Santa Clara Regional Wastewater Facility Ten-Year Financing Strategy was approved by TPAC and City Council on May 14, 2015 and June 2, 2015, respectively. This report included forecasted RWF Capital and O&M expenditures through FY 2024-25, ESD and Finance Department are working with the City of Santa Clara and the tributary agencies to finalize and implement the financing strategy. The financing strategy includes short-and long-term loans as well as rate increases to fund the $1.4 billion 10-year CIP. Ratepayer impacts of the financing strategy are expected in future updates to TPAC and Council. Target date: Fall 2015.

Auditor's update as of December 2015: No change. Target date: 6-16.

Audit Report and Recommendation	Department	Current Status	Comments
#11: The Environmental Services Department should develop a policy to periodically review the Master Plan in response to regulatory, technological, or economic changes; implementation and financing challenges; and ratepayer impacts.	ESD	Partly Implemented	**Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. **Auditor's update as of December 2013:** The Planning Commission certified the Final Environmental Impact Report in October, 2013. The San Jose and Santa Clara City Councils formally adopted the Plant Master Plan in November 2013 and December 2013, respectively. According to ESD, the Plant Master Plan is being used as the starting point for all discussions surrounding CIP implementation, including project definition, scoping, and planning for all projects. A new budget line item is being introduced in the Proposed 2015-2019 five-year CIP to allow for periodic updates to the master plan. It is anticipated updates to the master plan will be made on a five-year cycle; however, ESD is still working to develop procedures that will specify the frequency of such updates. Target date: 6-14. **Auditor's update as of June 2014:** The next update to the master plan is scheduled to initiate in fiscal year 2016-17 as identified in the Adopted 2015-2019 CIP. Target date: FY 2016-17.

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			Auditor's update as of December 2014: No change. Target date: FY 2016-17.
			Auditor's update as of June 2015: No change. Target date: FY 2016-17.
			Auditor's update as of December 2015: The technical component of the PMP was completed in late 2011, followed a two year environmental review process. The PMP was formally adopted by the San Jose and Santa Clara City Councils in November 2013 and December 2013, respectively. In October 2013, ESD contracted with MWH Americas, Inc. for Program Management consultant services. As part of the program start up activities, MWH completed a PMP validation effort that involved updating the PMP project scopes, schedules, and estimates resulting in the current 10-year CIP (FY 2014-15 through FY 2023-24); this effort was completed in March 2014. In light of this, ESD believes that initiating a PMP update in FY 2016-17 as previously planned seems premature. ESD plans to develop guidelines that will specify the frequency for future updates. Target date: 12-16.
#12: In addition to more realistically planning for capital improvements and the related budgeting for capital expenditures, the Environmental Services Department, in coordination with partner departments, should develop and/or update, and formalize fund balance and reserve goals for ratepayer capital funds.	ESD	Partly Implemented	**Auditor's update as of December 2012:** Budget Office staff created a work plan to develop reserve goals for operating and capital programs based on benchmarking of practices in other California utilities and capital programs undergoing major expansion. According to ESD, staff expects to conduct the survey in the Spring/Summer 2013. Target date: Fall, 2013.
			Auditor's update as of June 2013: No change. Target date: 12-13.
			Auditor's update as of December 2013: Staff completed the benchmarking effort, and will evaluate and develop recommendations. Target date: 9-14.
			Auditor's update as of June 2014: ESD has hired a financial consultant to develop recommendations and financial management best practices that will inform an administrative policy. The administrative policy, which will be coordinated with the Budget Office, will outline operational and strategic decision-making guidelines that can be used during the budget development process to ensure a standard approach for collecting and expending ratepayer funds and establishing appropriate fund balance and reserve levels. Target date: 12-14.
			Auditor's update as of December 2014: No change. Target date: 6-15.
			Auditor's update as of June 2015: According to ESD, staff is in the process of documenting procedures related to developing the Capital Improvement Programs. The budget development procedures are expected to incorporate financial management best practices and recommendations that were developed by a financial consultant earlier in 2015. Target date: 12-15.

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			Auditor's update as of December 2015: No change**.** Target date: 12-16.
#13: The Administration should propose the City Council establish a City Council Policy which includes guiding principles so as not to raise rates in years in which ratepayer fund balances exceed reasonable targets.	ESD	Partly Implemented	**Auditor's update as of December 2012:** ESD held all FY 2012-13 rates except for Muni Water's at FY 2011-12 levels. Nonetheless, ending fund balances remained quite large. Specifically, the overall balance in the audited utility funds decreased only slightly from $278 million at the end of FY 2010-11 to $268 million at the end of FY 2011-12. The $224 million the City held in operating and capital funds for the sanitary sewer and Plant represented nearly 2 years of annual sanitary sewer revenue collection. Further, the $28 million held in storm sewer operating and capital funds represented nearly 90 percent of annual storm sewer annual revenue collection. Because balances are so large, the Administration should propose a policy to hold rates steady when fund balances exceed reasonable targets. Target date: TBD.
			Auditor's update as of June 2013: ESD held FY 2013-14 rates, except for Muni Water's, at FY 2011-12 levels. According to ESD, Muni Water's rate increase was in large part due to the cost of wholesale water. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: ESD held FY 2014-15 sanitary and storm sewer rates at FY 2011-12 levels. According to ESD, Muni Water's rate increase was in large part due to the cost of wholesale water purchased from the Santa Clara Valley Water District and San Francisco Public Utilities Commission. Target date: 12-14.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: On June 23, 2015, City Council approved rate increases for Muni Water (due to wholesale water cost increases, increased operating costs, and increased water conservation efforts), Recycle Plus Single-Family and Multi-Family (to fund the sorting of garbage to collect recycling from approximately 20% of Single-Family residences, and to begin a Single-Family Large Item Collection Pilot Program), and Sewer Service (to allow for the continued rehabilitation and replacement of critical infrastructure and equipment at the Regional Wastewater Facility and the sanitary sewer collection system). According to the department, these rate increases followed an analysis of the funding requirements, associated revenue streams, and ratepayer fund balances in each of the enterprise funds. The department is in the process of documenting and formalizing the rate setting procedures. Target date: 12-15.
			Auditor's update as of December 2015: No change. Target date: 12-16.

Audit Report and Recommendation	Department	Current Status	Comments
#18: The Environmental Services Department should explore opportunities to increase revenues or reduce costs to achieve full cost recovery of South Bay Water Recycling operations and minimize the cost to sanitary sewer ratepayers.	ESD	Partly Implemented	**Auditor's update as of December 2012:** According to ESD, staff is working with the Santa Clara Valley Water District on a strategic plan for SBWR. Target date: 9-14. **Auditor's update as of June 2013:** No change.
			Auditor's update as of December 2013: ESD staff continues to work with the Santa Clara Valley Water District on a strategic plan for SBWR. The team is also focused on reviewing milestones with the integration agreement, capital technology recommendations, and rate strategies in order to meet the cost recovery goal. Target date: 9-14.
			Auditor's update as of June 2014: In April 2014, the City Council established wholesale recycled water rates for FY 2014-15 that continue the discount for irrigation users and reduces the discount for industrial and agricultural users to ensure cost competitiveness. According to staff, based on projected customer usage, the new rates should increase revenue between $50,000 to $300,000, which will fully cover SBWR's operations and maintenance budget for the first time. Target date: 6-15.
			Auditor's update as of December 2014: According to ESD, SBWR is projected to be operating at cost recovery, exclusive of debt service, by June 30, 2015. Target date: TBD.
			Auditor's update as of June 2015: ESD reports that in FY 2014-15, SBWR achieved cost recovery, exclusive of debt service. The City Auditor's Office has initiated an audit of SBWR, which will include a review of SBWR revenues and expenditures. Target date: TBD.
			Auditor's update as of December 2015: ESD reports that in FY 2014-15, SBWR achieved cost recovery, exclusive of debt service, and will also be at Cost Recovery for FY 2015-16. The City Auditor's Office is finalizing an audit of SBWR, which will include a review of SBWR revenues and expenditures. Target date: 4-16.
			POTENTIAL BUDGET IMPACT: TBD.
#20: The Environmental Services Department, along with the Office of Cultural Affairs and the City Attorney's Office, should review past and current public art allocations in the Sanitary Sewer System, Water Pollution Control, Storm Sewer, and Water Utility Capital Funds to determine whether appropriations are in accordance with the City's Public Art Ordinance.	ESD/OCA	Not Implemented	**Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD. **Auditor's update as of December 2013:** According to the department, ESD reviews public art allocations to determine whether appropriations are in accordance with the City's Public Art Ordinance as part of the annual CIP and budget development. However, the art allocations for the FYs 2008-09 through 2010-11 and for FY 2012-13 have not been reviewed as recommended in the audit. **Auditor's update as of June 2014** According to the Administration, ESD, OCA and their partner departments (DOT and PW), are developing a project plan to implement public art projects over the next five years that are intended to bring awareness to the critical role played by the Regional

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			Wastewater Facility in the region as well as educate the public about environmental awareness and stewardship. For example, a public art pilot project in the Sanitary Sewer Capital Fund was launched in FY 2013-14 related to environmental stewardship and sanitary sewer overflows. In conjunction with this project planning, the Administration will consider a plan to address the prior year allocations from FYs 2008-09 through 2010-11. For FY 2014-15, projects totaling $1.1 million are in process. In conjunction with this project planning, the Administration will consider a plan to address the prior year allocations from FYs 2008-09 through 2010-11 over a multi-year period. Target date: TBD.
			Auditor's update as of December 2014: According to the Administration, multi-year public art projects are underway, aimed at building awareness about environmental stewardship. In conjunction with these projects, the Administration will consider a plan to address the prior year allocations from FYs 2008-09 through 2010-11 over a multi-year period. Target date: TBD.
			Auditor's update as of June 2015: OCA, ESD, and the Budget Office are currently developing a multi-year plan to address prior year public art allocations to ensure that they are in accordance with the public art ordinance. The plan is expected to take effect in FY 2015-16. Target date: 2-16.
			Auditor's update as of December 2015: OCA, ESD and the Budget Office are in the process of confirming the amount of the reconciliations. Any recommended budget adjustments will be brought forward for City Council approval as part of the year-end clean-up process in June 2016. Target date**:** 6-16.
			POTENTIAL BUDGET IMPACT: We estimate more than $1.1 million of public art allocations in the utility capital funds during FYs 2008-09 through 2010-11 were driven by rehabilitation or other projects which should have been exempt from the Public Art Ordinance. This includes roughly $450,000 in the Regional Wastewater Facility's capital fund and $700,000 in the Sanitary Sewer Capital Fund.
#21: The Administration should consider recommending that the City Council amend the public art ordinance to eliminate the public art requirement for certain ratepayer-funded capital projects, including those related to underground utilities or the wastewater treatment process.	ESD	Not Implemented Referred to Council Priority Setting Session	**Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD. **Auditor's update as of December 2013:** According to the Administration, it has considered this recommendation but will not pursue it at this time. Target date: TBD. **Auditor's update as of June 2014:** The Administration will evaluate whether to recommend a change to the Public Art Master Plan and the public art ordinance. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD.

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			Auditor's update as of June 2015: According to the Administration, it has considered this recommendation but will not pursue it at this time. Target date: TBD.
			Auditor's update as of December 2015: This policy change was considered by the Council as part of the Council Priority Setting Session in December 2015. The item was not advanced as a priority by the Council at that time. Target date: TBD.
			POTENTIAL BUDGET IMPACT: The current Five Year budget allocation totals $3,148,000 across the ratepayer funded capital programs (primarily driven by art allocations related to capital projects at the Regional Wastewater Facility).
#22: The Administration should propose the City Council adopt a City Council Policy which includes guiding principles for evaluating ratepayer costs and rate increases for fairness and appropriateness, and balancing priorities, such as safe and reliable services, cost efficiency, ratepayer impacts, and environmental outcomes.	ESD	Partly Implemented	**Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD. **Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** See recommendation #12 above. **Auditor's update as of December 2014:** No change. See recommendation #12 above. Target date: 6-15. **Auditor's update as of June 2015:** No change. See recommendations #12 and #13 above. Staff is in the process of documenting utility rate setting and CIP development procedures. Target date: 12-15. **Auditor's update as of December 2015:** No change. Target date: 12-16.

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

This audit focused on the handling of workplace injuries and the timeliness of treatment and recovery. Of the 15 recommendations, 4 were previously implemented, 1 was implemented during this period, 6 are partly implemented, and 4 are not implemented.

#2: We recommend the Administration and the Fire Department develop and implement a comprehensive and aggressive, time-limited modified duty program matched to employee experience and addressing upcoming training needs, where possible. The program should include on-going communication and continuous monitoring of an employee's status and work restrictions through the City's Workers' Compensation Division, Employee Health Services, and/or a designated third party.	Fire	Partly Implemented	**Auditor's update as of December 2012:** The Fire Department has been working with its training division to ensure that all employees returning to work from a disability complete their outstanding training requirements. Finally, the department plans to require supervisors to call disabled employees for a wellness check. Target date: 6-13. **Auditor's update as of June 2013:** The Fire Department has begun to monitor an employee's status and work restrictions. Employees are required to call the wellness coordinator on a weekly basis to provide a status update. Employees returning to work are assigned to complete their mandated training and returned to the field as soon as that training is completed. Employees are required to call the department workers' compensation coordinator on a weekly basis to provide a status update.

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			Finally, the department has directed Battalion Chiefs to contact individual employees to inquire about their well-being. Target date: 12-13.
			Auditor's update as of December 2013: No change. Target date: 12-14.
			Auditor's update as of June 2014: The Third Party Administrator (Athens) has taken the lead in communication with doctors regarding worker injury status and restrictions. The Fire Department's Return-To-Work Coordinator tracks employee return dates and works with a department deputy chief to ensure that returning employees have modified jobs available. In addition, the Fire Department is working on a Fire Injury Outreach Peer Support program called FIOPS. This program aims to provide peer support to injured employees and their family members. Tasks include assistance navigating the Workers' Compensation system, or the Employee Assistance Program (EAP), identifying any problems or challenges inclusive of the injury, work, life outside the fire department, personal issues, and family wellness. The Fire Department reports that eight employees volunteered to be peers and twelve employees volunteered to be injury referrals. The department anticipates providing training through the City's HR department in September and implementation thereafter. Target date: 12-14.
			Auditor's update as of December 2014: The Fire Department reports that there are six peers (with FIOPS orientation training) who are making outreach calls to injured employees providing information, advocacy, and ensuring their well-being. Further, the department reports that it will continue to work with the Human Resources Department to explore alternative methods of delivering additional training. Finally, the Department is in the process of looking at resources needed for the long-term sustainability of this program as well as to provide funding for a consultant to address the department's training needs. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#3: We recommend that the Administration review and update Fire Department job descriptions with more specific descriptions of the physical requirements of what employees actually do on a day-to-day basis, and make the job descriptions and physical requirements easily accessible to physicians.	Human Resources/ Fire	Not Implemented	**Auditor's update as of December 2012:** No change. Target date: 5-13.
			Auditor's update as of June 2013: No change. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: 12-14.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.

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#5: The Administration and Employee Health Services should streamline and refocus the annual physicals by a. removing duplication and focusing on job-specific and State-mandated requirements, and b. developing a process for handling those individuals who are unable to meet pre-determined minimum fitness thresholds. This may be subject to meet and confer and could be applicable to other employees in physically demanding positions around the City.	Human Resources	Not Implemented	**Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD. **Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#6: To ensure that Fire employees returning to the field from a long absence of any kind are physically able to perform their job functions, the City should develop a policy and process to require them to undergo a physical agility test. This may be subject to meet and confer, and could be applicable to employees in other physically demanding positions around the City.	Human Resources, Fire, and Employee Relations	Not Implemented	**Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD. **Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** The recently hired Workers' Compensation Division Manager will be reviewing Employee Health Services' responsibilities in order to ensure a streamlined process. Target date: 12-16.
#7: We recommend that the Administration clarify and reevaluate the role of Employee Health Services, including, potentially, its role in: a. testing employees' physical abilities to return to work after long leaves of absence, b. the Fire Department's return to work process, and c. regularly contacting physicians to clarify employee restrictions and provide them with details about the City's ability to accommodate the various restrictions.	Human Resources	Partly Implemented	**Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD. **Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** The Workers' Compensation Division Manager is working on developing a policy to ensure that all employees that return from a long absence are physically able to perform their job. The Division is working on contracting with a medical office to potentially provide these physicals. Currently this "fit for duty" test can be provided at the request of the employee's doctor. Target date: 12-16.
#8: To ensure proper attention is given to the cost of workplace injuries, the Fire Department should a. work with the Workers' Compensation Division to develop and report on the total costs of disability leave (including the cost of backfilling employees on disability leave), and b. develop goals to reduce these costs by getting employees back to work as soon as possible.	Fire	Partly Implemented	**Auditor's update as of December 2012:** No change. Target date: TBD. **Auditor's update as of June 2013:** No change. Target date: TBD. **Auditor's update as of December 2013:** No change. Workers' compensation costs for the Fire Department have increased. Knowing the total costs of worker injuries and setting goals to reduce injuries and costs should be done in order to reducing these costs. Target date: TBD.

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			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: The Fire Department has been tracking disability leave hours. The Fire Department's annual report on overtime includes cost implications of absences. The department still needs to develop total costs of backfilling employees on disability leave and goals to reduce these costs. Target date: TBD.
			Auditor's update as of June 2015: The Fire Department annually reports to City Council the impact of total absences (including disability hours) and vacancies on overtime costs. However, the Department has not quantified the specific cost impact of backfilling for disability hours. The department reports that its current systems require manual interface, necessitating resources to implement this element of the recommendation. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#12: We recommend that the Fire Department review injury data and incorporate the review results into regular safety trainings.	Fire	Partly Implemented	**Auditor's update as of December 2012:** No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: 12-13.
			Auditor's update as of December 2013: The Safety Committee has begun reviewing injury data. The department Safety and Wellness Program Manager is working on incorporating the review results into regular safety trainings. Target date: TBD.
			Auditor's update as of June 2014: The Fire Department's Safety and Wellness Program Officer reports that he is working with Athens' injury tracking software and is in the process of creating a new self-made tracking program using Microsoft Access and Excel for injury reporting. We will review the results of this process and its impact during the next follow-up cycle. Target date: 12-14.
			Auditor's update as of December 2014: The Department reports that staffing issues have impacted the time line. Target date: TBD.
			Auditor's update as of June 2015: The Fire Department is working with HR to refine the injury collection data processes that allow for training. Target date: TBD.
			Auditor's update as of December 2015: The Fire Department has worked with the City's Workers' Compensation Division Manager to develop an injury report that best meets their needs. The report was provided to the Department's Safety Committee meeting in January 2016. The Department intends to use this data to provide trainings for preventing similar injuries. Target date: TBD.
#13: We recommend that the Fire Department provide workers' compensation and HIPAA privacy training to all relevant employees.	Fire	Not Implemented	**Auditor's update as of December 2012:** No change. Target date: TBD.
			Auditor's update as of June 2013: No change. Target date: 12-13.
			Auditor's update as of December 2013: No change. Target date: TBD.

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			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#14: We recommend that the Fire Department prioritize improving its safety culture by dedicating the appropriate personnel with the right authority to enforce and coordinate changes and raise awareness about employee injuries.	Fire	Partly Implemented	**Auditor's update as of December 2012:** As mentioned in the audit, budget reductions in the Fire department have resulted in the loss of the designated Safety Officer position in the Fire Department. To a large extent, the Bureau of Field Operations has been assuming functions previously assigned to a dedicated Department Safety Officer. According to the department, as the budget situation improves, the Department may make recommendations related to additional resources. Target date: TBD.
			Auditor's update as of June 2013: Discussions on having a "rotating" safety officer position continue. The Department is also participating in a two year University of Georgia study to help identify factors that promote safe work factors and help prevent firefighter injuries. Target date: 12-13.
			Auditor's update as of December 2013: The Department still does not have a Department Safety Officer. The Department reports that many of the Safety Officer duties are being done by a Battalion Chief whose current role is the Safety and Wellness Program Officer. The Battalion Chief has been working with Human Resources to get injury data, safety trainings and targeted medical screenings. Target date: TBD.
			Auditor's update as of June 2014: The Fire department is reviewing functions related to the Safety Officer position to explore the feasibility of a budget action. Target date: 6-15.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#15: We recommend that subject to meet and confer with the bargaining units, the City should discontinue its practice of paying Fire and Police employees' premium pays when the employees are off of work due to a disability.	Employee Relations	Partly Implemented	**Auditor's update as of December 2012:** No change. Target date: TBD.
			Auditor's update as of June 2013: The City proposed, and the arbitrator agreed to discontinue POA employees' eligibility for premium pays when the employees are on a paid or unpaid absence, or off of work due to a disability, for more than one consecutive pay-period. Effective July 2013, POA employees will not be paid premium pays, other than canine pay, if off of work for more than one consecutive pay-period. This also will be subject to negotiations with the San Jose Fire Fighters. Target date: TBD.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.

			Auditor's update as of December 2014: OER reports that this is part of the negotiations with IAFF. Target date: 12-15.
			Auditor's update as of June 2015: OER reports that In the agreement reached between the City and IAFF Local 230 as the result of 2015 contract negotiations, it is agreed that during the term of the contract (July 1, 2014 through June 30, 2018), the Labor Management Committee (LMC) will discuss operational issues within the San Jose Fire Department, including premium pays. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
			POTENTIAL BUDGET IMPACT: $600,000.

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

The purpose of this audit was to assess the impact of position eliminations, including layoffs, have affected the organization. The 7 recommendations, 2 was previously implemented, 2 were implemented during this period, and 3 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: We recommend eliminating bumping from the City's civil service rules as it is not cohesive with the City's modernized broadband classification structure nor with the complex and specialized work that many City employees do. If elimination is not possible, we recommend: limiting bumping to intradepartmental bumping only, limiting the number of people who can bump into a given position over a given time period, limiting the number of bumps and reinstatements into a given work unit over a given time period, and/or lowering the threshold for meeting position exemption requirements.	Employee Relations	Not Implemented	**Auditor's update as of December 2012:** The City will evaluate this recommendation during the upcoming negotiation process. Target date: TBD. **Auditor's update as of June 2013:** This recommendation was not addressed during recent negotiations. The City will evaluate this recommendation during subsequent negotiations. **Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#2: Modify the reinstatement process to a) Allow departments to choose the most qualified candidate on the City reinstatement lists when such lists are in effect, regardless of seniority. b) Develop an exemption process for managers who have compelling cases for not filling critical positions from reinstatement lists. c) Allow employees to waive reinstatement for a certain time period or a certain number of opportunities.	Employee Relations	Not Implemented	**Auditor's update as of December 2012:** The City will evaluate this recommendation during the upcoming negotiation process. Target date: TBD. **Auditor's update as of June 2013:** This recommendation was not addressed during recent negotiations. The City will evaluate this recommendation during subsequent negotiations. **Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#3: Pursue changes to the layoffs, bumping and reinstatement rules that subordinate seniority and factor in applicable job skills, recent job performance and disciplinary records.	Employee Relations	Not Implemented	**Auditor's update as of December 2012:** The City will evaluate this recommendation during the upcoming negotiation process. Target date: TBD. **Auditor's update as of June 2013:** This recommendation was not addressed during recent negotiations. The City will evaluate this recommendation during subsequent negotiations. **Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#4: Where possible, Human Resources should update job classification specifications to reduce barriers to entry such as previous work experience, starting with open positions.	Human Resources	Implemented	**Auditor's update as of December 2012:** The Human Resources Department advises that it is seeking opportunities to add and/or redirect existing resources to review and modernize job specifications. Target date: TBD. **Auditor's update as of June 2013:** The Human Resources Department advises that it is seeking opportunities to add and/or redirect existing resources to review and modernize job specifications. Target date: TBD. **Auditor's update as of December 2013:** The Human Resources Department advises that it is seeking opportunities to add and/or redirect existing resources to review and modernize job specifications. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** Human Resources is developing a strategic plan that will identify a target number of classifications to review yearly so that all classifications are reviewed over a five-year cycle on an on-going basis. Target date: 12-15. **Auditor's update as of June 2015:** Funding was approved in the FY 2015-16 Budget for an overstrength position and use of consultant to revise critical job specifications. Target date: 12-15. **Auditor's update as of December 2015:** HR identified 87 "critical" classifications to receive priority for updates and has already completed those reviews. HR has also received funding and approval for using a consultant to review an additional 69 classifications this spring. The Department will continue to review the remaining classifications will the additional staff resources HR now has as referenced in Recommendation #5.
#5: To address existing vacancies and future hiring and training needs, the City Manager should consider adding resources to the Human Resources Department.	City Manager	Implemented	**Auditor's update as of December 2012:** This recommendation will be evaluated during the City's upcoming budget process. Target date: 6-13.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2013: The City has added a Human Resources position in the budget for fiscal year 2013-14 to assist with Human Resources needs, particularly around training and staff development. Human resources has not posted this job yet, but plans to do so soon. Target date: 12-13.
			Auditor's update as of December 2013: Human Resources started to address this recommendation by hiring one Analyst in fiscal year 2013-14. This position has begun the process of coordinating with departments regarding training. With only one position focused on citywide training, the ability to fully implement this recommendation is limited. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: The Department received funding and has brought three analysts and one office specialist into the HR training and hiring processes to address this recommendation.

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

The objective of our audit was to review the current administration of the City's Deferred Compensation Program with a focus on the crediting and handling of employee accounts. Of the 8 recommendations in the report, 6 were previously implemented, 1 was partly implemented, and 1 is not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#4: The City Attorney's Office and Human Resources should review the Deferred Compensation Plans and draft amendments to the Municipal Code as follows: a) Assign responsibility for administering the Plans to the City Manager or her designee, including the operation and interpretation of the Plans in accordance with their terms and contractual authority to enter into contracts for the administration of the Plans. b) Clarify the oversight role and responsibilities of the Deferred Compensation Advisory Committee, including reviewing and advising on annual budgets and proposed changes to the Plan document, the Investment Policy, and the investment menu, and reduce the Committee's required meeting frequency to a semiannual or as-needed basis. c) Leave the basic provisions of the Deferred Compensation Plans in the Municipal Code (Name, Purpose, Establishment of Trust, Definitions, Deferral of Compensation, Participation	Human Resources & City Attorney	Not Implemented	**Auditor's update as of June 2013:** According to HR staff, they have started working with the CAO to draft an amendment to assign responsibility for administering the Plans to the City Manager or her designee that clearly delineates the roles and responsibilities of the DCAC. This amendment will also authorize the City Manager or her designee to prepare and adopt a stand-alone Plan document. HR staff is currently reviewing plan documents from other jurisdictions to determine what specific provisions should be removed from the Municipal Code. Once that is complete, a new stand-alone plan document will be sent to and reviewed by the CAO before being submitted to City Council for approval. Target date: 6-14. **Auditor's update as of December 2013:** According to HR staff, current contract with outside tax counsel expires in March of 2014. Municipal code amendments will be postponed until an RFP is issued and a new contract is awarded. Target date: 9-14. **Auditor's update as of June 2014:** The CAO has recently retained outside tax counsel for assistance on the preparation of a qualified stand-

Audit Report and Recommendation	Department	Current Status	Comments
in the Plan, and Administration of the Plan, etc.), and remove the specifics of the Plans so that they can be put in stand-alone Plan documents. d) Authorize the City Manager or her designee to prepare and adopt the stand-alone Plan documents and update the Plan documents as necessary to conform with necessary legal or operational changes (while requiring any benefit changes to be approved by the City Council).			alone deferred compensation plan and the Municipal Code amendments. The CAO can start working on the revisions with HR immediately, however anticipated completion is expected to be 2015. Target date: 6-15. **Auditor's update as of December 2014:** The CAO and HR are in discussions for revisions to the Municipal Code and plan documents. Anticipated completion is expected to be in 2015. Target date: 12-15. **Auditor's update as of June 2015:** The CAO is working with outside counsel on revisions to the Municipal Code and plan documents. Target date: 3-16. **Auditor's update as of December 2015:** The CAO is working with outside counsel on revisions to the Municipal Code and creation of separate plan documents to bring to the DCAC meeting in June, 2016. Target date: 12-16.
#8: The City should require the Deferred Compensation Plans' third party administrator to include a detailed list of participant fees on printed and electronic quarterly statements. These fees should convey both the administrative and management expenses as individual items as both a percent as well as the actual dollar amount of fees paid by the participant.	Human Resources	Partly Implemented	**Auditor's update as of June 2013:** According to HR, the City's third party administrator has committed to comply with the Department of Labor's new fee disclosure requirements for ERISA governed plans by January 1, 2014. Target date: 6-14. **Auditor's update as of December 2013:** According to HR, the City's third party administrator is waiting for the SEC's authorization to extend this ability to non-ERISA plans. New target date: TBD. **Auditor's update as of June 2014:** The City's third party administrator is still waiting for further clarification from the SEC. Target date: 2-15. **Auditor's update as of December 2014:** HR has uploaded information to the City's deferred compensation webpage with the current indirect and direct participant fees as a percentage of each plan offering. HR is continuing to work on a plan to disseminate this information either electronically or via quarterly account statements. Target date: 5-15. **Auditor's update as of June 2015:** According to HR, the City's third party administrator will include fee disclosures in quarterly newsletter scheduled to be sent to all participants in September 2015. Target date: 10-15. **Auditor's update as of December 2015:** A fee disclosure draft is currently with the third party administrator's compliance group and will be mailed to all plan participants by June 30, 2016. Target date: 12-16.

OFFICE OF ECONOMIC DEVELOPMENT PERFORMANCE MEASURES: EXISTING MEASURES ARE GENERALLY MEANINGFUL, USEFUL, AND SUSTAINABLE, BUT CAN BE IMPROVED (Issued 2/13/13)

This report was one in a series of departmental performance measure reviews by the Auditor's Office to improve the quality of performance data. Of the 4 recommendations in the report, 3 were previously implemented, and 1 is partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#4: The Office of Economic Development should assess—by core service—how performance data can be used by management and staff on an ongoing and frequent basis to help analyze past performance, to establish next performance objectives and targets, and to examine overall performance strategies.	Economic Development	Partly Implemented	**Auditor's update as of June 2013:** All divisions of OED presented their achievement plans for fiscal year 2012-13 and their 2013-14 workplans to OED leadership in July 2013. OED Management has a planned an early September retreat to discuss the 2013-14 workplans and the associated performance appraisal targets under each workplan. Target date: TBD. **Auditor's update as of December 2013:** OED will continue periodic check-ins on performance and workplan progress. The workplan review includes an update of the department's portfolio dashboard, which also identifies activity by core service. Target date: TBD. **Auditor's update as of June 2014:** All workgroups of OED are developing fiscal year 2014-15 workplan goals that will be shared with all OED staff. Supervisors will strengthen linkages between workplan goals and department performance measures, and individual achievement plans this fiscal year. Target date: TBD. **Auditor's update as of December 2014:** OED continues to update and track its workplans and portfolio dashboard on a quarterly basis. In addition, OED is analyzing its current budget, contract, fiscal, human resources, and procurement processes to streamline and improve them. Target date: 1-16. **Auditor's update as of June 2015:** OED has begun defining and evaluating its programs, including each program's costs, resources, and revenues. This project runs parallel to the implementation of a new budget system in 2016-17. Target date: 7-16. **Auditor's update as of December 2015:** OED continues to define and evaluate its programs in preparation of the implementation of the new budget system. The charge code structures for the Office of Cultural Affairs, Real Estate, and W2F have been modified to better align with the actual work being performed within each program. The Business Development area will be evaluated during the next period. Target date: 12-16.

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

This audit focused on the non-development fire prevention services provided by the Fire Code Compliance Division of the Bureau of Fire Prevention and related Fire Code inspections performed by fire station personnel. Of the 20 recommendations in the report, 7 were previously implemented, 1 was implemented in this period, 9 are partly implemented, and 3 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Fire Department should develop and implement a written plan for ensuring timely follow-up on outstanding Fire Code violations.	Fire	Partly Implemented	**Auditor's update as of June 2013:** The Department continues to work to resolve issues related to outstanding safety violations, and will develop and implement a detailed plan for follow-up on such violations. As routine inspections are completed, the Department is ensuring that outstanding violations are addressed and closed. The Department is in the process of automating reports that will update the Bureau on all facilities that have open violations when a re-inspection is due. Target date: 12-13. **Auditor's update as of December 2013:** The Department developed and implemented a written plan for ensuring timely follow-up on outstanding Fire Code violations. The plan is being used to train Bureau of Fire Prevention (BFP) Inspectors and create procedures for use during inspections. A timeline is being developed to train sworn line personnel in these procedures. As routine inspections are completed, the Department is following these written plans to ensure that outstanding violations are addressed and closed. The Department is developing a process to automate reports that will update the Bureau on all facilities that have open violations when a re-inspection is due. The Department advises that additional resources may be required to complete this process and a funding source will be identified. Target date: 12-14. **Auditor's update as of June 2014:** The Department has developed reports to check the status of all outstanding violations and monitor follow-up inspections on a monthly basis. A consultant study (funded in the 2014-2015 Adopted Operating Budget) will include a review of the Department's business processes. Results of this study, expected early 2015, could result in further improvements in this area. Target date: 6-15. **Auditor's update as of December 2014:** In December 2013, the Department developed and implemented a written plan for ensuring timely follow-up on outstanding Fire Code violations. Reports were developed to check the status of all outstanding violations and monitor follow-up inspections on a monthly basis. Results of a Fire Department consultant review are still pending. Target date: TBD. **Auditor's update as of June 2015:** The Department's Request for Proposal process for a consultant to study the Fire Department's non-development fee program should be completed by fall 2015. The

Audit Report and Recommendation	Department	Current Status	Comments
			Department's current procedures for follow-up on outstanding Fire Code violations will be included in the consultant's study. Target date: TBD.
			Auditor's update as of December 2015: The Department advises that it has selected a consultant to conduct a study of the Fire Department's non-development fee program (including an analysis of risk-based fee structures). The consultant is expected to begin its work summer of 2016. Target date: TBD.
#3: The Fire Department should: (a) enforce the BFP policy regarding the issuance of administrative citations for recurring violators as a means to encourage compliance and promote safety, (b) ensure that staff applies fines in the Administrative Citation procedure consistently, and (c) ensure that the Department is charging for all re-inspections.	Fire	Partly Implemented	**Auditor's update as of June 2013:** The Fire Department advises that it is looking into (a) evaluating administrative citations as a means of encouraging compliance and promoting safety and (b) staff training for consistent application of administrative citations. The Department is exploring resources to track and consistently apply fines in the administrative citation process. On recommendation (c), the Fire Department currently charges for re-inspections conducted by Fire Inspectors but not re-inspections done by the line. Target date: TBD.
			Auditor's update as of December 2013: (a) The Fire Department completed an Administrative Citations Policy document to enforce BFP policy regarding the issuance of administrative citations for recurring violations as a means to encourage compliance and promote safety. The Department advises that Fire Inspectors will provide written information on the BFP annual inspection process to customers in order to make them aware of this policy implementation. (b) Fire Inspectors have been trained on the BFP Administrative Citations Procedure Manual to ensure they apply fines consistently. (c) The Fire Department currently charges for re-inspections conducted by Fire Inspectors. The amount charged corresponds to the time it takes to conduct the re-inspection. The Department does not currently charge for re-inspections done by the line. Target date: TBD.
			Auditor's update as of June 2014: (c) The 2014-2015 budget provides funding for a consultant to study the current fee levels, compare fees to other jurisdictions, and provide recommendations to adjust the fees accordingly. This study is expected to be completed early 2015. Target date: 6-15.
			Auditor's update as of December 2014: A forthcoming consultant study of the Fire Department's non-development fee program will include recommendations on a fee structure model that will consistently and fairly apply fees to recover the appropriate level of cost recovery. Target date: TBD.
			Auditor's update as of June 2015: (c) The Fire Department anticipates that by fall 2015, a consultant will be on board to analyze the current Fire Department fee structure, including fees for reinspections. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2015: (c) see Recommendation #1. Target date: TBD.
#6: Fire Department management should (a) ensure that necessary data (inspections, staff activities, etc.) is entered into FireHouse consistent with the policies in Recommendation #4, (b) confirm that the programming/queries underlying the useful reports in FireHouse are accurate and provide the content that management understands it to include, and (c) use the reporting tools in FireHouse to manage workload and staff more effectively.	Fire	Partly Implemented	**Auditor's update as of June 2013:** The Department advises that the process of programming FireHouse has begun (see recommendation #5). Target date: TBD.
			Auditor's update as of December 2013: As described in Recommendation #4, the Fire Department created and will maintain desktop manuals that serve as a ready reference for new employees. BFP Inspectors have been trained on these procedures and are currently implementing them. (a) As part of the quality assurance process, an automated random sample of entries is reviewed to validate data entry in FireHouse and ensure consistency with policies. (b) Programming/queries in FireHouse are currently being reviewed to ensure information is accurate and meeting the needs of the Department. (c) The BFP will continue to work with Fire Administration Information Technology staff to ensure that reporting tools are available to analyze resource allocation and workload management. Target date: TBD.
			Auditor's update as of June 2014: (c) Working with Fire Administration Information Technology staff, Bureau of Fire Prevention has developed reporting tools in FireHouse. These reporting tools are used regularly by BFP staff to analyze resource allocation and workload management. The Department is continuing to analyze how inspection hours may be used to further manage inspector workload. Target date: 12-14.
			Auditor's update as of December 2014: The Fire Department and the City Manager's Office completed a Request for Proposal for an organizational review of the Fire Department. This study would include evaluation and recommendations for improvements in data analytics to assist in operations management. This phase of the study is expected to be completed by August 2015. Resources to address gaps and meet data analytics needs of the Department, including reliable reporting tools in FireHouse, could be included in the Fire Department's budget proposals. Target date: TBD.
			Auditor's update as of June 2015: (c) The Department continues to work on reporting tools in FireHouse to more effectively manage workload and staff. A consultant in fall 2015 will review the Fire permit fee structure, including time cycles and staffing impacting inspection schedules. Target date: TBD.
			Auditor's update as of December 2015: (c) see Recommendation #1. Target date: TBD.
#7: Fire Department management should use the data in the staff activity report to analyze how inspection workload compares to staffing levels.	Fire	Partly Implemented	**Auditor's update as of June 2013:** On a monthly basis, the Bureau of Fire Prevention tracks the number of inspections to evaluate workload. The Department advises that as information technology and analytical resources become available, it will make improvements in its current

methodology and more effectively utilize staff activity data to allocate inspection resources. Target date: TBD.

Auditor's update as of December 2013: On a monthly basis, the BFP tracks inspections to evaluate workload and time spent performing inspections, comparing workload for inspections with staffing levels. The Department will continue to make improvements in its current methodology and work with information technology and analytical staff to more effectively utilize staff activity data to allocate resources. Target date: TBD.

Auditor's update as of June 2014: On a monthly basis, the BFP tracks the number and type of inspections to evaluate workload and performance, comparing workload for inspections with staffing levels. The Department has made improvements in its current methodology and working with information technology and analytical staff, has created automated reporting tools that more effectively utilize staff activity data to allocate resources. As noted in Recommendation #6, the Department is continuing to analyze how inspection hours may be used to further manage inspector workload. Target date: 12-14.

Auditor's update as of December 2014: As discussed in the status update for Recommendation #1, a study of the Department's non-development fee program will be conducted. This study would provide extensive qualitative and quantitative analysis of fire/life safety and hazardous materials inspection business processes, including information such as time cycles and staffing impacting inspections schedules. Target date: TBD.

Auditor's update as of June 2015: See Recommendation #1. Target date: TBD.

Auditor's update as of December 2015: See Recommendation #1. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#8: The Fire Department should train staff on the use of FireHouse software to produce more reliable data and more effective data analysis.	Fire	Implemented	**Auditor's update as of June 2013:** The Department advises that it is working to retrain all department staff on the use of FireHouse, and is improving its information technology and analytical resources (see recommendation #5). Target date: TBD.

Auditor's update as of December 2013: As described in Recommendation #4, the Fire Department created and will maintain desktop manuals that serve as a ready reference for new employees. BFP Inspectors have been trained on these procedures and are implementing them. The Department is currently developing a schedule to conduct training for sworn line personnel. The Fire Department continues with its recruitment efforts to fill information technology and analytical positions. The Department advises that the recent hiring of analytical staff will allow it to allocate more resources to conduct data analyses. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2014: The Department has completed training staff on the use of FireHouse. Additional Information Technology/analytical resources would continue current efforts and provide more automated reports to manage daily operations. Target date: TBD.
			Auditor's update as of December 2014: See Recommendation #6. Target date: TBD.
			Auditor's update as of June 2015: The Department advises that although staff training on FireHouse has been completed and continues to be conducted for new staff members, staffing resources have impacted the Fire Department's ability to make improvements on FireHouse automated reports. Target date: TBD.
			Auditor's update as of December 2015: Staff have been trained on the current usage of FireHouse software. Ongoing training and desktop manuals aid in the continuation of this training for new staff. As noted in Recommendation #6 part c, a review of Fire non-development fee program may result in updated FireHouse reporting. Target date: TBD.
#9: The Department should reexamine its non-development fire permit fee structure to charge San José facilities based on fire safety risk.	Fire	Not Implemented	**Auditor's update as of June 2013:** The Fire Department's fees for facilities to obtain Fire Safety permits are based on the business type of facility, as classified by the California Building Code and as modified by the San José Fire Department. As additional resources become available, the Department will conduct an analysis of its non-development fire permit fee structure based on fire safety risk. Target date: TBD.
			Auditor's update as of December 2013: The Department advises that it is currently reviewing examples of risk-based fee structures from the City of New York Fire Department (FDNY) in order to determine the efficacy of a risk-based methodology for inspections and fees for the City of San José. Target date: TBD.
			Auditor's update as of June 2014: In response to recommendations contained in this audit, the 2014-2015 Adopted Operating Budget allocates funding for consultant services to conduct a fee study of the Fire Non-Development Fee Program. This study, expected to be completed by early 2015, will reexamine the Fire Department's fee structure to charge San Jose facilities based on fire safety risk. Target date: 6-15.
			Auditor's update as of December 2014: The forthcoming study of the Fire Department's non-development fee program will include an analysis of "risk-based" inspection/fee models and their applicability to the City of San José fire and hazardous materials inspections. Target date: TBD.
			Auditor's update as of June 2015: The Department's Request for Proposal process for a consultant to study the Fire Department's non-development fee program should be completed by fall 2015. Analysis of "risk-based" inspections/fee models and their applicability to the City of

Audit Report and Recommendation	Department	Current Status	Comments
			San Jose's fire and hazardous materials inspections will be included in the consultant's scope of work. Target date: TBD.

Auditor's update as of December 2015: No change. See Recommendation #1. Target date: TBD. |
| #10: The Fire Department should work with the Finance Department to ensure timely and sufficient follow-up on overdue accounts. The Finance and Fire Departments should work together to develop written policies and procedures that outline the division of responsibility for accounts between the Fire Department and the Finance Department. | Fire and Finance | Partly Implemented | **Auditor's update as of June 2013:** The Fire Department advises that it will work with the Finance Department to ensure timely and sufficient follow-up on overdue accounts. Fire and Finance staff members will work on developing written policies and procedures that would define responsibility of accounts between the Fire and Finance departments. Target date: TBD.

Auditor's update as of December 2013: The Fire Department advises that written policies and procedures that define responsibility of accounts between the Fire and Finance departments, including invoicing, adjustments, and write offs, have been developed and are being reviewed. Target date: 6-14.

Auditor's update as of June 2014: Fire Department's Accounting Technician continues to work with the Finance Department on overdue accounts. Aging reports are given by the Accounting Technician to the Finance Department's Investigative Collectors. In addition, Finance and Fire staff members continue to work on resolving issues related to overdue accounts.

The Fire Department has completed its draft of written policies and procedures that define billing and collection processes and areas of responsibility for the Fire and Finance Departments (including invoicing, adjustments and write-offs). These draft procedures are currently under review by the Finance Department. Finance expects to complete its review by December 2014. Target date: 12-14.

Auditor's update as of December 2014: No change. Target date: TBD.

Auditor's update as of June 2015: The Finance Department advises that collection efforts have been expanded to ensure timely follow-up on overdue accounts. Finance has resolved outstanding questions with the Fire Department and will be finalizing the draft procedures. Target date: 12-15.

Auditor's update as of December 2015: No change. See Recommendation #1. Target date: TBD.

POTENTIAL BUDGET IMPACT: The audit identified $1.2 million in one-time savings that could be generated by collecting revenue from overdue accounts. |

Audit Report and Recommendation	Department	Current Status	Comments
#12: The Fire Department should update the organizational chart of Fire Administration, ensure that the appropriate separation of duties is in place, and develop written policies and procedures regarding billing processes. Such policies and procedures should address functions such as account: (a) invoicing (b) adjustments and credits (c) collections and (d) write-offs.	Fire	Partly Implemented	**Auditor's update as of June 2013:** The Department anticipates that staff will be available by late 2013 to enable the implementation of these recommendations. Target date: TBD. **Auditor's update as of December 2013:** An organizational chart for Fire Administration has been completed along with policies and procedures directly related to Fire Department (such as (a) invoicing, (b) adjustments and credits, and (d) write-offs). As described in Recommendation #10, the Department advises that (c) policies and procedures related to collections are being reviewed. Target date: TBD. **Auditor's update as of June 2014:** The Fire Department has completed its draft of written policies and procedures that define responsibility of accounts between the Fire and Finance departments, including invoicing, adjustments, and write offs. These are currently under review by the Finance Department. Target date: 12-14. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#14: The Fire Department should revise the calculation of state-mandated inspections to include only those that are state-mandated, or revise the wording of the performance measure to accurately reflect what it measures. The Department should determine whether to continue annual inspections of assemblies and facilities with hazardous materials in the context of a comprehensive risk assessment.	Fire	Partly Implemented	**Auditor's update as of June 2013:** The Department will continue to work on reviewing its methodologies for calculating performance measures. Target date: TBD. **Auditor's update as of December 2013:** The Department advises that it is in the process of reviewing the calculation of performance measures. Currently, the Department continues to treat assemblies and facilities with hazardous materials as inspections that have to be conducted annually (along with State-mandated facilities) to protect life, property, and the environment. This practice is based upon an established occupancy risk assessment. Target date: TBD. **Auditor's update as of June 2014:** As recommended in this April 2013 audit, the Fire Department reviewed its methodology for calculating State-mandated inspections. Assemblies are now excluded from the State-mandated inspections. The Department however, continues to track inspection activities for Assemblies separately. The inclusion of hazardous materials inspections is under review. The 2014-2015 budget allocates funding for consultant services to conduct a fee study of the Fire Non-Development Fee Program. This study will include a review of business processes and will reexamine the non-development fire permit fee structure to charge San Jose facilities based on fire safety risk. Target date: 6-15. **Auditor's update as of December 2014:** As described in the June 2014 update, the Fire Department updated its methodology for calculating state-mandated inspections. Assemblies are now excluded from the state-mandated inspections performance measure. The Department

			continues to track inspection activities for Assemblies separately. The Auditor's Office notes that the inclusion of hazardous materials inspections is still under review. As described in the update for Recommendation #9, the forthcoming study of the Department's non-development fee program will include an analysis of risk-based inspection/fee models and their applicability to the City of San Jose fire and hazardous materials inspections. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. See Recommendation #1. Target date: TBD.
#16: The Fire Department should develop and implement a risk-based plan for prioritizing inspections that includes analysis of factors such as where fires have occurred, outstanding violations, building structure, and type of occupant. The Department should actively manage staff activities to ensure the plan's ongoing use and document progress towards completing inspections of riskiest facilities.	Fire	Not Implemented	**Auditor's update as of June 2013:** The Department advises that additional resources are necessary to implement this recommendation. Target date: TBD.
			Auditor's update as of December 2013: The Department is in contact with other jurisdictions, including FDNY, to study risk-based plans for prioritizing inspections. The Department advises that it has implemented a partial prioritization by grouping inspections within geographic spheres to reduce travel time between inspections, since prioritizing inspections only by risk factor would increase travel time and decrease the number of inspections completed. Target date: TBD.
			Auditor's update as of June 2014: As previously discussed, a consultant study of the Fire Department's Non-Development Fee Program will review the Department's business processes and examine the non-development fire permit fee structure to charge San Jose facilities based on fire safety risk. Results of this study will be utilized in the development and implementation of a risk-based plan for prioritizing inspections. Target date: TBD.
			Auditor's update as of December 2014: The scope of services of the Department's anticipated study of the non-development fee program will include an analysis of risk-based inspection/fee models and qualitative and quantitative analysis of current fire and hazardous materials inspection service delivery. Analysis will include fire/life safety and hazardous materials inspection business processes, including information such as time cycles and staffing impacting inspection schedules. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. See Recommendation #1. Target date: TBD.
#17: To implement a risk-based inspection approach, the Fire Department should develop a workload analysis that assesses: (a) staffing requirements in the Bureau of Fire Prevention, (b) the effective use of light-duty firefighters and line staff in fire prevention activities	Fire	Not Implemented	**Auditor's update as of June 2013:** (a) The Fire Department has a 15-month work cycle plan for Fire Inspectors. The Department advises that as information technology and analytical resources become available, it will make improvements in its current methodology and more effectively

Audit Report and Recommendation	Department	Current Status	Comments
including public education, and (c) how much additional time could become available if the Department conducted fewer re-inspections.			utilize staff activity data to allocate inspection resources. (b) The Department continues to use light duty personnel who have been trained to conduct fire safety code inspections. (c) As resources become available, the department will evaluate frequency of re-inspections. Target date: TBD.
			Auditor's update as of December 2013: The Fire Department currently implements a 15-month work cycle plan for Fire Inspectors. As information technology and analytical resources become available, the Department will develop a risk-based inspection approach to (a) assess staffing requirements. As described in Recommendation #16, the Fire Department has initiated contact with other jurisdictions, including FDNY, to study risk-based plans for prioritizing inspections. (b) The Department advises that, to the extent possible, it has been utilizing light duty personnel who have been trained in fire safety code inspections, analytics, and fire prevention education. (c) As resources become available, the Department will evaluate frequency of re-inspections. Target date: TBD.
			Auditor's update as of June 2014: As discussed in Recommendation #16, a consultant study of the Fire Department's Non-Development Fee Program will examine the non-development fire permit fee structure to charge San Jose facilities based on fire safety risk. Results of this study will be utilized in the development and implementation of a risk-based plan for prioritizing inspections. In addition, this study will review the Department's business processes and recommend adjustments to its fee structure. Target date: 6-15.
			Auditor's update as of December 2014: (a and c) As discussed in Recommendation #16, the Department will select a consultant to conduct a study of the Department's non-development fee program. The scope of services will include quantitative analysis of current fire and hazardous materials inspection service delivery (fire/life safety and hazardous materials inspection business processes, including information such as time cycles and staffing impacting inspection schedules). (b) As provided in June 2014, to the extent possible, the Department has been utilizing light duty personnel who have been trained in fire safety code inspections, analytics, and fire prevention education. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. See Recommendation #1. Target date: TBD.
#19: The Fire Department should develop a public education program based on the fact that many fires and most of the fire deaths in recent years occurred in multifamily residences. Public education efforts should include working with the community to provide education to	Fire	Partly Implemented	**Auditor's update as of June 2013:** The Fire Department's Strategic Plan incorporates public education and a public relations committee. This committee is developing public education modules and educational pamphlets for outreach presentations to community groups and neighborhood associations. Target date: TBD.

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children and other high-risk groups as well as education about and access to smoke detectors.			**Auditor's update as of December 2013:** No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: The Fire Department's Strategic Plan incorporates public education and a public relations committee. This committee is developing public education modules and educational pamphlets for outreach presentations to community groups and neighborhood associations.
			In addition, a consultant's organizational review of the Fire Department is expected to begin work in March-April 2015. The consultant's study would include an evaluation of Fire Department operations, including feasibility of engaging community resources for participating in large scale emergencies and fire prevention initiatives. This phase of the study is expected to be completed in August 2015. Target date: TBD.
			Auditor's update as of June 2015: The Fire Department will present results of the organizational review of the Department at a Public Safety, Finance, and Strategic Support Committee meeting in fall 2015. It is anticipated that results of the consultant study would include recommendations on engaging the community on public education and fire prevention efforts. Target date: TBD.
			Auditor's update as of December 2015: The organizational review of the Fire Department will be presented to the Public Safety, Finance and Strategic Support Committee in February 2016. The Department advises that recommended actions could be included in future budget processes. Target date: TBD.
#20: The Fire Department should continue to develop a Public Relations Committee as a way to connect with the community and provide targeted public education. The Department should assess the extent to which light or modified-duty firefighters could perform public education activities.	Fire	Partly Implemented	**Auditor's update as of June 2013:** The Fire Department advises that its public education staff and a public relations committee completed an initial work plan to reach out to neighborhood associations in all ten districts. Target date: 12-13.
			Auditor's update as of December 2013: No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: As described in Recommendation #19, the Fire Department's Strategic Plan incorporates public education and a public relations committee. This committee is developing public education modules and educational pamphlets for outreach presentations to community groups and neighborhood associations. A rollout of the program is expected to begin by Spring 2015. Target date: 6-15.
			Auditor's update as of June 2015: The Department reports that availability of resources has impacted its ability to roll out implementation of the public education modules in spring 2015. As resources become available, an updated time frame will be provided. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.

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

In September 2012, the City Council asked the City Auditor to determine: whether the taxi service model had yielded the results the City expected; whether Taxi San Jose was performing as expected; and the impact and effectiveness of the current airport permit allocations. Of the 6 recommendations in the report, 4 were implemented or closed during this period, 1 is partly implemented, and 1 is not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: To ensure fairness and consistency in the allocation of Airport on-demand authorizations, the City should: a) Enforce, modify, or eliminate the current minimum daily service obligation (5 days on airport and 5 days off-airport every 14 days, with a minimum of 4 trips per day); b) Document the reallocation methodology for *company* authorizations and amend the Municipal Code as necessary to reflect the current practices of (1) calculating annual San José trip volume excluding all airport trips, (2) allotting the minimum number of *company* authorizations only to the companies that need it, and (3) adjusting for rounding; c) Consider whether to adjust annual San José trip volume for the number of drivers, vehicles, or growth from prior year when reallocating *company* authorizations; and d) Consider whether to include annual San José trip volume in decisions whether to issue and renew *individual driver* authorizations.	Airport/DOT	Closed	**Auditor's update as of December 2013:** Airport staff proposed changes to the Airport Ground Transportation Program and On-Demand System, including taxicabs. At its March 4, 2014 meeting, the City Council directed the Airport to make significant changes to the on-demand authorization system, the on-demand dispatch contractor's responsibilities, and the ground transportation fee structure. The Airport anticipates making these changes by late fall of 2014, when a new contract with the on-demand dispatch contractor is to take effect. The City Auditor will monitor how the Airport's implementation of these changes addresses the audit recommendations. Target date: TBD. **Auditor's update as of June 2014:** Significant changes to the Airport's taxi system are pending and tied to a new contract for on-demand dispatching that would go into effect in early 2015. A draft Request for Proposal (RFP) for on-demand dispatch services would require proposers to detail their methodology for assigning trips, keeping driver idle times below 30 minutes, and managing operations. In June 2014, driver idle times were still very long at 1 hour and 6 minutes on average. Target date: TBD. **Auditor's update as of December 2014:** The Airport issued a Request for Proposal (RFP) for on-demand dispatch services in November that is responsive to the audit recommendations. The new contract start date and other system changes were delayed due to a City Council request to discuss the RFP language. In January 2015, driver idle times were still very long at 1 hour and 15 minutes on average. Target date: 6-15. **Auditor's update as of June 2015:** The Airport completed the RFP process and in June 2015 recommended that the City Council award a new contract to a dispatching vendor to make other system changes responsive to the audit recommendations. The City Council delayed the changes, and directed staff to bring back the reallocation of company authorizations and to study City-wide taxi policy changes in light of potential competition from Transportation Network Companies (TNCs). Meanwhile, taxi driver idle times were still long at 50 minutes on average in June 2015. Target date: 1-16. **Auditor's update as of December 2015:** On November 17, 2015 City Council accepted Staff's recommendations related to the On-Demand

Audit Report and Recommendation	Department	Current Status	Comments
			Ground Transportation Program. Per Council action, the City signed a restated contract agreement with Taxi San Jose in place of an RFP award; the Taxi San Jose agreement took effect on February 1, 2016. The Airport Waiting List to issue On-Demand Airport Ground Transportation Permits to *individual drivers* has been reinstated, and a revised process for reallocating *company* authorizations based on fleet size will be implemented and performed annually. As permits are surrendered, they will be reissued on a 50/50 balance—one to a company, one to a driver—until a 60 percent company permit to 40 percent driver permit balance is achieved. Amendments to Title 6 and Title 25 of the San Jose Municipal Code will be proposed to reflect these changes as appropriate. The minimum service obligation is no longer applicable.
#2: Since passenger and taxi trip volumes at the Airport are dynamic, the Airport should consider service needs, including driver idle times and trips per driver per day, when determining whether to: a) Renew or issue on-demand authorizations; b) Reduce the number of authorizations through attrition, revocation of conditional authorizations, and/or by enforcing the minimum service obligations; and/or c) Amend the rotation system.	Airport	Closed	**Auditor's update as of December 2013:** See Recommendation #1 above. Target date: TBD. **Auditor's update as of June 2014:** See Recommendation #1 above. Target date: TBD. **Auditor's update as of December 2014:** See Recommendation #1 above. Target date: 6-15. **Auditor's update as of June 2015:** See Recommendation #1 above. Target date: TBD. **Auditor's update as of December 2015:** See Recommendation #1 above for information on the new system for distributing company and driver On-Demand Ground Transportation Permits. The revised contract agreement clearly and strictly calls for a maximum driver idle time of 30 minutes; Taxi San Jose will be charged a penalty of $500 per occurrence for failing to meet this requirement. In addition, Taxi San Jose is to procure and deploy a technology solution that can dispatch vehicles directly to any approved loading, staging, or waiting area within 30 days of the execution of the agreement (February 1, 2016).
#3: As part of its upcoming RFP for on-demand dispatch operations, the Airport should solicit proposals that: a) Delegate monitoring and possibly enforcement of the service obligation, if needed, to the dispatch operator; b) Delegate as many administrative duties as possible to the dispatch operator; c) Detail how the operator will manage the proper supply of taxis; d) Reduce the effective cost per dispatch, without compromising customer service, for example with a revised minimum staffing requirement; and e) Require appropriate separation of accounting duties.	Airport	Closed	**Auditor's update as of December 2013:** See Recommendation #1 above. Target date: TBD. **Auditor's update as of June 2014:** See Recommendation #1 above. Target date: TBD. **Auditor's update as of December 2014:** See Recommendation #1 above. Target date: 6-15. **Auditor's update as of June 2015:** See Recommendation #1 above. Target date: TBD. **Auditor's update as of December 2015:** Under the restated contract agreement, fees for taxicab permits will transition (within 120 days of the Effective Date) from $270.00/month to $3.50/trip. The responsibility for collecting the permit fees and airport cost recovery fee has been

			delegated to Taxi San Jose. The new technology to be implemented within 180 days has provisions for more efficiently dispatching vehicles, and the contract agreement includes a $500 fine when driver idle time exceeds thirty minutes. The minimum service obligation is no longer applicable.
			Taxi San Jose has made efforts to foster appropriate separation of accounting duties. For example, the Board Chair reviews transactions initiated by the Contract Accountant using the Company credit card for incidentals deemed necessary for normal operations. Taxi San Jose's budget is reviewed by the Operations Manager and the full board before approval.
#4: The Administration should coordinate taxicab complaint handling by sharing data among departments, reviewing complaints received by private taxicab companies, and/or surveying customers.	Airport/DOT/ Police	Partly Implemented	**Auditor's update as of December 2013:** While verbal communication exists among departmental liaisons, the Administration indicated that it does not have the resources at this time to centrally collect complaints or to acquire a technology solution. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: 6-15.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: There is a formal process in place to share complaint data between the dispatch operator and Airport. Airport will pursue formalizing the process of sharing complaint data between Police and Airport. Departments have continued to communicate about interdepartmental issues regarding taxicabs. Target date: 6-16.
#5: The City Council should determine its cost recovery goal for the City's taxi-related activities as a whole, and direct the Administration to propose revenues as well as cost savings for these activities.	Airport, Budget, Police	Implemented	**Auditor's update as of December 2013:** The Airport plans to change its fee structure and fee amounts to attain cost recovery for the Airport Ground Transportation Program and On-Demand System. See Recommendation #1 above.
			Since September 2013, the Police's regulatory work has been carried out by a civilian employee rather than a police officer, in accordance with the recommendations of our Audit of Civilianization Opportunities in the San José Police Department. The Police and Transportation departments set their fees annually. The Auditor's Office will review cost recovery during the next budget cycle and after the Airport has implemented the changes. Target date: TBD.
			Auditor's update as of June 2014: Regarding Airport fees: No change. See Recommendation #1 above. Target date: TBD.
			Regarding the Police Department's fees: Fees for individual taxi drivers have decreased significantly in FY 2014-15 to reflect that more permit work is now carried out by a civilian employee rather than a police officer.

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			For example, the renewal of a 2-year taxi driver's permit costs $81, down from $103 in FY 2013-14.
			Auditor's update as of December 2014: Regarding Airport fees: No change. See Recommendation #1 above. Target date: 6-15.
			Auditor's update as of June 2015: Regarding Airport fees: In early 2014, the Airport had calculated a $2.30+$1.95 fee for each taxi pick-up to recover its regulatory costs. In August 2015 with the City Council's approval, the Airport began charging the new fee to taxis. Previously it had been $2.30 per taxi pick-up. Additional analysis of costs and fees will follow in 2016 with potential system changes. Target date: 1-16.
			Regarding Police fees: Fees for taxi companies have been cut nearly in half in FY 2015-16 to reflect that licensing is now carried out by a civilian employee rather than a police officer. For example, the annual renewal of a taxi company license costs $1,586, down from $2,993 in FY 2014-15. Some other fees, however, are increasing due to updated staff time estimates; the Budget Office is phasing in these fee increases over 5 years.
			Auditor's update as of December 2015: By City Council action, a cost recovery fee of $1.55 per trip, to be collected by Taxi San Jose, has been implemented. According to the contract agreement effective on February 1, 2016, the Airport Cost Recovery Fee will be adjusted annually. In addition to the annual adjustment, the Airport Cost Recovery Fee may be reevaluated and adjusted every three years to achieve full cost recovery as determined by the Director in the Director's sole discretion, without regard to any annual adjustment otherwise calculated.
#6: The City Council should consider seeking a regional approach to taxicab regulation.	City Manager	Not Implemented	**Auditor's update as of December 2013:** Currently there are no efforts underway to seek a regional approach; staff, however, is monitoring the California Public Utilities Commission's regulatory activities of Transportation Network Companies (which use online-enabled platforms to connect drivers with passengers). Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: The Santa Clara County Cities Association recently discussed the high cost of city-by-city regulation to taxicab drivers, and the potential for regional coordination of taxicab permits. Staff continues to monitor CPUC regulation of TNCs. Target date: TBD.

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

The purpose of this audit was to assess whether the City's oversight of consulting agreements was sufficient to ensure the City is getting the services it is paying for. Of the 15 recommendations in the report, 2 were previously implemented, 5 are partly implemented, and 8 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: To foster open competition for City contracts, we recommend that the City Manager's Office: a) Require unique services justifications to describe the department's effort to reach out to other potential vendors; b) Limit amendments to original agreements for non-competitively procured contracts if there is a substantial change in scope; c) Limit the number of years that such contracts can be amended or continued (including contract continuation agreements, options to renew and any other instrument that would substantively modify the original agreement); d) File approved unique services justification memoranda with the City Clerk's office; and e) Periodically report all non-competitively procured consulting contracts, perhaps in the City Manager's publicly available quarterly contract report.	City Manager	Partly Implemented	**Auditor's update as of December 2013:** The Finance department now includes whether a contract was non-competitively procured or retroactive in its quarterly report on contracts executed by Council appointees or designees. Target date: TBD**.** **Auditor's update as of June 2014:** No progress reported. **Auditor's update as of December 2014:** No progress reported. **Auditor's update as of June 2015:** The City Manager's Office reports that it has been working with departments to provide a memo outlining the rationale or outreach to other vendors when unique services agreements are necessary. The City Administration still needs to develop a policy requiring unique services justifications to describe the department's effort to reach out to other potential vendors. Finally, the Administration has not yet developed a policy limiting amendments to original agreements if there is a substantial change in scope or limiting the number of years these contracts can be amended or continued. Target date: TBD. **Auditor's update as of December 2015:** The City Manager's Office tracks and reports the procurement status of each processed consulting agreement. The City's contract transmittal form also conveys the department's procurement process. Recommended policy changes related to unique services justifications have not been implemented. Target date**:** TBD.
#4: We recommend the Administration improve enforcement of existing Municipal Code contracting requirements by: a) limiting retroactive contracts to situations where contract execution is in process and the contract has been competitively procured, b) including this information on the contract transmittal form, and c) periodically reporting on all retroactive consulting agreements regardless of the value or procurement method of the agreement, perhaps in the City Manager's publicly available quarterly contract report.	City Manager/ Finance	Partly Implemented	**Auditor's update as of December 2013:** The Finance department now includes whether a contract was non-competitively procured or retroactive in its quarterly report on contracts executed by Council appointees or designees. Target date: TBD**.** **Auditor's update as of June 2014:** No change. Target date: 12-14. **Auditor's update as of December 2014:** The Finance department and the CMO has previously implemented (b) and (c) of the recommendation. No change has been reported for (a). Target date: TBD. **Auditor's update as of June 2015:** The Attorney's Office reports that it has removed the retroactive provision from its consultant contract template. The template also discusses the limited circumstances where retroactive contracts would be allowable. While a few departments have

Audit Report and Recommendation	Department	Current Status	Comments
			begun using the template, it has not been distributed citywide. The City Attorney's Offices is still making changes to this template. Target date: TBD.
			Auditor's update as of December 2015: The City Attorney's Office (CAO) is finalizing the new contract forms. The CAO expects to launch the new forms along with a training component to City departments prior to August 2016. Target date: 8-16.
#5: The City Manager's Office should revisit the role of the Finance Department with respect to consultant procurements, evaluating whether its current level of involvement and resources is adequate.	City Manager	Not Implemented	**Auditor's update as of December 2013:** No progress reported: Target date: TBD.
			Auditor's update as of June 2014: No progress reported.
			Auditor's update as of December 2014: No progress reported.
			Auditor's update as of June 2015: The City Manager's Office reports that once the Finance department has filled a vacancy it will work with the department to assess if staffing and resources are adequate with respect to procurements of consulting contracts.
			Auditor's update as of December 2015: No change. Target date: TBD.
#6: The City should implement the "certified contract specialist" program, and/or provide regular procurement training to staff.	Finance	Partly Implemented	**Auditor's update as of December 2013:** Finance's Purchasing Division provided a pilot training to the Human Resources Department in October 2013. The training focused on various aspects of the RFP process including key responsibilities and processes and approvals needed prior to beginning the actual procurement. Purchasing intends to provide similar training to department liaisons. Finally, the Office of Economic Development is developing a list of required contract documents which will be included as part of this training. Target date: 6-14.
			Auditor's update as of June 2014: The City Administration provided training to various City staff in April 2014. The training focused on various aspects of contract formation and management. Finance is evaluating resource availability and the best methodology to roll out training to the rest of the City organization, potentially through a future Citywide training catalog offering. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: The Finance Department has received funds for 2015-16 for consulting services to assist in developing policies and procedures and training materials for financial functions in order to enhance internal controls throughout the City and for the procurement of cash and debt management software. Finance expects these materials for review in January 2016. Target date: 1-16.
			Auditor's update as of December 2015: No change. Target date: 9-16.

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#7: To lessen the burden on City staff while fostering improved competition in consultant procurements, the Finance Department should include in its annual procurement training simplified procurement processes for smaller consulting contract procurements while encouraging full and open competition, and define when these simplified processes can be used.	Finance	Not Implemented	**Auditor's update as of December 2013:** No change. Target date: 6-14. **Auditor's update as of June 2014** Finance plans to define and use simplified procurement methods. Target date: TBD. **Auditor's update as of December 2014:** See #6 above. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#8: We recommend that the City a) Reconcile overpayments as described above and get reimbursed for these overpayments, b) Document any changes in consulting contract terms or requirements through a formal contract amendment, and enforce existing contract terms. If the contract allows for changes in terms without amendments, such changes should be documented in writing, and c) Require contract managers to reconcile previously received deliverables to contract payments during the contract amendment process, prior to increasing contract amounts.	Finance	Partly Implemented	**Auditor's update as of December 2013:** No progress reported: Target date: TBD. **Auditor's update as of June 2014:** As reported previously, the SJPD requested and City Council approved prior year expenditures of $203,612.11 which included overpayments. It further extended its contract with Corona consulting for an additional year. Target date: TBD. **Auditor's update as of December 2014:** No change. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#9: We recommend the Administration develop Citywide policies and procedures on contract monitoring and management including: - a standardized contract management process, - organization of contract files, - checklists for tracking agreed-upon deliverables and line item budgets, - components of invoice review which link payments to contract deliverables, and - documenting deliverables prior to payment. We further recommend that the City require contract administrators to annually certify they have reviewed and understand those policies and procedures.	Finance	Not Implemented	**Auditor's update as of December 2013:** No progress reported: Target date: TBD. **Auditor's update as of June 2014** The City Administration conducted a Citywide training for department staff (primarily administrative officers) in April 2014. The training included contract procurement and management. However, these processes still need to be incorporated in Citywide policies and procedures. Once these policies have been developed the City needs to require its contract administrators to annually certify that they have reviewed and understand them. Target date: TBD. **Auditor's update as of December 2014:** Per direction from CMO, Finance will work with CMO to develop Citywide policies and procedures designation of accountability and training for contract monitoring and management. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#10: For inter-departmental contracts, we recommend the Administration require staff to designate a responsible staff member who would be accountable for all aspects of contract monitoring, including invoice approval and review.	Finance	Not Implemented	**Auditor's update as of December 2013:** No progress reported: Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: TBD. **Auditor's update as of December 2014:** See recommendation #9.

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			Auditor's update as of June 2015: No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.

#11: We recommend the Administration ensure that:
  a) Staff managing contracts conform with current City contract retention policies and, consistent with those policies, keep all documents related to contract procurement, Conclusion 41 compliance and monitoring, including all documents related to contract renewals, amendments, continuation agreements, and other contract modifications; and
  b) Require staff to include a notation regarding the City's retention policies in each individual contract file.
	Finance	Not Implemented	**Auditor's update as of December 2013:** No progress reported: Target date: TBD.
			
			Auditor's update as of June 2014: No change. The Citywide training did not include a discussion on document retention policies related to contract procurement and mainly focused on contract formation and management. Target date: TBD.
			
			Auditor's update as of December 2014: See recommendation #9.
			
			Auditor's update as of June 2015: No change. Target date: TBD.
			
			Auditor's update as of December 2015: No change. Target date: TBD.

#12: We recommend that:
  a) The City Clerk in consultation with the City Attorney's office provide training to City staff on Form 700 filing requirements for consultants, follow-up on missing Form 700s for current agreements, and penalize consultants who do not comply, and
  b) The City Clerk, prior to providing Status 11 payment authorization, require Form 700s from those consultants whose contracts require them.
	City Clerk/City Attorney	Partly Implemented	**Auditor's update as of December 2013:** While the City Clerk's Office does have the ability to uncheck a Status 11, it has not yet begun to do so for ongoing consulting contracts (when originally loaded, a contract will not receive a Status 11 or even get uploaded on the CHAD if documents such as the Form 700 are missing). The City Clerk's Office reports that it has begun following up on consultants that have not yet submitted their Form 700s. The current process is to send the consultant five reminders (each subsequent reminder only goes out to non-filers). The City Clerk intends to penalize those consultants that have not provided their Form 700s after these five reminders. Finally, the Clerk's Office plans to conduct a Citywide contracts training for City staff. The training will cover Form 700 filing requirements for consultants as well as other areas concerning the City's current contracts process. Target date: 6-14.
			
			Auditor's update as of June 2014: A review of two contracts signed in June 2014 found that while both contracts were designated "Status 11" in the CHAD database the Clerk's Office had not followed-up up with the consultants for either of the contracts on submitting their Form 700s. One of those contracts specified which consultants were required to file Form 700 but the Clerk's Office did not have Form 700s on file for them even though the contract was designated "Status 11". The Clerk's Office has recently assigned an analyst to work only on contracts. Finally, it is developing a checklist to be used for contract filings, which will be attached to the face of the contract and will include, among other things, Form 700 status. Target date: 12-14.
			
			Auditor's update as of December 2014: The Clerk's Office has developed a draft checklist to be used for contract filings. The Clerk's Office expects the CMO to review this draft. The Form 700 filings for consultants still appears to be incomplete. Target date: 6-15.

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			Auditor's update as of June 2015: The Clerk's Office has developed a checklist to be used for contract filings. It has provided Form 700 training to new Council member staff and provides on-going training to departments on an as-requested basis. The City Attorney's Office reports that it is finalizing the consultant agreement forms and instructions which will include instructions on how to determine whether a consultant should file a Form 700. We will review this recommendation once the instructions are finalized. Target date: TBD.
			Auditor's update as of December 2015: No progress reported. Target date: TBD.
#13: We recommend that the City Administration include the City's Conflict of Interest and Ethics policies in its annual procurement and contract monitoring training.	Finance	Not Implemented	**Auditor's update as of December 2013:** No progress reported: Target date: TBD.
			Auditor's update as of June 2014: While the Administration conducted a contracts and procurement training in April 2014, this training did not include the City's Conflict of Interest and Ethics policies. Target date: TBD.
			Auditor's update as of December 2014: See recommendation #9.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#14: We recommend that the Finance Department, in consultation with the City Attorney's Office, develop a more clear definition and list of what services would fall under the consultant services category.	Finance/City Attorney	Not Implemented	**Auditor's update as of December 2013:** No change. Target date: 6-14.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: See recommendation #9.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#15: Once a new electronic data management system is available, we recommend the City Clerk prepare and annually post a listing of payments to consultants over the previous year, including: (a) the consultant's name, (b) the general nature of the work performed, (c) the type of procurement process used, (d) the department, and (e) the amount paid.	City Clerk	Not Implemented	**Auditor's update as of December 2013:** The City Clerk plans to include this recommendation during the search and implementation of the upcoming electronic data management system. Target date: 6-14.
			Auditor's update as of June 2014: The City Clerk's Office continues to work with IT and Purchasing on the procurement of the electronic data management system. Target date: 1-15.
			Auditor's update as of December 2014: No change. Target date: 5-15.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No progress reported. Target date: TBD.

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

The objective of our audit was to review the changes in the City's program after outsourcing, the impacts of outsourcing, the overall effectiveness of the program, contractor performance, and concerns about the methodology used in the citywide graffiti survey. Of the 20 recommendations in the report, 14 were previously implemented, 1 was implemented during this period, and 5 are partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments

#6: To better involve property owners and parties responsible for non-City properties, we recommend PRNS develop:
 	
  a) Door-hangers, fliers, or other notices in multiple languages to inform property owners of their responsibilities, and of City services; and
  b) A permission gathering process or proposal to amend the Municipal Code to allow for implied consent to remove graffiti on non-City owned property.
	PRNS	Partly Implemented	**Auditor's update as of December 2013:** PRNS has begun developing fliers in multiple languages, and plans to work with the Department of Planning, Building & Code Enforcement on Municipal Code changes. Target date: FY 2014-15.
			
			Auditor's update as of June 2014: PRNS provides property owners with brochures in English and Spanish that informs property owners of their responsibilities and City services. PRNS also provides property owners with a courtesy letter that informs property owners that the City has received complaints alleging the presence of graffiti on their property and a description of the San José Municipal Code Section 9.57.300. Target date: TBD.
			
			Auditor's update as of December 2014: PRNS provides property owners with brochures in English, Spanish, and Vietnamese. The brochures inform property owners of their responsibilities and City services. PRNS also provides property owners with a courtesy letter that informs property owners that the City has received complaints alleging the presence of graffiti on their property. The letter contains a description of the San José Municipal Code Section 9.57.300. The department plans to work with the City Attorney's Office on an "implied consent" arrangement to facilitate the removal of graffiti on private property. Target date: 6-15.
			
			Auditor's update as of June 2015: PRNS reports that it has plans to work with the City Attorney's Office and Code Enforcement to discuss an "implied consent" arrangement to facilitate the removal of graffiti on private property. Target date: 6-16.
			
			Auditor's update as of December 2015: According to PRNS, departmental staff met with the City Attorney's Office and Code Enforcement in October of 2015 to address the issue of "implied consent." PRNS reports that staff will continue to meet with the City Attorney's Office and Code Enforcement to get a final resolution regarding "implied consent." Target date: 6-16.

#8: To improve PRNS' ability to hold property owners and responsible parties accountable, we recommend PRNS:
 	
  a) Work with the contractor to standardize addresses and link them to the City's property ownership data;
  b) Establish limits on the number of courtesy abatements within a specific time frame to be performed on non-City property;
	PRNS	Partly Implemented	**Auditor's update as of December 2013:** After talking with the contractor, PRNS reports that additional modifications to the smartphone app will have a budgetary impact and may increase costs. The current contractor-provided work order management system provides data that may allow for staff to track number of visits. Technological improvements are necessary to link work orders to property owner information.

Audit Report and Recommendation	Department	Current Status	Comments
c) Track the number of abatements on properties; and d) Refer to Code Enforcement and seek reimbursement after limit is reached.			PRNS reports that it will meet with Code Enforcement to discuss strategies to seek reimbursement and establish limits on the number of courtesy abatements on non-City owned property. Target date: TBD.
			Auditor's update as of June 2014: PRNS met with Code Enforcement (see Recommendation #9). Target date: TBD.
			Auditor's update as of December 2014: Currently, standardized addresses and information about property ownership is not available through the contractor's smartphone app. PRNS is developing internal guidelines that will outline the number of courtesy abatements within a yet-to-be-determined timeline. PRNS reports that it will meet with the City Attorney's Office about seeking reimbursement after established limits on courtesy abatements on non-City owned properties. Target date: TBD.
			Auditor's update as of June 2015: PRNS has adopted a practice to provide three courtesy abatements per calendar year to private property owners. The Department reports that it plans to meet with the City Attorney's Office about seeking reimbursement after the established limit on courtesy abatements on non-City owned properties has been reached. The Anti-Graffiti Program refers complaints about graffiti on private property to Code Enforcement after the number of courtesy abatements has been reached or if the graffiti is located above 10 feet or otherwise inaccessible for removal. Target date: 12-15.
			Auditor's update as of December 2015: According to PRNS, departmental staff met with the City Attorney's Office and Code Enforcement in October 2015 to discuss reimbursement after courtesy abatements have been exhausted. The ordinance allows the City to seek reimbursement, however, at this time, the department does not have the dedicated staffing resources necessary to implement a process to seek reimbursement. PRNS will continue to send graffiti complaints on private property to Code Enforcement after courtesy abatements have been exhausted. Target date: TBD.
#10: To better hold non-City property owners and responsible parties accountable and help preserve limited graffiti removal resources, we recommend PRNS: a) Identify other jurisdictions, agencies, districts, and contractors who are responsible for graffiti removal within City boundaries; b) Formalize acceptable timelines with parties through Memoranda of Understanding; c) As technology allows, refer work orders for these types of properties directly to the responsible parties; and d) Establish a process such that when timelines have expired, it can remove the graffiti and seek reimbursement.	PRNS	Partly Implemented	**Auditor's update as of December 2013:** PRNS will pursue MOUs with partner agencies. The department has discussed possible solutions with Santa Clara County and the State of California, and is in periodic contact with Caltrans and Union Pacific. PRNS forwards graffiti removal service requests for non-City owned property via email, phone and agency specific websites, when it receives them. PRNS continues to discuss the best methods to remove stagnant graffiti with partner organizations and continues to discuss the best ways to seek reimbursement. Target date: TBD. **Auditor's update as of June 2014:** PRNS developed a list of key non-City property owners. The Department coordinates graffiti removal with

Audit Report and Recommendation	Department	Current Status	Comments
			these property owners when feasible. PRNS continues to add businesses to this list as they are identified.
			PRNS continues to work with key property owners to establish MOU's and/or acceptable timeframes to remove graffiti. The Department has been able to establish graffiti removal timeframes with Santa Clara County that are closely aligned with those of the City.
			The current app used by the City does not allow for reporting to other agencies or jurisdictions. Staff forward service requests for non-City property to those agencies via email or telephone call. Target date: TBD.
			Auditor's update as of December 2014: No change**.** Target date: 6-15.
			Auditor's update as of June 2015: PRNS continually works with key partners to establish MOUs related to graffiti removal timelines. If feasible, the department anticipates that these MOUs will address a process for the City to remove graffiti and seek reimbursement after agreed-upon timelines have passed. Additionally, the Department has scheduled a meeting with key stakeholders to address graffiti located within the City on non-City property. Target date: 6-16.
			Auditor's update as of December 2015: PRNS met with key property owners in August 2015 to discuss the process to abate current and recurring graffiti located on non-City property. The parties agreed to develop a simplified MOU with the City that would outline a process to remove graffiti. PRNS anticipates formalized MOUs. Target date: 6-16.
#11: To address graffiti on freeways, railways, and expressways, the City should continue building relationships by: a) Continue meeting periodically with large property owners (e.g. Caltrans) who also have a graffiti problem, to address joint areas of concern; and b) Explore possible Memoranda of Understanding between parties.	PRNS	Partly Implemented	**Auditor's update as of December 2013:** PRNS continues to meet periodically with partner organizations that own property within City boundaries to develop the most feasible methods to address one-time and ongoing Graffiti. PRNS has scheduled a meeting with CalTrans for Spring 2014 to address graffiti located on freeway overpasses. PRNS reports that it will continue to pursue Memoranda of Understanding with partner agencies. Target date: TBD. **Auditor's update as of June 2014:** PRNS meets quarterly with large property owners to address graffiti and plan dates for future graffiti removal. The City continues to coordinate graffiti removal efforts. The graffiti contractor currently has a contract with CalTrans to abate graffiti in San José. PRNS reports that it will continue to pursue Memoranda of Understanding with partner agencies. Target date: TBD. **Auditor's update as of December 2014:** PRNS continues to have periodic meetings with CalTrans. The department is in the process of developing Memoranda of Understanding with the Downtown Association, CalTrans, and Santa Clara County. The department will continue to identify new parties for additional MOUs. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2015: PRNS is in preliminary discussions with Downtown Groundwerx and Santa Clara County to establish MOUs. Department staff will be discussing the development of MOUs with additional key property owners during the scheduled key stakeholder meeting. The Department will continue to meet with other large property owners as it moves forward with establishing MOUs. Target date: 6-16.
			Auditor's update as of December 2015: PRNS met with CalTrans in January 2016 to discuss graffiti abatement on two overpasses located on U.S. Highway 101. Graffiti was abated from the overpasses in late January 2016. The Program continues to meet with large property owners to address both current and recurring graffiti. PRNS is awaiting CalTrans will send PRNS the template to begin developing a MOU, and PRNS anticipates formalized MOUs. Target date: 6-16.
#15: We recommend that PRNS work to streamline service requests so that they are entered directly into the work order system (and thus bypass PRNS staff) by: a) Promoting the smartphone app and the contractor's hotline as the primary ways to report graffiti for all of San José, including City Councilmembers; b) Implement the contractor's online reporting form; and c) Allowing the contractor to reassume entering hotline calls directly into the work order system.	PRNS	Partly Implemented	**Auditor's update as of December 2013:** PRNS promotes the smartphone app and contractor's hotline as the main avenues to report graffiti at resource fairs, presentations, and on flyers and other program materials. By June 2014, PRNS plans to meet with the contractor to discuss the best way to implement the online reporting form. PRNS has discussed with the contractor, plans to transition the hotline-initiated work orders from City staff to the contractor. Implementation of the online reporting form and having the contractor reassume entering hotline-initiated work orders, will depend on costs. Target date: TBD. **Auditor's update as of June 2014:** PRNS continues to promote the smartphone app and the contractor's hotline as the primary ways to report graffiti in flyers and other outreach material that is printed. PRNS reports it is working to link the contractor's online reporting form from PRNS' Anti-Graffiti webpage. Target date: TBD. **Auditor's update as of December 2014:** PRNS promotes the contractor's smartphone app and hotline. The department's Anti-Graffiti webpage now features an online reporting form. The department continues to enter hotline calls into the contractor's work order system. Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** PRNS reports that the majority of work order requests are entered via the SJ Clean App. The department also reports that it is able to easily manage the relatively few hotline calls. Still, in our opinion, limited staff time should not be dedicated to duties that in our opinion, the contractor is responsible for completing. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#19: PRNS should work to improve the Anti-Graffiti Program's visibility and accessibility through: a) Brochures: Develop brochures like previous door-hanger that outline muni code, city policies and services. b) Language accessibility: Develop materials in multiple languages, ensure residents can report graffiti in multiple languages. c) Physical accessibility: Place volunteer materials at more central locations. Consider partnering with retail stores so volunteers can pick up materials (and also get paint-matching services). d) Unifying contact info: Publicize the hotline number on all materials. e) Website improvement: Clearly define City services and improve access to graffiti reporting, including an online reporting form, a QR code on the smartphone app, and contact information for referrals to other agencies.	PRNS	Implemented	**Auditor's update as of December 2013:** PRNS has included the graffiti hotline, smartphone app and other contact information on all graffiti materials that it currently distributes. The department has also begun translating current program flyers and information into Spanish and Vietnamese. PRNS reports that it is pursuing an RFP to secure a contractor that can develop brochures and other communication materials. As part of this, the department will consider the use of a door hanger to communicate the Municipal Code, and other City policies. PRNS is reviewing the current website to determine what areas will need to be modified for easier accessibility. Target date: TBD. **Auditor's update as of June 2014:** PRNS has updated its program materials and is working to translate them into multiple languages. PRNS has identified the Hank Lopez Community Center as future a location to distribute volunteer materials and hold volunteer orientations. According to PRNS, the Program will be partnering with additional sites in the Fall to ensure that volunteer materials are more accessible. PRNS updated the Anti-Graffiti website that includes the graffiti hotline, smart phone app, volunteer opportunities, City services and the contact information to report graffiti located on non-City property. The department is working on implementing an online reporting form from its website. Target date: 9-14. **Auditor's update as of December 2014:** PRNS has produced program brochures and courtesy letters in English, Spanish, and Vietnamese. The department has also included its Program hotline number on all materials. The Anti-Graffiti website now contains an online reporting form, and contacts of other agencies. The department is still working on identifying suitable sites and determining required safety measures for improving its physical accessibility to the public. Target date: 6-15. **Auditor's update as of June 2015:** PRNS is moving forward with placing program information at City-owned facilities such as libraries, community centers and City Hall to increase program awareness. Staff has not identified many private businesses willing to have program materials at their locations for public access. Staff posts program information if allowed at businesses that have community boards, such as coffee houses, independently owned delis and stores, but they typically remain posted for a short duration of time. The Department will continue to explore placing volunteer pick up items at off-site locations. However, there are additional safety measures that will need to be implemented when housing anti-graffiti supplies at other locations. These safety measures will incur costs for the program. Additionally, PRNS is scheduled to meet with the Public Works Department to address accessibility for volunteers at the current Anti-

			Graffiti Program office located at the Central Service Yard. The modifications will enhance accessibility for volunteers. Target date: 12-15.
			Auditor's update as of December 2015: In collaboration with the Public Works Department, PRNS added signage at the Central Service Yard that has facilitated easier access to the program office location for visitors. This has improved accessibility for volunteers and property owners.

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

The objective of our audit was to review and evaluate the City's FY 2013-14 city-wide overhead plan for appropriateness and accuracy. Of the 13 recommendations in the report, 8 were previously implemented, 2 were implemented during this period, 2 are partly implemented, and 1 is not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#2: To conform to the updated procedures (as outlined in Recommendation 1) in the FY 2014-15 Cost Allocation Plan, the Finance Department should review and revise its lists of: • Allocated and unallocated central service costs • City-Wide Expenses • Direct use buildings	Finance	Implemented	**Auditor's update as of December 2013:** Finance reviewed and revised the list of City-Wide Expenses included in the Cost Allocation Plan. For some of the expenses, they also added the rationale directly into the working spreadsheets detailing the allocated City-Wide costs. According to Finance, a further review of allocated and unallocated central service costs, City-Wide expenses, and direct use buildings will be dependent upon workload and staffing restraints in Finance and in other central service departments with which Finance must coordinate. Target date: 2-15. **Auditor's update as of June 2014:** The department expects to address the remaining elements of this recommendation in concurrence with the updated procedures as referenced in #1 above. Target date: 6-15. **Auditor's update as of December 2014:** Same as # 1. **Auditor's update as of June 2015:** According to Finance, the remaining elements of this recommendation will occur during the preparation of the FY 2016-17 CAP. Target date: 2-16. **Auditor's update as of December 2015:** The Finance Department revised the allocation methodology related to the direct use buildings. Effective with the FY 2016-17, the occupancy costs of direct use building are being distributed to all departments. They also updated their internal procedures to better document the determination of the allocation bases of central service costs based on information received from departments.
#5: To improve how it allocates overhead to capital projects, the Finance Department should: • Utilize a workload estimate or other appropriate alternative allocation methodology to account for City Manager, Mayor and City Council, and other central service costs related to capital programs	Finance	Partly Implemented	**Auditor's update as of December 2013:** According to Finance, implementation of this recommendation will require more detailed conversations with departments including Public Works, Parks, Recreation & Neighborhood Services, Planning, Building & Code Enforcement, Environmental Services, and Transportation. The Finance

Audit Report and Recommendation	Department	Current Status	Comments
• Back out capital rebudgets from the calculation of the department budget size allocation base			Department expects to implement for the FY 2015-16 Cost Allocation Plan. Target date: 2-15.
			Auditor's update as of June 2014: Finance expects to analyze and evaluate the remaining items as part of the development of the FY 2015-16 Cost Allocation Plan. Target date: 2-15.
			Auditor's update as of December 2014: For the development of the FY 2015-16 plan, Finance adjusted how it allocates certain Public Works' related capital costs to better reflect workload. It expects to address the other portions of the recommendation for the FY 2016-17 plan. Target date: 2-16.
			Auditor's update as of June 2015: According to Finance, they have worked with Public Works to appropriately account for capital programs within the City and modified several cost pool allocations in the FY 2015-16 CAP. Finance is still evaluating a process to exclude the capital rebudgets and plans to work with the Budget Office for the FY 2016-17 CAP to get additional detailed information of captial rebudgets. Target date: 2-16.
			Auditor's update as of December 2015: Finance was unable to complete the evaluation process to exclude the capital rebudgets as planned prior to completion of the FY 2016-17 CAP because of turnover in the CAP senior accountant position. Target date: 2-17.
#6: To ensure that vehicle and equipment costs in the Equipment Usage cost pool are consistently and accurately allocated, the Finance Department should: • Treat grant-funded vehicles and equipment as unallocated costs (similar to how grant-funded building assets are treated in the Building Occupancy cost pool) • Treat vehicles and equipment purchased through departmental non-personal budgets consistently • Review and standardize the vehicle and equipment fixed asset schedules in the Cost Allocation Plan • Remove any assets which are more than 15 years old and whose historical cost has been recaptured in past Cost Allocation Plans	Finance	Partly Implemented	**Auditor's update as of December 2013:** The Finance Department reviewed the vehicle and equipment schedules and removed assets more than 15 years old. They expect to implement the remaining elements of this recommendation for the FY 2015-16 Cost Allocation Plan. Target date: 2-15.
			Auditor's update as of June 2014: Finance expects to review and standardize the fixed asset schedules utilized in the Cost Allocation Plan and evaluate the treatment of vehicle and equipment purchases in departmental non-personal budgets as part of the FY 2015-16 Cost Allocation Plan. However, they are not currently able to identify all grant-funded vehicles and equipment in their fixed asset listings and intend to work with the Budget Office to determine the best way to identify such assets moving forward. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: Finance has implemented all recommendations, with the exception of unallocating grant-funded vehicles and equipment. They expect to look into removing grant-funded vehicles and equipment during the preparation of the FY 2016-17 CAP. Target date: 2-16.
			Auditor's update as of December 2015: Finance plans to work on removing grant-funded vehicles and equipment when the funding details

Audit Report and Recommendation	Department	Current Status	Comments
			of vehicles and equipment become available from the new budgeting system which is anticipated to be available in 2016. Target date: 2-17.
#8: To align the Cost Allocation Plan with City Council Policy 1-18 and to provide for estimates of indirect costs that better reflect workload, the Finance Department should reorder the central service departments in the Cost Allocation Plan such that central service departments that serve the most central service departments (in terms of numbers and dollars) are at the beginning of the allocation order, and those that serve the fewest are at the end.	Finance	Implemented	**Auditor's update as of December 2013:** The Finance Department expects to implement this recommendation for the FY 2015-16 Cost Allocation plan (CAP). Target date: 2-15.
			Auditor's update as of June 2014: Finance currently expects to address this recommendation as part of the 2016-17 Cost Allocation Plan development with the implementation of an upgraded software system (see update to recommendation #10 below). Target date: 2-16.
			Auditor's update as of December 2014: Finance anticipates implementing this recommendation during the preparation of the FY 2016-17 plan. Target date 2-16.
			Auditor's update as of June 2015: Finance used the MaxCars software the complete the FY 2015-16 CAP, and found that the reordering functionality is a capability of the new software. The departments will be reordered in accordance with GFOA standards with the completion of the FY 2016-17 CAP. Target date 2-16.
			Auditor's update as of December 2015: Implemented in preparation of the FY 2016-17 CAP.
#12: To enhance transparency, Finance should include descriptions in the Cost Allocation Plan document of the services being allocated, the methodology used to allocate costs, and the decisions made regarding allocable and unallocable costs. Preceding the cost allocation schedules should be an introduction that describes the purpose of the plan and the process of cost allocation.	Finance	Not Implemented	**Auditor's update as of December 2013:** According to Finance, including detailed descriptions of allocable and unallocable costs will require the commitment of more staff resources than are currently devoted to the Cost Allocation Plan development. This is especially true given the limitations of the current Cost Allocation Plan software utilized by the department. They expect that this recommendation can be implemented during the development of the FY 2015-16 Cost Allocation Plan. Target date: 2-15.
			Auditor's update as of June 2014: According to the department, they intend to prepare an introduction for the 2015-16 Cost Allocation Plan that will more clearly describe the purpose of the plan, the costs allocated within the plan, the methodologies used to allocate costs, and other information as necessary to enhance the transparency of indirect cost rates and the cost allocation process. More detailed descriptions within the plan will wait until implementation of new and more robust software as described in the update to recommendation #10 above. Target date: TBD.
			Auditor's update as of December 2014: No change. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: The Finance Department is considering whether to engage professional consultants to complete the necessary CAP allocation documentation. Target date: TBD.

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

The objective of our audit was to review and assess the efficiency and effectiveness of Code Enforcement operations and consequences of recent reductions. Of the 22 recommendations, 15 were previously implemented, 2 were implemented during this period, 3 were partly implemented, and 2 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: To improve timeliness and responsiveness to routine complaints, the General Code Enforcement section should (as funding and staffing allows) provide more inspections for routine complaints. If it continues to send out postcards to complainants, it should match the return date on the postcard to the due date on the notice of complaint, and/or (as funding and staffing allows) follow-up by phone with complaining parties before closing cases.	Code Enforcement	Implemented	**Auditor's update as of December 2013:** According to PBCE and Budget, as part of the budget process, PBCE will work with the City Manager's Budget Office to determine the appropriate staffing level needs and, based on the City's budget situation and other PBCE Department priorities, this proposal may be brought forward for City Council consideration to address this recommendation. The postcard dates now match the compliance date given to on the warning notice to the Responsible Party. Target date: TBD. **Auditor's update as of June 2014:** Code Enforcement received 3 general funded positions on the FY14-15 budget. Awaiting HR Analyst assignment to begin the hiring process. Once new staff have been hired and completed training inspections service will resume for routine complaints. Target date: 12-14. **Auditor's update as of December 2014:** City Council approved 3 general funded positions for FY'14-15. In the process of hiring Inspectors. Once the Inspectors are trained, inspections for routine complaints will be restored. Target date: 6-15. **Auditor's update as of June 2015:** The positions were filled in May 2015. New inspectors completed the Code Enforcement Academy and are in the mentoring phase. Target date: 10-15. **Auditor's update as of December 2015:** Two new inspectors have begun working in the General Code Enforcement section. While the Division intends to provide more inspections for routine complaints, it has been unable to do so because the number of complaints over the course of the last fiscal year has increased significantly. The Division continues to send out postcards for many routine complaints however the date on the postcard now matches the due date on the notice of complaint.
#3: The Finance Department should provide a quarterly collection report to Code Enforcement and work together with Code Enforcement to determine citation collection prioritization.	Finance/Code Enforcement	Partly Implemented	**Auditor's update as of December 2013:** No change. Target date: 6-14. **Auditor's update as of June 2014:** The Finance Department and Code Enforcement are working on developing a report to determine citation collection prioritization. The Finance Department anticipates the report will be created in Fall, 2014. Target date: 12-14. **Auditor's update as of December 2014:** No change. Target date: 6-15.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of June 2015: The Finance Department has provided a collection report to Code Enforcement. Code Enforcement needs to work with Finance and provide guidance on how the report would best meet its needs so that the citation collection prioritization can be completed. The Finance department appears to be more aggressively collecting Code Enforcement citations. For example, as of July 2014, Finance had successfully received payment for 927 citation invoices and as of that date had 26 invoices going through collections proceedings. By August 2015, Finance had successfully received payment for over 1,631 citation invoices and 71 citation invoices are currently in collections proceedings. Target date: 12-15.
			Auditor's update as of December 2015: Code Enforcement continues to work with Finance to provide guidance on the reports that would best meet the department's needs. Target date: 7-16.
#6: Code Enforcement should: • Collect fees for all re-inspections; • Develop criteria for exceptions, if any; and • Train its staff on assessing these fees.	Code Enforcement	Implemented	**Auditor's update as of December 2013:** Code Enforcement has developed guidelines and procedure for inspection and re-inspection fee process; however the department has yet to train its staff on the implementation of these updated procedures. Target date: 6-14.
			Auditor's update as of June 2014: Training of staff on the policy was completed on April 30, 2014. Implementation pending evidence of inspectors assessing all applicable re-inspection fees. Target date: 1-15.
			Auditor's update as of December 2014: The department has shown increases in re-inspection fees assessed for the first 6 months of FY 2014-15 compared to last year. However, fees are not being assessed for all re-inspections. Target date: 6-15.
			Auditor's update as of June 2015: The department has shown increases in re-inspection fees assessed in FY 2014-15 compared to FY 2013-14. Training of new supervisors was conducted in May 2015 to build upon progress made. Code Enforcement limits waiving of re-inspection fees to exceptions only. Target date: 12-15.
			Auditor's update as of December 2015: The collection of re-inspection fees has increased. Additional staff training is planned to occur within the next 6 months.
#8: The City Administration should propose to expand the Residential Occupancy Permit program to include condominiums functioning as rental apartment complexes.	Code Enforcement	Not Implemented	**Auditor's update as of December 2013:** No change. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: TBD.
			Auditor's update as of December 2014: Code Enforcement expects to bring this issue before council this year, we will continue following up on the recommendation pending the council's policy decision to move forward. Target date: 6-15.
			Auditor's update as of June 2015: Code Enforcement staff is currently in the process of implementing the 3-tier service delivery program for the

Audit Report and Recommendation	Department	Current Status	Comments
			multiple housing program. In addition, vacancies within the program has delayed a review of this expansion. Target date: 12-15.
			Auditor's update as of December 2015: No change. Target date: 7-16.
#12: To ensure tenants are aware of deficiencies found in their place of residence, Code Enforcement should formally inform tenants of the violations found and the deadline for compliance.	Code Enforcement	Not Implemented	**Auditor's update as of December 2013:** Code Enforcement is the process of developing a merge document to send to tenants after the initial routine inspections are completed. Currently, a similar merge document with the list of violations is provided to the property owner. In the proposed tenant version, staff anticipates only including those violations which pertain to the tenant's residence. Target date: 6-14.
			Auditor's update as of June 2014: According to IT staff, this recommendation cannot be implemented with the current CES system. This capacity will be included in the specs for the next computer system for Code Enforcement. Target date: TBD.
			Auditor's update as of December 2014: No change (pending CES replacement). Target date: TBD.
			Auditor's update as of June 2015: No change (pending CES replacement). Target date: TBD.
			Auditor's update as of December 2015: No change (pending CES replacement). The Division expects the new database system expected to be rolled out to Code Enforcement in 18 months. Target date: 7-17.
#16: Code Enforcement review options to replace or enhance its code enforcement database (CES) and include options for mobile units and interfacing with other city databases.	Code Enforcement	Partly Implemented	**Auditor's update as of December 2013:** Code Enforcement is soliciting information from potential app vendors to provide an intermediary solution for using mobile units. Target date: 6-14.
			Auditor's update as of June 2014: RFI for a replacement system for CES and AMANDA was released and staff is reviewing responses. Target date: 1-15.
			Auditor's update as of December 2014: PBCE and Finance are working on a proposal that would allow a commercial-off-the-shelf automated land use management system (ALMS) to "piggy-back" on an existing, competitively-bid public agency contract. Doing so would accelerate when the department could begin a replacement project. In this case, within a few months. If the city opts to go through a full RFP process, it will take longer to begin and roll out. In either case, the department estimates a 2-3 year project implementation. Target date: TBD.
			Auditor's update as of June 2015: No change. Target date: TBD.
			Auditor's update as of December 2015: No change (pending CES replacement). The Division expects the new database system expected to be rolled out to Code Enforcement in 18 months. Target date: 7-17.

Audit Report and Recommendation	Department	Current Status	Comments
#17: In order to ensure that the Multiple Housing roster is complete, Code Enforcement should: a) Periodically update its Multiple Housing Roster with newly issued Certificates of Occupancy from the AMANDA database; and b) Automate the process when it replaces its database.	Code Enforcement	Partly Implemented	**Auditor's update as of December 2013:** a) Code Enforcement has implemented a new procedure for routinely updating the Multiple Housing Roster with new records found in AMANDA. b) The automated version of this procedure will be incorporated when CES is migrated to a new system. Target date: TBD. **Auditor's update as of June 2014:** a) The Residential Occupancy Permit procedure was revised on 2/18/14 to include a step for adding new ROPs to the Roster. Trainings on the procedure were conducted during Multiple Housing team meetings. (IMPLEMENTED) b) Pending CES replacement. Target date: TBD. **Auditor's update as of December 2014:** No change (pending CES replacement). Target date: TBD. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change (pending CES replacement). The Division expects the new database system expected to be rolled out to Code Enforcement in 18 months. Target date: 7-17.

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

The objective of our audit was to review a sample of employee travel expenditures for appropriateness and compliance with policy, and to determine the extent to which City departments provide an effective control environment for travel authorizations and expenses. Of the 13 recommendations in the report, 1 was previously implemented, 9 were implemented during this period, 2 are partly implemented and 1 is not implemented.

#2: The Administration should revise the Travel Policy to: a) Require travelers to break down the costs of "bundled" trips; b) Require travelers to provide explanations to confirm the necessity and reasonableness of travel activity and expenses; c) Require travel packets include this information before travel coordinators and approvers sign off on them; and d) Require travel coordinators to escalate late travel statements as needed.	Finance	Implemented	**Auditor's update as of December 2013:** The Administration has already begun updates to the Travel Policy, and reports that it is working to completely revise the Policy. Target date: TBD. **Auditor's update as of June 2014:** Updates pending. Target date: 6-15. **Auditor's update as of December 2014:** No change. Target date: 6-15. **Auditor's update as of June 2015:** The Finance Department has drafted revisions to the Travel Policy to address these issues. Target date: 9-15. **Auditor's update as of December 2015:** This recommendation was fully addressed in the revised travel policy which was implemented in December 2015.

Audit Report and Recommendation	Department	Current Status	Comments
#3: The Administration should amend the Travel Policy to make travel and associated payments contingent on the travel coordinator confirming that expenses comply with the Travel Policy. The Policy should also put departmental travel coordinators in a position to review travel requests prior to actual trips, and identify similar trips to pursue possible cost savings.	Finance	Implemented	**Auditor's update as of December 2013:** As part of its updates to the Travel Policy, the Administration reports that it plans to clarify the role of the travel coordinator, and to revise the travel reimbursement form to document travel coordinator review and approval prior to the travel taking place. Target date: TBD.
			Auditor's update as of June 2014: Updates pending. Target date: 6-15.
			Auditor's update as of December 2014: The Finance Department has drafted a new travel request form, which requires that the Travel Coordinator review all travel requests prior to actual trips. This draft form is currently being piloted by two departments before being implemented citywide. In addition, the Finance Department is updating the Employee Travel Policy to address these issues. Target date: 6-15.
			Auditor's update as of June 2015: The Finance Department has drafted revisions to the Travel Policy. Among other things, the revised policy establishes the role of departmental travel coordinators as people who will review travel requests prior to actual trips, and identify similar trips to pursue cost savings. Target date: 9-15.
			Auditor's update as of December 2015: This recommendation was fully addressed in the revised travel policy which was implemented in December 2015.
#4: To help in coordinating group travel, realizing available cost savings, and improving the reporting of City travel, Finance should instruct departmental travel coordinators to maintain complete and current trip logs.	Finance	Implemented	**Auditor's update as of December 2013:** Finance's Accounts Payable updated its list of travel coordinators in October 2013. This is the first step in ensuring centralized accountability for coordinating group travel, realizing available cost savings, and improving the reporting of City travel.
			Finance reports that it plans to provide travel coordinators with guidance on logging and reporting group travel. Target date: TBD.
			Auditor's update as of June 2014: Policy updates pending. Target date: 6-15.
			Auditor's update as of December 2014: The Finance Department is updating the Employee Travel Policy to address these issues. After that, Finance plans to provide travel coordinators with guidance on logging and reporting group travel. Target date: 12-15.
			Auditor's update as of June 2015: The Finance Department has drafted revisions to the Travel Policy to require departments to track travel records. The department reports that it is working with the City Administration to implement the policy, and that six months after the policy is implemented, it will provide training to travel coordinators on maintaining complete and current trip logs. Target date: 2-16.
			Auditor's update as of December 2015: This recommendation was fully addressed in the revised travel policy which was implemented and quarterly trip reporting guidance was posted on the City's intranet site.

Audit Report and Recommendation	Department	Current Status	Comments
#5: To help ensure the ongoing availability of travel records, the Administration should clarify which travel records need to be forwarded to Finance, and dissiminate record-retention procedures for travel records.	Finance	Implemented	**Auditor's update as of December 2013:** Finance will coordinate with the City Attorney's Office to develop and disseminate to all departments, a record retention schedule for all City travel documents. Target date: TBD.
			Auditor's update as of June 2014: Pending. Target date: 6-15.
			Auditor's update as of December 2014: The Finance Department is updating the Employee Travel Policy to address these issues. Target date: 6-15.
			Auditor's update as of June 2015: The Finance Department has drafted revisions to the Travel Policy. Among other things, the revised travel policy defines those travel-related records that are to be forwarded to the Finance Department. The department reports that it is working with the City Administration to implement the policy in September 2015, and that six months after the policy is implemented, it will provide training to travel coordinators on maintaining complete and current trip logs, pursuant to the City's record retention policy. Target date: 2-16.
			Auditor's update as of December 2015: This recommendation was fully addressed in the revised travel policy which was implemented in December 2015.
#6: The Administration should amend the Travel Policy to require travel coordinators and the Travel Desk to report noncompliant travel activity.	Finance	Partly Implemented	**Auditor's update as of December 2013:** As part of its updates to the Travel Policy, the Administration plans to clarify the role of departmental travel coordinators.
			The Administration anticipates that the revised Travel Policy will require travel coordinators to report non-compliant travel activity to be escalated to Department Directors, and/or the Office of Employee Relations, as needed. Target date: TBD.
			Auditor's update as of June 2014: Updates pending. Target date: 6-15.
			Auditor's update as of December 2014: The Finance Department is updating the Employee Travel Policy to address these issues. Target date: 6-15.
			Auditor's update as of June 2015: The Finance Department has drafted revisions to the Travel Policy. Among other things, the revised travel policy requires travel coordinators and the Travel Desk to report noncompliant travel activity. Target date: 9-15.
			Auditor's update as of December 2015: The revised travel policy does not require travel coordinators and the Travel Desk to report noncompliant travel activity. We believe such communication is important to promote a better understanding of permitted and unpermitted travel activities, to deter inappropriate conduct, and to alert approvers of travelers who have had compliance issues. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#7: The Administration should: a) Update the roster of travel coordinators; b) Update online training materials; and c) Convene regular meetings of travel coordinators, perhaps quarterly, to confirm travel coordinator assignments, surface travel-related issues, and promote problem-solving.	Finance	Implemented	**Auditor's update as of December 2013:** Finance's Accounts Payable updated its list of travel coordinators in October 2013. Finance plans to lead the development of updated online training materials after changes to the Travel Policy and applicable forms have been completed. The Administration is creating a group of Administrative Officers from all departments to establish a forum for discussion of administrative issues impacting all departments. According to the Administration, this group will provide a forum for discussing citywide policies and procedures on a regular basis, which will include the Travel Policy, and potential changes thereto. Target date: TBD. **Auditor's update as of June 2014:** The Department plans to complete training on the new Employee travel policy six months after the policy has been updated. Target date: 12-15. **Auditor's update as of December 2014:** No change. Target date: 12-15. **Auditor's update as of June 2015:** The Finance Department has updated its roster of departmental travel coordinators, and is working on updated training materials. Regular meetings of Administrative Officers have been used to confirm travel coordinator assignments, surface travel-related issues, and promote problem-solving. The department reports that six months after the policy is implemented, it will complete the training materials for employee travel. Target date: 2-16. **Auditor's update as of December 2015:** The Finance Department has updated the roster of Travel Coordinators, created a new page on the intranet which consolidates relevant travel information, and uses the Administrative Officer Forum to discuss travel-related issues.
#8: The Administration should require, through the City Procurement Card Policy, that procurement card approvers attach travel coordinator-approved Travel Statements as supporting documentation for travel-related procurement card expenditures.	Finance	Partly Implemented	**Auditor's update as of December 2013:** No change. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: 6-15. **Auditor's update as of December 2014:** The Finance Department is currently working on updates to both the procurement card and Employee Travel policies, which will address these issues. Target date: 6-15. **Auditor's update as of June 2015:** No change. Target date: 4-16. **Auditor's update as of December 2015:** The Procurement Card Policy is currently under review. Target date: 4-16.
#9 Departments should: a) Limit cash advances to estimated out-of-pocket expenses only, unless no other payment method is available; and	Finance	Implemented	**Auditor's update as of December 2013:** According to Finance, the revised Travel Policy will require departments to limit cash advances to per diem meal and incidental expenses, and will encourage the use of

Audit Report and Recommendation	Department	Current Status	Comments
b) Track all advances on the trip log.			procurement cards for the prepayment of travel costs such as air fare, hotels, and conference registrations. The Policy will allow for exceptions to this limitation due to unavailability of prepayment options. Departments will track all advances on their respective department trip log. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: 6-15. **Auditor's update as of December 2014:** No change. The Finance Department is updating the Employee Travel Policy to address these issues. In addition, the Finance Department plans to complete training on the new travel policy six months after the policy has been updated. Target date: 12-15. **Auditor's update as of June 2015:** The Finance Department has drafted revisions to the Travel Policy. Among other things, the revised travel policy limits cash advances to estimated out-of-pocket expenses only, and requires departmental travel coordinators to track all advances on trip logs. The department reports that it is working with the City Administration to implement the policy, and that six months after the policy is implemented, it will provide training to travel coordinators on maintaining complete and current trip logs. Target date: 2-16. **Auditor's update as of December 2015:** This recommendation was fully addressed in the revised travel policy which was implemented in December 2015.
#10: Revise the Statement of Travel Activity to prompt: a) involvement (that is, review, coordination, and approval), of departmental travel coordinators prior to each trip; b) disclosure of all travel expenses, especially meals, on a per-day basis, where possible; c) disclosure of the method of payment for each travel expense; d) disclosure of whether any travel expense will be/was shared with someone else, including through a gift or scholarship, in whole or in part, and if so, who shared and who paid; e) disclosure of the reason(s) post-trip costs differed substantially from pre-trip estimates; and f) disclosure of whether the traveler will seek overtime pay.	Finance	Implemented	**Auditor's update as of December 2013:** The Administration has reported that it is planning revisions to the Statement of Travel Activity, to reflect the suggestions in this recommendation. Target date: TBD. **Auditor's update as of June 2014:** No change. Target date: 6-15. **Auditor's update as of December 2014:** The Finance Department has drafted a new travel request form, which requires that the Travel Coordinator review all travel requests prior to actual trips. This draft form is currently being piloted by two departments before being implemented citywide. Target date: 6-15. **Auditor's update as of June 2015:** The Finance Department has revised the Request Form and Travel Statement. Among other things, the revised forms prompts early involvement of departmental travel coordinators, clearer disclosure of all travel expenses, disclosure of payment methods, disclosure of differences between cost estimates and actuals, and clearer information on overtime/comp time implications of employee travel activity. The department reports that it is working with the City Administration to implement the policy, the revised Travel Request form, and Travel Statement. Target date: 9-15.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2015: This recommendation was fully addressed in the revised travel policy which was implemented in December 2015, and the revised travel forms.
#11: To minimize work effort and facilitate timely approvals, the Administration should implement an electronic travel authorization system, and until then should encourage departments to use electronic pre-trip and post-trip approval.	Finance	Not Implemented	**Auditor's update as of December 2013:** As part of its updates to the Travel Policy, the Administration reports that it will consider adopting electronic approvals. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: 12-15.
			Auditor's update as of December 2014: No change. Target date: 12-15.
			Auditor's update as of June 2015: The Finance Department reports that it will explore electronic solutions within six months of the revised Travel Policy's implementation. Target date: 2-16.
			Auditor's update as of December 2015: The Finance Department reports that it will explore electronic solutions. Target date: TBD.
#12: Revise the Travel Policy to: a) Clarify the definition and practical significance of "local travel" and "in-state" travel; b) Clarify expectations around boarding passes, resort fees, local taxes, and Arizona approval; c) Establish allowable upper bounds of conference lodging costs; and d) Incorporate, by reference or otherwise, City policy and other ethical guidance with respect to gifts and "no-cost" travel.	Finance	Implemented	**Auditor's update as of December 2013:** The Administration has already begun implementing updates to the Travel Policy, including, as of November 2013, an explicit prohibition of travel to Arizona. The Administration reports that, as part of its update to the Travel Policy, it plans to incorporate other revisions that reflect this recommendation. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: 6-15.
			Auditor's update as of December 2014: No change. Target date: 12-15.
			Auditor's update as of June 2015: The Finance Department has drafted revisions to the Travel Policy. Among other things, the revised policy clarifies the definitions of in-state and out-of-state travel, establishes upper bounds of conference lodging cists, and references other City policies relevant to traveling employees. Target date: 9-15.
			Auditor's update as of December 2015: This recommendation was fully addressed in the revised travel policy which was implemented in December 2015, and the revised travel forms.
#13: To make its Travel Policy more accessible, the Administration should: a) Rewrite the Policy in plain language; b) Prepare supplemental reference documents as needed; and c) Designate a source of expert advice (e.g. the Finance Department's Travel Desk).	Finance	Implemented	**Auditor's update as of December 2013:** As part of its updates to the Travel Policy, the Administration reports that it plans to designate Finance's Accounts Payable Manager as the resource for travel related inquiries. Target date: TBD.
			Auditor's update as of June 2014: No change. Target date: 6-15.
			Auditor's update as of December 2014: No change. Target date: 12-15.

Auditor's update as of June 2015: The Finance Department has drafted revisions to the Travel Policy. The revised policy is topically organizes in plain language, and designates the Finance Department's Travel Desk as the expert source of advice about employee travel. The department reports that it is working with the City Administration to implement the policy. Target date: 9-15.

Auditor's update as of December 2015: This recommendation was fully addressed in the revised travel policy which was implemented in December 2015.

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

The objective of this audit was to assess the impact of budget reductions on library hours and staffing, and to identify opportunities to increase the efficiency and effectiveness of scheduling and staffing. Of the 15 recommendations in the report, 9 were previously implemented, 1 was implemented during this period, and 5 are partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: To improve branch library usage, the Library Department should adjust hours of operation based on an evaluation of usage by day and by hour at the branch level (i.e., adding more heavily trafficked hours). As it adds back hours of service, the Library should continue to monitor and evaluate branch usage patterns to ensure additions serve community needs.	Library	Partly Implemented	**Auditor's update as of June 2014:** A Department staff team is developing weekly schedules for proposed expanded hours, and will incorporate results from recommendation teams #2, #4, and #8 in their work. Target date: 1-15. **Auditor's update as of December 2014:** The Department has completed its evaluation of Library usage, and preliminary weekly schedules are incorporated into the Library's proposed hours strategy (currently being reviewed by the Budget Office). The Library will continue to monitor usage patterns through its quarterly reporting process. The recommendation will be implemented when new Library hours are adopted. Target date: 7-15. **Auditor's update as of June 2015:** By utilizing the audit's data and additional customer surveys, Library staff developed a new six-day operating schedule (Monday – Saturday, 47 hours per week as of July 11, 2015) that allows branch libraries to be open during those hours that are heavily requested and utilized by the community. For example, afterschool hours for children and teens, evening/after work hours, four mornings per week for early literacy programs and quiet use, opening later on slow Monday and Friday mornings, and full day service on Saturday. The Department intends to monitor hourly branch library usage patterns to ensure hours meet community needs as well as system-wide efficiency and staff allocations. Target date**:** 6-16. **Auditor's update as of December 2015:** The Library continues to review and analyze customer usage, including programming and story time attendance, through quarterly reports to ensure the days and times offered meet the needs of communities. The Department is developing a dashboard that will assist in monitoring hourly branch library

Audit Report and Recommendation	Department	Current Status	Comments
			usage patterns (e.g. circulation statistics), further ensuring hours meet community needs as well as system-wide efficiency and staff allocations. Target date: 6-16.
#5: The Library Department should monitor performance for routine activities, such as checking-in and shelving of returned materials, for all branches (with or without automated materials handling), establish reasonable performance standards and targets, and periodically report branch performance to Library managers, supervisors, and staff.	Library	Partly Implemented	**Auditor's update as of June 2014:** According to staff, a Department team will assess and establish reasonable performance standards and targets through meetings with staff, location visits, and an evaluation of routine activities. Target date: 11-14.
			Auditor's update as of December 2014: Revised San José Way performance metrics have been re-established and are being incorporated into the Library's current workflows at both AMH and non-AMH sites. The establishment of these metrics contributes to the Library's proposed hours strategy. The recommendation will be implemented when new Library hours are adopted. Target date: 7-15.
			Auditor's update as of June 2015: Revised San José Way performance metrics are established and incorporated into the Library's current workflows at both AMH and non-AMH sites to allow all branch libraries to be open six days a week as of July 11, 2015. The Department also added a Senior Supervising Administrator position to continuously monitor the system-wide efficiency targets and staffing assignments. We estimate savings of approximately $1.1 million since the implementation of audit recommendations. Target date: 1-16.
			Auditor's update as of December 2015: The Senior Supervisor, Administration was hired in September 2015, and new scheduling codes and reporting standards are incorporated into the branch library workflow. As a result, the Senior Supervisor can closely monitor appropriate task/classification assignments and work with staff to make adjustments as needed. The Department plans to conduct random surveys of a new internal scheduling software and compare it to daily gate counts. Metrics for monitoring standards and targets have been developed and include ongoing monitoring of collection and circulation data, task hours assigned, and classification assigned to the task. Target date: 6-16.
#6: The Library Department should evaluate the effects of implemented Lean processes and implement successful approaches across all branches where appropriate.	Library	Partly Implemented	**Auditor's update as of June 2014:** A Department team is evaluating current implementation of LEAN processes and reviewing branch workflows to assess how best to implement LEAN across the Department (where appropriate). Target date: 11-14.
			Auditor's update as of December 2014: Revised LEAN processes have been developed and are being incorporated into the Library's current workflows at both AMH and non-AMH sites. The establishment of the LEAN processes contributes to the Library's proposed hours strategy. The recommendation will be implemented when new Library hours are adopted. Target date: 7-15.
			Auditor's update as of June 2015: Revised Lean processes, such as peak hour staff deployment and three-cart sorting systems, are

			implemented and incorporated into the Library's current workflows. The Department added a Senior Supervising Administrator position to continuously monitor the system-wide efficiency targets and staffing assignments. In FY 2015-16, the Department will develop and utilize a new predictive staffing software that will facilitate the continued assessment of key branch service activities to support efficient staff allocations. The Library management will review this data quarterly to assess on-going needs and efficiencies. Target date: 1-16.
			Auditor's update as of December 2015: The Senior Supervisor, Administration was hired in September, 2015, and has established a site visit schedule and data collection tools to monitor implementation and adherence to the LEAN processes established in the San Jose Way model. The Department intends to share the data collected with the Branch Manager and Division Manger to ensure appropriate staffing and task assignments are being followed. Site visits will begin in January 2016 and will be conducted on a rotating schedule. The data will be reviewed quarterly by Library Management to assess on-going staffing needs and efficiencies. The Library has continued to provide its consultant, who is developing the predictive staffing software system ongoing data, to build the business solution in anticipation of a live product by the end of FY 2015-16. Target date: 6-16.
#10: The Library Department should evaluate the feasibility of going cash-free in its branches.	Library	Partly Implemented	**Auditor's update as of June 2014:** A Department team is evaluating the feasibility of going cash-free and has initiated data collection, starting with daily pay-in summaries for a baseline understanding of the percent of patrons who utilize cash in transactions. Staff will also be implementing a user survey, consulting with other Library systems, and reviewing current technology that would support this objective. Target date: 12-14.
			Auditor's update as of December 2014: The Department has completed its analysis of the customer impact of going cash-free. A survey of nearly 700 customers showed 66 percent preferred to pay cash, and 70 percent would prefer the ability to pay their fines at a self-service kiosk. The Library is transitioning to Radio Frequency Identification (RFID) technology for its materials handling services, and has released an RFP for this technology, which will include the ability for cash and credit payments to be made directly at a self-check kiosk. The Library anticipates the new technology to be operational in FY 2015-16.
			Auditor's update as of June 2015: The Library selected a vendor for its RFID technology from its RFP in June 2015 and anticipates the new technology to be installed and operational over the next 18 months. The recommendation will be considered implemented once the contract is finalized. Target date: 12-16.
			Auditor's update as of December 2015: The Library, in coordination with Finance/Procurement, is finalizing contract negotiations with the RFID Vendor. The final Council Approved contract is anticipated to be

Audit Report and Recommendation	Department	Current Status	Comments
			approved in March 2016, with installation of equipment concluding in Fall 2016. Target date: 3-16.
			POTENTIAL BUDGET IMPACT: At the time of the audit, we estimated the potential staff time savings of going cash free at $75,000. Savings will be realized with implementation of RFID technology.
#13: The Library Department should revise classifications, as needed, to reflect changes to the department's service model.	Library	Partly Implemented	**Auditor's update as of June 2014:** The Department will review and recommend revised classification descriptions as a result of the implementation of recommendations #1 through 10. Target date: 6-15.
			Auditor's update as of December 2014: No change. Target date: 6-15.
			Auditor's update as of June 2015: The Library will work with Human Resources to identify a timeline to update or revise Library job classifications. Target date: 6-16.
			Auditor's update as of December 2015: The Human Resources Department has contracted with Koff & Associates to review and update critical classifications. Human Resources has identified a process to engage with the Library Administration and staff to work closely with the consultants to update key Library job classifications in coordination with any possible audit recommendations and impacts. Target date: 6-16.
#14: The Library Department should create a strategy that seeks to strengthen volunteer recruitment and increase outreach efforts in both high-impact and routine activities (e.g., library services), set target levels, publicize library services volunteering opportunities at every branch, and focus on increasing volunteerism at those branches that have the fewest volunteers.	Library	Implemented	**Auditor's update as of June 2014:** Through a series of meetings, the Department is identifying additional opportunities for which they could recruit volunteers and new recruitment outlets in the branch communities. According to the Department, listings on VolunteerMatch are now linked with LinkedIn, and the Library is experiencing new volunteer referrals from this source. Situation analyses were completed for those branches with the fewest volunteer hours, and an Individual Branch Volunteer Plan will be developed with each site to increase their volunteerism. Target levels for volunteerism may be impacted by the outcome of the Meet and Confer process, described below, and will be addressed once the outcome is known. Target date: 5-15.
			Auditor's update as of December 2014: The Department completed an analysis for the six branches with the fewest FY 2013-14 volunteer hours (excluding Friends of the Library hours), in which each site developed and began implementation of an Individualized Branch Volunteer Plan. Between October and December 2014, these six select branches had a combined 65 percent increase in hours (about 700 hours) compared to the same time period the previous year. Progress will continue to be assessed quarterly. In addition to LinkedIn, Teenlife.com was added as a volunteer recruitment channel. Target levels for volunteerism may be impacted by the outcome of the Meet and Confer process, described in response #15, and will be addressed once the outcome is known. The Library has recently filled its vacant Volunteer

			Coordinator position who will work with the Volunteer Services Analyst to further implement the audit recommendations. Target date: 5-15.
			Auditor's update as of June 2015: By implementing Individual Branch Volunteer Plans, the six branch libraries with the fewest FY 2013-14 volunteer hours (excluding Friends of the Library hours) more than doubled their volunteer hours during FY 2014-2015 – from about 3,360 hours to 6,770 hours. Since the last follow-up, six new online recruitment outlets were added as well as the All for Good Facebook app on the Library's Facebook page. Volunteer Services is also working to strengthen relationships with high school service clubs and faith-based organizations as additional recruitment outlets. Now that the Meet and Confer process has concluded (see recommendation #15), the Library will be setting target levels for volunteerism. Target date: 1-16.
			Auditor's update as of December 2015: The Department continues to use a variety of online and in-branch recruitment vehicles, with Nextdoor proving to be particularly beneficial. The expanded use of Library Services volunteers at all branches began in early October 2015, and each branch has a specific target level of volunteers for which it is recruiting. From October to December 2015, there were 1,485 more Library Services volunteer hours than during the same period the year before, representing a 77 percent increase. As a result of the system-wide volunteer-led Homework Club expansion, volunteers spent an additional 1,784 hours assisting students with homework when compared to the same July to December timeframe the year prior, an increase of 168 percent. Four of the six branches with the lowest volunteer hours met their goals and two branches are progressing toward their goal.

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

The purpose of this audit was to evaluate the housing loan portfolio including the efficiency and effectiveness of loan repayment, compliance monitoring, and administration. Of the 10 recommendation in the report, 6 were previously implemented, 1 was implemented during this period, and 3 are partly implemented.

#5: We recommend that the Department ensure that it has easy access to all relevant legal documents, including deals between other parties that can create repayment obligations "ahead" of City loans in priority.	Housing	Partly Implemented	**Auditor's update as of June 2014:** In order to store electronic submissions of critical documents, such as large partnership agreements between borrowing entities, the Department will work with the IT Department to identify a type of 'drop box' to which borrowers can send their documents that is safe for the City's firewall. Once this is established—hopefully by fall 2014--staff will issue a request for certain documents to be sent by all borrowers in late 2014, which will be filed in an easy-to-find location.
			To better define e-file storage locations that are easily accessible between the Asset Management and Project Development teams, the

teams have begun work to define a master list of the most important documents for affordable housing transactions. Once finalized, the newly-hired staff specialist that supports these teams will work on organizing the documents. The teams are also redefining file locations and structure so that the information is easily shared and accessible. This effort is operating within the context of an initiative to clean and organize the Department's main electronic drive, which will take most of the 2014-15 fiscal year to complete. Target date: Spring 2015.

Auditor's update as of December 2014: In December, staff finished the establishment of a new 'drop box' with the help of the IT Department. This establishment took longer than anticipated due to IT workload. The call for borrowers to submit requested documents—including partnership agreements and all amendments and full sets of senior loan documents—is scheduled to be sent the week of January 26, 2015. This schedule was established so it does not interfere with the City's regular cycle of requesting documents for bond reporting and for annual compliance submissions.

Improving the Department's on-line file storage will be ongoing for the remainder of the FY and into fall 2015. The Department put a rehired retiree under contract starting in January 2015 to help with this work for Multifamily Asset Management. Target date: 10-15.

Auditor's update as of June 2015: The Department created a "cloud" mailbox ("drop box") to allow borrowers to submit project documents to the City. Submitted documentation has been filed in the Department's main directory as "borrower submissions" under project names. Approximately 37% of borrowers submitted comprehensive project documentation to the City. Staff is in the process of sending out follow up requests to those borrowers that did not respond to its initial request. These follow up requests will occur through August and September. The Department's goal is to accomplish at least 95% compliance in the fall of 2015. Target date: 10-15.

Auditor's update as of December 2015: Of the developments with a current City loan outstanding that are expected to produce net cash flow payments, approximately 40% of them have submitted all documents requested. Staff will remind borrowers to submit as part of their annual compliance submissions in Spring 2016. Staff also is planning to issue letters of non-compliance if all documents are not received by a mid-2016 deadline. This measure is expected to result in receipt of 95% of the projects' submissions.

Due to vacancies in all three Development Specialist (DS) Asset Management positions in late 2015, the Asset Management manager has not had the capacity to follow up on missing submissions. However, staffing levels are improving: as of January 2016, a new Development Officer position was filled, (who will manage the three DS staff) and one of three vacant DS positions was filled. A recruitment for the other two DS

Audit Report and Recommendation	Department	Current Status	Comments
			positions is expected to occur in early Spring 2016 with expected hires by late Spring. Target date: 6-16.
#6: Conduct annual residual receipt analyses for all relevant projects.	Housing	Partly Implemented	**Auditor's update as of June 2014:** As the audit noted, early in 2014, the Department introduced a new format for owners' reporting of projects' yearly calculations of payments due to the City. As expected, some property owners were early adopters of the new tool while other owners have not yet implemented use of the new tool. Based on feedback and additional questions from users, the Department is considering issuing additional clarifying instructions for the form's use in early fall 2014. To increase its usage, staff will continue its communications to owners and property management companies through email, phone calls, a late-summer Asset Management Roundtable, and other meetings with individual owners. Staff will focus attention in late 2014 and early 2015 on remaining outliers.
			The Department issued a revised Request for Qualifications for consultant(s) services in Multifamily Asset Management on 7/10/2014. That procurement is currently in process. The expected award date and commencement of work by one or more Consultant is October 2014. The Department plans to finalize its draft framework for prioritizing in-depth reviews of residual receipts payments together with the Consultant in Fall 2014. Target date: 12-14.
			Auditor's update as of December 2014: In December, staff sent out reminders to borrowers to submit annual compliance materials in early 2015, including the use of the City's annual calculation of payments due in annual project audits. It is expected that ensuring that all borrowers use these forms will be an ongoing process. Management is formalizing the process improvements through which staff will conduct follow up to ensure maximum usage of the City's format.
			Due to staff workload and substantial questions from applicants, the procurement of the Multifamily Asset Management consultant is expected to conclude with contract execution in February 2015. Work on the contract is expected to last approximately 18-24 months, with finalization of the draft framework for prioritizing in-depth reviews of expected payments now expected to occur in mid-late 2015. Target date: 8-15.
			Auditor's update as of June 2015: The City received partial compliance from borrowers in 2013 to its request that either audits include a net cash flow statement in the City's requested format, or that a separate excel spreadsheet be submitted in the correct format. The request was reiterated in the City's 2014 compliance requests. Based on a spot review, most 2014 audits have incorporated net cash flow calculations in the City's format per the terms of its promissory notes.
			Staff is currently reviewing 2014 year end audits to assess the extent of compliance with the reporting requirement. The order of priority for project review has been 1) projects currently undergoing some form of

Audit Report and Recommendation	Department	Current Status	Comments
			refinancing or restructuring transaction, 2) projects expected to pursue an asset transaction in the near future, and 3) projects that have had no historical residual receipts or that have shown a big variation in their payments. The City is also exploring how to address challenges associated with City-funded properties which also have State (HCD and CalHFA) funding. The State has their own prescribed reporting format. These separate reporting formats can create a conflict for borrowers.
			Requests will be sent to borrowers whose audits do not comply with City format to submit supplementary information. The review and borrower reach out is expected to occur in August and September of 2015 with supplementary information to be received in October and November 2015. The goal is to have at least 95% compliance in 2015 audits.
			The City's multifamily asset management consultant began work in March 2015. Their initial work is focused on evaluating the City's data base and its cash flow reporting capacity. They will also further refine and finalize the initial priority for project review the City has developed for reviewing net cash flow reporting.
			Staff expects to have updated policies and procedures in place for net cash flow reporting, review, analysis and approval by December 2015. Target date: 12-15.
			Auditor's update as of December 2015: Of the developments with a current City loan outstanding that are expected to produce net cash flow payments, approximately 70% of their external audits now include the City's net cash flow calculation. Staff will remind borrowers of the City's audit requirement as part of their annual compliance submissions in Spring 2016. Staff also plans to issue letters regarding non-compliance if documents are not received by a mid-2016 deadline. The goal remains to have at least 95% compliance in 2015 audits. Target date: 6-16.
#7: Work with project owners to obtain up to date annual cash flows for all relevant projects. Use those cash flows to help create and inform a Housing loan portfolio cash flow.	Housing	Implemented	**Auditor's update as of June 2014:** One of the main tasks for the forthcoming Consultant is to create a better model for projecting portfolio cash flow based on individual project information. The work is expected to go through at least mid-2015.
			At the same time, the Department is currently working on an improved repayment analysis and collections process. The revised process will integrate new hiring expected on the team and will be refined with help from the consultant. The intent is to finalize the revised process in early 2015 in order to implement when processing required submittals for which will occur for most projects in March 2015. Target date: 6-15.
			Auditor's update as of December 2014: The consultant's creation of a projection model of cash collections requires extensive review of approximately 40 projects; therefore, it is expected to occur in the second half of the 18-24 month contract term, or the end of 2015.

			The revised repayment analysis and collections process is expected to deploy in late Spring 2015 and will be refined with help from the consultant in the remainder of 2015. Integration of a new staff specialist has begun, and hiring of additional staff is now expected to occur in fall 2015. Target date: 12-15.
			Auditor's update as of June 2015: The asset management consultant is now working on a preliminary portfolio cash flow performance model using aggregate database information from the entire loan portfolio. This model is being created to facilitate portfolio management strategies as an initial decision-making tool until a more robust net cash flow data base is constructed by staff and the asset management consultant. It is expected that the preliminary cash flow model will be completed in September 2015.
			The SalesForce database platform that is used by the Housing Department is being modified to allow the individual annual net cash flow reports to be assembled and aggregated into a robust data set. This new database will be used to create more nuanced portfolio analyses based on actual property performance.
			While the modifications to SalesForce and much of the data entry is expected to occur by December 2015, most of the analysis and programming that will be done by the asset management consultant will occur in 2016. The exact timing is not clear because the scope of this programming will be determined as the net cash flow data is scrubbed and reviewed by the consultant and staff. Target date: 12-16.
			Auditor's update as of December 2015: The City's multifamily asset management consultant completed a high-level annual cash receipts model that forecasts aggregate loan repayments' over time. Housing Department staff have also begun adding detailed models based on individual projects' operations data. The Department plans to continue to refine and add information to the consultant created forecasts to inform available cash flow.
#9: To ensure accuracy in Rent Roll reviews, we recommend that further automate the process where possible and provide increased training to compliance staff.	Housing	Partly Implemented	**Auditor's update as of June 2014:** The Housing Department has created a draft new rent roll to implement more automated analysis of the rents and incomes entered by property owners. The revised tool will also potentially accomplish data collection of use for policy purposes—for example, identifying the number of residents in City-subsidized developments that live and/or work in San José. The Department will continue to refine the draft through November with a work team. In addition, once under contract, the new Asset Management Consultant(s) will be asked for feedback and further improvements. The goal is to roll out the new tool before year-end 2014 so that it can be used for reporting beginning in Spring 2015. Target date: 12-14.
			Auditor's update as of December 2014: Housing has created multiple iterations of an improved "rent roll" tool. The Asset Management

			consultant, now expected to start work in February 2015, will advise on the improvement of this tool in mid-2015, with its release now expected in fall 2015. Target date: 9-15.
			Auditor's update as of June 2015: Department Staff has continued to evaluate rent roll enhancements for both data and policy purposes as well as for improved clarity, consistency and automation. It is expected that the asset management consultant will provide additional input into the redesign process after they have completed their preliminary portfolio cash flow model. The Department is currently recruiting a new Development Officer position for the multifamily asset management program. This position will help oversee these changes. It is expected that a revised rent roll will be included in next years' compliance outreach – which will occur by January 2016. Target date: 1-16.
			Auditor's update as of December 2015: Due to staff turnover as described Recommendation #5, no progress was made on finalizing and releasing the improved rent roll tool. However, staff will roll out the revised tool in Spring 2016 for use in evaluating 2015 compliance reporting. Target date: 6-16.

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

This audit assessed the efficiency and effectiveness of customer call handling at the City's Customer Contact Center and eight other customer call centers that are housed in various City departments. Of the 13 recommendations in the report, 4 was previously implemented, 7 are partly implemented, and 2 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments

#2: To improve access to City services and to reduce the City's telephone call handling costs, the Administration should develop a coordinated strategy to
 	
  a) Offer new self-service options for the City's most frequently used services by phone, online, and/or by mobile app, and
  b) Establish utilization targets for new and existing self-service options, and advertise them accordingly.
	City Manager and IT	Partly Implemented	**Auditor's update as of December 2014:** The IT Department is installing a new telephone system ("Altigen") that can better support self-service. The Administration has convened a steering committee to develop City-wide policies and address cross-departmental issues related to customer service. With these items in place the Administration will begin addressing this recommendation. Target date: 6-15.
			
			Auditor's update as of June 2015: The IT Department has completed installing the new telephone system for the call centers we had audited. The Finance Department implemented a new billing system for garbage and water service and is in the process of implementing a new business tax system; both will offer customers new online self-service options. The Administration is also preparing a Request for Proposal (RFP) for a Customer Relationship Management (CRM) system that could include services by mobile app. Target date: 1-16.
			
			Auditor's update as of December 2015: The Administration has finalized specifications for an integrated CRM/SRM and released a Request for Proposal (RFP) which closed in January 2016. This CRM system includes a request for services by phone, mobile app, email or

Audit Report and Recommendation	Department	Current Status	Comments
			web. The City Manager's Office will take the lead in drafting a Customer Service Policy. Target date: TBD.
#4: To improve their performance management, the City departments should regularly use call center statistics in analyzing past performance, expected programmatic changes, establishing next performance objectives, examining overall performance strategies, and reviewing their staffing needs. Further, call center managers should regularly review and discuss individual call taker statistics with their staffs, and install real-time monitors where needed to provide real-time customer wait time information to call takers. These performance management practices should be documented in departmental policies and procedures.	City Manager and IT	Partly Implemented	**Auditor's update as of December 2014:** The Administration expects changes and potential improvements to performance reports when the new telephone system is installed. The IT Department is testing the new system's capabilities. In the meantime:
			The Customer Contact Center continues to monitor wait time and agent statistics at least weekly.
			Transportation Dispatch monitors call statistics at least monthly and has written procedures.
			Revenue Management monitors call statistics daily and will develop procedures.
			Implementation is pending at Development Services, Animal Care and Services, Code Enforcement, and Transportation Tree/Sidewalk. Target date: TBD.
			Auditor's update as of June 2015: With the new telephone system installed, reports are available for the Customer Contact Center, Transportation Dispatch, Code Enforcement, and Development Services. Reports for Revenue Management, Transportation Tree/Sidewalk, Vehicle Abatement, and Animal Care and Services are anticipated to be available in August 2015. A City-wide steering committee will formalize performance management in the fall of 2015. Target date: 10-15.
			Auditor's update as of December 2015: ITD is working with Altigen to display "real time" call statistics on the City's website to encourage the use of self-service options during periods of high call volume. Anticipated completion by July 2016. The City Manager's Office will take the lead in drafting a Customer Service Policy that will define standards for such elements as acceptable times for callers on hold, return of voicemails, reviewing call trees, and other items identified in audit recommendations. Target date: TBD.
#5: To improve performance management at call centers, the IT Department should ensure that the new telephone system enables call centers to record phone calls. The call centers should consider implementing customer surveys and should use recorded phone calls to regularly train their staff and improve customer service.	City Manager and IT	Not Implemented	**Auditor's update as of December 2014:** The IT Department is installing a new telephone system that will enable recording phone calls. A City-wide steering committee will discuss customer surveys later. Target date: 9-15.
			Auditor's update as of June 2015: The new telephone system has been installed and will make recordings possible after the IT Department stabilizes the system. Target date: 1-16.
			Auditor's update as of December 2015: Because ITD currently takes credit card information during phones calls, it would be preferable not to record those phone calls. However, customer surveys could still be

Audit Report and Recommendation	Department	Current Status	Comments
			conducted, as well as recording calls in other departments. Target date: TBD.
#7: To improve the customer experience in their call trees, the call centers with assistance from the IT Department should: a) Immediately change the incorrect messages; b) Regularly review call trees for accuracy, simplicity, and ease of use, and establish procedures to continue doing so; c) Maintain up-to-date transcripts and flowcharts of their call trees, and establish procedures to continue doing so; and d) Encourage callers in each call tree to use self-service options (when available).	City Manager and IT	Partly Implemented	**Auditor's update as of December 2014:** a) The Customer Contact Center has corrected the messages. Code Enforcement, Revenue Management, and Transportation have also made improvements to their call trees. Implementation pending at: Development Services. b) and c) Transportation and Revenue Management have established policies and procedures to ensure regular reviews and documentation. Implementation pending at: Development Services, Animal Care and Services. d) No change. The departments are waiting for the installation of the new phone system. Target date: 6-15. **Auditor's update as of June 2015:** a) Development Services revised its call tree during the installation of a new telephone system in summer 2015. b) and c) Animal Care and Services as well as Development Services have not yet established procedures to ensure call trees remain accurate and easy-to-use or to retain flowcharts. d) A City-wide steering committee will draft standards for self-service options in the fall of 2015. Target date: 12-15. **Auditor's update as of December 2015:** c) Development Services has completed an up to date flowchart and transcript of their call tree. However, procedures remain outstanding. d) The City Manager's Office will take the lead in drafting a Customer Service Policy. Once the policy is adopted, final technical and operational changes to call centers will take place to fully implement most of the outstanding audit items. Target date: TBD.
#8: To improve customers' voicemail experience, departments that use voicemail boxes should: a) Develop a policy on how frequently voicemail boxes should be reviewed and how timely messages should be returned; b) Assign their staff members primary and back-up duties to respond to voicemails, and incorporate this into their procedures; c) Regularly review voicemail retrieval reports to ensure that voicemails are being checked; d) Remove those voicemail boxes that will not be checked or will not be needed; and e) Use the online interface to retrieve voicemail messages. The IT Department should ensure that the new phone system has an online voicemail interface.	City Manager and IT	Partly Implemented	**Auditor's update as of December 2014:** Of the call centers audited, Revenue Management, Transportation, and Animal Care and Services (ACS) used voicemail boxes. Revenue Management already had well-functioning voicemail practices in place at the time of our audit. a) through d) Transportation has adopted procedures on voicemail messages. ACS has improved its voicemail practices and removed 2 infrequently needed voicemail boxes and may adopt procedures. The steering committee may also develop voicemail City-wide policies. e) The IT Department is testing the new phone system's online interface for voicemails. Target date: 6-15. **Auditor's update as of June 2015:** a) and b) Animal Care and Services has not yet established policies and procedures for its voicemails. The City-wide steering committee plans to formalize a voicemail policy in the fall of 2015.

Audit Report and Recommendation	Department	Current Status	Comments
			c) The Administration will explore tracking voicemails in the Customer Relationship Management (CRM) system which it is planning to purchase.
			d) Voicemail boxes at Animal Care and Services that were no longer needed have been removed.
			e) The new telephone system has an online interface for voicemail messages, which Revenue Management and ACS are using and testing.
			Target date: 1-16.
			Auditor's update as of December 2015: a) The City Manager's Office will take the lead in drafting a Customer Service Policy that will define standards for such elements as return of voicemails. b) and c) Animal Care and Services has not yet established procedures for its voicemails. e) The new telephone system has an online interface for voicemail messages. Target date: TBD.
#10: To ensure accessibility of City services to non-English speakers, the Administration should formulate a policy and goals that further language accessibility and provide assistance to line departments implementing this policy.	City Manager	Partly Implemented	**Auditor's update as of December 2014:** The Communications Office has begun exploring the development of a Citywide Language Accessibility Policy that would provide non-English and limited-English speakers with better access to essential City information. With assistance of other departments, the Communications Office plans to complete this policy by June 2015. In the meantime, the Police Department has detailed its own language policy. Target date: 6-15.
			Auditor's update as of June 2015: The Administration is seeking additional stakeholder input on a draft Language Accessibility Policy and plans to implement it in the fall of 2015. Target date: 10-15.
			Auditor's update as of December 2015: The Language Accessibility Policy has been drafted but still needs final approval. Target date: 7-16.
#11: The Administration should coordinate development of an online knowledge base that enables call takers in various departments to provide accurate information to customers and minimize the number of times that a customer's call needs to be transferred.	City Manager and IT	Not Implemented	**Auditor's update as of December 2014:** The IT Department suggests that the knowledge base can be integrated into Office 365 "Sites," which it is currently testing. A City-wide rollout of "Sites" is anticipated by December 2015. Target date: 12-15.
			Auditor's update as of June 2015: No change. Target date: 12-15.
			Auditor's update as of December 2015: No change. Target date: TBD.
#12: The IT Department should work with other departments to set up automated data transfer between online service requests (web forms and mobile apps) and existing departmental work order systems. In addition, the Administration should review whether different service request systems could benefit from integration and CRM implementation.	City Manager and IT	Partly Implemented	**Auditor's update as of December 2014:** The IT Department plans to begin the technical implementation of this project upon completion of the two major telephone implementations currently in progress. Target date: 7-15.
			Auditor's update as of June 2015: No change. Target date: 12-15.
			Auditor's update as of December 2015: IT expects the CRM/SRM procurement should be complete and recommended for award by the

Audit Report and Recommendation	Department	Current Status	Comments
			next Public Safety, Finance and Strategic Support update in March 2016. IT expects to finish testing the interim solution for statistics gathering and begin testing the integration of "real time" statistics with the City's customer service page. Target date: 6-16.
#13: The Administration should develop a long-term strategy to improve customer access including consideration of a centralized call center with integrated CRM.	City Manager and IT	Partly Implemented	**Auditor's update as of December 2014:** The IT Department plans to begin the technical portion of this project upon completion of the two major telephone implementations currently in progress. Target date: 7-15. **Auditor's update as of June 2015:** No change. Target date: 12-15. **Auditor's update as of December 2015:** IT expects the CRM/SRM procurement should be complete and recommended for award by the next Public Safety, Finance and Strategic Support update in March 2016. Target date: 6-16.

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

This periodic audit of the City's procurement card program included testing transactions for reasonableness and compliance with policy, and identifying ways to streamline the approval and payment process. Of the 7 recommendations in the report, 3 were previously implemented, 1 was implemented during this period, 3 are partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: We recommend that the Finance Department revise the Procurement Card Policy to: a) Emphasize the responsibility cardholders have to make prudent purchases; b) Include questions that guide cardholders to evaluate the reasonableness of their purchases; c) For purchases that require IT approval, require documentation of that approval be attached to p-card statements; d) Change the approval process for Council appointees to require review by the Finance Department and referral to the Mayor's Office or City Council in cases of potential policy violations; e) Clarify the department coordinator's responsibility to notify Finance of all violations and that Finance should only refer personal purchases to OER; and f) Establish a process to have frequent contact via email with department coordinators to remind them of important policies and procedures.	Finance	Partly Implemented	**Auditor's update as of December 2014:** The department has not yet updated the procurement card policy to reflect these recommendation. Target date: 6-15. **Auditor's update as of June 2015:** Revisions to the policy have been drafted to reflect these recommended changes. The revised Policy is currently in review and Finance expects that it will be released within the next six months. Target date: 12-15. **Auditor's update as of December 2015:** No change. Target date: 4-16.

Audit Report and Recommendation	Department	Current Status	Comments
#2: The Finance Department should revise the Food and Beverage policy to either disallow business meals or limit business meals to local per diem rates.	Finance	Implemented	**Auditor's update as of December 2014:** The department has not yet updated the Food and Beverage policy (Section 5.1.5 of the City Policy Manual) to reflect these recommendation. It is planning to update the policy in conjunction with an update of the Travel Policy. Target date: 6-15. **Auditor's update as of June 2015:** The City's Food and Beverage Policy has been updated and will be posted once approved. Target date: 9-15. **Auditor's update as of December 2015:** The Finance Department updated the Food and Beverage Policy by adding a paragraph to the policy that discusses business lunches and limits meal expenses to 150% of local per diem rates. Although this recommendation has technically been implemented through this revision to the policy, our Office continues to have concerns around the appropriateness of a small number of p-card holders using taxpayer dollars on these types of purchases. In our opinion, disallowing business lunches would have better served to reduce the risk of inappropriate use of taxpayer funds.
#3: To improve transparency, accountability, and legibility, the Finance Department should create a pilot program that: a) Begins the transition to online approvals, payment code entries, annotations and general finance coding (office supplies, travel, etc.); b) Considers requiring monthly statements of activity be signed by cardholders and approving officials to ensure that all transactions are authorized; c) Allows individual departments to collect, store, and submit receipts in PDF; and d) States that sufficient documentation of p-card purchases includes line item transaction detail stored in Access Online for a list of approved vendors (e.g. Office Max).	Finance	Partly Implemented	**Auditor's update as of December 2014:** The department is planning to work with U.S. Bank this spring to determine the best way to roll out this program. Target date: 6-15. **Auditor's update as of June 2015:** #3b will be addressed in the revised City Procurement Cards (Section 5.1.2 of the City Policy Manual) policy, which is anticipated to be finalized and approved in the next six months. For the other parts to this recommendation, Finance has begun discussions with U.S. Bank to determine whether to being using the online U.S. Bank modules soon or wait until the City's update to its financial reporting software is complete. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#7: The City Administration should ensure that p-card expenditures accurately categorize expenditures by type of budgetary purposes.	Finance	Partly Implemented	**Auditor's update as of December 2014:** The department has not yet updated the procurement policy to reflect these recommendation. Target date: 6-15. **Auditor's update as of June 2015:** This recommendation was included in the Annual Memorandum to Departments, and will be addressed in the revised City Procurement Cards policy (Section 5.1.2 of the City Policy Manual), which is anticipated to be finalized and approved in the next six months. Target date: 12-15. **Auditor's update as of December 2015:** No change. Target date: 4-16.

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

This audit assessed the efficiency and effectiveness of processes affecting single-family home improvement projects. Of the 22 recommendations in the report, 2 were previously implemented, 17 are partly implemented, and 3 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: Clarify expectations and track performance metrics for Drop-Off Submittal, Express and Over-the-Counter Plan Review in addition to regular categories of building permits.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** Existing submittal requirements for the Express program need to be reviewed and updated appropriately. The Department hired a Public Information Manager in January who is developing a comprehensive workplan for improving all Permit Center information, both handouts and online. The Department has also requested a Web & Graphics Coordinator position with the skills to both design and implement website improvements as well as hard copy information. Target date: 6-15. **Auditor's update as of June 2015:** As part of its efforts to improve communication and outreach to customers (see Recommendation #14), PBCE is working to clarify expectations of building permit applicants to help them understand what is expected of them in order to improve their chances of success on their first review. For example, on May 21, 2015, the Building Division held a Building Permits & Home Safety Open House at City Hall that focused on how to best prepare single-family additions and remodel projects for successful permitting. PBCE reports it will post material from the event presentations to the website. PBCE anticipates similar events in the future. For Over-The-Counter Plan Review, PBCE staff can track performance metrics through the permit system. For Drop-off submittals, staff report that they track timeliness manually. Target date: Fall 2015. **Auditor's update as of December 2015:** No change. Target date: TBD.
#2: In order to meet the expectations of Express Plan Review, PBCE should: a) Notify customers of the 50 percent fee premium in advance; b) Counsel customers on ways in which successful same-day issuance can be achieved; and c) Reduce the wait time to schedule express appointments, or consider renaming the program to better represent the program.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** The Department added a new service for Over-the-Counter plan review; which has reduced the demand on Express Plan Review. Staff is working on expanding Over-the-Counter service to additional project types. Parts a & b have not been implemented. Part c has been partly implemented with the adoption of Over-the-Counter plan review. The new Public Information Manager is working with the department to review changing the name to better reflect the service provided. Target date: 6-15. **Auditor's update as of June 2015:** a) PBCE has updated its handouts to advise customers on the 50 percent fee for Express Plan Review. b) PBCE is modifying and creating handouts aimed at improving customer success in achieving same-day building permits. The department continues to improve its outreach and

Audit Report and Recommendation	Department	Current Status	Comments
			communication. For example, On May 21, 2015, the Building Division held a Building Permits & Home Safety Open House at City Hall that focused on how to best prepare single-family additions and remodel projects for successful permitting. PBCE reports it will post material from the event presentations to the website. PBCE anticipates similar events in the future. c) Regarding names of permit services, it should be noted that names such as "Express Plan Review" are fairly standardized across major cities, lending a familiarity to building professionals or developers who work across multiple jurisdictions. Rather than changing the name of a permit service, staff are working to improve the service definitions and how these are presented. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#3: To reduce the number of resubmittals, PBCE should provide incentives for consistently prepared applicants.	PBCE	Not Implemented	**Auditor's update as of December 2014:** According to the department, an incentive program for "consistently prepared applicants" falls within the mid-priority timeframe. Target date: 6-16. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#4: Develop and implement a staffing strategy that includes: a) Reviewing and updating job specifications to facilitate hiring at the entry level; b) Filling vacancies; c) Expanding the use of temporary peak staffing; and d) Consider providing applicants the option of working directly with outside Plan Reviewers.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** a) The Engineer I/II job specification has been updated and the recruitment is in progress. b) Over-the-Counter plan review capacity has been increased by adding staff. c) Peak staffing contractors are being utilized on an as-needed basis. d) The department has not yet formulated a plan for considering use of Plan Reviewers. Target date: TBD. **Auditor's update as of June 2015:** a) PBCE is working the Human Resources Department to update job specifications. b) PBCE hired three entry level engineers, and three Permit Specialists in Spring 2015. Filling vacancies will be an ongoing effort. c) PBCE has continued its use of peak staffing contractors. d) Instead of providing option of applicants working directly with outside Plan Reviewers; the department currently utilizes staff from consulting company to perform serve as Plan Reviewers to attend to peak plan check workload. This will ensure the consistency and quality of the work.

Audit Report and Recommendation	Department	Current Status	Comments
			Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
#5: Develop and implement standard operating procedures, and an onboarding and training program for new staff in the Permit Center and Plan Review.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** Permit Center Staff have updated procedures and will be incorporating the latest procedure updates in future trainings for new hires. Staff in the Plan Check section will develop a similar program for new hires in the Plan Check review team. Target date: 9-15.
			Auditor's update as of June 2015: PBCE created an onboarding presentation for new hires in the plan review section, explaining the standard review process and procedure. Standard training materials are under development.
			Permit Center supervisors have been updating procedures, which cover responsibilities that include intake and issuance, counter work, addressing, single- and multi-family tract intake and issuance, and assistance desk duties. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD**.**
#6: To meet the demand for critical staff, PBCE should staff the reception desk with office specialists, and station Permit Specialists and Planners at the counter.	PBCE	Not Implemented	**Auditor's update as of December 2014:** No change. Target date: 6-16.
			Auditor's update as of June 2015: As recommended in our audit report, returning to using Senior Office Specialists to staff the reception desk, would save up to $128,000 in savings in reception staffing. In addition, freeing up Permit Specialists and Planners for the professional work they are uniquely qualified to perform, this staffing change would allow Permit Specialists and Planners to process permit work and reduce permit turnaround times. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD.
			POTENTIAL BUDGET IMPACT: $128,000.
#7: In AMANDA or its replacement, implement a "tickler" to signal alerts to development services partners when plans are ready for their review, when Plan Review is delayed, and when fees are paid.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** The Department has begun to scope out the requirements for a replacement permitting system to AMANDA. The ability to provide "tickler" alerts is included in the scope. Until a new system is in place, staff are continuing with manual monitoring and are working with IT staff to develop a meaningful report that can be run to replace the manual monitoring. Target date: TBD.
			Auditor's update as of June 2015: Working with the Information Technology Department and procurement staff from the Finance Department, PBCE has posted a Permitting System Request for Proposal (RFP). Target date: 2017.
			Auditor's update as of December 2015: No change. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#8: To clear up the confusing layout of the permit center, PBCE should reconfigure signage and lobby space to provide clearer guidance for customers.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** Phase I of a Lobby Area Remodel for the 1st Floor has begun with $250,000 being allocated to the design part of the project. Public Works staff is finalizing a design consultant contract at this time. Once the design is completed, Phase II consisting of the construction can begin. Target date: Phase I – 12-15; Phase II – 6-17. **Auditor's update as of June 2015:** No change. Target date: TBD. **Auditor's update as of December 2015:** Clarified and reconfigured signage has been rolled out and is being piloted in the lobby. Target date: TBD.
#9: To shorten long lines and reduce the wait times for the Permit Center, PBCE should: a) Develop customer service guiding principles including procedures for when to summon additional staff assistance to the reception desk and to the Building Counters; b) Rationalize queuing numbers that are given out to customers; c) Hone available options in the queuing system and record reasons for customer visits; and d) Use the queuing system to track customer flow and set the right amount of staff to accommodate the customer demand.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** a) Department staff has updated their procedures to include provisions for summoning additional staff to the counters. b) Staff will develop an information sheet that helps customers understand the numbering system, including how and when the customer is transferred between development service partners. c) No change. d) No change. Target date: TBD. **Auditor's update as of June 2015:** PBCE staff are developing instructions that help customers understand the numbering system, including how and when customers are transferred between development service partners. PBCE staff has also categorized the queuing system to record reasons for trips, and are also using the queuing system to track customer flow. Target date: Fall 2015. **Auditor's update as of December 2015:** No change. Target date: TBD.
#10: To maximize its infrastructure already in place at the Permit Center, PBCE should: a) Station more staff at Building Counters available to provide assistance from walk-in customers as needed (i.e. desk duty); and b) Expand referrals to and use of self-help computer terminals in the lobby.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** a) See Response to Recommendation #8 with respect to resizing the service desk to fit current business model and the appropriate number of counter stations. b) No change. Target date: TBD. **Auditor's update as of June 2015:** PBCE reports that it is working to replace the existing self-help computers as they frequently crash. PBCE further reports that it plans to relocate the computers closer to the reception desk so that staff can provide assistance to customers using these computers as needed. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD. **POTENTIAL BUDGET IMPACT:** TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#11: Improve the hours of operation at the City Hall Permit Center.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** The Department is in the final stages of hiring three Permit Specialists. Once this staff is trained, Management will then assess the ability to extend Building Counter Service hours. Target date: TBD.
			Auditor's update as of June 2015: PBCE reports that three additional Permit Specialists were hired in March 2015 and are undergoing training at the building counter. With the additional staff, the department plans to provide assistance on minor inquiries through the lunch hour. The next phase would entail keeping one counter station open through lunch hour. Target date: TBD.
			Auditor's update as of December 2015: No change. Target date: TBD**.**
#13: Implement the technological infrastructure needed to support electronic plan submittal and review.	PBCE and IT	Partly Implemented	**Auditor's update as of December 2014:** The Department has begun to scope out the requirements for a replacement permitting system to AMANDA. The ability to integrate electronic permitting and plan submittal/review is included in the scope. In the meantime, staff is assessing to the feasibility of upgrading features of the existing system. Target date: 6-15.
			Auditor's update as of June 2015: PBCE reports that is has implemented a pilot electronic plan review process with volunteer customers piloting the selected Bluebeam software. Staff are also undertaking training on the software. The department has posted an RFP for the new permitting system which will include electronic plan review. Target date: 2017.
			Auditor's update as of December 2015: No change. Target date: TBD.
#14: To improve communication and outreach to Permit Center customers, PBCE should: a) Review and correct outdated information on its website; b) Remove jargon and provide simply-worded instructions about when, why, and how to obtain permits and approvals; and c) Upgrade the online permit interface to make it more user-friendly.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** a) Staff has begun the process of updating information on the Building Division Website. b) The Department's new Public Information Manager is currently assessing collateral and online information and is developing a workplan to improve more than 100 permit- and code-related information items, including simplifying instructions, The requested Web & Graphics coordinator position would be responsible for implementing the workplan, including addressing user-friendly features, and would provide ongoing website improvements and maintenance for the Department. c) The Department has begun to scope out the requirements for a replacement permitting system to AMANDA. On-line permitting capabilities is included in the scope. In the meantime, staff is assessing to the feasibility of upgrading features of the existing system. Target date: TBD. **Auditor's update as of June 2015:**

| | | | • The Public Information Manager's work plan has prioritized updating the Building Division handouts and forms that support the permit application process. With this language updated, simplified, and clarified, it will drive the needed improvements to the web pages. PBCE staff anticipate that Planning and Code Enforcement division handouts, forms, and web pages., will be the next step
• An improved template and color-coded hierarchy for bulletins and forms for all three divisions in PBCE has been created. To meet customer preferences, the forms will be designed as fillable online or can be downloaded for filling out by hand (and also available on the Permit Center forms wall.
• An intern and short-term contract assistant were hired to assist. Many of the older native files for handouts have been lost, but PDFs still exist. The intern and contract assistant have converted more than 100 PDFs to the new template. The Public Information Manager and staff are now in process of refining and consolidating these handouts and forms.
• The Web & Graphics Coordinator was approved. PBCE plans to fill the position in Fall 2015. This person will improve and provide ongoing maintenance of the PBCE website.
• A fact sheet was developed to explain which projects are exempt from permits (shorter to say what's exempt than what's included). This approved factsheet was used at the May 21 Open House and will be uploaded to the website.
Target date: 12-15.

Auditor's update as of December 2015: No change. Target date: TBD.

POTENTIAL BUDGET IMPACT: TBD. |
| #15: To improve communication with project participants, PBCE should upgrade the online permit interface to provide relevant project information to anyone affiliated with the project. | PBCE | Partly Implemented | **Auditor's update as of December 2014:** The Department has begun to scope out the requirements for a replacement permitting system to AMANDA. On-line permitting capabilities are being included in the scope. Meanwhile, staff are assessing the feasibility of upgrading the existing system.

Staff has been made aware that implementation of this finding is contingent on allowing public access to permit history and plan review findings. Target date: 6-15.

Auditor's update as of June 2015: Working with the Information Technology Department and procurement staff from the Finance Department, PBCE has posted a Permitting System Request for Proposal (RFP). Target date: 2017.

Auditor's update as of December 2015: No change. Target date: TBD. |

Audit Report and Recommendation	Department	Current Status	Comments
#16: To increase building permit awareness and increase compliance with the City's health and safety code, PBCE should develop and implement an aggressive strategy for promoting Building permits including: a) Website information about the consequences of not obtaining building permits; and b) Clear descriptions about the type of work that requires and does not require permits.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** The Department's new Public Information Manager is assessing current outreach practices and information in the Building and Code divisions and is developing a work plan to both improve and promote permit- and code-related practices that are important to the community's health, safety, and well-being. Target date: 9-15. **Auditor's update as of June 2015:** a) Website information including promoting the importance of securing permits will follow the strategy outlined in Recommendation #14. Additionally, the department, through various releases and events, promoted building permits and the importance of complying with building codes. For example, PBCE established a message platform that appears on all collateral and will weave into the website: "Building permits help you protect loved ones and your remodeling investment" and "We'll answer your questions about permits." This is translated into Spanish and Vietnamese. b) Staff developed a Bulletin that describes when permits are needed and not needed. Staff plan to have ongoing events and media relations as discussed under Recommendation #12 for the promotion of why permits are important. Target date: 12-15. **Auditor's update as of December 2015:** No change. Target date: TBD.
#17: As part of the proposed study of development services building fees planned for FY 2015-16: a) Review composition and purpose of various fees, deposits, and taxes that are part of a single-family permit issuance; b) Update current staffing cost assumptions and fee schedules; and c) Document fee calculations so that staff can more easily update assumptions in the future based on staff composition and historical data.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** The Development Services Partners are undergoing a Cost of Service review. Planning and Fire are in Phase I and Building and Public Works are in Phase II. Target date: Phase I – FY2015; Phase II – FY2016. **Auditor's update as of June 2015:** Following the Fee Study Project kick-off meeting in July 2015, PBCE staff will be working closely with the consultant to consider these issues. Target date: Fall 2017. **Auditor's update as of December 2015:** No change. Target date: TBD.
#18: Eliminate the Construction & Demolition Diversion Deposit.	PBCE and ESD	Partly Implemented	**Auditor's update as of December 2014:** ESD plans to evaluate phasing out the Construction Demolition Diversion Deposit program at the end of fiscal year 2015-16 and 2016-17. After the evaluation is complete, ESD will collaborate with Budget Office and PBCE to come forward with a recommendation for implementation. Target date: 3-17. **Auditor's update as of June 2015:** ESD is developing a plan to eliminate the deposit portion of the program by the end of FY 2016-17. ESD will continue to work with the Budget Office and PBCE over the upcoming months in preparation for this effort. Target date: Fall 2017.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2015: According to ESD, the department is evaluating the best timeframe for elimination, and will be working with the City Attorney's Office prior to collaborating with PBCE and the Budget Office for implementation. Target date: 3-17.
#19: To increase accessibility of online fee estimation, PBCE should update and simplify the online fee calculator.	PBCE	Not Implemented	**Auditor's update as of December 2014:** An On-Line Fee calculator has been developed for the Small Business Portal and is currently available through that webpage. The department will be adapting that calculator for residents requesting fee estimation through the PBCE site. Target date: 6-16.
			Auditor's update as of June 2015: After further review of the Small Business Portal online fee calculator, PBCE staff report that the department will incorporate this work as part of the current fee assessment. Target date: 2-17.
			Auditor's update as of December 2015: No change. Target date: TBD.
#20: To pass on the cost savings of online processing and avoiding the Permit Center to its customers, the City should reduce the permit processing and issuance fee for those permits that are issued entirely online through automated systems.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** The Development Services Partners are finishing the selection of a consultant to develop a new service delivery and fee structure model for Planning, Building and Fire, and reevaluate the current Public Works service delivery and fee structure model. Planning and Fire are in Phase I and Building and Public Works are in Phase II. The review of further fee reductions should occur as part of the service delivery and fee model work. Target date: Phase I – February 2015 to February 2016 (potential fee changes part of FY16-17 Proposed Budget). Phase II – February 2016 to February 2017 (potential fee changes part of FY17-18 Proposed Budget).
			Auditor's update as of June 2015: After the audit was published, PBCE reduced all online permit processing fees by 50 percent. PBCE reports that, moving forward, staff will make sure to incorporate this information as part of its Fee Study analyses. Target date: 2-17.
			Auditor's update as of December 2015: No change. Target date: TBD
#22: Refund overcharges to online water heater applicants where possible.	PBCE	Partly Implemented	**Auditor's update as of December 2014:** Staff will be working with Finance and City Attorney's Office to coordinate batch processing of those due a refund. Target date: 4-15.
			Auditor's update as of June 2015: PBCE reports that in July 2015, staff received approval from the City Attorney's Office to proceed with the refund process. Staff will work with the Department of Information Technology and the Finance Department to facilitate the refund process. Target date: Fall 2015.
			Auditor's update as of December 2015: No change. Target date: TBD.

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

The purpose of this audit was to assess the Public Works Department's process for prioritizing repair and improvement projects in the Facilities Maintenance Division. Of the 10 recommendations in the report, 3 were previously implemented, 1 was implemented during this period, and 6 are partly implemented

Audit Report and Recommendation	Department	Current Status	Comments
#1: To enable better asset lifecycle management, Public Works should: a) identify funding, in coordination with the Manager's Budget Office, and create a plan to conduct comprehensive condition assessments, including lifecycle cost analyses of City facilities; b) conduct regular, ongoing condition assessments of City facilities, and c) provide this information to City Council together with an analysis of the consequences of continuing funding at current versus enhanced levels.	Public Works and Budget Office	Partly Implemented	**Auditor's update as of December 2014:** A FY 2015-16 budget proposal was submitted to the Budget Office to fund lifecycle condition assessments for all City facilities within five years and to fund one position to conduct ongoing condition assessments Citywide of the exterior shell and parking lots. Shop supervisors are developing comprehensive checklists and regular reviews of critical equipment and components. According to the Budget Office, this proposal will be evaluated in light of the City's budget condition and other Citywide and departmental funding priorities for FY 2015-16. Target date: 6-16. **Auditor's update as of June 2015:** The FY 2015-16 Adopted Capital Budget adds $400,000 and one position to conduct on-going building inspection and evaluation assessments of City-owned facilities. According to the Division, lifecycle condition assessments for all buildings should be completed within five years. Additionally, shop supervisors are developing comprehensive checklists for regular reviews of critical equipment and components. The information from the assessment will be incorporated into the Deferred Maintenance and Infrastructure Backlog Report, presented annually to the Transportation and Environment Committee and the City Council, and used to inform the development of future capital improvement programs. Target date: 6-16. **Auditor's update as of December 2015:** A total of 60 building condition assessments have been completed, and information was incorporated into the annual Deferred Maintenance and Infrastructure Backlog Report presented to the Transportation and Environment Committee in February. It will be presented to the City Council and used to develop future capital improvement projects. The Department plans to upload all relevant building assessment data to the City's asset management software program (Infor EAM). The Public Works Department also submitted a FY 2016-17 budget proposal to fund the second year of a three-year program to conduct lifecycle building condition assessments. This resource need will be evaluated by the Administration as part of the FY 2016-17 budget process in light of the City's budget outlook and other Citywide and departmental funding priorities. Target date: 6-16.

Audit Report and Recommendation	Department	Current Status	Comments
#3: For effective financial planning and efficient use of existing staff resources, Facilities should create a policy to regularly review building and asset inventory lists to ensure accuracy in the database. This review could be part of the condition assessment program.	Public Works	Partly Implemented	**Auditor's update as of December 2014:** According to the Facilities Management Division (Facilities), it is creating a comprehensive Citywide condition assessment schedule that will align with the lifecycle condition assessments in recommendation #1, and will be downloaded into Infor EAM, the Asset Management Database. Target date: 6-16. **Auditor's update as of June 2015:** Facilities received funding to conduct lifecycle assessments and will be conducting assessments of key facilities i--n FY 2015-16. These condition assessments will enable staff to create a comprehensive building and asset inventory list that will be incorporated into Infor EAM. Guidelines to conduct annual reviews of the building and asset inventory list by each trade supervisor are being developed. Target date: 6-16. **Auditor's update as of December 2015:** Guidelines and checklists are being developed by each trade supervisor to conduct annual reviews of the building and asset inventory, and new building condition assessments are being modified to allow for easy review and the ability to upload to the City's Infor EAM. The Department will update its policies and procedures accordingly. Target date: 6-16.
#4: To improve consistency, Facilities should adopt, document, and train staff on guidelines for asset and work order management (i.e., define minimum threshold for documenting City Hall work, create procedures for commissioning/decommissioning equipment and buildings as well as updating labor rates, simplify work order statuses and data types, and employ drop-down menus).	Public Works	Partly Implemented	**Auditor's update as of December 2014:** Facilities will continue to host regular training sessions on guidelines and proper work order procedures. According to Facilities, procedures are being developed to commission and decommission facility assets. Facilities will explore opportunities to create and utilize drop-down menus, modify Infor EAM, and increase communication with staff on relevant performance metrics to evaluate overall performance levels (e.g., share data by shop). Target date: 6-16. **Auditor's update as of June 2015:** One-time funding of $500,000 is allocated to upgrade the Infor EAM in order to improve functionality and user friendliness. Implementation is expected by June 2016. According to Facilities, additional guidelines and training will be developed as the system is upgraded in order to continue to improve the focus on consistency. Target date: 6-16. **Auditor's update as of December 2015:** Facilities staff has been trained on how to utilize Infor EAM on corrective and preventive maintenance work orders, including minimum thresholds for City Hall. A comprehensive checklist has been developed to commission and decommission buildings and equipment to ensure current information is entered into Infor EAM. All corrective maintenance work orders are entered into Info EAM and comprehensive Preventive Maintenance schedules have been added for new facilities and removed for decommissioned facilities. Upgrades to Infor EAM are scheduled to be completed by the end of 2016. Target date: 12-16.

Audit Report and Recommendation	Department	Current Status	Comments
#5: To enable data-driven decisions, Facilities should increase emphasis on the importance and reliability of its asset management database, and utilize the reporting features of its asset management system to identify failing or costly assets, identify and plan for upcoming fiscal needs, and monitor and track contractor costs.	Public Works	Partly Implemented	**Auditor's update as of December 2014:** Facilities is investing in Infor EAM training and developing custom reports to identify equipment performance levels and predictive failures. Per Facilities, a comprehensive capital replacement program is being developed that utilizes age, cost to maintain, and performance levels to address the most critical equipment replacement needs. Budget proposals were submitted to the Budget Office to fund upgrades to Infor EAM and to fund one FTE to support the system. Target date: 6-16.

Auditor's update as of June 2015: Facilities intends to use condition assessment reports (recommendation #3) and Infor EAM reports (recommendation #4) that identify the age of equipment, cost to maintain, and performance levels to develop a comprehensive capital replacement program for key facilities and critical equipment. Target date: 6-16.

Auditor's update as of December 2015: Facilities created a comprehensive 5-year Capital replacement program for all Cultural facilities by utilizing comprehensive building condition assessments, data and reports from Infor EAM, facility staff assessments, and outreach with each individual operator.   Staff is developing a comprehensive replacement schedule for City Hall by utilizing a comprehensive building assessment and Infor EAM data, which includes corrective work order data history, preventive maintenance schedules, equipment downtime, cost of maintenance, and projected service life of key building systems. Target date: 12-16. |
| #7: To improve transparency with customers, Facilities should utilize the automatic email feature of the asset management system. | Public Works | Partly Implemented | **Auditor's update as of December 2014:** According to Facilities, customer service emails are transmitted after a work order has been completed, and customer service email surveys will be improved. Facilities intends to evaluate and employ status updates on generated work orders from client departments. Target date: 12-15.

Auditor's update as of June 2015: According to Facilities, Infor EAM automatic email notifications have been developed and trial implementation is scheduled for August 2015; full implementation expected October 2015. Target date: 12-15.

Auditor's update as of December 2015: For the last two quarters**,** automatic email notifications have been generated from Infor EAM with the creation of a work order. The Department intends to expand the use of the automatic email feature with the upgrades to the Infor EAM system. Overall Facilities has achieved a 92 percent customer service rating. Target date: 12-16. |
| #8: To align customer expectations with its capacity, Facilities should periodically review and revise its prioritization policy and time standards based on throughput, cycle times, etc. and continue to share updates with its customer council. | Public Works | Implemented | **Auditor's update as of December 2014:** The next annual meeting is in scheduled for spring 2015, and according to Facilities, cycle times by priority and trade (e.g. carpentry, electrical, HVAC, paint, and plumbing) will be shared. At that time, a thorough review of the Prioritization Policy |

Audit Report and Recommendation	Department	Current Status	Comments
			will be discussed to determine if timelines and priorities need to be adjusted to reflect current and desired outputs. Target date: 6-15.
			Auditor's update as of June 2015: Facilities shared work order status, cycle times, performance measurements, and project schedules at its quarterly client department meetings. The annual customer council meeting is scheduled for August 2015. Target date: 12-15.
			Auditor's update as of December 2015: Facilities reported work order status, cycle time, performance measurements and project schedules with client departments on a monthly or quarterly basis and conducted the annual customer council meeting in August 2015.
#10: Facilities should monitor performance metrics (response rates, cycle times, etc.) at the shop and individual level, and regularly report shop performance to division managers, supervisors, staff, and customers.	Public Works	Partly Implemented	**Auditor's update as of December 2014:** Facilities is updating its performance metrics by utilizing the Infor EAM program, and performance metrics, such as customer satisfaction, cycle times, response rates, and shop performance will be shared at all levels of the organization. Target date: 6-15.
			Auditor's update as of June 2015: Facilities reported performance metrics at all levels of the organization, including direct customers and line staff on a quarterly basis. Facilities will continue to provide quarterly updates with a goal to improve overall performance and to enhance customer service. Target date: 12-15.
			Auditor's update as of December 2015: Facilities is reporting performance metrics at the shop and customer level to staff and direct customers on at least a quarterly basis. Facilities will continue to provide monthly or quarterly updates with a goal to improve overall performance and to enhance customer service. Target date: 6-16.

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

The objective of this audit was to review the City's billing and collection procedures and practices related to invoices generated in line departments. Of the 18 recommendations in the report, 8 were previously implemented, 4 are partly implemented, and 6 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Department of Transportation should work with the Police Department to develop and implement technology enhancements to the Police Department's records management system, including the following: • Automate field data collection and electronic storage of the traffic collision reports and provide access to the data for use by the Department of Transportation. • Implement changes in the records management system to collect and provide additional traffic collision data that would	DOT and Police	Not Implemented	**Auditor's update as of June 2015:** In May 2015, DOT decommissioned its old crash data system and moved to a new environment that has been built open for data integration. This system has been built to accept automatic data transfer from PD's crash electronic system. Discussions remain ongoing between DOT and PD regarding the type and delivery of data transfer between systems. PD is still in the process of finalizing their component of the records management system. Target date: TBD. **Auditor's update as of December 2015:** The Transportation and Police departments are continuing discussions on the type and delivery of data

Audit Report and Recommendation	Department	Current Status	Comments
be used by Department of Transportation to electronically identify, categorize, and initiate inspection and repair of damaged City property.			between systems. Additionally, the Policy Department has begun testing electronic traffic collision reports on some patrol vehicles. Target date: TBD.
#3: The Human Resources Department should automate its invoicing process and provide easier payment options for employees.	Human Resources & Finance	Not Implemented	**Auditor's update as of June 2015:** The departments of Human Resources and Finance are in discussions to automate the invoicing process and to create a method to reduce the number of individual checks. Target date: 12-15.
			Auditor's update as of December 2015: According to the Department of Human Resources, it is in the process of modifying the invoice instructions to allow employees on leave to write one check for benefits owed and payable to the City (specifically medical, dental, vision, life and employee assistance), but would still require separate checks (payable to the specific provider) for long term disability and accidental death and dismemberment. Target date: 12-16.
#5: To ensure that the correct amount of penalties and interest are being assessed, the Finance Department should work with the Information Technology Department and/or the Revenue Results software vendor to: a) Update the penalty and interest table uploaded into Revenue Plus/Revenue Results to include billable programs which are not currently being charged interest. b) Correct current interest calculations to charge interest on penalties for fees and charges.	Finance	Partly Implemented	**Auditor's update as of June 2015:** The Finance Department and IT Department has updated the billable program listed in the penalty and interest table uploaded into Revenue Plus. Interest calculations on penalties for fees and charges will be incorporated into Revenue Plus/Revenue Results at a later date. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: 6-16.
#6: The Finance Department should refund collection fees incorrectly charged during fiscal years 2011-12 through 2013-14 where possible.	Finance	Not Implemented	**Auditor's update as of June 2015:** The Finance Department is working with the City Attorney's Office to identify the process to refund incorrectly charged collection fees. Target date: 12-15. **Auditor's update as of December 2015:** The Finance Department has worked with the City Attorney's Office to identify the process to refund incorrectly charged collection fees. Target date: 6-16.
#8: To maximize collections, Finance should finalize and implement its revenue collection procedures (City Administrative Policy). These should include criteria and time frames to pursue specific collections activities, including: • Automatically sending accounts to the City's outside collections agencies • Pursuing legal remedies • Liening properties • Writing off old accounts	Finance	Partly Implemented	**Auditor's update as of June 2015:** The Finance Department has updated and posted its General Guidelines for Accounts Receivables/Revenue Collection (section 5.3.6 of the City Administrative Policy Manual). This policy includes criteria and time frames to pursue specific collections activities such as sending accounts to the outside collections agencies and liening properties. Internal procedures are being developed to identify supervisory or management roles for reviewing delinquent accounts and collections activities. Target date: TBD. **POTENTIAL BUDGET IMPACT:** At the time of the audit we estimated the City could recover $42,000 a year by automatically sending accounts

Audit Report and Recommendation	Department	Current Status	Comments
The procedures should also identify supervisory or management roles for reviewing delinquent accounts and collections activities**.**			to the City's outside collections agencies. Additionally monetary benefits could be achieved through additional legal remedies including liens. **Auditor's update as of December 2015:** No change. Target date: 6-16.
#10: To aid the collection process, the Finance Department should work with the City Attorney's Office to explore expanding lienable activities, such as with Planning, Building, and Code Enforcement's neglected and vacant homes program.	Finance and City Attorney	Partly Implemented	**Auditor's update as of June 2015:** The Finance Department has discussed the issue with the City Attorney's Office and is working on the specifics of the lien program with PBCE and the City Attorney's Office. Target date: 12-15. **Auditor's update as of December 2015:** No change. Target date: TBD.
#12: The Finance Department should work with: • The Information Technology Department to develop an online payment option for accounts owing to the City and managed in Revenue Results. • The Fire Department and Information Technology to develop an online payment option for invoices billed through FireHouse.	Finance, IT, and Fire	Not Implemented	**Auditor's update as of June 2015:** Once the upgrade to Revenue Results is complete, the Finance Department will review online payment options and feasibility with the Information Technology Department and the Fire Department. Target date: TBD. **Auditor's update as of December 2015:** The Finance Department's Revenue Management Division will review online payment options with the Information Technology Department when the Revenue Results upgrade is complete. The Fire Department has started working with Finance's Treasury Division on online payment options for the FireHouse billing system; this could potentially be completed in 2016-17. Target date: TBD.
#15: The Library should lower their threshold for collection agency referrals and expanding referrals to include fines only accounts in order to maximize the number of books returned and revenue recovered.	Library and Finance	Not Implemented	**Auditor's update as of June 2015:** The Library and the Finance Department are in discussions regarding referrals to their collection agency. In a preliminary assessment, the Library estimates that 13,000 to 15,000 additional customers would be sent to a collections agency if the fines threshold were lowered and/or adjusted to include fine-only accounts. According to the Library, the department will be assessing the Library Fines and Fees schedule and procedures associated with levying fines, collecting fines, and managing the collection agency process before considering adjusting their threshold for referrals to a collection agency. In addition, the potential for impacting families with additional financial barriers to accessing library resources will also be considered and mediated prior to revisiting the possibility of lowering the collection agency threshold. Target date: TBD. **Auditor's update as of December 2015:** The Library has contracted with Management Partners to study and evaluate the current fines and fee structures of other library systems in order to compare current practices and identify impacts on San José residents. The Library plans to present the study to the Library and Early Care Commission and the Neighborhood Services and Education Committee in early 2016. In addition, the Library is working with the Finance Department to develop for an RFP for a Library-specific collection agency vendor in Spring 2016. Target date: 6-17. **POTENTIAL BUDGET IMPACT:** $88,000.

Audit Report and Recommendation	Department	Current Status	Comments
#16: The Finance Department should work with the Information Technology Department to: • Improve the interface between department billing systems and Revenue Results so that key information, such as the service date and other details about the service or citation, that will aid in the collection process is transferred. • Work with Planning, Building, and Code Enforcement and the Fire Department to develop an interface or some other means of transferring data from the departmental billing systems into Finance's collections software to better manage collections for these departmental billings.	Finance, IT, PBCE, and Fire	Not Implemented	**Auditor's update as of June 2015:** According to the Finance Department and the IT Department, they are beginning the upgrade process from Revenue Plus to Revenue Results. This upgrade will enhance the system's ability to exchange data with departmental systems. Once the project is complete, the Finance Department and IT Department will work with the Department of Planning, Building, and Code Enforcement and the Fire Department to manage data transfers from the departmental billing systems into Finance's collections software. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: 12-16.
#18: Once Revenue Results is implemented, the Finance Department should develop and implement procedures for periodic departmental account reviews to determine collection rates and assess performance of the revenue collection process. These results should be shared with departments to help identify potential problems and solutions to improve the revenue collection cycle.	Finance	Partly Implemented	**Auditor's update as of June 2015:** The Finance Department has updated and posted its General Guidelines for Accounts Receivables/Revenue Collection (section 5.3.6 of the City Administrative Policy Manual). This policy includes periodic departmental account reviews. Once the upgrade to Revenue Results is complete, the Finance Department will implement procedures for periodic departmental account reviews. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: 12-16.

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

The object of this audit was to assess the street pavement's current condition, and to evaluate DOT's projections of its funding need. Of the 4 recommendations in the report, 1 was previously implemented, 2 were implemented during this period, and 1 is not implemented.

#1: The Department of Transportation, together with the City Manager's Office, should identify a sustainable, predictable funding stream to maintain roads annually, and develop a multi-year plan to use one-time funding to bring the road network up to ■ good condition by addressing maintenance backlogs and reconstructing ■ poor and ■ failed streets.	DOT	Not Implemented	**Auditor's update as of June 2015:** Several initiatives that could provide on-going funding for pavement maintenance are in varying stages of exploration, discussion, or development. • The City Manager's Office will conduct opinion polling in early 2016 regarding potential ballot measures that could include a revenue measure or bond proposal for voter consideration in 2016. The polling results would inform City Council decisions related to placing a measure on a future ballot, including funding priorities for potential new sales tax revenues. Pavement maintenance has been identified in past considerations as a priority service area for receiving future revenue. • The Valley Transportation Authority (VTA) is evaluating a possible revenue measure for 2016 known as *Envision Silicon Valley* that could include funding for pavement maintenance for San José and other cities in Santa Clara County. The City is

engaged with VTA in defining the goals, priorities, and funding scenarios for the measure.

- The State Legislature is holding a Special Session on Transportation Infrastructure to address California's transportation needs. The Mayor's Office, City Manager's Office and DOT are engaged with key legislators and other large cities to emphasize the importance of State funding for maintenance and "fix-it-first" needs at the local level.

Target date: 12-16.

Auditor's update as of December 2015: DOT has continued to explore and develop the initiatives discussed above. The following updates were provided to the Transportation and Environment Committee on February 1, 2016:

- The City Manager's Office conducted opinion polling in December 2015 regarding a potential quarter-cent sales tax measure for the June 2016 election. The Sales Tax Ballot Measure Spending Priorities Plan, which was included in the FY 2015-16 Adopted Budget, recommended that 30% of a new sales tax revenues be allocated to "repair and maintain streets." If the sales tax measure is placed on the ballot and approved by the voters, a 30% allocation of the funding would provide approximately $12 million per year for additional pavement maintenance funding.

- The Valley Transportation Authority (VTA) is exploring placement of a countywide sales tax measure on the November 2016 ballot (*Envision Silicon Valley)* that could include funding for pavement maintenance for San José and other cities in Santa Clara County. The City is engaged with VTA in defining the goals, priorities, and funding scenarios for the measure. Staff anticipates that if the City and County make pavement maintenance a priority in this sales tax, the City could receive approximately an additional $29 million per year in pavement maintenance funding from this tax.

- In June 2015, Governor Brown convened a special legislative session to address various transportation needs, including the State's ability to complement the effort of local agencies in maintaining local transportation infrastructure. Since then, three separate proposals have been introduced by the Governor, Senator Beal (SB x1-1) and Assembly Transportation Committee Chair Frazier (AB 1591) for new transportation funding. These proposals are still in the process of being considered by the State legislator.

Target date: 12-16.

Audit Report and Recommendation	Department	Current Status	Comments
			POTENTIAL BUDGET IMPACT: On average, every $1 spent to address deferred pavement maintenance saves $1 to $4 in additional cost.
#2: To efficiently use inspectors' time, the Department of Transportation should provide records management software and mobile computers to its inspectors.	DOT	Implemented	**Auditor's update as of June 2015:** The Department of Transportation (DOT) has initiated a department-wide IT project ("Unity") that will migrate many of the department's databases, customer portals, and service request/work order systems into a central, desktop- and mobile-accessible platform. Through this project, all pavement inspectors will be provided tablets and/or smartphones to replace the paper-based workflow with digital records. Inspectors will also gain access in the field to pavement segment inventory, maintenance history, and updated maps. Target date: TBD.
			Auditor's update as of December 2015: Tablets and smartphones have been provided to all pavement inspectors as of January 2016. Inspectors have access in the field to pavement segment inventory, maintenance history, and updated maps and project info through the tablets and smartphones. Staff reports that this has allowed inspectors to record inspection observations and updates directly from their worksite which has improved efficiency.
#3: To improve transparency and accountability, the Department of Transportation should include on its website: condition maps, lists/maps of planned maintenance, performance measures, and other relevant information.	DOT	Implemented	**Auditor's update as of June 2015:** DOT has added a number of improvements to its website:

#3 Comments continued:

- A map that shows the Pavement Condition Index for every street in San José. A similar map is provided on the Public Works website
- Maps that show the projects that will be performed in the current year and previous calendar year
- A link to the Public Works Cone Zone map that shows existing construction activities that impact the roadways, including the pavement maintenance projects. The information provided includes project name, dates of traffic impacts, project manager name and contact info, location of traffic impact, and work description
- A map that shows the streets that are under a Pavement Moratorium and cannot be cut into except in case of emergency or for a development project

DOT is planning to add further staff reports, funding data, and more information to its website. Target date: 1-16.

Auditor's update as of December 2015: DOT has continued to improve its website with new information about condition maps, lists of planned maintenance projects, and pavement moratoriums. It also provides links to reference documents including the annual pavement maintenance status report and funding strategy update, as well as some descriptions

| | | | on how pavement is maintained. DOT staff also plan to continue to improve and add to the website. |

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

The purpose of this audit was to assess the efficiency and effectiveness of the City's current hiring process for non-sworn employees. Of the 14 recommendations in the report, 6 were implemented during this period, 4 are partly implemented, and 4 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: In order to reduce the vacancy backlog, the Human Resources Department should hire temporary recruitment staff.	Human Resources	Implemented	**Auditor's update as of June 2015:** The FY 2015-16 Budget extended funding for two existing temporary positions through June 2016 and one position through December 2015. Salary savings from FY 2014-15 was rebudgeted to create one additional temporary position. Target date: 12-15. **Auditor's update as of December 2015:** Budget has added 3 temporary overstrength positions for HR recruiting and hiring. HR will continue to monitor the need for temporary staff going forward.
#2: In order to recruit for hard to fill positions, consider increasing usage of outside recruitment firms that are specialized to fill these positions.	Human Resources	Partly Implemented	**Auditor's update as of June 2015:** HR issued an RFP in July 2015 for outside recruitment and class/comp services. Target: 12-15. **Auditor's update as of December 2015:** Human Resources awarded contracts to two firms in October 2015 for outside recruitment and class/comp services. Both contracts have options to renew for up to 3 years. The Auditor's Office will consider the recommendation implemented after firms have been used for specialized recruitments for hard to fill positions. Target date: 6-13.
#3: Human Resources should work with departments to establish deadlines for key recruitment steps to manage hiring times.	Human Resources	Implemented	**Auditor's update as of June 2015:** HR has completed a process mapping review that establishes a standard process with deadlines for key recruitment steps, with options for an expedited process and a specialized process, and defines consistent responsibilities for HR and department staff. These hiring process changes were presented to City Senior Staff for review in August 2015. Target date: 12-15. **Auditor's update as of December 2015:** Human Resources implemented a standard process with deadlines for key recruitment steps, with options for an expedited process and a specialized process, in August 2015.
#4: To better inform recruitment processing deadlines, Human Resources should track and report all the time between major hiring steps, and provide hire time estimations to departments for each step.	Human Resources	Not Implemented	**Auditor's update as of June 2015:** The City is upgrading the HRIS system, including the application tracking component, which is expected to allow HR to track major hiring steps automatically. The upgrade project is scheduled for completion in the first half of FY 2016-17. Target date: 12-16.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2015: HRIS upgrade, which will allow HR to track major hiring steps automatically, is on target for completion in the first half of FY 2016-17. Target date: 12-16.
#5: To reduce hiring times, Human Resources should: a) Standardize hiring steps where possible to make the hiring process consistent, and b) Delineate consistent roles for Human Resources and department staff in the hiring process.	Human Resources	Partly Implemented	**Auditor's update as of June 2015:** HR has developed a standard process with deadlines for key recruitment steps, with options for an expedited process and a specialized process, and that defined consistent responsibilities for HR and department staff. Implementation is expected by the end of the year. Target date: 12-15. **Auditor's update as of December 2015:** Human Resources implemented a standard process with deadlines for key recruitment steps, with options for an expedited process and a specialized process, in August 2015. HR has set a new target time-to-hire for standard process to be 54 working days, and met that target as of 12-31-15. The Auditor's Office will continue to monitor this recommendation until the hiring times are shorter than times observed during the audit. Target date: 6-16.
#6: Human Resources should develop lists of common citywide positions and coordinate recruitments between departments where possible.	Human Resources	Implemented	**Auditor's update as of June 2015:** As part of implementation of the proposed hiring changes, HR will publish a monthly list of pending recruitments to allow departments to identify opportunities for coordination and/or expedited hiring option of use of existing candidate pools. Target date: 12-15. **Auditor's update as of December 2015:** Human Resources published a Quarterly Recruitment Status Report in October 2015 for FY15-16 Q1. FY15-6 Q2 Quarterly Recruitment Status Report was published in January 2016. These reports list recruitments in progress, assigned and waiting to commence, and unassigned. Departments can use the reports to coordinate recruitments.
#7: Human Resources should update the hiring resources available to department staff on the intranet, and conduct regular training for department staff on recruitment procedures and regulations.	Human Resources	Not Implemented	**Auditor's update as of June 2015:** With implementation of other recommendations, the Department anticipates that additional staff capacity should become available to update web-based resources regularly and conduct training on recruitment procedures. Target date: TBD. **Auditor's update as of December 2015:** No change. Target date: TBD.
#8: To encourage expedited hiring and highlight the length of time needed for specialized recruitments, Human Resources should provide hiring process options to departments. These options should include an expedited hiring process (using an existing candidate pool), a standard process, and a specialized recruitment process with added steps for practical exams or additional screening criteria.	Human Resources	Implemented	**Auditor's update as of June 2015:** HR has completed a process mapping review that establishes a standard process with deadlines for key recruitment steps, with options for an expedited process and a specialized process, and defines consistent responsibilities for HR and department staff. These hiring process changes were presented to City Senior Staff for review in August 2015. Target date: 12-15.

Audit Report and Recommendation	Department	Current Status	Comments
			Auditor's update as of December 2015: Human Resources implemented a standard process with deadlines for key recruitment steps, with options for an expedited process and a specialized process, in August 2015.
#9: Human Resources should encourage hiring managers to use available flexibility on the methods of rating or scoring candidates and interview follow-up questions. Further, review and reduce number of classifications requiring written tests.	Human Resources	Not Implemented	**Auditor's update as of June 2015:** With implementation of other recommendations, the Department anticipates that additional staff capacity should become available to conduct training on recruitment procedures. HR is researching on-line testing as an option for reducing staffing resources for administration of written exams. Target date: TBD.
			Auditor's update as of December 2015: Human Resources is charged with mounting valid and defensible Civil Service processes. However, there is flexibility available in those processes. Through training, HR can educate department staff about that flexibility. In addition, the HRIS upgrade will allow implementation of on-line testing; funding for future implementation will need to be identified. Target date: TBD.
#10: Review and reduce job competencies. Develop competencies that are tied to classifications and use these consistently.	Human Resources	Implemented	**Auditor's update as of June 2015:** HR will be reviewing and revising the current competencies as part of the implementation of the on-line application component of the HRIS upgrade. The upgrade project will begin in July 2015 and is scheduled for completion in the first half of FY 2016-17. Target date: 12-16.
			Auditor's update as of December 2015: In October 2015, Human Resources reduced the number of job competencies used to write various job classifications from 50 to 31. The revised competencies are being used in all new classifications and in revisions to current classifications (see #11).
#11: Work with departments to update minimum qualifications and job specifications to ensure they are pertinent to job requirements, starting with those that are out-of-date.	Human Resources	Partly Implemented	**Auditor's update as of June 2015:** Funding for consultant services and a temporary position to revise critical job specifications was approved in the FY 2015-16 Budget. Target date: 12-15.
			Auditor's update as of December 2015: Human Resources has contracted with Koff & Associates to review and update 69 classifications that are most frequently recruited for and/or have more than 50 incumbents. Target date: 6-16.
#12: Human Resources should work with the City Manager's Office to improve the promotion of City jobs on the Internet by: a) Enhancing the visual appearance, usability, and recruiting content of the City's job website, and b) Ensuring jobs posted on external sites contain correct recruitment information	Human Resources/ City Manager	Not Implemented	**Auditor's update as of June 2015:** The HRIS upgrade is expected to improve interface of the on-line application with external websites; reducing the need for posting information manually will reduce the risk of errors. The upgrade project is scheduled for completion in the first half of FY 2016-17. Target date: 12-16.
			Auditor's update as of December 2015: HRIS upgrade, which will improve interface of the on-line application with external websites, is on target for completion in the first half of FY 2016-17. Target date: 12-16.

Audit Report and Recommendation	Department	Current Status	Comments
#13: Human Resources should develop a strategy to increase outreach to potential entry level applicants.	Human Resources	Party Implemented	**Auditor's update as of June 2015:** With implementation of other recommendations, the Department anticipates that additional staff capacity should become available to conduct outreach to potential entry-level applicants more regularly. Target date: TBD.
			Auditor's update as of December 2015: The first City Career Fair occurred on February 27, 2016. Following that career fair, HR advises that it will evaluate the success and its strategy for outreach. Target date: 6-16.
#14: Human Resources should develop a long-term strategic plan to focus on employee retention and plan for upcoming vacancies.	Human Resources	Implemented	**Auditor's update as of June 2015:** The HR 2015-2015 Strategic Plan, which will be completed in August 2015, will establish annual goals and provide the foundation for longer term strategic planning. Target date: 12-15.
			Auditor's update as of December 2015: Human Resources 2015-2016 Strategic Plan with long-term goals completed in August 2015. This plan included four key goals for the employment division: implement a new online application process and tracking system, reduce the time-to-hire through the use of a three-track hiring process, complete a classification study of 44 classifications, and update guidance on compensation and education requirements.

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

PRNS provides a variety of programs including recreation classes for which it charges fees. The purpose of this audit was to review the calculation and cost-recovery status of the departments' General Fund Fee Activity Program which includes many of those classes. Of the 6 recommendations in the report, 2 were previously implemented, and 4 are partly implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: PRNS should work with the Budget Office to: a) Reassess the purpose of the Fee Activity Program (including cost-recovery targets), b) Provide reasonable justification for mid-year expenditure requests, c) More clearly link revenues and expenses to their respective programs, and d) Determine which activities should be included in the Fee Activity Program.	PRNS/Budget	Partly Implemented	**Auditor's update as of June 2015:** PRNS reports that it will work with the Budget Office on items during discussions and analyses that occur as part of the 2016-2017 budget development process. Target date: 6-16. **Auditor's update as of December 2015:** Consistent with #1a, the department has revised its cost-recovery estimates for the Fee Activity Program. For instance, in the 2015-16, proposed Fees and Charges Report, PRNS projected a much lower cost recovery rate for 2015-16 (80.4%), than previously published cost recovery rates (100 percent for 2014-15). The department attributed the lower recovery rate to refinements in its cost calculation methodology and recognizing increased indirect costs (overhead). Target date: 6-17.

Audit Report and Recommendation	Department	Current Status	Comments

#2: PRNS should redesign its class proposal form to include:
  a) Designated cost-recovery category (i.e. public, merit, or private),
  b) All direct and indirect costs,
  c) Enrollment target(s),
  d) Cost-recovery calculation,
  e) Comparable market rate pricing, and
  f) Justification for less than cost-recovery pricing (e.g. piloting a class).
	PRNS	Partly Implemented	**Auditor's update as of June 2015:** PRNS reports that it will update the class proposal form and pilot its use on a sample basis by December 2016. Target date: 12-16.
			
			Auditor's update as of December 2015: PRNS reports that staff are redesigning the class proposal form to include the recommended improvements. The department also reports that it is considering creating different forms tailored to different programs. PRNS reports that once the form is redesigned, staff will create a plan to operationalize it. Target date: 12-16.

#3: To inform future class offerings and pricing decisions, PRNS should track how well the price, enrollment, and expected cost-recovery goals for recreation classes are met.	PRNS	Partly Implemented	**Auditor's update as of June 2015:** PRNS reports that it will pilot a class assessment process on a sample basis after the close of the summer 2015 program season. Target date: 10-16. **Auditor's update as of December 2015:** PRNS reports that it has completed a pilot class assessment for the fall 2015 season. The assessment analyzed the prices, enrollment, and cost recovery rates for all fee classes run during the fall 2015 season. As a result of the pilot assessment, staff has made several operational/programming improvements. Staff is considering how to best institutionalize the class assessment process. Target date: 10-16.
#4: PRNS should adopt a process for periodically reviewing and adjusting expense assumptions to ensure fees are covering costs.	PRNS	Partly Implemented	**Auditor's update as of June 2015:** PRNS reports that it will include an annual or as-needed review of expense assumptions as part of a Fee Activity Program administrative policy that will be drafted to respond to Recommendation #1. Target date: TBD. **Auditor's update as of December 2015:** PRNS reports that it will include an annual or as-needed review of expense assumptions as part of a Fee Activity Program administrative policy. The department also reports that it has reviewed some expense assumptions, is piloting a class assessment process, and has redesigned the class proposal form. Target date: 6-17.

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

The objective of our audit was to assess the effectiveness of the City's single-family residential recycling program. Of the 6 recommendations in the report, 5 are partly implemented and 1 is not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Environmental Services Department should utilize the results of its upcoming Waste Characterization and Residue Study to: a) Provide baselines for single-family curbside diversion goals in future contracts, and b) Work with its haulers to determine where program improvements can be made.	ESD	Partly Implemented	**Auditor's update as of December 2015:** A third-party Waste Characterization Study Report (completed in November 2015), along with recommendations to explore program improvements based on the study, went to City Council on January 12, 2016. Council directed staff to: 1) Pilot larger garbage carts for single family residences in focused areas in addition to ESD working cooperatively with CWS and interested community groups on increasing public education and outreach; 2) To explore options for phasing in backend processing of garbage for a portion, or all, of the remaining 60 percent of single-family households; and 3) Work with CWS to create a solution to improve recycling capture rates, and return to Transportation and Environment Committee within 90 days to present their approach. ESD plans to utilize the results of the study for the research and development of future contracts, with an anticipated RFP release of January 2018. Target date: 1-18.
#2: If the upcoming Waste Characterization and Residue Study shows that clean recyclables are present in the residue from either MRF, the Environmental Services Department should require the contractor either: a) Improve its MRF processing procedures to ensure compliance with the terms of their contract, or b) Explore backend sorting its residue to recover any materials which were not recovered during processing.	ESD	Partly Implemented	**Auditor's update as of December 2015:** A third-party MRF evaluations report, which provided recommendations for improvements to processing procedures, was completed in November 2015. The final report, along with a recommendation to implement a pilot to backend sort MRF residue, went to City Council on January 12, 2016. The Council directed staff to return with a plan for Council consideration prior to implementation. The Council further directed staff to explore options for phasing in backend processing of garbage for a portion, or all, of the remaining 60 percent of single-family households. ESD is to work with CWS and return to the Transportation and Environment Committee within 90 days to present the approach. Target date: 6-16.
#3: To better track progress in single-family curbside recycling and inform the development of performance targets, the Environmental Services Department should define a standard diversion calculation and apply it consistently across all garbage and recycling districts in future recycling contracts.	ESD	Not Implemented	**Auditor's update as of December 2015:** Not started. Target date: 1-18.

Audit Report and Recommendation	Department	Current Status	Comments
#4: As a part of their Public Education and Outreach Programs, the Environmental Services Department should require haulers to: a) Increase the number of presentations to schools and community groups, and b) Design and implement an in-person, door-to-door outreach campaign that targets neighborhoods known to have contamination problems. This could include ensuring large households have the right garbage container size and integrating demographic differences across neighborhoods.	ESD	Partly Implemented	**Auditor's update as of December 2015:** Based on a 2014 ESD survey, only 56 percent of residents felt the City does a good job explaining how to recycle, down from 65 percent (2010) and 68 percent (2005). Although we found that haulers may be setting aside adequate funds for outreach and education, we recommended the City require haulers to refocus their efforts toward more direct communication with residents. For example, other jurisdictions report much broader outreach efforts, including robust programs to educate students through tours and presentations, door-to-door outreach and other efforts. There has been limited outreach of this sort required of the City's haulers to date (the City's haulers efforts have primarily been focused on distributing NCNs and large events). As part of the haulers' 2016 Public Education and Outreach Program plans, the haulers have agreed to conduct the following number of presentations to schools, community groups, and at community events (including MRF tours): CWS – 36 (from 27 in 2014); Green Team: 20 (from 19 in 2014). Although this is an increase, we do not believe this indicates substantial progress in refocusing outreach efforts to improve residents' understanding of how to recycle. ESD is also working with one hauler to initiate a knock-n-talk outreach campaign, which began in January. ESD will monitor this outreach effort; data on the impact of additional outreach requirements will be reported monthly to ESD, and effectiveness will be evaluated every three months by the hauler. If this strategy is not effective in reducing NCNs, the hauler would propose another tactic for City approval. We will follow up on the implementation of this program in future reports to determine whether the campaign has addressed our recommendation's emphasis on targeted outreach and ensuring households have the correct size garbage container. Target date: 12-16.
#5: To ensure consistent enforcement, ESD should work with its haulers to clarify under what circumstances non-collection notices are issued, and ESD should regularly monitor the haulers' process of issuing NCNs.	ESD	Partly Implemented	**Auditor's update as of December 2015:** Our audit found there are differing interpretations of contract requirements allowing a contractor to refuse to pick up a recycling container and issue a non-collection notice (NCN). The contracts state, "If Recyclable Material is contaminated through commingling with Residential Solid Waste, Contractor shall, *if practical* [emphasis added], separate the Residential Solid Waste from the Recyclable Material." This means that haulers should only issue an NCN if the hauler cannot "practically" separate the materials. However, the City and its haulers have had differing opinions about the practicality of removing non-recyclable material from carts. In June 2015, ESD met with the haulers to discuss the interpretation of "practically separable". However, there are differing interpretations between the City and one hauler, and there is not a common understanding of when that hauler can refuse to pick up recycling and issue an NCN. ESD has developed draft guidelines for issuing an NCN

Audit Report and Recommendation	Department	Current Status	Comments
			to assist in guiding this assessment. In August 2015, ESD enforcement inspectors audited NCNs issued to ensure they were issued consistently, and ESD plans to repeat these audits in the future.
			The City has been reviewing NCN data provided by the haulers monthly, and is now sending educational letters quarterly to property owners of residences that receive 3 or more NCNs during that 3-month timeframe. ESD intends to continue this on an ongoing basis. Target date: 6-16.
#6: ESD should work with the City Attorney's Office to address enforcement of the Municipal Code recycling requirements. This includes finalizing and implementing procedures that contain minimum documentation requirements for non-collection notices and establish thresholds for taking enforcement actions.	ESD and City Attorney	Partly Implemented	**Auditor's update as of December 2015:** ESD is working with the City Attorney's Office to develop procedures and guidelines that contain minimum documentation requirements for NCNs and establish thresholds for taking enforcement action. Examples of draft minimum documentation requirements include: photos of cart and residence, type of contamination, and type of education/outreach left with resident. ESD intends to share these procedures with haulers in the coming months. Target date: 6-16.

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

The objective of our audit was to analyze the Police Department's recruiting, backgrounding, and hiring processes, and determine to what extent San José is subsidizing other jurisdictions with its Police Academy. Of the 14 recommendations in the report, 2 were implemented during this period, 8 are partly implemented, and 4 are not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: Develop a formal process to determine the yield rate from various recruiting events and determine future recruiting events based on the analysis. Use candidate surveys to better capture information required to analyze its yield-rate.	Police	Partly Implemented	**Auditor's update as of December 2015:** The Department is in process of evaluating various technology-based solutions to track yield rates from recruiting events and other recruiting efforts. Candidate surveys are also being reviewed to identify the most effective manner to capture yield rate information.
			The Department is also in process of monitoring the metrics available through job web-posting sites, which will aid in identifying the most effective web sites. Target date: Summer 2016.
#2: To increase efficiency of recruiting, the San José Police Department should: a) Increase civilian staffing in the Recruiting Unit to provide staffing continuity and additional marketing assistance, and b) Provide Recruiting Unit staff with a vehicle suitable for transporting materials and equipment.	Police	Partly Implemented	**Auditor's update as of December 2015:** The Department has added temporary staff to the Recruiting Unit and submitted a 2016-17 Budget Proposal for the addition of an Analyst I/II position and additional vehicles. We should note that proposal describes the Analyst I/II's responsibilities as not only with the Recruiting unit. Target date: June 2016 (pending Council approval).

Audit Report and Recommendation	Department	Current Status	Comments
#3: To bolster advertising efforts, the San José Police Department should: a) Fully use the funding allocated to CKR Interactive for marketing and advertising to assist SJPD in recruiting efforts; b) Monitor the yield rate of external advertising; c) Include in marketing plan culturally specific and multi-lingual advertising and marketing; and d) Use the external marketing firm to increase the Department's social media presence.	Police	Partly Implemented	**Auditor's update as of December 2015:** The Department advises that it has terminated its contract with CKR Interactive, and is in the process of reallocating the funding to future advertising efforts. The Recruiting Unit is in the process of drafting a new RFP to contract with a marketing firm. In the meantime, staff, including a new temporary civilian position, are exploring opportunities to expand marketing through radio, print, and billboard. Additionally, staff have discussed and updated recruiting strategies moving forward, including utilizing internet outreach tools, engaging employees as recruiters, mentoring potential candidates, etc. Target date: TBD.
#4: Allow military experience with an honorable discharge to be substituted for higher education requirements.	Police	Partly Implemented	**Auditor's update as of December 2015:** The Department has worked with HR and OER to implement this change. The last step is the meet and confer process. Currently, OER and POA are discussing. Target date: Summer 2016.
#5: Reimburse the costs of the written test and physical agility test for candidates who are hired as police recruits in the Academy.	Police	Not Implemented	**Auditor's update as of December 2015:** The Department advises that it will report back to PSFSS in Spring 2016 regarding the feasibility of this recommendation. Target date: Summer 2016.
#6: After ensuring appropriateness of content and sufficiency of oversight of the Law Enforcement Unit (LEU) Cadet Program, SJPD should enhance and expand the program to encourage San José residents to become San José Police Officers.	Police	Not Implemented	**Auditor's update as of December 2015:** The Department advises that this recommendation will be implemented when staffing resources become available. Target date: TBD.
#7: Explore options for improving SJPD's reputation including staff morale and pay as a means of attracting more candidates.	Police	Partly Implemented	**Auditor's update as of December 2015:** Staff have discussed and updated recruiting strategies moving forward, including implementing a diverse marketing plan to be reflected in all recruiting efforts; maximizing utilization of internet outreach tools; engaging employees as recruiters; mentoring candidates and potential candidates; engaging the community; rebuilding the recruiting website; creating a positive image of SJPD as a premier employer; and measurement and evaluation. A billboard campaign is in process, (digital billboard, magazines, print ads) which will promote positive images of police officers who represent the diversity of City residents. In addition, the Department is working with the POA to message changes to Measure B once completed. Target date: Ongoing.
#8: Build on recent successes to create more ongoing SJPD community outreach events in which potential candidates can learn about the Department, police work, and the application process.	Police	Partly Implemented	**Auditor's update as of December 2015:** The Department has conducted two symposiums that reach out to potential candidates to learn about the Department and the application process. The Department hopes to host one to two symposiums per year directly targeting women, and one to two general community symposiums per year. Target date: TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#9: Develop written policies and procedures to provide guidance to new backgrounders as well as to ensure consistency among backgrounders and when sworn staff rotates out of the Backgrounding Unit.	Police	Implemented	**Auditor's update as of December 2015:** Policies and procedures have been updated.
#10: To assess the validity of the psychological testing and to identify opportunities for improving it, the Police Department should direct Law Enforcement Psychological Services, Inc. to annually provide data on the psychological letter grade for sworn employees who were terminated during the prior year.	Police	Not Implemented	**Auditor's update as of December 2015:** Staff advise that letter grades of all employees screened by LEPS in the last three years are held by the Department, and that letter grades for employees screened before this period (from 1972 onwards) are available to request from LEPS. However, audit staff note that the last time letter grade data of terminated employees were analyzed to assess the validity of psychological testing was for the period dating 1972 to 1999. The Auditor's Office continues to support the concept of using the data the Department and LEPS have available to reassess testing validity and identify opportunities for improving it.
#11: Academy staff should maintain a summary log to track the remediation process (remedial training hours, issuance of a Performance Improvement Plan or Notice of Deficiency, etc.) provided to recruits in order to help staff identify trends and provide a high level overview of recruit performance.	Police	Implemented	**Auditor's update as of December 2015:** Staff now maintain logs to track the remediation process, and are continuing to improve summary content and format to best provide an overview of recruit performance.
#12: Explore options, such as retention bonuses or reimbursement agreements, to encourage candidates trained by San José to stay employed by the City for a given period of time.	Police	Not Implemented	**Auditor's update as of December 2015:** The Department advises that it will report back to PSFSS in Spring 2016 regarding the feasibility of this recommendation. Target date: Spring 2016.
#13: SJPD should a) Offer optional physical fitness instruction for all candidates to pass the physical agility test, and b) Change when the POST-required physical test is administered while still requiring a minimum of fitness for entry into the Academy.	Police	Partly Implemented	**Auditor's update as of December 2015:** The Department now offers physical fitness and writing practice tests and tips to candidates once to twice per month. They hope to increase the frequency of this instruction. Department staff is exploring options to adjust the POST required physical testing process. Target date: Spring 2016.
#14: Develop a plan to increase the diversity of the Police Department's candidate pool to reflect the diversity of San José's population overall.	Police	Partly Implemented	**Auditor's update as of December 2015:** Staff have discussed and updated recruiting strategies moving forward, including utilizing internet outreach tools; engaging employees as recruiters; mentoring candidates and potential candidates; engaging the community; rebuilding the recruiting website; creating a positive image of SJPD as a premier employer; and measurement and evaluation. The Recruiting Unit is also in the process of drafting a new RFP to contract with a marketing firm that will help with marketing strategy.

Audit Report and Recommendation	Department	Current Status	Comments
			Further, a Satellite Recruiting Training Program is being developed and is set to launch in March 2016, which will support more community outreach and exposure of SJPD officers to potential candidates.
			A billboard campaign is also in process, (digital billboard, magazines, print ads), which will promote positive images of police officers who represent the diversity of City residents, and will also provide potential candidates with resources to learn about the Department, police work, and application process. Target date: TBD.

TEAM SAN JOSE'S PERFORMANCE 2014-15 (Issued 11/06/15)

Our objective was to determine whether, and how well, Team San José achieved its agreed-upon performance goals and incentive fee targets that are the basis for the City's incentive payment to Team San José. In response to stakeholder requests, we also gained a background understanding of the theater preservation fee. Of the 1 recommendation in the report, 1 is not implemented.

Audit Report and Recommendation	Department	Current Status	Comments
#1: The City Manager's Office, Team San Jose, and San Jose Theater Preservation Inc., should evaluate and clarify their respective roles in collecting, managing, and expending theater preservation fees.	City Manager	Not Implemented	**Auditor's update as of December 2015:** Initial discussions have begun and staff will continue to work with Team San Jose and San Jose Theater Preservation, Inc. to clarify respective roles around theater preservation fees. Target date: 6-16.

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