CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Office of the City Auditor

Report to the City Council

City of San José

STATUS OF OPEN AUDIT RECOMMENDATIONS AS OF DECEMBER 31, 2016

March 2017

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CITY OF SAN JOSÉ
CAPITAL OF SILICON VALLEY

Office of the City Auditor
Sharon W. Erickson, City Auditor

March 24, 2017

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

STATUS OF OPEN AUDIT RECOMMENDATIONS AS OF DECEMBER 31, 2016

RECOMMENDATION

We recommend the City Council review and accept the attached report on the status of open audit recommendations as of December 31, 2016.

BACKGROUND

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

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

In September 2016, the City Council accepted the City Auditor's report on the *Status of Open Audit Recommendations as of June 30, 2016*. Given the large number of open audit recommendations at that time, the City Council directed the City Manager, in consultation with the City Auditor, to return to the City Council with recommendations to drop or close specific recommendations, identify pending recommendations subject to meet and confer or other legal obstacles, and a list of 25 priority recommendations that did not have target dates upon which staff should focus during the remainder of FY 2016-17.

In December 2016, the City Manager and City Auditor responded to Council direction with a joint memorandum outlining a process to review recommendations that the departments felt should be dropped or closed. That memorandum listed 12 open audit recommendations that were potentially subject to meet and confer. It also listed 26 high-priority audit recommendations without target dates. Updates on those items are summarized below and in the attached report.

SUMMARY OF RESULTS

The attached report summarizes the status of 281 audit recommendations as of December 31, 2016, including 12 new recommendations issued in the last 6 months. For ease of use the attached report lists recommendations by city service area – Community and Economic Development, Environmental and Utility Services, Neighborhood Services, Public Safety, Transportation and Aviation Services, and Strategic Support Services.

Recommendations Implemented or Closed

Since our last report, 59 recommendations were implemented or closed. For example:

- While still facing unprecedented vacancies that increase the urgency to hire more officers, the Police Department has increased its advertising efforts, including diversity recruiting in its marketing plans. These efforts have resulted in larger applicant pools and increased academy sizes (*Audit of Police Hiring*, 2015).

- Team San Jose and the Theatre Preservation Fund have completed a management agreement outlining the management of collected theater preservation fees (*Audit of Team San Jose's Performance 2014-15*, 2015).

- Facilities Maintenance has scheduled condition assessments for City facilities and critical equipment, and this information is available in an annual report that can help inform capital improvement programs (*Audit of Facilities Maintenance*, 2014).

- The Gaming Division has updated its policies and procedures to address its four outstanding recommendations (*Audit of the City's Licensing and Permitting of Cardroom Owners and Employees*, 2010).

- IT upgraded its call center software and since November 2016 has a process in place to record phone calls for training and evaluation of its call center customer service *(Customer Call Handling: Resident Access to City Services Needs to be Modernized and Improved, 2014)*.

- The City Manager's Office approved the citywide Language Access Policy requiring City employees to make reasonable efforts to minimize barriers to access City programs or services for customers with limited English proficiency and ensure equal access regardless of language or cultural background *(Customer Call Handling: Resident Access to City Services Needs to be Modernized and Improved, 2014)*.

Recommendations Still Pending

A total of 154 recommendations are partly implemented, and 68 recommendations are not implemented. We will continue to follow-up on these recommendations. For example:

- The Department of Transportation continues to 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. In 2016, a local sales tax ballot measure and a countywide sales tax measure were approved by voters; the details of ongoing funding are in the process of determination (*Audit of Street Pavement Maintenance*, 2015).

- The Information Technology Department continues work on nine recommendations to improve information technology general controls. This includes recommendations on system

security, credit card security, and disaster recovery (*Audit of Information Technology General Controls*, 2012).

- Despite Human Resources' work to decrease the time to hire and expedite the hiring processes, the City still faces a high number of vacancies. In fall 2016, the City launched a Talent Recruitment Initiative to address hiring challenges *(Audit of Employee Hiring, 2015).*

The attached report lists the status of all recommendations still pending. Sixteen of our audits contain recommendations which have potential budget savings totaling $15 million or more.

Target Dates

In December 2016, the City Manager's Office took the City Council's direction a step further and requested that all affected departments establish target dates for implementing or otherwise resolving all open recommendations that did not have target dates already. Having target dates will enable departments to potentially address the recommendations through their work plans and the budget process if the City's fiscal condition and budget priorities allow for applicable investments. We are grateful for staff's cooperation and have incorporated those target dates into this report.

However, we should note that the target dates for 67 recommendations have slipped from their previous department-determined target dates. Our recommendations address risks and potential improvements to department operations. Addressing open recommendations in a timely manner demonstrates management's commitment to improving city services.

Items Potentially Subject to Meet and Confer

This report includes 14 recommendations that are potentially subject to meet and confer. In addition to appearing in the attached report, these open items have been separately forwarded to the Office of Employee Relations for inclusion in their annual labor relations update to the City Council.

One recommendation that was subject to meet and confer has been implemented (#15-08 *Audit of Police Hiring* recommendation #12 to explore options such as retention bonuses or reimbursement agreements to encourage candidates trained by San José to stay employed by the City).

Priority Items

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

- 14 have been implemented or closed, and 3 more have target dates within the fiscal year.

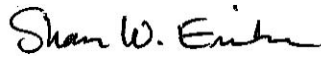- 2 more are expected to be completed by Dec-2017, 3 more by Dec-2018, and 4 more by Dec-2019.

Areas of Disagreement

As described above, the attached report includes 59 recommendations where there is agreement that the issue has been addressed and the recommendation is implemented and/or should be closed. In each of those cases, we have worked with department staff to determine whether the problem that we identified during the audit has been resolved.

In December 2016, the City Manager and City Auditor agreed to bring forward a number of items that the administration recommends should be dropped or closed, but where the City Auditor's Office disagrees that the problem we identified during the audit has been fixed. We are pleased to report there are no such disagreements at this time.

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

Respectfully submitted,

Sharon W. Erickson
City Auditor

Attachment: Report on the Status of Audit Recommendations as of 12/31/16

STATUS OF AUDIT RECOMMENDATIONS BY CITY SERVICE AREA
AS OF 12/31/16

This report summarizes the status of all open audit recommendations for the six months ended December 31, 2016. It lists recommendations that are implemented or closed, partly implemented, or not implemented. It provides a summary of what's been accomplished, and an agreed course of action to implement remaining recommendations.

Report Number	Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented	Potential Budget Savings	Potential Meet and Confer Issues
COMMUNITY AND ECONOMIC DEVELOPMENT							
08-04	Oversight of Financial Assistance to Community-Based Organizations	11/12/08		2			
12-03	2010-11 Annual Performance Audit of Team San Jose's Management of the City's Convention and Cultural Facilities	1/18/12	1				
14-05	Housing Loan Portfolio: Approval and Monitoring Processes Should Be Improved	5/08/14	2	1			
14-08	Development Services: Improving the Experience for Homeowners	9/18/14	2	10	2	✓	
15-11	Team San Jose's Performance 2014-15	11/06/15	1				
ENVIRONMENTAL AND UTILITY SERVICES							
12-06	Environmental Services: A Department at a Critical Juncture	8/08/12	1	5	1	✓	
15-06	Curbside Recycling: The City Can Enhance Its Single-Family Residential Recycling Program to Improve Waste Diversion	5/22/15		6			

Report Number	Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented	Potential Budget Savings	Potential Meet and Confer Issues
16-05	South Bay Water Recycling: Better Information and Renegotiation of Contractual Obligations Will Increase Transparency and Aid Program Success	3/28/16		1	2	✓	

NEIGHBORHOOD SERVICES

Report Number	Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented	Potential Budget Savings	Potential Meet and Confer Issues
10-05	Community Center Staffing	3/11/10	1	2			
13-08	Graffiti Abatement: Implementing A Coordinated Approach	6/13/13		1			
13-11	Code Enforcement: Improvements Are Possible, But Resources Are Significantly Constrained	11/14/13		3	2		
14-02	Library Hours and Staffing: By Improving the Efficiency of Its Staffing Model, the Library Can Reduce the Cost of Extending Service Hours	3/13/14		2			
15-05	PRNS Fee Activity Program: The Department Can Better Reflect the City's Goals for Tracking and Recovering Costs, Setting Fees, and Promoting Affordable Access	5/07/15		1			
15-08	Golf Courses: Loss of Customers and Revenues Requires a New Strategy	9/02/15		4	1	✓	

PUBLIC SAFETY

Report Number	Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented	Potential Budget Savings	Potential Meet and Confer Issues
01-05	San José Fire Department Strategic Plan Regarding Proposed Fire Stations	10/18/01		2		✓	
03-10	San José Fire Department Bureau of Fire Prevention	11/26/03	3		1		
09-04	San José Police Department Auto Theft Unit	5/13/09	2				

Report Number	Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented	Potential Budget Savings	Potential Meet and Confer Issues
10-02	Civilianization Opportunities in the San José Police Department	1/14/10	5	1		✓	
10-06	Licensing and Permitting of Cardroom Owners and Employees	4/7/10	4				
10-13	Police Department Staffing: Opportunities to Maximize the Number of Police Officers on Patrol	12/09/10		3	3	✓	✓
12-04	Police Department Secondary Employment: Urgent Reform and a Cultural Change Needed to Gain Control of Off-Duty Police Work	3/07/12	2	19	4	✓	
12-05	Review of Fire Department Performance Measures: Improving the Usefulness of Data	5/10/12		3			
12-07	Fire Department Injuries: A More Coordinated Response and Better Follow-up Is Needed	9/12/12	1	4	4	✓	✓
13-04	Fire Prevention: Improve Follow-up on Fire Code Violations, Prioritize Inspections, and Target Public Education to Reduce Fire Risk	4/10/13	1	8	2	✓	
15-09	Police Hiring: Additional Efforts to Recruit Qualified Candidates Urgently Needed to Fill Vacancies	9/10/15	8		2		
16-08	Police Overtime: The San José Police Department Relies on Overtime to Patrol the City Due to Unprecedented Vacancies	9/22/16	4	1	7		✓

TRANSPORTATION AND AVIATION

Report Number	Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented	Potential Budget Savings	Potential Meet and Confer Issues
11-08	Airport Public Safety Level of Service	10/12/11			1		
13-05	Taxi Service and Regulation in San José: An Opportunity to Reevaluate City Priorities and Oversight	5/24/13			1		

Report Number	Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented	Potential Budget Savings	Potential Meet and Confer Issues
15-02	Street Pavement Maintenance: Road Condition Is Deteriorating Due to Insufficient Funding	2/23/15		1		✓	
16-02	Street Sweeping: Significant Investment and Re-Tooling Are Needed to Achieve Cleaner Streets	2/29/16	3	5	3		
	STRATEGIC SUPPORT						
09-06	Employee Medical Benefits	6/10/09		2		✓	✓
09-08	Performance Management and Reporting in San José: A Proposal for Improvement	9/24/09		1			
09-10	Pensionable Earnings and Time Reporting	12/09/09	2	5	3	✓	
10-04	Decentralized Cash Handling	2/10/10		1			
10-09	City Procurement Cards: Policies Can Be Improved	9/8/10		1			
11-04	Key Drivers of Employee Compensation: Base Pay, Overtime, Paid Leaves and Premium Pays	5/11/11		2	2	✓	✓
11-09	Annual Form 700 Filers	11/10/11		2			
12-02	Audit of Information Technology General Controls	1/18/12		9		✓	
12-08	Ten Years of Staffing Reductions at the City of San José: Impacts and Lessons Learned	11/08/12			3		✓
13-02	Deferred Compensation: The City Can Streamline and Improve the Administration of its Deferred Compensation Program	2/13/13		1	1		

Report Number	Report Title	Date Issued	Implemented or Closed	Partly Implemented	Not Implemented	Potential Budget Savings	Potential Meet and Confer Issues
13-06	Consulting Agreements: Better Enforcement of Procurement Rules, Monitoring, and Transparency Is Needed	6/12/13	3	4	5		
13-10	Indirect Cost Allocation: Improved Procedures and Better Communication Needed	11/14/13		2	1		
13-12	Employee Travel Expenditures	12/11/13	1	1	1		
14-06	Customer Call Handling: Resident Access to City Services Needs to be Modernized and Improved	8/14/14	2	7			
14-07	City Procurement Cards: Better Oversight and Streamlined Processes Would Improve Protection of Public Resources	9/18/14		3			
14-10	Facilities Maintenance: Process Improvements Are Possible, But A Large Deferred Maintenance Backlog Remains	11/13/14	2	2			
14-12	Accounts Receivable: The City Can Enhance Revenue Collections by Improving Its Billing & Collection Practices	12/04/14		5	4	✓	
15-04	Employee Hiring: The City Should Streamline Hiring and Develop a Workforce Plan to Fill Vacancies	4/09/15	1	3	1		
16-03	The City's Use and Coordination of Volunteers: Volunteer Programs Provide Significant Benefits to the Residents of San José	3/03/16		3	4		
16-04	Technology Deployments: Additional Resources Needed to Shorten Deployment Timelines	3/10/16		5	4		
16-07	Office of the City Clerk: Streamlining Processes and Clarifying Roles Can Better Ensure Compliance with Statutory Responsibilities	6/09/16	7	10	3		
	TOTAL		**59**	**154**	**68**	**16**	**6**

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

COMMUNITY AND ECONOMIC DEVELOPMENT

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#9: Clarify when the 7-1 policy should apply to leases with CBOs of City facilities.	Economic Development	Partly Implemented	City Council Policy 7-1, entitled *"Below Market Rental Policy for Use of City-Owned Land And Buildings By Nonprofit Or Charitable Organizations or for Governmental or other Public Purposes"* allows community-based organizations (CBOs) to occupy City properties for as low as $1 per month with certain requirements. The San José City Council first adopted Policy 7-1 in 1970; it was revised in 1994 and 2006.

At the time of our audit, responsibility for management of CBO leases was decentralized, and application of Policy 7-1 (which was intended for short-term use of City property) was unclear. In addition, expired leases were a problem. Staff is still 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 being provided due to the below market rent for CBOs.

Staff is in the process of working with the City Attorney's Office to draft clarifications to the 7-1 Policy as it relates to the duration of the leases and the subsidy amounts. Staff is also in the process of clarifying whether the current CBOs' organizational missions are still in line with the 7-1 Policy qualification criteria – they must be performing a definitive community service primarily for the citizens of San José. Target date: 6-17. |
| #11*:* We recommend the Real Estate Division:
A. Develop a centralized spreadsheet to track the status of CBO leases and other long-term use agreements for City-owned properties with CBOs including key terms and rental payments.
B. Bring current all expired leases, rental payments, insurance certificates, and other required reporting documentation. | Economic Development | Partly Implemented | A. The Real Estate Division has implemented this part of the recommendation. A centralized spreadsheet has been created that tracks all of the CBO leases and other long-term use agreements along with the lease description, the lease terms, and estimated rent amounts for the duration of the lease.

B. Staff is in the process of negotiating expired leases for both non-profit and for-profit tenants. During the first 6 months of FY |

			2016-17 staff completed the negotiation and execution of 9 leases, and are currently working on 12 more. Target date: 6-17.

12-03 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. The report included 4 recommendations.

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	Implemented	The 2015-16, TSJ received $6.9 million in funding to further the objectives laid out in the Agreement for Convention & Visitors Bureau Services (CVB) between the City of San José and Team San Jose (2014-2019). The CVB services that TSJ provides, according to Agreement, include the development of a comprehensive marking program to advertise, promote, publicize and brand the City of San José in order to create a beneficial economic impact for the City. TSJ reports its activities against a set of performance measures in quarterly reports to the City. Over the years, CVB related measures were sometimes presented in these reports and at times, they were not. The most recent quarterly reports include CVB performance measures with clearly labeled targets.

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

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

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

Audit Report and Recommendation	Department	Current Status	Comments
			Of properties with an outstanding City loan, the Department estimates that it now has 70 percent of the requested documents. Staff vacancies slowed the Department's progress to follow up on missing submissions, but three of four vacant positions have since been filled. Staff will continue following up with delinquent owners over the coming months. The Department is looking to achieve full compliance by the end of 2016. Target date: 6-17 (delayed from 12-16).
#6: Conduct annual residual receipt analyses for all relevant projects.	Housing	Implemented	In order to ensure that the City is repaid in accordance with negotiated loan agreements, developer provided financial statements must be reviewed for each development. As noted in our audit, in early 2014, the Department introduced a new reporting tool for property owners to calculate and report payments due to the City. The tool was modified based on feedback from early property owners, and in March 2015, a consultant was brought in to further refine the tool. While the Department has not performed field audits to ensure the accuracy of the landlord provided data for several years, the Department is likely to reinstate the field audit process in the future.
			Nearly all project audits now include the City's required net cash flow reporting. While full compliance is the goal, ensuring compliance is an ongoing process. As such, staff follow up on any missing net cash flow statements and missing payments. The Department reports that this process and the required staffing is part of the annual asset management implementation. Additionally, third party independent accounting firms audit the projects' financials for borrowers, investors, and lenders.
			Finally, Department staff has been working to integrate this net cash flow data into Salesforce, to enable assessments of portfolio performance and to feed into the advanced revenue projection model.
#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	Implemented	The City is required to maintain up to date information to ensure that tenants meet income qualifications at the time of initial occupancy, that rent charges are appropriate, and that tenants continue to meet income requirements.
			To keep this information up to date, the Department engaged a consultant to develop its "rent roll" tool. The latest version of the rent roll tool was distributed in November 2016. The rent roll tool

Audit Report and Recommendation	Department	Current Status	Comments
			automates much of the analysis of rents and incomes entered by property owners, and includes data collection capabilities for policy decisions. The tool minimizes Department staff analysis time by incorporating that analysis into the form itself, and according to the Department, borrowers have voiced minimal complaints about the new rent roll tool.
			In order to train staff on the new rent roll, the Department reports that it holds weekly "team huddles" to do training workshops, discuss guidelines and rules, as well as explore any other potential process work flow improvements. Currently training is conducted through these weekly team huddles, and the Department has elected to formalize training aids and procedures over the next few compliance cycles.
			While the Department has not performed field audits to ensure the accuracy of the property management provided information for several years, the Department is likely to reinstate a field audit process in the future.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#3: To reduce the number of resubmittals, PBCE should provide incentives for consistently prepared applicants.	PBCE	Partly Implemented	PBCE is exploring a self-certification program for prequalified applicants that would allow consistently prepared applicants to bypass some steps in the application submittal and review process. Target date: 7-17.
#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	To facilitate hiring, Department staff reviewed and simplified the written test for the Permit Specialist position (part a). The new test has reportedly led to shortened recruitment times. Several Permit Specialist positions have been filled, and PBCE continues to work to fill vacancies as they arise (part b). In addition, PBCE has also entered into contracts for temporary staffing (part c). To date, PBCE has not yet provided applicants the option of working directly with outside Plan Reviewers (part d). Target date: 9-17.

Audit Report and Recommendation	Department	Current Status	Comments
#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	In the Building Division's Plan Review unit, standard training materials and an on-boarding program has been implemented, and will be continually updated as needed. Management is currently developing a training academy for new staff in the Plan Review unit. At the Permit Center, management has established an on-boarding program for new staff, and is currently updating the training program (training academy) for general staff and developing training guidelines for new staff. Target date: 9-17.
#6: To meet the demand for critical staff, PBCE should staff the reception desk with office specialists, and station Permit Specialists and Planners at the counter.	PBCE	Not Implemented	Though PBCE has redeployed staff at the Permit Center, the department continues to use Permit Specialists and Planners to staff the reception desk in anticipation of customers' need for technical guidance. In our opinion, focusing the reception desk on receiving and triaging customers to the building counters would free up Permit Specialists and Planners for the professional work they are uniquely qualified to perform, and lower the amount of time customers stand in line waiting to be served. At the time of the audit, we estimated using Senior Office Specialists to staff the reception desk (as was done previously), would save up to $128,000 in professional staff time. The Auditor's Office has agreed to review the current status of staffing at the reception desk and potential impact of this recommendation. Target date: 6-17. **POTENTIAL BUDGET SAVINGS:** $128,000.
#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	Implemented	New signs have been placed in the Permit Center.
#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	PBCE	Partly Implemented	a) PBCE has implemented protocols that outline when staff are to ask additional staff to assist customers at service counters. PBCE reports that by staffing the Assistance Desk with two employees, the customer waiting time in line has been noticeably reduced. b), c), and c) Permit Center management is currently working on updating the customer ticketing system to reduce wait times and create a better way of tracking customers/flow/reasons for visiting the Permit Center and allow staffing at times/locations that will best reduce customer wait times. Target date: 9-17.

Audit Report and Recommendation	Department	Current Status	Comments
d) Use the queuing system to track customer flow and set the right amount of staff to accommodate the customer demand.			
#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	Implemented	a) PBCE has begun staffing service counters with 1 additional inspector, and 2 additional Permit Specialists. As the Department hires more Permit Specialists, it will be able to assign more staff to the counters. b) The Department reported that IT was able to improve the reliability of the Self Help computers, which will allow staff to more often refer customers to them.
#13: Implement the technological infrastructure needed to support electronic plan submittal and review.	PBCE and IT	Partly Implemented	The City has selected CSDC System Inc. to implement the Integrated Permitting System. The Department will be working with CSDC closely and will implement the necessary technological infrastructure needed to support the integrated electronic plan submittal and review. Target date: 10-17 (delayed from 6-17).
#14: To improve communication and outreach to Permit Center customers, PBCE should: a) Review and correct outdated information on its website; b) Remove jargon and provide simply-worded instructions about when, why, and how to obtain permits and approvals; and c) Upgrade the online permit interface to make it more user-friendly.	PBCE	Partly Implemented	Hired in November 2015, PBCE's Web & Graphics Coordinator has established an ongoing content update process with Building Division staff. Many of the website's 350 web pages have been revamped. PBCE reports that websites will be revised on an ongoing basis. PBCE now provides materials on permit options, and all of the most-used Building Division handouts have been updated (a few uncommon handouts still need to be redesigned). The interface at www.sjpermit.org was redesigned in May 2016, and again improved in December 2016 to reflect customer feedback. Updates and redesign of Planning Division handouts are underway. Target date: 7-17. **POTENTIAL BUDGET SAVINGS: TBD.**
#15: To improve communication with project participants, PBCE should upgrade the online permit interface to provide relevant project information to anyone affiliated with the project.	PBCE	Partly Implemented	PBCE reports that this will be addressed as part of the upgrade of the integrated permitting system. Target date: 9-17.
#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;	PBCE	Partly Implemented	Development Services fees are currently under review by a consultant. Target date: 7-17.

Audit Report and Recommendation	Department	Current Status	Comments
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.			
#18: Eliminate the Construction & Demolition Diversion Deposit.	PBCE and ESD	Partly Implemented	ESD reports that San José's construction and diversion ordinance is more stringent than the State requirements (CALGreen). Therefore, the Department may not recommend relying solely on State diversion requirements, and may recommend keeping the Construction & Demolition Diversion Deposit (CDDD) to promote recycling, as other cities have done. Additionally, according to ESD, recycling rates of construction and demolition debris have declined, even as the volume of construction and demolition debris has increased. The Department is currently reviewing its diversion programs, as well as those in place at other cities, to evaluate and plan for recycling improvements prior to recommending changes to the CDDD. Target date: Fall 2018 (delayed from Fall 2017).
#19: To increase accessibility of online fee estimation, PBCE should update and simplify the online fee calculator.	PBCE	Not Implemented	PBCE reports that an online fee calculator will be part of the department's permit system replacement and upgrade project. Target date: 9-17.
#22: Refund overcharges to online water heater applicants where possible.	PBCE	Partly Implemented	During the audit, we found that a $40 processing fee was charged for 2,300 online water heater permits, even though the City had supposedly stopped charging the process fee for online water heater permits. PBCE reports that its Administrative Services Division is currently processing water heater refund overcharges for approval. Target date: 9-17.

15-11 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. The report included 1 recommendation.

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	Implemented	Team San Jose and the Theatre Preservation Fund have completed a management agreement outlining the management of collected theater preservation fees. The agreement was presented which will and Economic Development Committee in September 2016 and to the full City Council in October 2016. The Theatre Preservation Fund board approved the agreement in March 2017.

ENVIRONMENT AND UTILITY SERVICES

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

The objective of this audit was a broad review of staffing and management with a special focus on how ratepayer funds are used and the proposed Water Pollution Control Plant rehabilitation project. The report included 22 recommendations. (one of which was referred to the Council Priority Setting Process).

Audit Report and Recommendation	Department	Current Status	Comments
#4: During implementation of Plant Master Plan projects, the Environmental Services Department should provide for ongoing construction audit or other audit work.	ESD	Implemented	On September 20, 2016, City Council approved a Master Consultant Agreement with Willams, Adley and Company to provide audit services for the Capital Improvement Program (CIP).
#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	In May and June 2015, a RWF ten-year financing strategy was approved by TPAC and the City Council respectively. The financing strategy included short- and long-term loans as well as increased revenues from ratepayers to fund the $1.4 billion 10-year CIP. In February 2016, ESD presented the "San Jose/Santa Clara Regional Wastewater Facility Capital Improvement Program" at a Council Study Session. Included in the presentation was information on projected annual costs on a "pay as you go" basis, using FY 2015-16 revenues from ratepayers as a baseline. Based on that analysis, ESD projected revenue requirements to rise in the near future before falling around FY 2019-20 before rising again in the early 2020s. The presentation, however, only showed the expected future costs on an aggregate basis and did not show what the impact would be to the monthly rates paid by ratepayers to pay for those costs. On an annual basis, ESD provides to Council rate memo proposing sewer service and use rates for residents for the upcoming year. In the most recent memo in June 2016, ESD recommended single-family residential rates to increase by 5.5 percent; the increase was primarily driven by increased capital and O&M costs at the RWF. However, the memo did not project rates beyond one year. In May 2017, ESD plans to present to the Transportation and Environment Committee an update on the status of the San José-Santa Clara Regional Wastewater Facility Ten-Year Funding Strategy and potential ratepayer impacts. This recommendation will be considered fully implemented once that analysis is provided to Council. Target date: 6-17.

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	The Plant Master Plan (PMP) was formally adopted by the San José and Santa Clara City Councils in November 2013 and December 2013, respectively. In October 2013, ESD contracted with MWH Americas, Inc. for Program Management consultant services. As part of the program start up activities, MWH completed a PMP validation effort that involved updating the PMP project scopes, schedules, and estimates resulting in the current 10-year CIP (FY 2014-15 through FY 2023-24); this effort was completed in March 2014. Currently, ESD staff is developing guidelines that will outline conditions and drivers (e.g., regulatory, technological, economic) that would trigger a review of the PMP. These guidelines are expected to be finalized in February 2017 and be included in the RWF-CIP Program Execution Plan (PEP). ESD will have fully implemented this recommendation once this occurs. Target date: 6-17 (delayed from 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	As a result of ESD and Public Works' inability to spend funds that had been budgeted for ratepayer funded capital projects, large fund balances had accumulated in the City's ratepayer capital funds. In 2014, ESD hired a financial consultant to develop recommendations and financial management best practices to inform operational and strategic decision-making guidelines used during the budget development process. The guidelines are meant to ensure a standard approach for collecting and expending ratepayer funds and establishing fund balance and reserve levels. In 2015, ESD began documenting procedures related to the development of its Capital Improvement Programs. The procedures are expected to incorporate the best practices and recommendations developed by the financial consultant. Target date: 9-17 (delayed from 12-16 due to staff turnover among ESD's Budget Team in 2016).
#13: The Administration should propose the City Council establish a City Council Policy which includes guiding principles so as not to raise rates in years in which ratepayer fund balances exceed reasonable targets.	ESD	Partly Implemented	At the time of our audit, the City had accumulated large ending fund balances in its utility funds – totaling more than $278 million at the end of FY 2010-11. The funds held in the Regional Wastewater Facility (RWF) and sanitary sewer operating and capital funds represented nearly two years of annual sanitary sewer revenue collection. The sources of the large balances were lower than expected capital spending, staff vacancies, and other budget savings. Because of these large balances, we

Audit Report and Recommendation	Department	Current Status	Comments
			recommended the Administration should propose a policy to hold rates steady when fund balances exceed reasonable targets (see Recommendation #12 above).
			With the exception of Muni Water rates, which have increased each year since the audit because of a rise in wholesale water costs, increased operating costs, and water conservation efforts, ESD held all rates at FY 2011-12 levels for a number of years. However, beginning in FY 2015-16, rates began to rise for other services, including sewer service rates that fund operations and capital improvements for the RWF and the sanitary sewer system.
			The ending fund balances have come down slightly since the time of the audit; however, they still totaled an estimated $260 million at the end of FY 2015-16.
			ESD is in currently in the process of documenting utility rate setting and CIP development procedures (see recommendation #12). Target date 9-17.
#21: The Administration should consider recommending that the City Council amend the public art ordinance to eliminate the public art requirement for certain ratepayer-funded capital projects, including those related to underground utilities or the wastewater treatment process.	ESD	Not Implemented	The use of ratepayer funds is restricted to spending that is related to the service being provided through those rates. Some other jurisdictions with percent for public art programs similar to San José's specifically exempt sewer or utility-related capital projects. This policy change which could impact the Public Art Master Plan was considered, but not advanced, during the Council Priority Setting Session in December 2015. Target date: 12-17.
			POTENTIAL BUDGET SAVINGS: The five-year 2017-2021 Capital Improvement Program allocates $5 million to public art across the City's ratepayer funded capital programs, $2.9 million of which relate to capital projects at the Regional Wastewater Facility and $1.5 relate to sanitary sewer capital projects.
#22: The Administration should propose the City Council adopt a City Council Policy which includes guiding principles for evaluating ratepayer costs and rate increases for fairness and appropriateness, and balancing priorities, such as safe and reliable services, cost efficiency, ratepayer impacts, and environmental outcomes.	ESD	Partly Implemented	See recommendations #12 and #13 above. Staff is in the process of documenting utility rate setting and CIP development procedures. (see recommendations #12 and #13 above) Target date: 9-17 (delayed from 12-16 due to staff turnover among ESD's Budget Team in 2016).

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Environmental Services Department should utilize the results of its upcoming Waste Characterization and Residue Study to: a) Provide baselines for single-family curbside diversion goals in future contracts, and b) Work with its haulers to determine where program improvements can be made.	ESD	Partly Implemented	A third-party Waste Characterization Study Report (completed in November 2015), along with recommendations to explore program improvements based on the study, went to City Council in January 2016. Council directed staff to: 1) Pilot larger garbage carts for single family residences in focused areas in addition to ESD working cooperatively with CWS and interested community groups on increasing public education and outreach; 2) Explore options for phasing in backend processing of garbage for a portion, or all, of the remaining 60 percent of single-family households; and 3) Work with CWS to create a solution to improve recycling capture rates, and return to Transportation and Environment Committee within 90 days to present their approach. In April 2016, CWS submitted their proposed diversion plan to improve recycling capture rates. This plan included facility improvements and counting 100 percent of Post-Processing Commingled Recyclable Material in diversion calculations. CWS also reported that they installed a new piece of equipment (two drum feeders) in September 2016. CWS has not yet provided more information on the latter part of their proposal to ESD. In addition, a pilot project to upsize garbage carts is under consideration. In July 2016, ESD phased in backend sorting of residential solid waste from an additional 30 percent of single-family households, bringing the total to 70 percent of single-family households citywide. Phasing in the remaining 30 percent of single-family households could increase the overall single-family recycling rate to 78 percent. ESD plans to utilize the results of the 2015 study and results of current improvement efforts in the development of future

Audit Report and Recommendation	Department	Current Status	Comments
			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	A third-party MRF evaluations report, which provided recommendations for improvements to processing procedures, was completed in November 2015. The final report, along with a recommendation to implement a pilot to backend sort MRF residue, went to City Council in January 2016. The Council directed staff to return with a plan for Council consideration prior to implementation. The Council further directed staff to explore options for phasing in backend processing of garbage for a portion, or all, of the remaining 60 percent of single-family households. On May 2, 2016, ESD returned to the Transportation and Environment Committee with an update on efforts to facilitate CWS meeting contractual recycling requirements, the proposed larger garbage cart pilot study, and outreach efforts for the residential recycling program. CWS' proposed diversion plan involves: 1) installation of two drum feeders at their San José recycling facility that will open bags and evenly meter the contents of the bags onto the sorting line, and 2) resume re-processing of Post-Processing Commingled Recyclable Material and allow CWS to count 100 percent of this material towards diversion. After installation of drum feeders in September 2016, CWS reported a decrease in residue at their facility. Although CWS did not meet its annual diversion goal in 2016, they were able to exceed targets during December 2016. ESD will continue to monitor the haulers' residue rates as a part of its regular contract management activities and work with them to make improvements. Target date: 1-18 (delayed from 12-16).
#3: To better track progress in single-family curbside recycling and inform the development of performance targets, the Environmental Services Department should define a standard diversion calculation and apply it consistently across all garbage and recycling districts in future recycling contracts.	ESD	Partly Implemented	Research and preparation for replacement contracts is in process. Staff has been researching program modifications, developing a stakeholder engagement plan, and procuring consultant support. ESD plans to address the Transportation and Environment Committee in fall 2017 with an update on the stakeholder process and evaluation of program options. A standardized diversion calculation across all garbage and recycling districts will be considered as part of this process. Target date: 1-18.

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	Based on a 2014 ESD survey, only 56 percent of residents felt the City does a good job explaining how to recycle, down from 65 percent (2010) and 68 percent (2005). Although we found that haulers may be setting aside adequate funds for outreach and education, we recommended the City require haulers to refocus their efforts toward more direct communication with residents. At the time of the audit, there had been limited outreach of this sort required of the City's haulers (the City's haulers efforts have primarily been focused on distributing NCNs and large events). As part of the haulers' 2016 Public Education and Outreach Program (PEOP) plans, the haulers agreed to conduct the following number of presentations to schools, community groups, and at community events (including MRF tours): CWS – 36 (from 27 in 2014); Green Team: 20 (from 19 in 2014). By the end of 2016, CWS had conducted 46 presentations. GreenTeam also meet or exceeded its PEOP requirements. Although this is an increase, additional effort is needed in refocusing outreach efforts to improve residents' understanding of how to recycle. ESD and one hauler launched a knock-n-talk outreach campaign in January 2016. The hauler leaves education materials during visits regardless of whether or not they were able to speak with a resident. The hauler completed 50 (of 42 required) knock-n-talks during 2016; their data indicates that NCNs have reduced by roughly 60 percent as a result. The hauler was also required to complete 240 appointments in 2016, of which 74 were conducted through September 2016. In addition, since summer 2014, the Recycle Right Campaign has messaged "keep garbage out of the recycling cart" and "order a larger garbage cart" via direct mail, knock-n-talks, and recycling assistance appointments. ESD plans to continue implementing these messages via the hauler outreach plans and in City collateral as needed; the department is also considering incorporating more specific expectations on outreach in its future contracts. Target date: 1-18 (delayed from 12-16).

Audit Report and Recommendation	Department	Current Status	Comments
#5: To ensure consistent enforcement, ESD should work with its haulers to clarify under what circumstances non-collection notices are issued, and ESD should regularly monitor the haulers' process of issuing NCNs.	ESD	Partly Implemented	Our audit found there are differing interpretations of contract requirements allowing a contractor to refuse to pick up a recycling container and issue a non-collection notice (NCN). The contracts state, "If Recyclable Material is contaminated through commingling with Residential Solid Waste, Contractor shall, if practical, separate the Residential Solid Waste from the Recyclable Material." This means that haulers should only issue an NCN if the hauler cannot "practically" separate the materials. However, the City and its haulers have had differing opinions about the practicality of removing non-recyclable material from carts.

In June 2015, ESD met with the haulers to discuss the interpretation of "practicably separable". In August 2015, ESD enforcement inspectors audited NCNs issued in select neighborhoods – of the carts they reviewed, only one notice was issued in accordance with ESD guidelines. ESD has discussed its parameters for issuing an NCN with its haulers. However, it appears there still is not a common understanding with one hauler about when that hauler can refuse to pick up recycling and issue an NCN.

ESD reviews NCN data provided by the haulers monthly, and continues to send quarterly educational letters to property owners of residences that receive 3 or more NCNs during that 3-month timeframe. Citywide, the number of NCNs issued has dropped significantly; however about 1,900 NCN's were issued in December 2016, indicating room for continued improvement. Target date: 1-18 (delayed from 12-16). |
| #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 | ESD has finalized with the City Attorney's Office (CAO) procedures and guidelines that contain minimum documentation requirements for NCNs and establish thresholds for taking enforcement action. Examples of minimum documentation requirements include: photos of cart and residence, type of contamination, type of education/outreach left with resident, and certification from the driver. ESD has discussed these enforcement parameters with its haulers. During 2017, ESD is conducting site visits to recycling and garbage carts of residences that continue to show up on the distribution list for quarterly educational mailings. If needed, ESD will attempt to make contact with the resident and/or property owners to |

			educate all parties of Recycle Plus program requirements. The department may clarify expectations in its future contracts. Target date: 1-18 (delayed from 12-16).

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Department of Environmental Services should work with the Budget Office and Finance Department to establish operating and capital funds for South Bay separate from other Wastewater Facility operating and capital funds.	ESD/Finance	Not Implemented	The South Bay Water Recycling (SBWR) program has implemented improved cost accounting methodologies. ESD, the Budget Office, Finance, and the City Attorney's Office will explore the feasibility of setting up separate funds for the FY 2018-19 budget process. Target date: 1-18 (delayed from 1-17).
#2: To improve South Bay's operating and capital accounting, the Department of Environmental Services should: a) Establish South Bay staff time allocations for all ESD programs with corresponding charge codes and ensure that they are incorporated in the budgeting process and consistently used by staff. b) Establish clearly documented cost methodologies for South Bay that include all costs associated with the program and as detailed in Appendix A of this report.	ESD	Partly Implemented	SBWR expenses and cost methodologies were reviewed and revised during the FY 2015-16 financial statement preparation process; this has resulted in an improved program cost accounting methodology. Additionally, new charge codes have been created to automate reports. The SBWR chart of accounts is now to the point where time-specific budget reports can be produced which demonstrate the total and sole costs of the SBWR program. This includes reports at multiple levels of detail that can cross the numerous sections of ESD and other City departments that dedicate resources to specific SBWR activities and provide expenditure reports. Further updates to the chart of accounts may be required with the establishment of separate SBWR funds (see recommendation #1). Target date: 1-18 (delayed from 1-17).
#4: To sustain South Bay's operational and capital cost recovery status in the future, ESD should: a) Renegotiate the revenue sharing terms of the Integration Agreement to allow the City to access South Bay revenue to	ESD	Not Implemented	a) SBWR is in ongoing conversations with the Santa Clara Valley Water District regarding the terms of the Integration Agreement, implementation of the Strategic Master Plan and other agreements between the City and the District. Target date: 12-18.

Audit Report and Recommendation	Department	Current Status	Comments
fund South Bay's projected capital costs sooner than is projected to occur under the Agreement as currently written. b) Secure a recycled water wholesale cost of service study that can be used to maximize the ability to maintain cost recovery for South Bay.			b) Currently, SBWR indexes its wholesale recycled water rates to the Water District's groundwater rate, regardless of actual costs. A cost of service study can be a valuable tool to determine revenue needs for maintaining South Bay's functionality as a water system with minimal reliance on sewer ratepayers. Target date: 6-20. **POTENTIAL BUDGET SAVINGS:** If the City renegotiated the Integration Agreement with the Water District to keep the monies necessary for funding needed reliability projects we estimate the City would be able to keep an additional $2.8 million annually to use for these projects (average annual savings over the next five years.

NEIGHBORHOOD SERVICES

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: Enhance data collection methodology to track community center traffic, daily and hourly attendance, and program participation.	PRNS	Partly Implemented *PRIORITY ITEM*	If the Department does not identify a suitable people counter solution (see recommendation #2 below), then it will conduct a "census" to estimate overall usage, including the portion of community center traffic driven by fee classes, camps, senior nutrition, fitness drop-in, etc., and the portion attributable to other uses. Target date: 6-18.
#2: Invest in a people counter system to capture more complete and consistent data on community center usage.	PRNS	Closed *PRIORITY ITEM*	PRNS has installed wi-fi at its hub community centers and is exploring "people counter" systems for these centers. However, such systems require significant budget resources. The Department reports that if it is unable to implement people counters, then it will pursue alternatives for collecting data on community center usage (see recommendation #1 above).
#8: Estimate the fair market value of re-use facilities.	Economic Development	Partly Implemented	Staff is negotiating expired leases for both non-profit and for-profit tenants. As part of the lease negotiation process, OED reports that it will be evaluating the fair market value and market lease rate of the property. This information will assist in determining the amount of subsidy being provided due to the below market rent for CBO's. Target date: 6-17.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#15: We recommend that PRNS work to streamline service requests so that they are entered directly into the work order system (and thus bypass PRNS staff) by: a) Promoting the smartphone app and the contractor's hotline as the primary ways to report graffiti for all of San José, including City Councilmembers; b) Implement the contractor's online reporting form; and	PRNS	Partly Implemented	Due in part to PRNS' implementation of parts a and b of this recommendation, the majority of work order requests are entered via the SJ Clean App. In addition, PRNS is working with the Information Technology Department to include graffiti reporting to the City's upcoming Customer Relationship Management/Service Request Management software system. Any calls to the Customer Contact Center regarding graffiti abatement will be

c) Allowing the contractor to reassume entering hotline calls directly into the work order system.

entered into the CRM/SRM system and addressed accordingly. Target date: 6-18.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#3: The Finance Department should provide a quarterly collection report to Code Enforcement and work together with Code Enforcement to determine citation collection prioritization.	Finance/ Code Enforcement	Partly Implemented	The Finance Department provided Code Enforcement with a citation collection report. The Department still needs to determine a citation collection prioritization schedule. Further, this report needs to be provided to Code Enforcement on a quarterly basis which has not occurred.
			During the audit, we reported that when Code Enforcement inspectors issue citations for code violations, the Finance Department is charged with collecting the money. However, Code Enforcement has no further information as to the status of the administrative citation and may issue other citations for that same property even if the citation has not been paid or collected. In our opinion, this type of a report would inform Code Enforcement of the citation collection process on a regular basis. During the course of our follow-up Finance provided us with a citation collection report. This should be provided to Code Enforcement on a quarterly basis. Target date: 6-17.
#8: The City Administration should propose to expand the Residential Occupancy Permit program to include condominiums functioning as rental apartment complexes.	Code Enforcement	Not Implemented	The goal of the Residential Occupancy Permit Program is to provide minimum safety and habitability standards for renters. As reported in the audit, about 41 percent of residents are renters, and approximated the total number of renter-occupied units at 125,000. In comparison, the Multiple Housing Program issued Residential Occupancy permits for about 84,000 units. This net difference of 41,000 units could mean that as much as a third of San José's residents are not receiving the same level of service afforded to other rental residents. The current City policy to exclude condominiums that may house hundreds of renters defeats the underlying purpose of the program and puts a significant portion of San José's renters at risk.

Audit Report and Recommendation	Department	Current Status	Comments
			Code Enforcement is currently in the process of acquiring a new database system. The RFP process for this database system has been completed and awarded to CSDC Systems Inc. The Department anticipates implementation of this system by 2018. Once system implementation is complete, the Department will revisit this recommendation. Target date: 7-18.
#12: To ensure tenants are aware of deficiencies found in their place of residence, Code Enforcement should formally inform tenants of the violations found and the deadline for compliance.	Code Enforcement	Not Implemented	Code Enforcement inspectors contact property owners or their representatives to schedule inspections. However, no information is provided to tenants as to the purpose of this inspection, what types of violations have been found, or even to alert them that an inspection occurred in their place of residence.

Code Enforcement anticipates that the new database system will provide them the capability of easily generating such a letter after inspections have been completed. Target date: 7-18. |
| #16: Code Enforcement review options to replace or enhance its code enforcement database (CES) and include options for mobile units and interfacing with other city databases. | Code Enforcement | Partly Implemented | As described in the audit, Code Enforcement's current database does not have the capability of interfacing with PBCE's primary database to retrieve property related information while out in the field, research any residual permit information or document information immediately after completing an inspection.

Code Enforcement anticipates that its new database will provide inspectors with this technology. Target date: 7-18. |
| #17: In order to ensure that the Multiple Housing roster is complete, Code Enforcement should:
a) Periodically update its Multiple Housing Roster with newly issued Certificates of Occupancy from the AMANDA database; and
b) Automate the process when it replaces its database. | Code Enforcement | Partly Implemented | Code Enforcement staff has to manually update the Multiple Housing roster by checking the AMANDA database for newly issued Certificates of Occupancy. This manual process can be unreliable.

Code Enforcement anticipates that the new database will automate this process. Target date: 7-18. |

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To improve branch library usage, the Library Department should adjust hours of operation based on an evaluation of usage by day and by hour at the branch level (i.e., adding more heavily trafficked hours). As it adds back hours of service, the Library should continue to monitor and evaluate branch usage patterns to ensure additions serve community needs.	Library	Partly Implemented	The Library Department reviews customer usage data and publishes quarterly reports to ensure that the days and times offered meet community needs. In 2015, Library staff developed a six-day operating schedule that allowed branch libraries to be open during hours that are heavily requested and utilized by the community. The Library is in the process of developing a dashboard that will assist in monitoring hourly branch library usage patterns, further ensuring hours meet community needs as well as system-wide efficiency and staff allocations once implemented. Target date: 6-17 (delayed from 12-16).
#13: The Library Department should revise classifications, as needed, to reflect changes to the department's service model.	Library	Partly Implemented	The Human Resources Department contracted with Koff & Associates to review and update seven job classifications for the Library Department. The Library has sent the job classifications to HR for review by the bargaining units. Once the bargaining units have completed their review, the class specification will go to the Civil Service Commission for review. Target date: 7-17 (delayed from 9-16).

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: PRNS should work with the Budget Office to: a) Reassess the purpose of the Fee Activity Program (including cost-recovery targets),	PRNS/ Budget	Partly Implemented	PRNS reports that it continues to discuss with the Administration the best way to manage the Fee Activity Program budget, and expects to outline the Fee Activity Program structure by the FY 2017-2018 Proposed Budget process. This structure would

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.

include cost-recovery targets and activities in the Fee Activity Program. Target date: 6-17.

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

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

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

Audit Report and Recommendation	Department	Current Status	Comments
			service obligations of $2 million per year through 2031 (outstanding principal of $22.8 million at Los Lagos and Rancho del Pueblo combined).
#3: To improve the utilization and finances of its golf courses, the Department of Parks, Recreation and Neighborhood Services and its operators should: a) More clearly articulate a competitive position that covers the facilities, pricing, and the brand, b) Develop a more aggressive customer growth strategy, identifying target customers and utilization goals, and c) Implement more effective outreach and retention plans.	PRNS	Partly Implemented	The operator for Los Lagos and Rancho del Pueblo, in coordination with the department, has drafted 2017-18 marketing and outreach plans for each course. Operator activities to increase course use include email marketing, special promotions, and special events (e.g. movie nights) at the golf courses. According to PRNS, despite more aggressive marketing and outreach plans, the courses have continued to see fewer rounds of golf relative to last year, in line with a national decrease in golf play. PRNS will continue to work with operators to evaluate outcomes from actions taken so far, and further develop and refine strategies for improving customer growth. Target date: 12-17 pending implementation of Recommendation #2 (delayed from 12-16). **POTENTIAL BUDGET SAVINGS:** Additional revenue from more golfers could improve the annual operating losses of $300,000 at Los Lagos and $300,000 at Rancho del Pueblo.
#4: To improve oversight of the golf courses and contracts, the Department of Parks, Recreation and Neighborhood Services should assign sufficient resources to oversight.	PRNS	Partly Implemented	According to PRNS, the department has reassigned oversight of golf contracts; as part of the general contract management structure, they are now overseen in the same manner and by the same personnel as other landscaping and custodial contracts for City parks. PRNS reports that field visits to the courses have resumed and occur monthly. However, adding staff time to golf oversight may not be feasible at this time due to other budgetary and programmatic needs, as well as the ongoing study of Los Lagos Golf Course to help determine the best utilization of golf course lands (see Recommendation #2). Target date: 12-17, pending the implementation of Recommendation #2.
#5: To improve oversight of the golf courses and contracts, the Department of Parks, Recreation and Neighborhood Services should: a) Regularly audit Muni's gross revenues and capital improvement fund b) Keep all golf records centrally and ensure they are obtained timely c) Formalize the revised maintenance standards	PRNS	Partly Implemented	PRNS reports that: a) It will request a gross revenues audit from the Municipal Golf Course operator at the end of the year; b) With reassigned oversight of golf course operations (see Recommendation #4), the department is in the process of centralizing its records;

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

PUBLIC SAFETY

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#3: Develop for City Council consideration plans for expanding its use of the Omega priority response level. These plans should include: obtaining the software necessary to fully implement the Omega priority response level; options and costs for dispensing non-emergency medical advice; and any other issues that need to be addressed.	Fire	Partly Implemented ***PRIORITY ITEM***	Under the Medical Priority Dispatch System, a standard system used to determine the appropriate level of aid for an emergency call, a 911 call determined to be a medical call with the lowest priority has an Omega priority response level and can receive either an alternate response or no response. However, San José's EMS contract with Santa Clara County requires SJFD to respond to all 911 calls received, and SJFD would need Santa Clara County EMS agency authorization to expand its use of the Omega priority response level. Over the past fifteen years, the Department has made steps towards expanding its use of the Omega response level. This work includes: meeting some prerequisites necessary to implement the Omega protocol, such as accreditation of Fire Communications and the use of updated CAD software; participating in EMS stakeholder group meetings to recommend changes to EMS delivery in Santa Clara County; reviewing its patient care data to determine what factors could identify an Omega level response; and successfully obtaining County EMS agency authorization to respond to lower priority medical aid service requests with Basic Life Support resources (BLS). Meanwhile, over the last several years, the City has frequently been unable to meet the County's EMS response time targets. Using the Omega protocol would potentially allow SJFD not to respond to lowest level medical calls, reducing the workload on Department staff. The City has entered into a one-year contract extension with the County, which will expire on June 30, 2017. The Department continues to discuss dispatch policies and response alternatives with the County EMS agency while negotiating a new agreement. The City currently uses ProQA software, the County preferred platform. The Department reports that ProQA is the most current quality assurance software. As San José is the only jurisdiction

Audit Report and Recommendation	Department	Current Status	Comments
			in the County that utilizes ProQA, there is an opportunity for the County to advance Omega protocol with San José Fire Department. Target date: 12-17.
			POTENTIAL BUDGET SAVINGS: The ability to respond using the Omega protocol would potentially reduce the number of EMS response, saving wear and tear on vehicles and reallocating resources to more critical emergencies.
#5: Implement a pilot project to evaluate the use of SUVs or Light Units to respond to lower priority emergency medical calls.	Fire	Partly Implemented *PRIORITY ITEM*	The Department initiated a Squad Car Pilot Program in 2012 to respond to lower priority emergency calls, thus maintaining greater availability of fire engines and trucks for higher priority emergencies. The pilot program will continue through June 30, 2018 as described in the May 2015 Side Letter Agreement between the City and the International Association of Firefighters, Local 230.
			The FY 2016-17 operating budget redeployed staff from 4 of the 5 squad units to restore staffing for two fire engines; staffing for 2 squad units was restored during the budget process. The Department's three squad companies are deployed city-wide. Target date: 6-17.
			POTENTIAL BUDGET SAVINGS: The ability to respond with SUVs or Light Units would potentially reduce the number of EMS responses for lower-priority EMS calls, saving wear and tear on fire engines and trucks and leaving such units available for higher-priority responses.

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

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

#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	Implemented *PRIORITY ITEM*	The Finance Department anticipates that the new Business Tax System will enable the comparison of the FIBS and Business Tax Certificate datasets. The new Business Tax System is expected to go live in Summer 2017. Meanwhile, to identify new businesses and to ensure that businesses billed for fire safety permits are still in operation, staff manually reconcile the

Audit Report and Recommendation	Department	Current Status	Comments
			Business Tax Certificate datasets to the Fire Department's FireHouse Record Management System and add any new businesses to FireHouse. Staff report that this reconciliation is taking place weekly.
#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	Implemented *PRIORITY ITEM*	See Recommendation #2.
#10: Develop a risk assessment methodology to assign facility inspection frequencies.	Fire	Implemented *PRIORITY ITEM*	The Fire Department reports that the Bureau of Fire Prevention has assigned inspection priorities among and within occupancy classes, and has provided documentation of the assessed risk and associated inspection priorities. Further risk assessment would require extensive resource allocation.
#12: Develop a workload analysis to determine its inspection staff needs to achieve its inspection goals and objectives.	Fire	Not Implemented *PRIORITY ITEM*	The Fire Department's has selected a consultant (NBS Government Finance) to study the Fire Department's non-development fee program. This study will include a new inspection service delivery model. The Department anticipates that the results of this study will be incorporated into the FY 2018-19 budget process. Target date: 12-17.

09-04 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. The report included 15 recommendations.

Audit Report and Recommendation	Department	Current Status	Comments
#5: Explore the feasibility of using specially trained civilian staff for administrative assignments such as in-custody arrest documentation.	Police	Closed *PRIORITY ITEM*	In July 2011, the unit was reorganized due to budgetary issues, leaving only two officers assigned to the unit. By December 2015, unit staffing was reduced to one officer. As the Department continues to rebuild its staffing, it prioritizes which civilian staff to hire depending on the service needs determined by the Department. The Department has advised that hiring a civilian position for the auto theft unit is not currently a priority, but will continue to be considered as part of its annual civilianization process as resources become available.

Audit Report and Recommendation	Department	Current Status	Comments
#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	Implemented **PRIORITY ITEM**	A Request for Proposal (RFP) for an Automated Field Reporting/Records Management System ("system") was released in December 2009, resulting in a contract being approved by Council in March 2011. The RFP included "quality control processes" and "elimination of redundancy" in its requirements. The system went live in July 2012, but paper processes and manual duplicate data entry processes remained the same. Specifically, California Highway Patrol (CHP) forms 180 and 555 were being scanned into the system, but the process was still not automated. The Department advises that due to legal constraints, CHP 180 cannot be automated as it required a signature from the person reporting the crime or conducting the vehicle impound. However, in December 2016, CHP 555 was made available for all units to use in the system.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#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	Implemented **PRIORITY ITEM**	The Department had developed and adopted a civilianization policy based on the IACP model provided in the audit.
#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	Closed **PRIORITY ITEM**	In June 2010, the Department conducted research on best practices across jurisdictions in California to determine what other agencies were doing internally with *Brady* officers. Based on this, the Department developed a policy, which by December 2010 had been approved by the City Attorney's Office and District Attorney's Office. However, the adopted policy differed from the International Association of Chiefs of Police model in that it did not address how or whether *Brady* status could affect a sworn employee's continued employment. The other problem identified in the audit was that *Brady* employees frequently were assigned to administrative work that could have been performed by civilians. In June 2011, the

Audit Report and Recommendation	Department	Current Status	Comments
			Department advised that any changes to the policy would be subject to meet and confer.

In June 2013, the Department advised that it continued to assess officers' *Brady* status based on the 2010 policy, which resulted in some officers' return to the patrol function. By December 2016, all but one *Brady* officer remained doing administrative work, thereby resolving the initial concerns raised by the audit. |
| #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 | Implemented

PRIORITY ITEM | The Department has updated many non-Patrol sworn position job descriptions to more accurately reflect their job duties. These duties are outlined in memoranda issued to officers when a non-Patrol sworn position is opened. Memoranda issued to date include descriptions for the Court Liaison Unit, Bomb Squad, Homicide Sergeant, and the Gang Investigation Unit. |
| #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 | Closed

PRIORITY ITEM | Our audit identified a total of 88 positions that potentially could be civilianized. Since then, the Department has civilianized over 20 positions. Many of the remaining positions identified by the audit are in units that have either been restructured (e.g., Pre-Processing Unit, Airport) or cut (e.g., TEU) due to changes in staffing levels. As a result, the Department advises that not every position identified by the audit can be currently civilianized. However, the Department has added new civilian positions (including a total of 50 CSOs, 4 CSO supervisors, and 7 Crime Prevention Specialists) since the audit was issued. These include positions not identified by the audit.

The Department reviews positions as part of the annual budget process to determine where it is feasible and a priority to civilianize based on its staffing levels. As the Department rebuilds its staffing, we continue to encourage the Department to evaluate where administrative workloads could be taken up by civilian staff—including the remaining positions identified by the audit, as well as others determined by the Department—so as to maximize the limited time sworn personnel have to focus on sworn duties. |
| #10: Identify partial administrative roles filled by sworn and consider options for civilianization. | Police | Closed

PRIORITY ITEM | The Department has made good effort in civilianizing positions and adding new civilian positions since the audit. Additionally, as part of the annual budget process, the Department reviews positions to determine where it is feasible to civilianize. As the |

Audit Report and Recommendation	Department	Current Status	Comments
			Department rebuilds its staffing, we continue to encourage the Department evaluate where administrative workloads could be taken up by civilian staff—including any partial administrative roles currently filled by sworn personnel.
#11: Consider outsourcing the helicopter pilot duties as well as the fixed-wing airplane assignments on an hourly basis.	Police	Partly Implemented ***PRIORITY ITEM***	Because of the up-front and ongoing training costs associated with employing two helicopter pilot positions, as well as the licensure costs of employing collateral fixed-wing pilots, the audit recommended outsourcing these positions so that the City would pay only for hours flown. Subsequent to the audit, the Department reassigned the Air Support Unit, of which the helicopter pilots were a part, to the Airport Division for greater efficiency, consolidation of supervision, and to save money. In FY 2012-13, the Department issued a Request for Proposal (RFP) for helicopter services, but the process did not result in a contract due to cost concerns. The Department advises that it will need to conduct an analysis of Air Support Units in other agencies to determine possible staffing plans, as well as work with the Human Resources Department to develop a new classification as necessary. However, due to limited resources, the Department is currently unable to move forward with this effort. Target date: 12-19. **POTENTIAL BUDGET SAVINGS:** TBD.

10-06 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. The report included 6 recommendations.

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 José 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	Implemented	At the time of our audit, the Gaming Division was able to complete only two applications per year. At that rate, we estimated it would 21 years to fully clear the backlog of pending applications. The City Council approved changes to Title 16 in 2012 that allow the City to accept State-issued key employee licenses. The Gaming Division continues to conduct investigations for

Audit Report and Recommendation	Department	Current Status	Comments
			additional employees that are designated as key employees by the Gaming Division.

The Gaming Division's prepared internal operating procedures that were approved by the Chief of Police in February 2016. These procedures address many aspects of the Division's licensing process, and have now been updated to address who will be designated as a key employee by the City, processes for imposing limitations and conditions, and processes for retracting licenses. |
| #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 | Implemented | The Division's internal procedures have been updated to provide guidance on when investigations can extend beyond 180 days. They also provide guidance on the steps the Division should take to inform the applicant, if the investigation has extended beyond 180 days. |
| #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 | Implemented

PRIORITY ITEM | The City Council approved changes to Title 16 in 2012 wherein the City accepts State-issued key employee licenses, however the Gaming Division retains the investigations for those employees that are designated as key employees by the Gaming Division. The Gaming Division's adopted internal operating procedures in February 2016 that address the licensing procedures. The Department annually reports on the number of licenses issued in its Annual Cardroom Compliance Report to the Public Safety, Finance and Strategic Support Committee. The Divisions guidelines have been updated to state that the Division will report any backlog in its Annual Cardroom Compliance Report. |
| #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 | Implemented

PRIORITY ITEM | The Division reports that it tracks the time it takes to complete each licensing review and will be able to provide this information on request to any applicant. |

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To promote transparency and provide the public with information about how resources are allocated in the Police Department, the Police Chief should report to the Public Safety, Finance, and Strategic Support Committee of the City Council at each shift change (every six months) on the changes in staffing by unit and function.	Police	Partly Implemented *PRIORITY ITEM*	The Department began regularly reporting on staffing levels to the PSFSS Committee in FY 2010-11. These reports include total sworn staffing, but do not show resource allocations by program, unit, or function. In September 2015, this office provided a sample template to the Department to demonstrate how they could report staffing by bureau and, at a high level, by unit. However, the Department chose not to adopt this template. In 2016, the City was in the process of deploying a new budgeting system. The Budget Office advises that this system will break down authorized staffing by program (i.e., unit) within the Police Department. Questions about actual staffing levels continue to be directed toward the Department at its bi-monthly PSFSS Committee meetings and at departmental budget hearings. Target date: 6-17.
#2: To better align staffing with workload, SJPD should propose additional shift start times.	Police	Not Implemented (Subject to meet and confer)	Since the audit was issued, the Department has made several attempts to evaluate the potential for additional shift start times, including considering implementing an early swing shift car (2010) and forming a pilot committee (2012) and patrol staffing committee (2014) to evaluate shift start and end times. However, due to staffing changes and limited resources, the Department was unable to follow through on these efforts. In 2016, the Department released a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The consultant's analysis is expected to be completed by February/March 2017. This analysis may have implications on the Department's shift times. Target date: 6-17.

Audit Report and Recommendation	Department	Current Status	Comments
#4: If SJPD decides that redistricting is needed, the Department should conduct further study on the possibility of 12 districts and should reconsider its assumptions regarding span of control, proactive patrol time, call saturation, and hourly workload demand versus average hourly workload demand.	Police	Partly Implemented *PRIORITY ITEM*	In 2011, the Department interviewed units that would be directly affected by redistricting, and also formed an internal committee to explore the potential for redistricting. Based on that analysis, the Department determined to postpone plans for redistricting given its resources at the time. The Department restructured the Bureau of Field Operations (BFO) from four districts to three districts in 2012, which decreased the span of control between lieutenants and sergeants and reduced the number of lieutenants assigned to the BFO Patrol Division. However, after determining that having three divisions presented operational problems, the Department returned to four divisions in 2014. As a result, the Department still has the potential to decrease its span of control, potentially through redistricting. In 2016, the Department released a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The consultant's analysis is expected to be completed by February/March 2017. The Department has advised that this analysis will look at whether redistricting is necessary for optimal deployment. Target date: 3-17.
#5: SJPD should assess and report on (to the Public Safety, Finance, and Strategic Support Committee of the City Council) the feasibility of changing the Patrol schedule to a potentially more efficient schedule.	Police	Not Implemented	In light of budgetary and staffing cuts in 2011, the Department reported that it was constricted in exploring and experimenting with any new patrol schedule due to the impacts such experimentation could have on the Department's service delivery model. No further action on this recommendation was taken until 2016, when the Department issued a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The consultant's analysis is expected to be completed by February/March 2017. This analysis may have implications on the Department's patrol schedule. Target date: 6-17. **POTENTIAL BUDGET SAVINGS:** TBD.

Audit Report and Recommendation	Department	Current Status	Comments
#7: To ensure that span of control is reasonable from both a safety and a cost perspective, the San José Police Department should develop a policy that provides guidance on how the department determines appropriate spans of control. The policy should incorporate criteria such as: complexity of work; quality, skills, and experience of supervisors and employees; administrative requirements; dispersed workforce; stability of the organization, etc.	Police	Not Implemented	As a result of reducing the number of divisions from four to three, the Department was able to reduce the span of control by eliminating 23 supervisory positions in patrol and restoring 8 officer positions, resulting in a net savings of about $3.5 million. However, the Department returned to its original structure of four divisions in 2014. The Auditor's Office continues to recommend that the Department draft a policy that provides guidance on determining the appropriate span of control, especially as the Department rebuilds.

In 2016, the Department released a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The consultant's analysis is expected to be completed by February/March 2017. This analysis may have implications on span of control. Target date: 6-17. |
| #8: The San José Police Department should develop a high level staffing and resource allocation framework that: a) Reflects today's economic realities and focuses on improving efficiency of existing staffing levels; b) Includes both an assessment of community priorities determined via community involvement and management's staffing priorities by unit or function; c) Incorporates span of control guidance and targets; and d) Considers how prior recommendations regarding civilianization, outsourcing, and use of alternative personnel and schedules will be implemented. | Police | Partly Implemented | The Department has made some progress with assessing various aspects of its staffing model (as detailed in the responses to other recommendations in this audit), as well as with civilianizing a number of staff in the Department; however, a high-level framework has yet to be developed.

In 2016, the Department released a Request for Proposal (RFP) to hire a consultant to analyze different deployment methods and various deployment models for patrol. In August 2016, the City entered into an agreement for consulting services with Matrix Consulting Group, LTD. The consultant's analysis is expected to be completed by February/March 2017. This analysis may have implications on the aspects recommended to be included in the staffing and resource allocation framework. Target date: 6-17. |

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Police Department should develop and immediately implement a written procedure for periodic review of off-duty employment timecards including comparisons of: (a) City timecards to off-duty timecards, (b) timecards for multiple off-duty jobs to each other to test for fraud, and (c) hours taken for administrative/disability/sick 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	Following the audit, the Department updated procedures for the Secondary Employment Unit (SEU) to include audits of timecards to test for fraud, overlapping hours, as well as secondary employment worked simultaneously with disability or other leaves. However, due to staffing constraints, SEU was not able to implement these audits immediately. SEU also purchased scheduling software in 2013 that would address some concerns identified by this audit, for example by preventing employees from scheduling both a secondary employment job and a City shift simultaneously. This functionality of the software has yet to be fully implemented. In 2016, SEU advised that it would begin random audits of secondary employment tracking sheets and City timecards to ensure compliance with City policy. By December 2016, the Department advised that written procedures to guide timecard review were being finalized. Target date: 6-17.
#2: The Police Department should develop a system to compile real-time data regarding the number of hours worked and pay earned from off-duty work.	Police	Partly Implemented	In 2013, the Department purchased scheduling software that could potentially allow for real-time data as recommended. To date, the Department continues to work with the vendor to implement this functionality. Target date: 12-19.
#3: The Police Department should: (a) keep lists of work permits and employers updated and be able to provide summary data; (b) include tests in periodic reviews to ensure the completeness of pay job hours that are reported to the City; (c) specify in the Duty Manual the disciplinary consequences for both employees and supervisors for failure to consistently report off-duty hours worked; and (d) develop a way to track enforcement actions taken at pay jobs; one possibility is a special code or call sign in CAD to designate calls from those working secondary employment.	Police	Partly Implemented	The Department made steps to implement sections of the recommendation in 2012: (a) SEU developed detailed spreadsheets of update work permit and employer lists; however, SEU management advised that the unit did not have sufficient staffing to keep the lists current; (b) The SEU Procedures Manual was revised to require verification of hours worked based on secondary employers' records; however, SEU management advised that the unit had insufficient staffing to conduct the verifications; (c) SEU management advised that several sections of the Duty Manual outline disciplinary measures with regards to secondary employment, although not

Audit Report and Recommendation	Department	Current Status	Comments
			specifically for failure to consistently report off-duty hours worked; and (d) SEU created specific call signs dedicated to secondary employment officers.
			In 2014, the Department reported that it still lacked sufficient staffing to fully implement parts (a) and (b) of the recommendation, and that it would send a reminder to employees about the requirement for them to report secondary employment hours. By this time, officers were using call signs specific to secondary employment jobs to track enforcement actions taken at pay jobs, and SEU has continued to send reminders to its staff to use these call signs. No further action has been taken by the Department on the other parts of the recommendation since then. Target date: 12-19.
#4: The SEU should report to the Police Chief at least annually on the following data about the secondary employment program: (a) the number of hours worked, (b) the amount of pay earned by employee from each off-duty employer, (c) the number of employees who have off-duty work permits, (d) the total number of permits, and (e) the number of employers participating in the program. The report should also note major changes or challenges with program during the prior year.	Police	Partly Implemented	The Department purchased scheduling software in 2013 that it hopes can allow for tracking of hours worked and pay earned as recommended in parts (a) and (b). To date, the Department continues to work with the vendor to implement this functionality in the system. Regarding parts (c), (d), and (e), while SEU updated the list of employees who had work permits in 2012, management advised that the unit lacks sufficient staffing to keep the lists current (see response to Recommendation #3). Target date: 12-19.
#5: To promote transparency and accountability, the Police Department should know and post annually, on the City's web site, total compensation earned by Police Department employees working secondary employment in SJPD uniform. The Department should know and post information for each employee by name, each employer where that employee worked, and the amount earned from each employer during the year as reported by the employee to the Police Department.	Police	Partly Implemented	SEU has advised that in order to implement this recommendation, an increase in SEU staff would be needed as the current decentralized structure of secondary employment makes this a labor-intensive task. The Department purchased scheduling software in 2013 that it hopes can assist with the implementation of this recommendation. To date, the Department continues to work with the vendor to implement functionalities in the system related to secondary employment. Target date: 12-19.
#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	Police	Partly Implemented	The Department revised parts of the Duty Manual in 2012 to better address the provisions outlined by the recommendation, but advised that additional SEU staffing would be needed to sufficiently monitor and enforce these rules. SEU advised that beginning in 2016, staff would conduct random audits to facilitate adherence to secondary employment policies (see response to Recommendation #1). By December 2016, the Department

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that failure to comply could result in the suspension or revocation of an employee's secondary employment permit.			advised that written procedures to guide review adherence to Duty Manual rules were being finalized. Target date: 6-17.
#9: The Police Department should enforce its procedure for periodic inspections of secondary employers. As specified in the procedure, such inspections should include reviews of: (a) current business license and proper regulatory permits, (b) other required licenses or professional certificates, (c) employer logs of officer work hours, (d) consistency of job with description on work permit and employer approval form, (e) whether officers at site have current/authorized work permits on file. Inspections of a sample of employers should occur at least quarterly, be documented, and notes maintained on the resolution of problems. The Police Department should inform employers and employees that such reviews will occur.	Police	Partly Implemented	In 2013, the SEU commander began conducting inspections in response to complaints about employer or employee conduct. The inspections included reviews of the provisions outlined in the recommendation. However, at that time, periodic or regular inspections were not being conducted. In 2015, the Department began to do periodic site inspections; however, again due to limited staffing, the inspections have not included review of all items this recommendation prescribed. Target date: 12-19.
#10: The Police Department should clarify (in writing) the City's limited liability with regard to workers' compensation in the context of secondary employment.	Police	Not Implemented	The Department has met with the Office of Employee Relations, City Attorney's Office, and Risk Management on a case-by-case basis as issues arise, but no written clarification has been drafted regarding the liability associated with workers' compensation in the context of secondary employment. Target date: 12-19.
#11: The Police Department should immediately eliminate the practices of allowing Department employees to solicit off-duty work and allowing them to be paid in cash. The Department should develop and implement a written procedure that includes a business card SJPD employees can provide to businesses or individuals who inquire about hiring off-duty police. The card could include contact information for SEU and inform businesses that calling SEU is the only way to arrange the hiring of SJPD employees. A provision should also be added to secondary-employer agreements to prohibit cash payments to SJPD employees for off-duty work and to require employers to issue appropriate tax documents to pay job employees.	Police	Partly Implemented	In 2012, the Duty Manual was revised to prohibit Department members from soliciting secondary employment and from being paid in cash (with exceptions allowed if approved by the SEU commander or the Chief of Police). In addition, Department management advised that the secondary employer application was removed from the intranet, and that all applications were required to be processed through SEU. A tax document provision was not added to the secondary employer application. The Department has taken no further action on this recommendation. Target date: 12-19.
#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	Police	Not Implemented	In 2012, the Department advised that it was considering options for the future structure of the secondary employment program. The Department is also considering adding language to the secondary employment application itself to address some of these concerns. However, no further action has been taken with regards to this recommendation. Target date: 12-19.

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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.			
#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	Implemented	The Department has adopted revisions to the Duty Manual that allow an employee's chain of command and the Secondary Employment Unit commander to determine whether a pay job conflicts with an on duty assignment.
#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	Closed	Department management believes that employees should be allowed to continue working as private investigators and that the prohibition should not be reinstated. The Department has since updated its written policies regarding conflicts of interest (see recommendation #14) and the use of criminal information and other City/Departmental databases to address the risks identified by this recommendation.
#16: The Police Department should develop and implement written guidelines that include criteria for how pay jobs are assigned by SEU and by coordinators. The Department should also prohibit employees who work in the Secondary Employment Unit from working pay jobs, even if they were working such jobs before being assigned to the unit. Reasonable exceptions should be included related to oversight of special events.	Police	Partly Implemented	The Department revised the Duty Manual in 2012 to prohibit employees who work in SEU from working pay jobs. Exceptions are made for SEU staff to work pay jobs coordinated through SEU after obtaining approval from the SEU commander. This was designed to allow SEU employees who were heavily involved in the oversight/planning of a special event to be able to work at that event and take advantage of their familiarity with it.

In 2014, SEU staff reported that pay jobs had become harder to fill due to mandatory overtime requirements, and that the unit had not been receiving complaints about the process for filling secondary employment jobs. The Auditor's Office maintains that it is still essential that the Department have criteria for how to assign secondary employment jobs to ensure the perception of fair and equitable distribution of such jobs. Target date: 12-19. |
| #17: The Police Department should revise its written guidelines for the exercise of discretionary judgment in determining the number of police employees the Department requires event organizers to hire for special events. The guidelines should specify the criteria upon which the decisions will be made and should also address how the | Police | Partly Implemented | In 2012, SEU advised that it was working with the Office of Cultural Affairs (OCA) to find an appropriate mix of security, non-sworn personnel, and police to staff events. In 2013, in collaboration with the Department of Transportation (DOT) and OCA, the Department created a new traffic control model. |

Audit Report and Recommendation	Department	Current Status	Comments
Department determines an appropriate mix of private security and police.			However, the model did not address the issue of written guidelines. The Department responded that it would continue to evaluate each event by looking at historical data related to repeat events, and by working closely with event promoters and DOT to determine the proper mix of personnel and equipment. The Auditor's Office maintains that written guidelines are important so as to be fully transparent in how the Department determines appropriate staffing levels. Target date: 12-19.
#20: The Police Department should fully implement the Independent Police Auditor's recommendation for ongoing ethics training and should try to do so as soon as possible.	Police	Partly Implemented	The Department conducted ethics training in 2012, and has reported that the Video Unit was creating a video version of the training for future use. By 2014, the Department advised that it had scheduled ethics training every four years. The Independent Police Auditor's recommendation, however, stated that training should be every other year. Target date: 12-19.
#21: If the Police Department retains the system of decentralized coordination, the SEU should be solely responsible for appointing coordinators and providing them with the lists of employees available to work pay jobs. The SEU should also maintain an up-to-date list of coordinators and the jobs they oversee. The Department should also establish and implement clear written guidelines regarding: (a) roles and responsibilities of coordinators and how they fit within the chain of command, (b) a prohibition against any form of compensation other than pay, (c) a fixed hourly rate for coordinators as well as not-to-exceed limits on coordinators pay, (d) clarify that coordinators can only be paid for actual hours of coordination rather than an agreed upon estimate or "plug", and (e) expressly prohibit coordination on City time.	Police	Partly Implemented	SEU management updated its list of all coordinators in 2012. By 2013, SEU was appointing all new coordinators and discussing their roles and responsibilities with them. In June 2014, SEU advised that it was researching an appropriate fixed pay rate for coordinators and would recommend the adoption of that rate once determined. There have been no further updates since then. Target date: 12-19.
#22: The Police Department should: (a) calculate the cost of bringing all coordination into SEU and the related impact on employers' fees (b) assess the impact on the hourly rate charged to employers, as well employer fees, if coordination were brought into SEU and employees were paid at an overtime rate. Given that information, the Department should seriously consider three options moving forward: (1) phasing into SEU the coordination of additional pay jobs, (2) bringing all coordination into SEU, (3) bringing all coordination into SEU and also paying employees on overtime through the City.	Police	Partly Implemented	SEU management advised that in 2012, some cost-benefit analysis was conducted and that the Department was exploring options for the future structure of the secondary employment program. There have been no further updates since then. Target date: 12-19.

Audit Report and Recommendation	Department	Current Status	Comments
#23: The Police Department should: (a) immediately develop and enforce a reasonable daily hour limit and should consider a rest period prior to a regular shift; (one possibility is to reinstate the 14-hour daily limit previously in place), and (b) apply the 24-hour weekly limit for off-duty jobs even in weeks when employees have taken time off, and (c) develop a way to ensure sufficient days off per month.	Police	Partly Implemented	In 2012, the Duty Manual was revised to limit to 16 the number of hours worked in a 24-hour period. However, the 24-hour weekly limit on secondary employment hours was also increased to 30 hours per week. This change was contrary to the intent of the recommendation, which was to help reduce potential fatigue. The audit report included the following quote from research about police fatigue: "Everything we know about fatigue indicates that it will tend to impair officers' ability to perform their duties safely and deal with job stresses in a healthy manner." In 1995, when the Independent Police Auditor first issued a report about secondary employment, the weekly limit on hours was 20 per week. It was subsequently increased to 24, and then to 30 hours. The 2016 *Audit of Police Overtime* is expected to address the issue of reasonable daily and weekly limits and the impact of overtime on officer fatigue. Target date: 12-19.
#24: The Police Department should train employees on the topic of police fatigue and the risks associated with it.	Police	Not Implemented	No training has been conducted on the topic of police fatigue. The 2016 *Audit of Police Overtime* is expected to address the impact of overtime on officer fatigue. Target date: 12-19.
#25: Because engaging in secondary employment may prolong the recovery of a member who has been injured, the Police Department should (a) ensure that the existing Duty Manual provision prohibiting secondary employment while on disability leave is enforced and (b) develop a process for identifying employees who are working secondary employment hours either concurrently or in the same time frame as taking disability leave hours.	Police	Partly Implemented	The SEU Procedures Manual includes a provision for auditing employee timecards to check whether an employee was on disability leave while working secondary employment. However, SEU management has continued to advise that it lacks sufficient staff to conduct such audits. Target date: 12-19.
#26: The SEU should be housed in the Police Chief's office with the appropriate mix of civilian and sworn employees, with an emphasis on civilians to perform administrative duties and an emphasis on stable staffing and sufficient staffing to provide oversight. Sworn employees should be of sufficient rank to oversee all lower ranks that work secondary employment.	Police	Partly Implemented	In 2012, SEU was moved to the Office of the Chief. The Department requested but was not approved for additional civilian staffing. The Auditor's Office maintains that additional civilian staffing could help relieve sworn staff of administrative duties, and also provide stability to the unit. Target date: 12-19.
#27: The Police Chief should set clear goals and a timetable for restructuring the secondary employment program and should propose a plan as soon as possible to the City Council for secondary employment going forward.	Police	Partly Implemented	In 2012, SEU management advised that the Department was exploring possibilities for the future structure of the secondary employment program. No further updates have been provided since then. Target date: 12-19.

Audit Report and Recommendation	Department	Current Status	Comments
#28: The Police Department should: (a) calculate the comprehensive cost of the secondary employment program (personnel, administrative costs, etc.), (b) compare those costs to the revenue generated by related fees, and (c) determine the fees that would be required to make the program 100% cost recovered and present this data to the City Council.	Police	Partly Implemented	SEU management advised that in 2012, the Department was exploring options for the future structure of the secondary employment program. There have been no further updates since then. Target date: 12-19. **POTENTIAL BUDGET SAVINGS:** The personnel costs of operating SEU were estimated at $747,000 in the audit. Recovery of these costs through fees would reduce the subsidy by the General Fund.
#29: The Police Department should fully recover the cost of secondary employment liability policy either through increased employee contributions or by a fee charged to secondary employers.	Police	Not Implemented	SEU management advised that in 2012, some cost-benefit analysis was conducted and that the Department was exploring options for the future structure of the secondary employment program. There have been no further updates since then. Target date: 12-19. **POTENTIAL BUDGET SAVINGS:** The General Fund subsidy of the secondary employment liability policy was $59,000 at the time of the audit. If the program remains in its current format, requiring participating employees to pay the full cost of the insurance would eliminate the subsidy of the General Fund.
#30: Assuming that the City continues to offer uniformed off-duty employment to private employers, the City should assess the public and private benefits of the current provision of uniformed security services to a broad range of private and public entities. The Department should analyze the costs and benefits of continuing to provide this service on such a broad scale as well as the potential effects of limiting the program to certain types of jobs. The Department should propose a plan for the future of the program to the City Council that includes the results of this analysis.	Police	Partly Implemented	SEU management advised that in 2012, some cost-benefit analysis was conducted and that the Department was exploring options for the future structure of the secondary employment program. There have been no further updates since then. Target date: 12-19.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: For those performance measures that it will continue to track, the Fire Department should document methodologies for calculating measures. In particular, the Bureau of Fire Prevention should document its methodologies for calculating and reporting key performance measures, including but not limited to measures for internal day-to-day management and public reporting.	Fire	Partly Implemented	The Fire Department has been working on reviews of performance measures and methodologies since 2012. Additionally, the Fire Department has undergone an organizational review which included an analysis of some performance metrics. The Department's Information Technology work group expects to complete automating calculations and report generation of key performance measures for the Bureau of Fire Prevention by June 2017. The Auditor's Office notes that to complete this recommendation, the Department should document methodologies for both external performance measures and data used for internal, day-to-day management of performance. Target date: 12-17 (delayed from 6-17).
#2: The Fire Department should continue to review—by core service—its performance measures and determine which are most important to monitor and track on an ongoing basis for internal use, management purposes, and for public reporting.	Fire	Partly Implemented	The Department reports that it has reviewed performance measures, and periodically continues such reviews. A review of performance measures and activity/workload highlights for the Office of Emergency Services is expected to be completed by December 2016. The Auditor's Office will consider this recommendation implemented when the Department provides documentation that selected key performance measures are monitored and tracked on an on-going basis for both internal use and public reporting. Target date: 12-17.
#3: The Fire Department should assess—by core service—how performance data can be used by management and staff on an ongoing basis to help analyze past performance, establish next performance objectives, and examine overall performance strategies.	Fire	Partly Implemented	According to the Department, a business intelligence interface is expected to be completed by December 2017. The Department anticipates that this interface will enable the Department to access operational performance measures through dashboards. Such performances measures are expected to be interactive, providing managers and staff with the ability to view workgroup performance and evaluate how workgroup performance

| | | | measures impact overall performance measures. Target date: 12-17. |

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#3: We recommend that the Administration review and update Fire Department job descriptions with more specific descriptions of the physical requirements of what employees actually do on a day-to-day basis, and make the job descriptions and physical requirements easily accessible to physicians.	Human Resources/ Fire	Not Implemented	As discussed in the audit, the job descriptions for the firefighter series have not been updated since 1999 and have similar physical requirements for differing classifications and ranks that could needlessly limit getting employees back to work. HR plans to work with the Fire Department to update the job descriptions for the firefighter series to ensure that they are current. Target date: 6-18 (delayed from 6-17).
#5: The Administration and Employee Health Services should streamline and refocus the annual physicals by a. removing duplication and focusing on job-specific and State-mandated requirements, and b. developing a process for handling those individuals who are unable to meet pre-determined minimum fitness thresholds. This may be subject to meet and confer and could be applicable to other employees in physically demanding positions around the City.	Human Resources	Not Implemented	We previously reported that the Fire Department and the City Employee Health Services Department never implemented a Safety Committee recommendation to implement outcome-based physicals. These physicals were to incorporate recommendations from the National Fire Protection Association Standard on Comprehensive Occupational Medical Program for Fire Departments. HR plans to work with the Fire Department to revise the annual physicals. Target date: 6-18.
#6: To ensure that Fire employees returning to the field from a long absence of any kind are physically able to perform their job functions, the City should develop a policy and process to require them to undergo a physical agility test. This may be subject to meet and confer, and could be applicable to employees in other physically demanding positions around the City.	Human Resources, Fire, and Employee Relations	Not Implemented (Subject to meet and confer)	When employees return to work after a long period, the City generally relies on the employees' physician to determine the employee's physical ability. However, we reported in the audit, that the City has minimal communication with physicians on what a firefighter's job entails. Further, even though all entry-level firefighters undergo a comprehensive job-specific physical fitness test, they never take it again after the first time. The City has no way of knowing whether being away from the field for a long period has hampered the employee's ability to effectively perform his/her job functions. According to HR, it plans to work with the Fire Department and OER to develop resources to ensure that Fire employees

Audit Report and Recommendation	Department	Current Status	Comments
			returning to the field after a long absence are physically able to perform their job functions. Target date: 12-18.
#7: We recommend that the Administration clarify and reevaluate the role of Employee Health Services, including, potentially, its role in: a. testing employees' physical abilities to return to work after long leaves of absence, b. the Fire Department's return to work process, and c. regularly contacting physicians to clarify employee restrictions and provide them with details about the City's ability to accommodate the various restrictions.	Human Resources	Not Implemented	Currently Employee Health Services has only one staff person when during the audit it had 3.5 FTE including a full-time physician. Many of Employee Health Services' responsibilities have been outsourced to contracted employees. A reevaluation of the role of Employee Health Services is pending. The City also does not routinely test an employee's abilities to return to work after long leaves of absences. This is important because the goal of these types of tests is to ensure that all firefighters are in a physical condition to perform basic job functions. The City has a new third party administrator to handle the Fire Department's workers' compensation claims. HR plans to work with the Fire Department to test an employee's physical abilities to return to work after a long absence and the Fire department's return to work process. In addition, HR plans to work with the Fire Department to develop the TPA's role in providing physicians with details about the City's ability to accommodate various restrictions. Target date: 12-18.
#8: To ensure proper attention is given to the cost of workplace injuries, the Fire Department should a. work with the Workers' Compensation Division to develop and report on the total costs of disability leave (including the cost of backfilling employees on disability leave), and b. develop goals to reduce these costs by getting employees back to work as soon as possible.	Fire	Partly Implemented	According to the City's agreement with Local 230, the City agrees to maintain a minimum level of staffing at all times. This means that when an employee is out on disability the Department has to backfill that position, either through relief staff or through overtime. During the audit we estimated that backfilling for positions that were out on disability would cost the City an additional $2.5 million. Developing goals for reducing injuries and disability costs is good governance and a first step to developing a safety culture. Target date: a) 12-17 and b) 12-18.
#12: We recommend that the Fire Department review injury data and incorporate the review results into regular safety trainings.	Fire	Partly Implemented	The Safety Committee reviews previous month's injuries at its monthly meetings. The City's workers' compensation liaison provides a summary of the injuries and the Safety Committee discusses the injuries. The Department continues to work with the third-party administrator to refine the report to ensure that relevant information is provided.

Audit Report and Recommendation	Department	Current Status	Comments
			Without analyzing this injury data, the Department will not be able to provide its employees with dynamic training on current injury trends.
			The Department reports that it will work with the City's new third-party administrator to develop a more robust reporting system. Target date: 6-17 (delayed from 12-16).
#13: We recommend that the Fire Department provide workers' compensation and HIPAA privacy training to all relevant employees.	Fire	Implemented	The Department has provided HIPAA privacy training to staff that have direct access to information about workers' compensation. The Department determined that the relevant staff needing the training were the Department workers' compensation analyst and their supervisor. The staff completed HIPAA training in September 2016.
#14: We recommend that the Fire Department prioritize improving its safety culture by dedicating the appropriate personnel with the right authority to enforce and coordinate changes and raise awareness about employee injuries.	Fire	Partly Implemented	Prior to July 2011, the Department had a dedicated safety officers whose job was to respond to and investigate serious incidents, review supervisory accident investigations and ensure that they were completed, respond to fire and vehicle incidents and provide weekly reports of injuries in the Fire Department. The Department eliminated this position in July 2011 and has not yet added it back. Many of the safety officer functions fall on battalion chiefs. The Department reports that it will be requesting adding back the Safety Officer position in the FY 2017-18 budget process. Target date: 12-17.
#15: We recommend that subject to meet and confer with the bargaining units, the City should discontinue its practice of paying Fire and Police employees' premium pays when the employees are off of work due to a disability.	Employee Relations	Partly Implemented (Subject to meet and confer)	The City previously discontinued its practice of paying Police employees' premium pays when the employees are off work due to a disability. This has not been implemented for Fire employees. Target date: 12-18. **POTENTIAL BUDGET SAVINGS:** At the time of our audit, we estimated that discontinuing these premium pays would save the City over $600,000 on an annual basis.

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

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

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#3: The Fire Department should: (a) enforce the BFP policy regarding the issuance of administrative citations for recurring violators as a means to encourage compliance and promote safety, (b) ensure that staff applies fines in the Administrative Citation procedure consistently, and (c) ensure that the Department is charging for all re-inspections.	Fire	Partly Implemented	Parts (a) and (b) have been implemented. In 2013, the Fire Department completed an Administrative Citations Policy that included the Department's policy regarding the issuance of administrative citations for recurring violations as a means to encourage compliance and promote safety. Additionally, Fire Inspectors were trained on the administrative citations procedures manual to ensure that they apply fines consistently. Part (c): The study currently underway by NBS Government Finance will include an analysis of the current fee structure. Target date: 12-17 (delayed from 6-17).
#6: Fire Department management should (a) ensure that necessary data (inspections, staff activities, etc.) is entered into FireHouse consistent with the policies in Recommendation #4, (b) confirm that the programming/queries underlying the useful reports in FireHouse are accurate and provide the content that management understands it to include, and (c) use the reporting tools in FireHouse to manage workload and staff more effectively.	Fire	Partly Implemented	Part (a) has been implemented. The Fire Department created and will maintain desktop manuals that serve as references for new employees. Random samples of entries are reviewed to validate data entry as part of a quality assurance process. Parts (b) and (c): The Bureau of Fire Prevention (BFP), in conjunction with Fire Administration, continues to work on reporting tools in FireHouse. The consultant study currently underway by NBS Government Finance is expected to provide further improvements in this area. Target date: 12-17 (delayed from 6-17).
#7: Fire Department management should use the data in the staff activity report to analyze how inspection workload compares to staffing levels.	Fire	Partly Implemented	The BFP tracks the number and type of inspections to evaluate workload and performance, comparing workload for inspections with staffing levels. The Department has improved its methodology and has created automated reporting tools to more effectively utilize staff activity data to allocate resources. The NBS Government Finance study is expected to assess how staff activity, including inspection hours, can be used to better manage inspector workload. Target date: 12-17 (delayed from 6-17).

Audit Report and Recommendation	Department	Current Status	Comments
#9: The Department should reexamine its non-development fire permit fee structure to charge San José facilities based on fire safety risk.	Fire	Not Implemented	Analysis of a risk-based inspection/fee model and their applicability to the City of San José is included in the scope of work by NBS Government Finance study currently underway. Target date: 12-17 (delayed from 6-17).
#10: The Fire Department should work with the Finance Department to ensure timely and sufficient follow-up on overdue accounts. The Finance and Fire Departments should work together to develop written policies and procedures that outline the division of responsibility for accounts between the Fire Department and the Finance Department.	Fire and Finance	Partly Implemented	The Fire Department wrote procedures to define the responsibility for overdue accounts between the Fire and Finance departments. These policies have been under review by the Finance Department since 2014. Meanwhile, Fire and Finance work together on overdue accounts, and collection efforts have been expanded to ensure timely follow-up. Finance reports that an effort will be made to migrate delinquent fire permits to Revenue Results in 2017 to further improve collection efforts. Target date: 12-17 (delayed from 3-17). **POTENTIAL BUDGET SAVINGS:** The audit identified $1.2 million in one-time savings that could be generated by collecting revenue from overdue accounts.
#12: The Fire Department should update the organizational chart of Fire Administration, ensure that the appropriate separation of duties is in place, and develop written policies and procedures regarding billing processes. Such policies and procedures should address functions such as account: (a) invoicing (b) adjustments and credits (c) collections and (d) write-offs.	Fire	Partly Implemented	The Department created an organizational chart for Fire Administration in 2013 along with policies and procedures related to (a) invoicing, (b) adjustments and credits, and (d) write-offs. As described in Recommendation #10, the Finance Department is reviewing the policies related to collections and responsibilities of accounts. Target date: 6-17.
#14: The Fire Department should revise the calculation of state-mandated inspections to include only those that are state-mandated, or revise the wording of the performance measure to accurately reflect what it measures. The Department should determine whether to continue annual inspections of assemblies and facilities with hazardous materials in the context of a comprehensive risk assessment.	Fire	Partly Implemented	The Fire Department reviewed its methodology for calculating State-mandated inspections and now reports on assembly inspections separately from State-mandated inspections. The inclusion of hazardous materials inspections is under review. The consultant study currently underway will include analysis of inspection service delivery models and fee programs. Separately tracking the completion of State-mandated inspections from inspections that are not State-mandated enables the Department to accurately show compliance with state law and to prioritize inspections. Target date: 12-17 (delayed from 6-17).

Audit Report and Recommendation	Department	Current Status	Comments
#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	Implemented	In 2013, the Department studied risk-based plans for prioritizing inspections and contacted relevant jurisdictions. It implemented partial prioritization by grouping inspections within geographic spheres to reduce travel time. The Department reports that the Bureau of Fire Prevention has assigned inspection priorities among and within occupancy classes, and has provided documentation of the assessed risk and associated inspection priorities. Further risk assessment would require extensive resource allocation.
#17: To implement a risk-based inspection approach, the Fire Department should develop a workload analysis that assesses: (a) staffing requirements in the Bureau of Fire Prevention, (b) the effective use of light-duty firefighters and line staff in fire prevention activities including public education, and (c) how much additional time could become available if the Department conducted fewer re-inspections.	Fire	Not Implemented	Parts (a) and (c): The consultant study underway by NBS Government finance will include recommendations for a new inspection service delivery model. Part (b): To the extent possible, the Department has been utilizing light duty personnel who have been trained in fire safety code inspections, analytics, and fire prevention education. Target date: 12-17 (delayed from 6-17).
#19: The Fire Department should develop a public education program based on the fact that many fires and most of the fire deaths in recent years occurred in multifamily residences. Public education efforts should include working with the community to provide education to children and other high-risk groups as well as education about and access to smoke detectors.	Fire	Partly Implemented	The Fire Department's Strategic Business Plan, Vision 2023, was presented to the City Council in June 2016. Part of the focus of Vision 2023 was Community Alliance. The action plan included goals to expand community partnerships and promote public education. Additionally, the Fire Department has undergone an organizational review by an external consultant. The Department advises that at this time, implementation of plans to fulfill public education goals would require additional resources. Currently, the Department makes smoke detectors available when possible for line staff to distribute to residents. As stated in the Recommendation, public education is critical to fire prevention because may fires and fire deaths occur in multifamily dwellings, which are subject to limited fire inspections. At the time of our audit, multi-family dwellings and hotels/motels made up about a quarter of the facilities with outstanding fire code violations. Target date: 6-19.
#20: The Fire Department should continue to develop a Public Relations Committee as a way to connect with the community and provide targeted public education. The Department should assess the extent to which light or modified-duty firefighters could perform public education activities.	Fire	Partly Implemented	Shortly after the publication of the audit, the Department's public education staff and a public relations committee developed an initial work plan to reach out to neighborhood associations throughout the City. The Fire Department's Strategic Plan incorporates public education into to the Department's goals.

However, the Department advises that resources are not currently available to roll out the implementation of the public education programs. Target date: 6-18.

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

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

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	Implemented	The Department is utilizing online surveys to track yield rates from recruiting events and other recruiting efforts (e.g., which specific recruiting events yielded more applicants). Candidate surveys are reviewed and updated periodically to identify the most effective manner to capture yield rate information. For the October 2016 academy, a more detailed survey was distributed to recruits that included questions regarding how they learned about jobs with the Department. The Department advises that it is working with the current marketing vendor to evaluate best practices in marketing and capture more detailed information regarding advertising and other marketing efforts.
#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	Implemented	Since issuing the audit, civilian staff within the Recruiting Unit has increased to include: one Office Specialist, one Analyst that liaises with the Backgrounding Unit, and one overstrength Analyst. The Department advises that it will request for the overstrength position to become permanent. As part of the Department's Supplemental Law Enforcement Services Grant spending plan—approved by Council in May 2016—funding was set aside for a recruiting-specific SUV with a marketing wrap. The appropriate forms were completed and submitted to Public Works for acquisition and build-up.
#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;	Police	Implemented	In 2015, the Department terminated its contract with CKR Interactive in 2015, and was in the process of reviewing responses to a Request for Proposal (RFP) to contract with a new marketing firm. In absence of an agreement with a marketing firm, the Department continued to produce various advertising methods (such as posters, radio, television ads) that were designed to be culturally specific to reach intended audiences

Audit Report and Recommendation	Department	Current Status	Comments
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.			(e.g., ads in different languages). The Department advises that it is using online analytic tools to measure and identify the most successful advertising yield rates and adjusting strategy accordingly. In October 2016, Council approved an agreement with Civilian, Inc., a professional marketing firm that will provide a higher level of expertise and analytical tools to aid with marketing efforts. The Department is working with Civilian, Inc. to develop a marketing plan that will coincide with testing and recruiting cycles.
#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	The Department advised that after considering the feasibility of implementing this recommendation at this time, it would put this item on hold until staffing and funds become available. Target date: 7-19.
#6: After ensuring appropriateness of content and sufficiency of oversight of the Law Enforcement Unit (LEU) Cadet Program, SJPD should enhance and expand the program to encourage San José residents to become San José Police Officers.	Police	Not Implemented	The Department advises that this recommendation will be implemented when staffing resources become available. Target date: 12-17.
#7: Explore options for improving SJPD's reputation including staff morale and pay as a means of attracting more candidates.	Police	Implemented	Following the audit, the Department discussed implementing diverse marketing plans; maximizing internet outreach tools; engaging employees as recruiters; mentoring candidates and potential candidates; rebuilding the recruiting website; and promoting more measurement and evaluation in recruiting efforts as ways to improve reputation and morale. A billboard campaign was also launched, which the Department hoped would promote positive images of police officers who represent the diversity of City residents. In February 2017, the City and POA reached an agreement that included a 20 percent raise phased in over the next three years, as well as a $5,000 retention bonus. Referral bonuses for new hires and lateral hires were also included in the agreement. Following these developments, the City and POA hopes to recruit new hires into the Department, as well as bring back sworn personnel who had moved to other jurisdictions.

Audit Report and Recommendation	Department	Current Status	Comments
#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	Implemented	The Department has conducted several seminars—both general and specifically targeted to outreach to women. The most recent Women's Seminars attracted over 100 attendees and resulted in more than 50 applications to work for the Department. The Department's Career Day was also attended by over 100 individuals, and 20 applications were received on-site. The ongoing target for the Recruiting Unit is to hold a minimum of two women's seminars and one general seminar annually. The seminars include panel discussions, Q&A, presentations about police work, and practice physical agility guidance/mentoring activities. The Department hopes to increase the number of these events as resources become available.

The Department has also attended numerous sports events, school events, and events particularly targeted to outreaching to diverse ethnic populations, women, the LGBTQ community, and high schoolers. Moreover, under its Satellite Recruiting Program, the Department has trained over 100 officers and Community Service Officers to participate in recruiting efforts.

In 2016, the Recruiting Unit partnered with the City's Data Analytics Team. Staff advise that the partnership helped to craft the communications the unit has with candidates throughout the hiring process.

As a result of the Department's increased outreach efforts, the number of applicants for the upcoming June 2017 applicants is almost double that of the number of applicants for the June 2016 academy. The Department advises that it will continue these outreach efforts to reach the highest numbers of potential candidates. |
| #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 | Implemented | In February 2017, the City and POA reached an agreement that included a reimbursement, or "clawback" provision and a $5,000 retention bonus. Officers hired by the Department are now required to reimburse the City for training costs should they leave employment with the City before completing five years of service. The reimbursement rate is prorated. |

Audit Report and Recommendation	Department	Current Status	Comments
#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	Closed	The Department advises that it now provides physical fitness, oral interview, and writing practice tests monthly. The dates and locations of these tests are posted on the Recruiting Unit's Facebook and recruiting website. Practice test tutorials are also available for potential candidates to view online. Additional one-on-one mentoring is provided to applicants identified as needing additional assistance. Moreover, staff demonstrate different strategies to pass the physical test during the general and women-focused seminars hosted by the Department. The Department advises that, given current staffing resources and funding, the order in which the POST-required physical test is administered is necessary to ensure the Department does not expend limited resources to conduct a background investigation on an applicant without confirmation of fitness. However, the Department has made a concerted effort to lower the barriers applicants face with the physical test by offering the trainings and practice opportunities listed above.
#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	Implemented	Staff have discussed and updated recruiting strategies moving forward, including using online 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 promoting more measurement and evaluation of recruiting efforts. A billboard campaign is in process, which the Department hopes will promote positive images of police officers who represent the diversity of City residents. In addition, the City entered into an agreement with Civilian, Inc., a professional marketing firm, to bolster its advertising efforts. Additionally, the Department developed a Satellite Recruiting Training Program, and to date, over 100 officers and Community Service Officers have volunteered to be part of the effort. This Program is intended to support more community outreach and exposure of SJPD officers to potential candidates. Recruiting updates are provided every month as part of the Department's status report to the Public Safety, Finance, and Strategic Support Committee. A more detailed report is provided twice a year to the same committee, as well. These updates outline the Departments efforts at targeting its advertisement

toward specific communities with the goal of increasing diversity in the applicant pool.

While there is much room for growth in the diversity of the Department's candidate pool, the Department has made concerted efforts to conduct outreach to address this issue. The Department advises that it will continue its ongoing efforts to attend community events, school events, and job fairs to attract eligible candidates representing the diversity of San José.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: The San José Police Department should formally remind employees about the City's sick leave policy including the allowed uses of sick leave and the impact that inappropriate sick leave use has on other officers.	Police	Implemented	Department command staff met to discuss the appropriate use of sick leave and directed supervisors to remind line officers of the City's sick leave policies. Supervisors were also provided training about timecard approval, including the use of sick leave.
#2: The San José Police Department should evaluate interest in expanding the shift swap program and if sufficient interest exists, consider centralizing the process in eResource or another software solution (see Recommendation #5).	Police	Closed	The Department determined that due to continued high use of overtime, there continues to be low interest in the shift swap program. The eResource staffing software does not currently have functionality to centrally facilitate shift swaps, and it would not be useful to expend resources on a program that has low interest.
#3: To supplement sworn police functions, the San José Police Department should expand the reserve program and establish a retiree-rehire program.	Police	Partly Implemented (Subject to meet and confer)	The Department has promoted the reserve program by including the application process while out-boarding retiring sworn staff, and has expanded the number of hours worked by reserve officers. The City and the POA agreed in recent negotiations to expand the duties of reserve officers to include such things as staffing transport cars and assisting with non-priority assignments during critical events. The City and the POA also reached an agreement on a rehired retiree program for background investigations and the City Attorney's Office is currently drafting the municipal code changes to implement this. Target date: 12-18.

Audit Report and Recommendation	Department	Current Status	Comments
#4: To reduce the risk that police officers are fatigued due to excessive City police work or secondary employment, the San José Police Department should: (a) Define the circumstances under which overtime is exempt from work limits in the Duty Manual; and (b) Review and enforce work limits for scheduled City overtime and secondary employment.	Police	Not Implemented	The Department is currently working on updating the Duty Manual to clarify work limits and clarify which overtime is exempt. Target date: 6-18.
#5: To facilitate supervisory review of time worked, the San José Police Department should centralize the tracking of all work done in the Department and through secondary employment in a centralized software package. To do this, the Department should obtain additional information technology expertise to fully deploy eResource or an alternative software solution.	Police	Not Implemented	The Department is working on updating eResource to track secondary employment hours. Target date: 2-18.
#6: To facilitate timecard review and ensure appropriate approval, train supervisors on the importance of front-line supervisory review in ensuring the accuracy of time recorded and paid. This would include: (a) How to quickly identify errors in a timecard; (b) How to identify and enforce work limit rules, as recommended in Recommendation #4; and (c) How to find where and when employees worked in the new centralized tracking system, as recommended in Recommendation #5.	Police	Implemented	Department timekeepers provided payroll/timecard training to sworn supervisors, including instructions for supervisors to correct timecards with incorrect account codes or missing comments. Additional updates to the training will result from implementation of Recommendation #4 and Recommendation #5.
#7: To improve the accuracy of timecard entries and reduce time necessary to approve timecards, the San José Police Department should supplement existing training and memoranda with lists of common pay codes and answers to frequently asked questions.	Police	Implemented	The Department has posted a list of pay codes and answers to frequently answered questions to its intranet.
#8: While vacancies remain high and operational needs require high use of overtime, the Police Department should allow more overtime to be worked for pay and/or require the first ten hours of overtime to be worked for pay.	Police and OER	Not Implemented (Subject to meet and confer)	The Department continues to monitor overtime, overtime costs, and compensatory time accrued. However, the recommendation continues to be yellow lighted by the Administration due to budgetary concerns about the cost of overtime. As a result, the Department has not updated the Overtime General Order to implement the recommendation. Target date: 12-18.
#9: To reduce the liability associated with high comp time balances, the San José Police Department should: a) Lower the allowable comp time balance from 480 hours, b) Explore a comp time buy-out program, and c) Consider a mandatory comp time balance buy-out upon promotion between sworn ranks.	Police and OER	Not Implemented (Subject to meet and confer)	The Department has referred the recommendation to OER and to the Budget Office. Target date: 6-19.

Audit Report and Recommendation	Department	Current Status	Comments
#10: The Police Department should enforce the requirement for employees to lower their comp balance to 240 hours by the end of the year or submit plans to reduce balances.	Police	Not Implemented	The Department is working on a plan to reduce comp time balances. This includes an evaluation of what leave should be used for requests for time off given an employee's vacation and comp time balances. Target date: 6-20.
11: The San José Police Department should clarify the process for denying requests for comp time off.	Police	Not Implemented	The Department will evaluate the process for denying requests for comp time off. Target date: 6-19.
#12: In order to ensure consistent enforcement, the City Administration should develop written policies on when and how much police overtime should be reimbursed by special events including political campaigns and when those requirements can be waived.	Police and OED	Not Implemented	OED and the Police Department will meet with the City Attorney's Office to develop a written policy as to how police overtime should be reimbursed by special events. PD and OED have met to identify the process and will work on it in the next six months. Target date: 6-17.

TRANSPORTATION AND AVIATION

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

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

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

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#6: The City Council should consider seeking a regional approach to taxicab regulation.	City Manager	Not Implemented	The Santa Clara County Cities Association requested that the Santa Clara County City Managers' Association (SCCCMA) consider evaluating taxi regulations countywide in collaboration with the Santa Clara County Police Chiefs' Association. SCCCMA has referred this matter to the office of the City Manager of the City of Campbell (chair of SCCCMA) for further research; SCCCMA will review and further discuss potential legislative action in 2017. AB 650, which would have shifted regulatory authority over taxis from local governments to the state, was vetoed by the Governor in September 2016.

In the meantime, City staff continues to monitor the California Public Utilities Commission's regulation of Transportation Network Companies such as Uber, Lyft, and Wingz. Target date: 2018.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Department of Transportation, together with the City Manager's Office, should identify a sustainable, predictable funding stream to maintain roads annually, and develop a multi-year plan to use one-time funding to bring the road network up to ▪ good condition by addressing maintenance backlogs and reconstructing ▪ poor and ▪ failed streets.	DOT	Partly Implemented	DOT has been exploring several regional funding initiatives in order to identify a sustainable and predictable funding stream for pavement maintenance: First, on June 7, 2016, San José voters approved a quarter-cent sales tax measure that is expected to generate approximately $40 million annually for a period of 15 years. The City Council has made a one-time allocation of $17.7 million for pavement maintenance from the first year of revenue collected during FY2016-17. Decisions about the ongoing allocation of funds for the remaining years of additional sales tax revenue will be taken up as part of the FY 2017-18 budget process. Second, the Valley Transportation Authority (VTA) countywide sales tax measure passed on the November 2016 ballot (Envision Silicon Valley). Staff anticipate that the City could receive approximately $19 million per year in pavement maintenance funding. Third, at the state level, bills have been introduced in the legislature to raise $6 billion annually statewide to improve roads and transportation infrastructure. The proposed legislation would raise funding from a package of sources including gas taxes and vehicle fees; road and bridge maintenance and repair revenues would be split approximately 50/50 between state and local agencies. The Governor included a similar transportation funding package in his January 2017 budget that would raise roughly $4 billion annually. These proposals are in the process of being considered by the State legislature. Target date: 12-17.

POTENTIAL BUDGET IMPACT: On average, every $1 spent to address deferred pavement maintenance saves $1 to $4 in additional cost.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: DOT's in-house street sweeping operation should stop emptying street sweepings onto the street.	DOT	Not Implemented	Best practices advise that sweep waste should be stored in containers before proper disposal in order to minimize pollutants and debris in the air, on roadways and in waterways; however, the in-house street sweeping operation first empties sweep waste directly onto the street before transferring it to another location. DOT staff engaged with contractors to determine the cost and feasibility of adding storage containers. The cost is high (the current estimate is $300,000/year), so more research is required. DOT will consider this need with others in forthcoming budget cycles. Target date: 6-17.
#2: To complete commercial street sweeping routes and meet its service commitments, DOT should address existing staffing and equipment shortages and/or pursue contracted street sweeping services to supplement existing efforts. This will require additional funding.	DOT	Implemented	DOT has increased the number of street sweeper operators from four to five, begun using a rental sweeper when its equipment is out of service, and made adjustments to routes where it identified areas of overlap. As a result, the department reports that it has seen increased route completions (nearing or exceeding 100%) during 2016.
#3: Going forward, DOT should periodically monitor the comparative effectiveness, costs, and efficiency of in-house and contracted street sweeping operations, and the threshold at which alternative service delivery should be considered.	DOT	Not Implemented	DOT plans to undertake this analysis every 2 years (beginning with the audit assessment). The next analysis is scheduled for FY2017-18. Target date: 6-18.

Audit Report and Recommendation	Department	Current Status	Comments
#4: The City should identify additional funding to improve street sweeping service citywide.	DOT/Budget	Not Implemented	DOT staff has identified funding needs and opportunities to enhance existing services. ESD and DOT will consider this need with others in forthcoming budget cycles. Target date: 6-18.
#5: DOT and ESD should deploy the new electronic inspection system and GPS-tracking devices to: a) Enable supervisory staff to track vehicle location, speed, and activity remotely;Link route conditions and problems, and street cleanliness to specific locations along street sweeping routes; and c) Include electronic tracking and inspection compatibility in future bids for contracted street sweeping services.	DOT/ESD	Partly Implemented	According to DOT, the electronic inspection system has been implemented and is being used to collect and report on field data. Over the next two years, DOT will continue to make improvements to add the recommended level of detail. Monthly coordination meetings between the in-house sweep team, residential inspectors, and ESD (as needed) are also being held to identify and facilitate changes. The in-house sweeper GPS "telematics" pilot has successfully concluded, and the technology is promising; DOT has requested that "telematics" be installed on all in-house sweepers. DOT will continue to measure this need with others in forthcoming budget cycles. As the current residential street sweeping contractor does not have GPS-tracking devices, ESD will incorporate electronic inspection and GPS tracking capabilities into future residential street sweeping services agreements. ESD plans to issue a Request for Proposals in FY 2017-18 for the next round of hauler contracts for new services beginning July 1, 2021. Target date: 1-18.
#6: Based on staff input, route data, the results of past studies, and equipment needs, DOT should: a) Review and revise street sweeping schedules and routes; b) Consider additional enhanced sweeps in particularly dirty areas as funds and resources become available; and c) Develop a plan to periodically review street sweeping schedules and routes that consider street conditions.	DOT	Partly Implemented	DOT has and continues to review and revise street sweeping schedules. In January 2017, 16 new miles were added to sweep routes, and 11.4 miles were removed because they were identified as private streets or the street sweeper was not able to access those locations. Additionally, DOT is immediately alerted when residents use the street sweeping lookup tool and their address is not found. Additional resources will need to be evaluated by the Administration as a part of future budget cycles. DOT will incorporate street condition data into street sweeping schedules and route reviews on a limited basis whenever possible. Target date: 6-18.
#7: DOT should install additional permanent parking prohibition signs and/or expand enhanced sweeps based on need, as funds become available.	DOT	Partly Implemented	DOT received one-time funding for to install additional parking prohibition signs in the FY2016-17 budget. DOT is working with the City Manager's Budget Office to identify additional funding to support the ongoing operational costs associated with enforcing

Audit Report and Recommendation	Department	Current Status	Comments
			parking prohibition signs, such as parking compliance and increased contractual sweeping costs. Target date: 6-18.
#8: DOT should: a) have inspectors review and report problems with the parking prohibition signs as part of their routine inspections, and b) update and maintain parking prohibition signs as needed.	DOT	Implemented	DOT inspection staff have inspected parking prohibition signs and found approximately 110 signs with physical defects (e.g., graffiti, bent pipes, etc.). Sign repairs were completed by the end of September 2016.
#9: DOT and ESD should use the new electronic inspection system to identify and resolve conflicts between street sweeping, yard waste, garbage, and recycling schedules.	DOT/ESD	Partly Implemented	DOT was able to use the new collection day lookup tool (see recommendation #13) to identify conflicts at a small number of locations. As a result, residential routes were adjusted to ensure that street sweeping occurs the day following garbage, recycling, and yard waste collection service. These new sweep route changes were implemented in January 2017. When the new electronic inspection system is complete, DOT will use it to explore possibilities to address sweep route schedules along commercial routes (multi-family residences have variable garbage and recycling service). Target date: 1-18.
#10: DOT should use its new electronic inspection system to streamline recording and referring barriers and violations.	DOT	Partly Implemented	The electronic inspection system is fully implemented for in-house and contractual street sweeping programs and will facilitate increased reporting of discrepancies throughout the City. With increased reporting, the City will need to expend more funds for repairs. More detailed reports on specific road segments will require additional resources and will need to be evaluated by the Administration as a part of future budget cycles. Target date: 6-18.
#12: DOT and ESD should collaboratively update and standardize outreach materials for distribution (e.g., flyers, messaging).	DOT/ESD	Implemented	ESD, DOT, and GreenWaste are collaborating on finalized designs for outreach postcards and materials. As of December 2016, three outreach pieces have been finalized: a flyer left on vehicles by GreenWaste with their contact information, a flyer left on vehicles by DOT with their contact information, and a postcard which DOT will hand out to residents requesting additional information on street sweeping.

STRATEGIC SUPPORT

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#15: Clarify the rights of City retirees to suspend and re-enroll in their medical benefits.	Retirement, City Attorney, and Employee Relations	Partly Implemented	See #16 below. **POTENTIAL BUDGET SAVINGS:** 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 (Subject to meet and confer)	An option to suspend and re-enroll in medical benefits, and a retiree in-lieu are included in the draft ordinances that make up the Alternative Pension Reform Framework Agreement. The ordinances are scheduled to be presented to the retirement boards in February and March 2017, and then to the City Council for approval in March 2017 and April 2017. Target date: 04-17 (delayed from 12-16) **POTENTIAL BUDGET SAVINGS:** TBD.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
While preparing the City's first annual *Service Efforts and Accomplishments (SEA) Report* in January 2009, a number of issues surfaced regarding the City's performance management and reporting systems. We found that the City had been collecting performance measures but had not yet created an organization-wide performance *management* system. We also found that many of the existing performance measures were not meaningful, useful, or sustainable; that core services did not always align with the organization's mission, goals, and objectives; and that it was difficult to ascertain the true net cost of core services. The purpose of the "white paper" was to provide a roadmap to improve the City's performance management and reporting systems. The "next	City Manager	Partly Implemented	The City's Budget Office has implemented many of the next steps identified in *Performance Management and Reporting in San José: A Proposal for Improvement.* For example: • For the FY 2010-11 budget, the Budget Office encouraged departments to propose eliminating performance measures that were not meaningful, useful, or sustainable. This resulted in a net reduction of 105 performance measures. The Budget Office has continued to encourage departments to evaluate performance measures to ensure that measure remain useful, meaningful, and sustainable and reflect the major services provided. • The Budget Office clarified and/or renamed many of the

Audit Report and Recommendation	Department	Current Status	Comments

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.

City's core services for the FY 2010-11 budget as well, and presented each department's core services in alphabetical order to make each easier to locate. The Budget Office, as part of the transition to program-based budgeting and the new budget system design, has completed a thorough review of all department core services and refined them further where appropriate.

- The Budget Office reallocated some costs from the City-Wide Expense budget category to department budgets. This work effort continued during this period, as part of the transition to program-based budgeting. The organization of City-Wide Expenses will now be aligned by department and program. This budget data will be available as part of the new budget system design.

- As part of the FY 2013-14 budget process, the Budget Office began to request up-to-date methodology sheets for all of the performance measures reported in the budget. There is a standard process in place to maintain the methodology sheets on an ongoing basis. Departments must remit a new one or an update with every approved performance measure change or addition requested by departments. This system was used from the fall of 2013 until the implementation of the new budget system in the fall of 2016, which will have a performance measurement module once it is fully implemented.

- Working with the Information Technology Department, the Budget Office developed a SharePoint database for departments to enter their methodology sheets as well as performance results. This has been in place since the fall of 2013.

In addition to the work of the Budget Office, the City Auditor has completed reviews of reported performance measures, including those from the Department of Transportation's Sewer Line Cleaning Program and the Office of Economic Development. The City Auditor also reviewed the methodologies for calculating performance measures reported by the Housing and Public Works departments.

However, additional work is needed to fully implement the next steps outlined in the white paper. For example, the City

Manager's Office would need to adopt performance management practices such as frequent, scheduled meetings of top department managers and City Manager's Office staff to proactively discuss performance metrics and their impacts and evaluate solutions to implement or be brought forward for City Council consideration. Target date: On-going.

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

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#2: Review the highest 12-month salary of all active beneficiaries starting in July 1, 2001[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	When employees receive merit raises, they frequently receive a retroactive lump sum payment. If those lump sums are not spread across all affected periods in the City's pension system, the calculation of an employee's pension can be incorrect, as the pension calculation is based on the highest salary year. In 2014, Finance provided Retirement Services with a file with the retroactive lump sum payments. By December 2015, Retirement Services had applied corrections to 70 percent of the retirement plans' members in the file provided by Finance and manually recalculated their pension amounts (implementation is expected to occur after all other pensionable pay corrections have been implemented). The remaining retroactive lump sum payment adjustments have been entered into the pension administration system.

In the Police and Fire Plan, those affected that have FLSA adjustments have been included with the "FLSA population" and recalculations have been completed (see #6 for the status of the "FLSA population"), which is currently Retirement Services' first priority to complete. The non-FLSA population in the Police and Fire Plan have been recalculated but are still under review. Staff is also working on the recalculations for those affected in the Federated Plan but have not completed this process. Target |

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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.

Audit Report and Recommendation	Department	Current Status	Comments
			date 6-17 (delayed from 12-16 as recalculations are still underway or under review).
			POTENTIAL BUDGET SAVINGS: Corrections to pensions could lower City contributions by an amount TBD.
#4: To the extent possible, correct pension payments and retirement contributions for the Police and Fire Retirement members and for the Federated Retirement members where higher class pay or management allowances were considered pensionable.	Retirement, Payroll, and Employee Relations	Partly Implemented	In 2010 and 2011, Finance corrected the treatment of higher class pay and management allowances on a go forward basis. In 2013, Finance provided Retirement Services with a data file with higher class pay corrections for active members of the retirement plans. Retirement Services and Finance worked to address discrepancies found in the data file over the next couple of years. In early 2015, Retirement Services uploaded the adjustments into the pension administration system. In 2016, Finance provided Retirement Services with a new data file with higher class pay adjustments for terminated employees.
			This process has taken some time because of the manual nature of the recalculations and adjustments; however, all of the higher class pay adjustments, including the file for terminated employees have now been entered into the pension administration system. In the Police and Fire Plan, those affected that have FLSA adjustments have been included with the "FLSA population" and recalculations have been completed (see #6 for the status of the "FLSA population"), which is currently Retirement Services' first priority to complete. The non-FLSA population in the Police and Fire Plan have been recalculated but are still under review. Staff is also working on the recalculations for those affected in the Federated Plan but have not completed this process. Target date: 6-17 (delayed from 12-16 as recalculations are still underway or under review).
			POTENTIAL BUDGET SAVINGS: Corrections to pensions could lower City contributions by an amount TBD.
#5: Propose amendments to the Municipal Code to ensure that only pays that are specifically negotiated and defined as pensionable in the Municipal Code for the Police and Fire and Federated Retirement Plans are included in the pension calculations.	Employee Relations	Partly Implemented	OER, together with the City Attorney's Office, has drafted language to amend the Municipal Code to clarify what compensation is pensionable for Federated employees. These recommended changes are included in the draft ordinances that implement the Alternative Pension Reform Framework Agreement. The ordinances will be presented to the Federated Retirement Board in March 2017 and then to the City Council for approval in April 2017. Target date: 4-17 (delayed from 12-16 as

Audit Report and Recommendation	Department	Current Status	Comments
			the recommended changes were originally intended to go to the Retirement Board in the fall of 2016).
#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	Implemented	In 2010, Macias, Gini & O'Connell (MGO), the Plan's external auditor at the time, completed an Agreed Upon Procedures memo comparing data between PeopleSoft and the pension administration system that found many discrepancies between the two systems. The review included testing of an FLSA correction file prepared by Finance. Because of staffing constraints and the manual nature of the recalculations, Finance and Retirement Services continued to address the discrepancies found by MGO over the next couple of years. Finance completed the return of FLSA retirement contributions to active employees in June 2012.

After working with Finance to produce the proper correction files, Retirement Services accepted correction files in 2015 and 2016, and adjusted FLSA pension records for both active and retired employees in the pension administration system. The adjustments incorporated other pensionable corrections such as the retro lump sum adjustments, holiday-in-lieu FLSA issue, and higher class adjustments in order to adjust a member's pension only once. All of the recalculations for those affected by FLSA adjustments are now completed, and MGO performed agreed upon procedures to verify the calculations. In the past six months, Retirement Services sent out letters to members who were overpaid and held informational sessions and meetings with them. The Police & Fire Board has approved correcting the ongoing payments of members who were overpaid starting with the February 2017 payments. Consideration of how to handle over- and under-payments is on-going. |
| #7: Obtain authoritative documentation for time reporting codes and earnings codes, and create written policies and procedures for proper application of all codes, and for regularly reviewing and maintaining an authoritative time/earning code mapping table. | Payroll and Employee Relations | Partly Implemented

PRIORITY ITEM | Finance reviewed time reporting codes as part of the City's payroll system upgrade; most of the upgrade been completed. Payroll and Employee Relations plan to work on documentation of codes and other process upgrades as resources are available. Target date: 12-19. |
| #8: Conduct periodic reviews of all codes to cull duplicative or unused codes. | Payroll and Employee Relations | Partly Implemented

PRIORITY ITEM | See Recommendation # 7 above. Target date: 12-19. |

Audit Report and Recommendation	Department	Current Status	Comments
#9: Correct past errors and review all codes to ensure that codes are only available for use to applicable work groups.	Payroll and Employee Relations	Not Implemented **PRIORITY ITEM**	See Recommendation # 7 above. Target date: 12-19.
#10: Perform periodic reviews of all codes to ensure they are being used correctly. And to the extent possible, correcting past misuse. For example, checking that codes with strict parameters for their use are used correctly, e.g. Cancer Screening Release Time, Unpaid Furlough Leave.	Payroll	Not Implemented **PRIORITY ITEM**	In 2011, Finance/Payroll deactivated the Cancer Screening Release Time code that was no longer in use, and will be reviewing time reporting codes as part of the City's payroll system upgrade currently in process. (see Recommendation #7 above). Target date: 12-18.
#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	Implemented **PRIORITY ITEM**	Finance/Payroll has begun timekeeper trainings, which are intended to be ongoing. In addition, they have posted various trainings on the City's intranet site that cover time and absence entry by employees and approvals by supervisors or timekeepers. The online "lessons" include entering FLSA time with regular work, absence hours, and higher class pay codes.
#12: Provide timekeepers with written procedures and consider having them conduct the periodic monitoring of time codes.	Payroll	Not Implemented **PRIORITY ITEM**	Finance/Payroll has reported that they plan to provide written procedures to timekeepers in conjunction with the new Payroll system (see recommendation #7 above). Target date: 12-18.

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

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

#2: Develop Citywide policies and procedures to require and periodically assess Payment Card Industry compliance at all distributed cash handling sites accepting credit cards.	IT and Finance	Partly Implemented	Payment Card Industry Data Security Standards (PCI DSS) are intended to encourage and enhance cardholder data security. The audit found that although desk procedures for processing credit card payments were located at various sampled sites, Citywide policies and procedures requiring PCI compliance at sites accepting credit cards had not been developed. Since the issuance of the audit in 2010, the IT Department has been working with various information security consultants to develop a Citywide information security policy; this policy would cover PCI compliance and require annual assessments. In June 2016, the IT Department reported that a security policy had been completed. Financial auditors later reviewed the draft security policy and identified additional requirements that need to be

addressed before the policy could be finalized. IT and the Finance Department anticipate that the revised security policy will be provided to OER for review in February and then to City Council for approval by June 2017.

The IT Department is also working with the Finance Department to assist all departments that process credit card payments to resolve documentation, training, and security requirements necessary to meet PCI DSS standards for handling credit card transactions. Workgroups are expected to obtain all necessary documentation by April 2017. Target date: 6-17 (delayed from 12-16 for additional revisions).

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: Revise the p-card policy to require simple descriptive annotations on receipts or statements that describe the intended use of the purchases, as well as the intended location, and if applicable, the number of people intended to use the purchased items or services.	Finance	Partly Implemented	In 2012, the Finance Department began informing departments that they should annotate receipts or statements from p-card purchases with simple descriptive annotations of the intended use of the purchase, the intended location, and if applicable, the number of people intended to use the purchased items or services. In 2013, Finance Department staff drafted a revision to the City Procurement Cards policy (Section 5.1.2 of the City Policy Manual) to require simple descriptive annotations on receipts. However, the revised policy has not been published, and is still in the final editing and review process, as it has been for the past two and a half years. Target date: 6-17 (delayed from 12-16 due to senior staff vacancies.)

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: We recommend the City Administration take steps to move towards a merit-based system by: (1) requiring a current positive performance appraisal before implementing any pay increase (including step and general wage increases), (2) considering elimination of the automatic step increase process and/or establishing minimum performance thresholds for receiving step increases, and (3) automating the current performance appraisal system.	Employee Relations	Partly Implemented (Subject to meet and confer)	The City Administration has taken steps to move towards a merit-based system. For example, per the agreement reached between the City and IAFF Local 230 during 2015 contract negotiations, "Employees shall not receive an automatic salary step increase if they have an Annual Performance Appraisal with an overall rating below that of "Meets Standard" dated within twelve (12) months prior to the salary step increase." The City Administration reports that this will be addressed in subsequent negotiations with the other bargaining units. Target date: 12-18. **POTENTIAL BUDGET SAVINGS:** 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 (3) prepare full cost estimates of contract provisions that exceed FLSA provisions.	Employee Relations	Partly Implemented (Subject to meet and confer)	The City achieved changes in overtime eligibility for some employees. For instance, some represented employees are compensated at the rate of time-and-one-half hourly rate for hours worked in excess of forty hours per week, and paid time off are not considered time worked for the purposes of calculating eligibility for overtime. The City has not yet conducted a citywide FLSA overtime review or a review of job specifications to determine whether some positions would qualify for FLSA overtime exemptions. OER reports that it will prepare the recommended full cost estimates of contract provisions that exceed FLSA provisions in preparation for the upcoming contract negotiations. Changing overtime eligibility for employees who receive executive leave may be subject to meet-and-confer and would be considered within the context of labor negotiations. Target date: Varies by employee unit. Target date: 12-18. **POTENTIAL BUDGET SAVINGS:** Between the date the audit was issued (May 2011) and August 2014, overtime costs to supervisory employees approached $4 million. We estimate pursuing reductions in overtime and comp time for supervisory employees could save over $1.6 million per year (depending on actual usage).

Audit Report and Recommendation	Department	Current Status	Comments
#3: We recommend that the City include eligible paid time off in calculations of total compensation, and consider aligning paid leaves, particularly holidays, with other comparable employers.	Employee Relations	Not Implemented (Subject to meet and confer)	The Administration generally agreed with this recommendation and reported that it will initiate efforts to develop and communicate a uniform definition of total compensation, including base and other eligible pays as well as benefits. Target date: 12-18.
#5: We recommend the City Administration (1) seek to eliminate obsolete premium pays, (2) disclose the direct and indirect costs associated with rolling in premium pays, and (3) consider discounting the value of premium pays to maintain cost neutrality when rolling in premium pays OR identify and disclose the full cost associated with rolling in these premium pays into base pay.	Employee Relations	Not Implemented (Subject to meet and confer)	The Office of Employee Relations (OER) reports that premium pays are evaluated within the context of labor negotiations. Target date: 12-18. **POTENTIAL BUDGET SAVINGS:** TBD.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#2: The City Attorney's Office should provide instructions to department and Purchasing staff to facilitate the identification of consultants who should be Form 700 filers. In addition, City departments should notify the City Clerk in cases where a contract terminates early or the designated consultant's assigned employee(s) change.	City Attorney	Partly Implemented	The City Clerk's Office has designated departmental Form 700 liaisons. On July 19 and 20, 2016, the City Attorney's Office and the City Clerk's Office provided training to departmental liaisons, advising them on how to identify employees and consultants who are required to file Form 700s, and when they need to file. Documents from those trainings are available on the City's website. Results of the upcoming 2017 filing cycle may reveal the effectiveness of these measures in notifying the City Clerk's Office of cases where the status of employees or consultants materially change. Target date: 4-17.
#3: To ensure designated consultant firms' assigned employees file their Form 700s timely, (a) the City Clerk should require such firms to coordinate and file assuming office statements for their assigned employees upon the commencement of work, and (b) the City Clerk should annually notify those firms whose contracts are still valid of the requirement for their assigned employees to file the Annual Form 700.	City Clerk	Partly Implemented	The City Attorney's Office has prepared new consultant agreement forms and instructions, which include guidance to departments on how to determine when a consultant is required to file the Form 700 as part of the process of preparing the consultant agreement. Required filers are entered into the electronic filing system that the City Clerk's Office has set up to alert required filers of their reporting obligations, and to facilitate the filing of their Form 700s. Results of the upcoming 2017 filing cycle may reveal the effectiveness of these measures in ensuring that all required filers are identified and alerted to file. Target date: 4-17.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To ensure changes to the City's network and mission-critical enterprise systems are tightly controlled, ITD should immediately change the password to its shared administrative account, ensure that administrative log-ins to the City's network are traceable, and strictly limit administrative log-in privileges to those who absolutely need such privileges. Furthermore, we recommend that the ITD CIO annually review and approve the memberships of shared accounts that can access the City's network and enterprise systems, and if necessary make changes based on current business needs.	IT	Partly Implemented	During the audit, we found multiple IT staff sharing user names and passwords to attain unrestricted access to the City's network and applications. Since then, IT changed and updated its administrative account password and log-ins. In addition, IT's security consultant completed an Active Directory controls audit which included an overall assessment of the health and security of Active Directory in accordance with industry best practices. Finally, the consultant completed a draft security policy which addresses account access protocols. In December 2016, the City's external financial auditor suggested additional improvements to the draft security policy. IT is revising the draft policy. Target date: 6-17 (delayed from 11-16 due to additional revisions).
#2: To improve password and access controls over the City's network and data, ITD should: a) Establish minimum length and complexity requirements for users' passwords, automatic periodic expiration schedules, and "lock-outs" when users reach a pre-determined number of consecutive unsuccessful login attempts. b) While granting access to additional server drives, etc., ITD should by default, terminate transferring employees' access to the drives of the departments they are departing, or explore a system through which employees' access levels are tied to their employment status as recorded in the City's personnel system. c) Develop a review process requiring departments to periodically review the users with access to their departmental drives.	IT	Partly Implemented	Previously we had found that the City did not have strong password controls for its users. For example, passwords were set to never expire and login attempts were limitless. Starting 2013, IT implemented a Citywide Office 365 roll-out. As part of the Office 365 deployment, IT has strengthened Active Directory policy to include a password policy that includes minimum length and complexity requirements and automatic periodic expiration schedules. IT initiated a Statement of Work with its security consultant to address user access management. IT's consultant completed the assessment and recommendations have been included in the draft security policy. Finally, in December 2016, the City's external financial auditor provided IT with a list of suggested improvements to the security policy. IT is revising the draft policy. Target date: 6-17 (delayed from 11-16 due to additional revisions).

Audit Report and Recommendation	Department	Current Status	Comments
#4: In order to fully comply with Data Security Standards (PCI-DSS), immediately develop an Information Security Policy and include within this policy (applicable to all users who are connected to the City's network) the following minimum standards: a) Updated password and access protocols (see Recommendation #2); b) Required schedules for periodic reviews of people with access to data center (including restricting the number of people with access); c) Improved guidelines to departments for facilitating IT network changes during inter-departmental transfers and terminations; d) Training and implementation of the City's information security policy; e) After developing and implementing a Council-adopted Information Security Policy, initiate a citywide data security assessment to identify City's PCI-DSS status.	IT	Partly Implemented	The City faces significant risks if it does not comply with PCI-DSS. As we reported in our audit, the cost of a security breach could result in fines ranging from $5,000 to $50,000. The City would have to subject itself to an investigation and pay for investigation costs. Further, if the City is not PCI-DSS compliant, those fines could be higher. Finally, the City has the additional burden of informing affected parties of that breach. Compromised data negatively impacts consumer, merchants and financial institutions that could result in negative consequences including lawsuits, insurance claims, and a violation of the public's trust. The FY 2016-17 Mid-Year Budget allocates $275,000 for cybersecurity. This includes funding a Payment Card Industry (PCI) security audit, associated penalties, equipment, and software required to ensure compliance with PCI standards, and to ensure that IT has sufficient funding for the increased cost of network security measures and to provide PCI training for relevant City employees. IT reports that it is working with the Finance Department to assist all departments currently processing credit card payments to resolve documentation, training and security requirements necessary to comply with PCI-DSS. The documentation will be held in a secure, centralized location and workgroups are expected to complete all necessary documentation and security requirements by May 2017. In December 2016, the City's external financial auditor provided IT with a list of suggested improvements to IT's security policy. IT is revising the draft policy. Target date: 06-17 (delayed from 11-16 due to additional revisions).

Audit Report and Recommendation	Department	Current Status	Comments
#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	Partly Implemented	The Finance Department incorporates boilerplate language in its contracts where personally identifiable information is generated, collected or otherwise managed. However, much work remains in reviving the City's 2008 Identity Theft Prevention Program (ITPP) that sought to *"assist staff to detect, prevent, and mitigate identity theft by identifying and detecting identity theft red flags and by responding to such red flags."* The City handles and retains substantial amount of personally identifiable information of residents, merchants and employees. The 2008 ITPP required the City to periodically review and report on guidelines for employees responsible for handling private information and make changes based on these reports. IT plans to request a Chief Information Security Officer (CISO) as part of the FY 2017-18 budget process. If approved, the CISO would work with key staff in all departments to ensure that the City complies with statutory and regulatory requirements regarding security, information access, and privacy. IT reports that a) and b) of the recommendation will be addressed through the new security policy when it is approved. However, no progress has been reported in reinstating the City's Identity Theft Prevention Program. Target date: a) and b) 6-17, c), d) and e) 12-18.
#6: We recommend that ITD develop the following written policies and procedures: a) Internal policies and procedures on day-to-day operations within ITD; b) Citywide policies on technology usage such as ITD responsibilities in enforcement, principles of least privilege, and acceptable use of computer equipment. Within these policies develop clear guidelines on which departments would be exempt and why, from some of these policies.	IT	Partly Implemented	See recommendation #1. IT does not have formalized documented policies and procedures. As mentioned before, the City lacks centralized information technology policies surrounding IT responsibilities and chain of command, principles of least privilege, acceptable use of computer equipment, etc. IT is revising the draft security policy, which is currently being reviewed by the Office of Employee Relations. Internal policies and procedures are pending completion of the security policy. Target date: 6-17.
#7: In order to ensure that the City's critical data is protected ITD should: a) Ensure that backups are done and tapes are sent off-site at the pre-determined intervals;	IT	Partly Implemented	IT has completed a Citywide Office 365 rollout, which it began in 2013. One-Drive in Office 365 allows users to store working documents in the cloud rather than locally. In 2014, IT received $250,000 to complete migration to the cloud of enterprise systems such as FMS, Human Resources/Payroll and AMANDA.

Audit Report and Recommendation	Department	Current Status	Comments
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			This has been completed. IT also began migrating shared drives to SharePoint (which is the City's document management portion of Office 365) in 2015.
c) Formalize, document and implement these processes.			In addition, the Business Continuity Disaster Recovery assessment to determine end-user needs has been completed, and IT's security consultant has completed interviews with key stakeholders within the City to identify their current processes vs. IT practices.
			IT is in the process of developing an enterprise backup infrastructure strategy. The Enterprise Backup Strategy is to have the enterprise systems backup in the cloud. For the systems that are on-premises, IT makes a copy for the day and then that information is stored in the cloud. Target date: 12-17 (delayed from 3-17).
#8: ITD take the lead to develop (and test) a Disaster Data Recovery Plan and ensure that end-user business needs are included in the final plan.	IT	Partly Implemented	Even though end-user departments are responsible for day-today contingency plans, IT is the City's "keeper" of the most critical electronic data and has a key responsibility to ensure that the City has a viable and workable disaster data recovery plan. However, IT has never developed a formal disaster recovery plan.
			IT's consultant has worked with various departments to determine end user business needs in a Business Continuity Disaster Recovery Assessment. IT's security advisors have recommended disaster recovery plans. IT reports that it is working on a remediation plan to address gaps in the disaster recovery plans for critical citywide systems.
			Funding was approved to implement a secondary data center at the police substation by December 2017. Staff will analyze the existing environment to determine which applications and servers are best suited to move to the cloud. Finally, IT will migrate all documents to OneDrive by December 2018. Target date: 12-18 (delayed from 3-17).
#9: ITD should collect, maintain and periodically update a central inventory of computer equipment and software, and should use its inventory management system and records of technology purchases to: a) better evaluate purchasing needs,	IT	Partly Implemented	IT previously launched a web help desk ticketing system which can scan the environment and collect an inventory of equipment. In addition, IT uses a different software to centrally install software packages.

Audit Report and Recommendation	Department	Current Status	Comments
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 reports that it is researching and testing different enterprise asset management tools and plans to bring forward any funding requests through the budget process. Per IT, the implementation depends on available funding. While IT intends to bring forward a budget request for an asset management system in the next fiscal year, that priority may change depending on the City's budget priorities at that time. Target date: 1-18. **POTENTIAL BUDGET SAVINGS:** At the time of our audit, we estimated that using centrally managed software and subscription based models could potentially save the City $800,000 in labor and equipment costs.
#10: Because computer equipment may contain personal identifiable information and other sensitive information, ITD should develop, distribute, and implement a Citywide policy for decommissioning computer equipment, and include it in the citywide surplus inventory policy.	IT	Partly Implemented	Often departments send unused computer equipment to IT. During the course of the audit, we observed that IT staff appropriately decommissioned this equipment by erasing hard drives prior to surplusing them. However, this practice was not formalized in a citywide policy and it was up to departments to inform IT of the need for getting rid of old computer equipment. IT's security policy includes guidance on decommissioning computer equipment. IT will be prioritizing other more immediate cybersecurity policy and PCI-DSS compliance requirements. Target date: 6-17 (delayed from 8-16).

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: We recommend eliminating bumping from the City's civil service rules as it is not cohesive with the City's modernized broadband classification structure nor with the complex and specialized work that many City employees do. If elimination is not possible, we recommend: limiting bumping to intradepartmental bumping only, limiting the number of people who can bump into a given position over a given time period, limiting the number of bumps and reinstatements into a given work unit over a given time period, and/or lowering the threshold for meeting position exemption requirements.	Employee Relations	Not Implemented (Subject to meet and confer)	This recommendation would have to be considered as part of labor negotiations. Target date: 12-18.

Audit Report and Recommendation	Department	Current Status	Comments
#2: Modify the reinstatement process to a) Allow departments to choose the most qualified candidate on the City reinstatement lists when such lists are in effect, regardless of seniority. b) Develop an exemption process for managers who have compelling cases for not filling critical positions from reinstatement lists. c) Allow employees to waive reinstatement for a certain time period or a certain number of opportunities.	Employee Relations	Not Implemented (Subject to meet and confer)	This recommendation would have to be considered as part of labor negotiations. Target date: 12-18.
#3: Pursue changes to the layoffs, bumping and reinstatement rules that subordinate seniority and factor in applicable job skills, recent job performance and disciplinary records.	Employee Relations	Not Implemented (Subject to meet and confer)	This recommendation would have to be considered as part of labor negotiations. Target date: 12-18.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#4: The City Attorney's Office and Human Resources should review the Deferred Compensation Plans and draft amendments to the Municipal Code as follows: a) Assign responsibility for administering the Plans to the City Manager or her designee, including the operation and interpretation of the Plans in accordance with their terms and contractual authority to enter into contracts for the administration of the Plans. b) Clarify the oversight role and responsibilities of the Deferred Compensation Advisory Committee, including reviewing and advising on annual budgets and proposed changes to the Plan document, the Investment Policy, and the investment menu, and reduce the Committee's required meeting frequency to a semiannual or as-needed basis.	Human Resources & City Attorney	Not Implemented	HR and the CAO are working with outside counsel on revisions to the Municipal Code and the creation of separate plan documents to bring to the Deferred Compensation Advisory Committee. Target date: 12-17 (delayed from 6-17).

	Department	Current Status	Comments
c) Leave the basic provisions of the Deferred Compensation Plans in the Municipal Code (Name, Purpose, Establishment of Trust, Definitions, Deferral of Compensation, Participation in the Plan, and Administration of the Plan, etc.), and remove the specifics of the Plans so that they can be put in stand-alone Plan documents.			
d) Authorize the City Manager or her designee to prepare and adopt the stand-alone Plan documents and update the Plan documents as necessary to conform with necessary legal or operational changes (while requiring any benefit changes to be approved by the City Council).			
#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	According to HR, the City's third party administrator (TPA) has determined that it is not feasible to include a detailed list of administrative and management fees on individual participant's quarterly statements. HR is currently working with the TPA on a more transparent fee disclosure statement that provides both percentage and dollar amounts of fees by investment. They are also working to determine how frequently those disclosures will be provided to participants. Target date: 12-17 (delayed from 12-16).

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

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

	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	City Manager	Implemented	During the course of our audit, we identified exceptions to the City's competitive procurement rules including inappropriate exceptions for "unique services" scope expansion and increased spending on contracts that were procured without a competitive process. The City Manager's contract transmittal form now includes information on whether a contract has been competitively procured. Departments also completed a unique services memo. However, even though the memo requires information about why the particular vendor was chosen, it does not include efforts to reach out to other potential vendors.

Audit Report and Recommendation	Department	Current Status	Comments
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.			The Finance Department's quarterly report now documents whether a contract was competitively procured. The Administration has developed an internal policy providing guidance on unique services justifications, appropriate documentation required, and the process to submit a request for a unique services justification. The Finance Department has made these guidelines available on the Finance Intranet site and rolled it out to City Administrative Officers and Finance staff.
#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	Implemented	Any time a City employee informally authorizes vendor work without a formal agreement, they are committing City funds not within their authority to commit. During our audit we found few limitations on staff's ability to enter into retroactive agreements. The City Attorney's Office has developed a form, which clarifies the circumstances under which departments can enter into retroactive contracts. The intent of this is to discourage retroactive contracting by City staff. Further, according to the City Manager's Office, departments with retroactive agreement dates must complete this form with the Department Director approval and provide to the City Manager's Office for approval. If the contract is sent to the City Attorney's Office for review, it will not approve any retroactive contracts without there being prior approval from the City Manager's Office. In addition, the Finance Department's quarterly report now documents if a contract was retroactively procured. The Finance Department has posted instructions/training regarding retroactive agreements on the City's intranet site. The City's standard agreement no longer includes a "retroactive" provision. Further, the instructions discourage the use of retroactive contracts and limits their use in the following circumstances: 1) the agreement has been sent out for signature, 2) the agreement is for services responding to an immediate threat to public health, safety or property, and 3) the manner of compensation does not involve a commitment of City funds. Finally, staff is now required to obtain the written approval of the manager in the department responsible for contract processing

Audit Report and Recommendation	Department	Current Status	Comments
			before allowing a consultant to perform services before the execution of a consultant agreement.
#5: The City Manager's Office should revisit the role of the Finance Department with respect to consultant procurements, evaluating whether its current level of involvement and resources is adequate.	City Manager	Not Implemented	The City's Municipal Code gives the Finance Director broad responsibility and authority with respect to procurements, including contract procurement. However, because of staff reductions during times of budget deficits, non-procurement and procurement staff alike were spread thin across the City. In our opinion, roles and responsibilities should be reevaluated particularly with respect to consultant procurements. Target date: 12-20.
#7: To lessen the burden on City staff while fostering improved competition in consultant procurements, the Finance Department should include in its annual procurement training simplified procurement processes for smaller consulting contract procurements while encouraging full and open competition, and define when these simplified processes can be used.	Finance	Not Implemented	The City's procurement policy allows for less stringent procurement processes for all contracts for services valued under $110,000. During the audit, Finance staff noted that the City could employ additional mechanisms to shorten the procurement timeline, but still ensure a competitive process. However, the Department reports no progress since 2013. In our opinion, these simplified processes should be expanded and publicized in order to make procurements easier for City staff. Target date: 6-18.
#8: We recommend that the City a) Reconcile overpayments as described above and get reimbursed for these overpayments, b) Document any changes in consulting contract terms or requirements through a formal contract amendment, and enforce existing contract terms. If the contract allows for changes in terms without amendments, such changes should be documented in writing, and c) Require contract managers to reconcile previously received deliverables to contract payments during the contract amendment process, prior to increasing contract amounts.	Finance	Partly Implemented	As previously reported, the SJPD requested and City Council approved prior year expenditures of $200,000 which included overpayments. During the audit, we had found additional overpayments such as an $11,000 payment for "additional services" for a PRNS contractor without prior authorization from the City. The Department has reported no progress since 2014. In addition to reconciling potential overpayments, the City should develop a process to document changes in consulting contract terms through formal contract amendments, and require contract managers to reconcile previously received deliverables to contract payments during the contract amendment process. Target date: 12-20.
#9: We recommend the Administration develop Citywide policies and procedures on contract monitoring and management including: - a standardized contract management process, - organization of contract files,	Finance	Not Implemented	While the City Administration did conduct a training on contract management (primarily for administrative officers) in 2014, these processes still need to be incorporated into Citywide policies and procedures.

Audit Report and Recommendation	Department	Current Status	Comments
- 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.			Once these have been developed, the City needs to require its contract administrators to annually certify that they have reviewed and understand them. As we mentioned in the audit, the City requires all employees to certify understanding of its procurement card policy (where spending limits are frequently below $10,000), but employees monitoring millions of dollars of taxpayer funded consulting contracts require no such accountability and receive no training on how to monitor these contracts. Target date: 6-18.
#10: For inter-departmental contracts, we recommend the Administration require staff to designate a responsible staff member who would be accountable for all aspects of contract monitoring, including invoice approval and review.	Finance	Not Implemented	The Department reports no change since 2013. Target date: 6-18.
#11: We recommend the Administration ensure that: a) Staff managing contracts conform with current City contract retention policies and, consistent with those policies, keep all documents related to contract procurement, Conclusion 41 compliance and monitoring, including all documents related to contract renewals, amendments, continuation agreements, and other contract modifications; and b) Require staff to include a notation regarding the City's retention policies in each individual contract file.	Finance	Not Implemented	The Department reports no change since 2013. Target date: 6-18.
#12: We recommend that: a) The City Clerk in consultation with the City Attorney's office provide training to City staff on Form 700 filing requirements for consultants, follow-up on missing Form 700s for current agreements, and penalize consultants who do not comply, and b) The City Clerk, prior to providing Status 11 payment authorization, require Form 700s from those consultants whose contracts require them.	City Clerk/City Attorney	Partly Implemented	State law prohibits self-dealing in government. The California Political Reform Act spelled out a system whereby local governments must track conflicts of interest among their employees and consultants. The City's Conflict of Interest Code requires consultants to file disclosure Form 700. Without Form 700, the City and the public are unable to determine whether any of these consultants violated the law against self-dealing in their work on City contracts. The City Clerk has worked with departments to designate liaisons as a single point of contact for Form 700s. Further, the Department advises that it has updated its process to designate contracts Status 70 for those contracts with any missing documents. Unlike the previous Status 11, which indicated to Finance that all documents had been received, Status 70

Audit Report and Recommendation	Department	Current Status	Comments
			indicates that documents are outstanding and that payment should be withheld until the documents are received.
			The Clerk reports that a recent review of its consulting contracts for Form 700 compliance revealed a high rate of non-compliance. The Department intends to reach out to these consultants to ensure that the Form 700s are received by the end of the reporting term.
			The City Clerk also provided training on Form 700 requirements to Council staff and department liaisons.
			The purpose of designating contracts as Status 70 in CHAD is that the Finance Department will not process payment until a contract is designated Status 11 in CHAD. In January 2017, we reviewed the City Clerk's list of contracts that were designated as Status 70 (documents outstanding; do not pay) and found most of the contracts were designated as Status 11 (ok to pay). This could allow the non-compliant consultants to get paid despite not providing their Form 700s.
			We will review the process again to test for compliance. Target date: 12-17 (revised from 12-16 as a result of auditor review).
#13: We recommend that the City Administration include the City's Conflict of Interest and Ethics policies in its annual procurement and contract monitoring training.	Finance	Partly Implemented	All staff who are involved with consulting contract monitoring and procurement should have adequate training to recognize and prevent behaviors that compromise wise stewardship of public moneys. The Finance Department has uploaded an online procurement training. However, that training does not include the City's conflict of interest and ethics policies. Target date: 6-18.
#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	Implemented	The Finance Department has provided guidance on when a service is a consulting service and when it is a professional service. This guidance is now available on the Finance Department's intranet site.
#15: Once a new electronic data management system is available, we recommend the City Clerk prepare and annually post a listing of payments to consultants over the previous year, including: (a) the consultant's name, (b) the general nature of the work performed, (c) the type of procurement process used, (d) the department, and (e) the amount paid.	City Clerk	Partly Implemented	The City contracted with a SharePoint service provider ShareSquared Inc., in 2015. The Clerk's Office is working with IT to use this system for its electronic data management system. Staff reports that it is working with IT to transfer all CHAD data over to the new system. Implementation has been slow.

Audit Report and Recommendation	Department	Current Status	Comments
			As noted in the audit, the City's current electronic data management system (CHAD) was outdated and limited. It was also not accessible to members of the public. In our opinion, this transparency would provide some assurance to taxpayers that the services paid for are being delivered, and that the consulting agreements are being monitored by the City on an ongoing basis. Target date: 12-17.

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

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#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	Overhead calculations within the CAP are complicated, which can make the CAP difficult to understand. Finance can take steps to make the plan documents more transparent and understandable by including an introduction that describes the purpose of the CAP and the process of cost allocation, as well as including clear descriptions and methodologies of the services and costs allocated within the plan. Finance expects to begin developing these elements for inclusion in the CAP after the completion of the FY 2017-18 plan. Target date: 6-17.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#6: The Administration should amend the Travel Policy to require travel coordinators and the Travel Desk to report noncompliant travel activity.	Finance	Implemented	The City Administration amended the travel policy with the following guidance to travel coordinators: "Any egregious issues of non-compliance, such as issues that could potentially be violations of the Code of Ethics Policy, should be reported to the Office of Employee Relations."
#8: The Administration should require, through the City Procurement Card Policy, that procurement card approvers attach travel coordinator-approved Travel Statements as supporting documentation for travel-related procurement card expenditures.	Finance	Partly Implemented	The Procurement Card Policy is currently under review. Target date: 6-17.
#11: To minimize work effort and facilitate timely approvals, the Administration should implement an electronic travel authorization system, and until then should encourage departments to use electronic pre-trip and post-trip approval.	Finance	Not Implemented	The Finance Department reports that it will explore electronic solutions. Target date: 6-20.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#2: To improve access to City services and to reduce the City's telephone call handling costs, the Administration should develop a coordinated strategy to a) Offer new self-service options for the City's most frequently used services by phone, online, and/or by mobile app, and b) Establish utilization targets for new and existing self-service options, and advertise them accordingly.	City Manager and IT	Partly Implemented	The City has selected a Customer Relationship Management/Service Request Management solution (CRM/SRM) to improve access to City services via a mobile application. In addition, the City Manager's Office has prepared a Citywide Customer Service Policy. According to the City Manager's Office, the Customer Service Policy has been reviewed by departments, and is being reviewed by the bargaining units. Target Date: 5-17 (delayed from 9-16).
#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	IT regularly monitors its call center statistics, and real time statistics for individual call takers are available on individual agent application screens in the IT Customer Call Center. The supervisors are able to review call taker statistics and monitor wait times and idle times. The City Manager's Office has prepared a Citywide Customer Service Policy. According to the City Manager's Office, the City's bargaining units are currently reviewing the policy. Target date: 5-17 (delayed from 9-16).
#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	Implemented	The IT Department installed software for all call centers to enable recording phone calls. Because IT takes credit card information during phones calls, it would be preferable not to record those phone calls. In order to resolve this issue IT recently contracted with Altigen upgrade the call center software and then install software, which would allow these types of calls to be PCI compliant. In November 2016, IT upgraded its software and installed a call recording application. Since December 2016 the Customer Contact Center has begun the process to review and record calls for quality assurance.

Audit Report and Recommendation	Department	Current Status	Comments
#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	The Customer Contact Center previously corrected incorrect messages. Code Enforcement, Animal Care, Revenue Management, and Transportation have also made improvements to their call trees. The City Manager's Office has prepared a Citywide Customer Service Policy and the City's bargaining units are currently reviewing the policy. Target date: 5-17 (delayed from 12-16).
#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	ACS has developed internal guidelines on the frequency of checking voicemail boxes. It also removed the voicemails that were not being checked or not in use. The City Manager's Office has prepared a Citywide Customer Service Policy and is in the process of finalizing this policy. Target date: 5-17.
#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	Implemented	The Citywide Language Access Policy was approved in November 2016. The policy is online at http://www.sanjoseca.gov/DocumentCenter/View/62440.
#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	Partly Implemented	IT has completed 15 knowledge base articles that address most commonly asked questions for both external and internal customers to use. In November 2016, the City entered into an agreement for a CRM system—Applications Software Technology Corporation. IT anticipates it will be able to upload

Audit Report and Recommendation	Department	Current Status	Comments
			these knowledge bases into the new CRM when it is fully operational. Target date: 7-17 (delayed from 5-17).
#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	In November 2016, the City entered into an agreement for a CRM system with Applications Software Technology Corporation. The scope of the CRM application includes mobile applications, service order requests which can be automatically routed to the appropriate department and the ability of residents to follow-up on their requests. Target date: 5-17 (delayed from 9-16).
#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	See recommendation # 2 above. Target date: 5-17 (delayed from 9-16).

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: We recommend that the Finance Department revise the Procurement Card Policy to: a) Emphasize the responsibility cardholders have to make prudent purchases; b) Include questions that guide cardholders to evaluate the reasonableness of their purchases; c) For purchases that require IT approval, require documentation of that approval be attached to p-card statements; d) Change the approval process for Council appointees to require review by the Finance Department and referral to the Mayor's Office or City Council in cases of potential policy violations; e) Clarify the department coordinator's responsibility to notify Finance of all violations and that Finance should only refer personal purchases to OER; and	Finance	Partly Implemented	In 2015, the Finance Department began drafting revisions to the City Procurement Cards policy (Section 5.1.2 of the City Policy Manual) to reflect these recommended changes, aimed at enforcing prudent and responsible expenditure of City funds. The revised policy is still in the final editing and review process. Target date: 6-17 (delayed from 12-16 due to senior staff vacancies in the Finance Department).

Audit Report and Recommendation	Department	Current Status	Comments
f) Establish a process to have frequent contact via email with department coordinators to remind them of important policies and procedures.			
#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	The Finance Department began working with U.S. Bank in 2015 to determine whether it should wait to begin using online modules until the update of the City's financial reporting software is complete. The Department has determined that the online approval module is not workable with the City's financial reporting software as it is currently implemented. The Department also included a provision to require monthly statements of activity be signed by cardholders and approving officials in the revised City Procurement Cards policy, which is still in the final editing and review process. Target date: 6-17 (delayed from 12-16 due to senior staff vacancies in the Finance Department).
#7: The City Administration should ensure that p-card expenditures accurately categorize expenditures by type of budgetary purposes.	Finance	Partly Implemented	In 2015, the Finance Department included this recommendation in the revised City Procurement Cards policy, which is still in the final editing and review process. Target date: 6-17 (delayed from 12-16 due to senior staff vacancies in the Finance Department).

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#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;	Public Works and Budget Office	Implemented	Assessing the relative condition of buildings in a portfolio allows for rigorous prioritization of competing needs, especially in times of limited resources. Currently, Facilities reports that it has achieved sufficient funding to complete the five-year program to conduct lifecycle building condition assessments for all City-owned buildings. Facilities reports that they have produced lifecycle assessments for 75 buildings, and have utilized consultants to supplement some of that work. These assessments are uploaded to the City's facilities database (Infor

Audit Report and Recommendation	Department	Current Status	Comments
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.			EAM), and incorporated into the annual Deferred Maintenance and Infrastructure Backlog (DMIB) Report. Additionally, shop supervisors have developed comprehensive checklists for regular reviews of critical equipment and components, which collect the information incorporated into the DMIB Report, and to inform future capital improvement programs. The DMIB Report was presented to the Transportation and Environment Committee on February 6, 2017.
#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	Implemented	A complete and accurate inventory of buildings and equipment is the basis of any maintenance program. To achieve this, as well as to support the lifecycle condition assessments in Recommendation #1, Facilities developed a citywide condition assessment schedule to update this information for all City-owned buildings. A new equipment intake form was developed for Trade Supervisors and staff to document new and unidentified equipment at all facilities. That information goes to Facilities' IT staff who digitally store those intake forms in Infor EAM.
#4: To improve consistency, Facilities should adopt, document, and train staff on guidelines for asset and work order management (i.e., define minimum threshold for documenting City Hall work, create procedures for commissioning/decommissioning equipment and buildings as well as updating labor rates, simplify work order statuses and data types, and employ drop-down menus).	Public Works	Partly Implemented	Inconsistent data entry can cause discrepancies that may distort the actual amount of work performed. To correct this, Facilities hosted regular training sessions to train staff on how to utilize Infor EAM on corrective and preventative maintenance work orders, including minimal thresholds for City Hall. Additionally, a comprehensive checklist was developed to commission and decommission buildings and equipment to ensure Infor EAM has current information. All corrective maintenance work orders are entered into Infor EAM and comprehensive preventative maintenance schedules have been added for new facilities and removed for decommissioned facilities. A one-time allocation of $500,000 was provided to improve Infor EAM functionality and user friendliness. Facilities reports that these Infor EAM upgrades include simplifying work order statuses and data types, and employment of drop-down menus. These upgrades to Infor EAM are scheduled to be complete by June 2017. Target date: 6-17.

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	Ideally, information collected from condition assessments can be used to run reports to model the impact of short- and long-term funding on the condition of a facility or the entire portfolio. Facilities has created comprehensive Capital replacement schedules for all Cultural facilities and City Hall, as it continues its efforts to develop similar schedules for all City facilities. Facilities reports that these schedules are developed utilizing building assessments and Infor EAM data, which includes corrective work order data history, preventive maintenance schedules, equipment downtime, cost of maintenance, and projected service life of key building systems. Target date: 6-17.

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

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

#1: The Department of Transportation should work with the Police Department to develop and implement technology enhancements to the Police Department's records management system, including the following: • Automate field data collection and electronic storage of the traffic collision reports and provide access to the data for use by the Department of Transportation. • Implement changes in the records management system to collect and provide additional traffic collision data that would be used by Department of Transportation to electronically identify, categorize, and initiate inspection and repair of damaged City property.	DOT and Police	Partly Implemented	Some billings require coordination between multiple departments, which cause delays. One such billing is for damage to traffic infrastructure resulting from traffic collisions; this billing involves the Police Department (PD), Department of Transportation (DOT), and Finance Department. In 2015, PD began testing electronic traffic collision reports on some patrol vehicles. As of June 2016, the department has designed a new automatic reporting form for automobile accidents; this form has been gradually rolled out since November 2016, with complete implementation expected in February 2017. These files can be exported and automatically shared with DOT through PD's new records management software. DOT is waiting for PD finish rolling out its new system before it can integrate the electronic data transfer into its new TAPS system. DOT has upgraded its records management system to manage subrogation requests that stems from damage to city property. This system is now live and rolled out to the admin team and field teams within DOT; Finance's risk team will be added next. Target date: 12-17.

Audit Report and Recommendation	Department	Current Status	Comments
#3: The Human Resources Department should automate its invoicing process and provide easier payment options for employees.	Human Resources & Finance	Not Implemented	The HR Department is testing different ways to decrease the number of checks employees must write for leave benefits without increasing confusion and errors; this could include revamping the existing Continuation of Benefits form and/or using alternative systems to collect and track employee premiums. In addition, the Benefits Division has been in contact with Finance and IT to explore implementing a credit card payment option for employees on unpaid leave; they are aiming to have a credit card option available to employees no later than August 2017. Target date: 8-17.
#5: To ensure that the correct amount of penalties and interest are being assessed, the Finance Department should work with the Information Technology Department and/or the Revenue Results software vendor to: a) Update the penalty and interest table uploaded into Revenue Plus/Revenue Results to include billable programs which are not currently being charged interest. b) Correct current interest calculations to charge interest on penalties for fees and charges.	Finance	Partly Implemented	The Finance and IT Departments have updated the billable programs listed in the penalty and interest table uploaded into Revenue Plus. Once implemented, Revenue Results will incorporate this updated table and interest calculations will be set up to charge interest on penalties for fees and charges. Target date: 12-17 (delayed from 12-16 due to focus on PeopleSoft Upgrade and Budget project).
#8: To maximize collections, Finance should finalize and implement its revenue collection procedures (City Administrative Policy). These should include criteria and time frames to pursue specific collections activities, including: • Automatically sending accounts to the City's outside collections agencies • Pursuing legal remedies • Liening properties • Writing off old accounts The procedures should also identify supervisory or management roles for reviewing delinquent accounts and collections activities**.	Finance	Partly Implemented	In January 2015, the Finance Department updated and posted its General Guidelines for Accounts Receivables/Revenue Collection (section 5.3.6 of the City Administrative Policy Manual). This policy includes criteria and time frames to pursue specific collections activities such as sending accounts to the outside collections agencies and liening properties. Internal procedures to identify supervisory or management roles for reviewing delinquent accounts and collections activities will be developed as resources permit. Target date: 12-18. **POTENTIAL BUDGET SAVINGS:** At the time of the audit we estimated the City could recover $42,000 a year by automatically sending accounts to the City's outside collections agencies. Additionally, monetary benefits could be achieved through additional legal remedies including liens.
#10: To aid the collection process, the Finance Department should work with the City Attorney's Office to explore expanding lienable	Finance and City Attorney	Partly Implemented	SJMC Section 17.38.340 requires a property owner subject to registration under Chapter 17.38 to pay a monitoring fee as set forth in the City Council Schedule of Fees resolution. If a property owner fails to pay the fee, it is a debt owed to the City.

Audit Report and Recommendation	Department	Current Status	Comments
activities, such as with Planning, Building, and Code Enforcement's neglected and vacant homes program.			It is our understanding that Finance went to the Appeals Hearing Board ("Board") requesting the Board to authorize a lien for the unpaid monitoring fee. The Board denied the request stating that there is no authority in Chapter 17.38 authorizing such lien. However, Code can issue a Compliance Order under Chapter 1.14 and Finance can then request a lien pursuant to the administrative remedies process, or the Municipal Code could be amended to expand lienable activities. Target date: 12-19.
#12: The Finance Department should work with: • The Information Technology Department to develop an online payment option for accounts owing to the City and managed in Revenue Results. • The Fire Department and Information Technology to develop an online payment option for invoices billed through FireHouse.	Finance, IT, and Fire	Not Implemented	The implementation of Revenue Results has been deferred until the completion of the PeopleSoft Upgrade and Budget project. The Finance Department plans to use QuickPay as an online payment option for accounts managed in Revenue Results. This will be part of Phase II of the Revenue Results implementation. The Fire Department started working with Finance's Treasury Division on online payment options for the FireHouse billing system in 2015; as of December 2016, online payment options for the FireHouse billing system are not yet available to customers. Target date: 12-18.
#15: The Library should lower their threshold for collection agency referrals and expanding referrals to include fines only accounts in order to maximize the number of books returned and revenue recovered.	Library and Finance	Not Implemented	Since 2014, the Library has reduced total outstanding balances from $5.7 million (levied during the previous four years) to $3.8 million through a variety of programs. The Library continues to implement new programs to help residents reduce their fines balances and restore access to Library services. With the upcoming expiration of the contract with the current library collections agency, the Library and Finance Department issued a Request for Proposals (RFP) for library debt notification in March 2016. Only one bidder responded to the RFP. In addition, library fines and fees can no longer be reported to credit reporting agencies as of September 2016. The Library and Finance Department will continue to work together to identify opportunities to address ongoing unresolved balances. Target date: 6-18 (delayed from 9-16).
#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	Finance, IT, PBCE, and Fire	Not Implemented	The Revenue Results project has been deferred until the completion of the PeopleSoft Upgrade and Budget project. The current timeline is to complete the migration from Revenue Plus to Revenue Results by July 2017 and remaining work by the end

Audit Report and Recommendation	Department	Current Status	Comments
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.			of December 2017. These issues will be addressed during the implementation of Revenue Results. Target date: 6-18.
#18: Once Revenue Results is implemented, the Finance Department should develop and implement procedures for periodic departmental account reviews to determine collection rates and assess performance of the revenue collection process. These results should be shared with departments to help identify potential problems and solutions to improve the revenue collection cycle.	Finance	Partly Implemented	In January 2015, the Finance Department updated and posted its General Guidelines for Accounts Receivables/Revenue Collection (section 5.3.6 of the City Administrative Policy Manual). This policy includes periodic departmental account reviews. Once the upgrade to Revenue Results is complete, the Finance Department will implement procedures for periodic departmental account reviews. Target date: 12-18.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#4: To better inform recruitment processing deadlines, Human Resources should track and report all the time between major hiring steps, and provide hire time estimations to departments for each step.	Human Resources	Partly Implemented	The City has upgraded the HRIS system, including the application tracking component, to allow HR to track major hiring steps automatically. HR is using this capability to develop a report to monitor time to hire between hiring steps. Target date: 6-17 (delayed from 12-16).
#7: Human Resources should update the hiring resources available to department staff on the intranet, and conduct regular training for department staff on recruitment procedures and regulations.	Human Resources	Partly Implemented	The Department has provided web-based resources with instructions for how to use the new recruiting software (Taleo). Guidelines and procedures for hiring managers regarding how to conduct recruitments have not been updated, but will be assessed after completion of the hiring pilot project (part of the City Manager's Talent Recruitment Initiative). Target date: 6-17 (delayed from 9-16).

Audit Report and Recommendation	Department	Current Status	Comments
#9: Human Resources should encourage hiring managers to use available flexibility on the methods of rating or scoring candidates and interview follow-up questions. Further, review and reduce number of classifications requiring written tests.	Human Resources	Not Implemented	The City Manager's Talent Recruitment Initiative, which launched in February 2017, includes pilot projects for increased flexibility, hiring manager training, and reduction of classes using written tests. Target date: 6-17 (delayed from 9-16).
#11: Work with departments to update minimum qualifications and job specifications to ensure they are pertinent to job requirements, starting with those that are out-of-date.	Human Resources	Partly Implemented	Human Resources contracted with Koff & Associates to review and update 69 job classifications that are most frequently recruited for and/or have more than 50 incumbents. These updates were completed by the consultant in October 2016 and are currently with the bargaining units for review. The FY 2016-17 operating budget included funding to update an additional 70 job classifications; HR will continue to request funding until the remaining classifications (over 250 in total) are updated. HR is also requesting ongoing funding for a position dedicated to classification/compensation, which is currently a limit dated position. The Auditor's Office will consider the recommendation implemented once the first set of classifications have been formally approved and the mechanisms are in place to continue to update classifications. Target date: 6-17 (delayed from 9-16 due to review by bargaining units).
#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	Implemented	The HRIS upgrade included enhancements to the visual appearance, usability, and recruiting content of the City's job website. The HRIS upgrade also improved the interface of the online application with external websites to ensure that external websites accurately reflect current City job listings.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To improve the accessibility of volunteer opportunities to the City's residents, the Administration should develop and post on the City's intranet an outreach "how-to" guide for volunteer coordinators across	City Manager	Not Implemented	The Administration expects to implement this recommendation in coordination with the development of staff guidelines within a

Audit Report and Recommendation	Department	Current Status	Comments
the City with information on social media strategies and how to update the City's website and events calendar. It should also reference the Citywide Language Access Policy (once it is finalized).			Citywide volunteer policy (see recommendations #2 and #3). Target date: 2-18.
#2: To ensure more consistent management of volunteer programs, the Administration should develop a Volunteer Policy to be included in the City Administrative Policy Manual that formally recognizes the value volunteers contribute and includes minimum standards for the management of volunteer programs. The policy should include guidance on the use of volunteer agreements; health and safety requirements, such as fingerprinting and TB testing; volunteer recognition; and other topics as necessary.	City Manager	Not Implemented	In coordination with the City Attorney's Office, the Administration plans to revise the City's volunteer agreement to include basic health and safety requirements. The Administration has hired an Encore Fellow to develop a Volunteer Policy that includes minimum standards for the management of volunteer programs, including fingerprinting requirements, TB testing, the use of such volunteer agreements, and other health and safety requirements. The policy will also include guidance of the recognition of volunteers and their programs. Target date: 2-18.
#3: To assist City staff in managing volunteer programs, the Administration should create and post on the City's intranet a volunteer guidebook or "toolkit" as a reference for staff during the development and management of volunteer programs.	City Manager	Not Implemented	The Administration intends to post volunteer program development and management tips and best practices on the City's Intranet. The work will involve input sessions from departments on current practices in development and management to assist this effort. Target date: 2-18.
#4: The Administration should work with the departments of Parks, Recreation and Neighborhood Services, Environmental Services, and Transportation to coordinate efforts around place-based volunteer programs. In particular, the Administration should streamline the process and expand the options that allow volunteers to play an active role in cleaning and maintaining public spaces by: (a) Developing a separate volunteer webpage for the City's place-based volunteer programs that includes (i) descriptions of the programs (ii) relevant contact information and (iii) specific directions on how to request materials and supplies. The website should also provide information to help groups interested in one-time clean up or similar events. (b) Allowing volunteers to apply with multiple place-based programs at once. (c) Identify resources to reactivate the Adopt a Street program and/or expand the types of spots that volunteers can adopt to clean or maintain, including storm drains and creek segments for which the City holds an easement.	City Manager/ PRNS/ESD/ DOT	Not Implemented	(a) and (b) The Administration is aware that the current volunteer webpage is not sufficient to meet the intent of this recommendation; it is merely a pointer to other webpages. Currently, the site does not provide prospective individual or group volunteers with specific help in identifying opportunities such as short descriptions of what opportunities may be available or contact information. The City has had a license for the volunteer management software Better Impact (formerly Volunteer Squared) since 2011. The Administration believes that fully deploying this tool's capabilities can meet the intent of parts (a) and (b) of the recommendation, including the ability for groups to locate one-time clean up or other volunteer opportunities. According to the Administration, fully implementing this software could also help the City better utilize social media as a recruitment tool. However, only some volunteer programs utilize the software. Among those that are using it, not all may not be fully utilizing its capabilities as described by the Administration. Note: The Mayor's Office launched the beautify.org website in February 2017 that includes many of the elements of this recommendation, including descriptions of various place-based

Audit Report and Recommendation	Department	Current Status	Comments
			volunteer activities, links to programs, and a calendar of neighborhood volunteer events.
			(c) Resources for expanding the types of spots that volunteers can adopt to clean or maintain in their communities have not been identified. Target date: 12-18.
#5: The Administration should work with the Fire Department's Office of Emergency Services to define specific roles for volunteers in the City's updated emergency operations plan and reactivate the Community Emergency Response Team (CERT) program.	City Manager/ Fire	Partly Implemented	The CERT program obtained one-time funding for 12 CERT training courses during FY 2016-17, which were to be provided by a third party contractor in coordination with the Office of Emergency Services (OES). The contractor is expected to also develop a CERT Concept of Operations for integration of CERT capabilities into the City's overall emergency operations and a training and exercise plan for incorporation of advanced CERT training, sustained community engagement, and integration of CERT capabilities into field and EOC exercises. One-time funding was also available for translation service of training materials to Spanish and Vietnamese. Target date: 2-19.
#6: The Parks, Recreation and Neighborhood Services Department should provide broad oversight and management of its community center volunteer programs, including developing a volunteer recruitment strategy and standard policies and procedures that contain specific guidance on volunteer intake, ongoing assessments such as the tracking of hours, and the retention of key documents.	PRNS	Partly Implemented	On June 14, 2016, the City Council approved the Mayor's June Budget Message for Fiscal Year 2016-2017 Supplemental Memorandum that provided PRNS an additional 1.0 FTE for a Volunteer Coordinator. In FY 2016-17, PRNS convened a meeting of all community center Recreation Supervisors to share an overview of community center volunteer programs, followed by site visits where center staff discussed their policies and procedures, how to improve their programs, and best practices and feedback on the use of the Better Impact software. Next steps include the formation of a reference manual for staff leading volunteer programs, which will include a volunteer recruitment strategy and standard policies and procedures that contain specific guidance on volunteer management, tracking of hours, and the retention of key documents. Target date: 2-19.
#8: The Parks, Recreation and Neighborhood Services Department should (1) improve the process by which the Community Gardens Volunteer Management Teams collect and remit fees related to garden plots and (2) update its program procedures accordingly.	PRNS	Partly Implemented	PRNS implemented process improvements in January 2017, in conjunction with 2017 registration for the Community Gardens Program. PRNS will expand a pilot collection of program fees through the online Recreation E-Commerce System (RECS) to several more community gardens, and update the application form and program Rules and Regulations to clarify that Operational Fees set by each individual Volunteer Garden Management Team are not City fees. PRNS expects to

transition the collection of garden plot fees for the remaining community gardens by January 2018. Target date: 6-18.

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: The Administration should establish a continuous replacement program for the City's key technology systems by: a) Clearly defining a continuous replacement program that outlines the City's key technology systems, the end of these systems' support/useful life, the estimated cost for upgrade/replacement (if possible), etc. The program should give a clear picture of the risks the City faces by not upgrading these systems, and should be incorporated in the Status Report on Deferred Maintenance and Infrastructure Backlog; b) Identifying and prioritizing for budget consideration an annual base level of funding required to continuously replace existing technology systems (in addition to the current process for identifying one-time funding for new technology projects); and c) Given the City's limited resources, the CIO should determine which enterprise technology projects in the program should be prioritized based on risk, and establish a cross-departmental committee to advise on additional cross-departmental technology needs with a focus on the efficient deployment of resources to deliver the Citywide technology vision.	IT/Budget	Partly Implemented	Since April 2016, IT has provided a matrix of major enterprise system lifecycle and estimated replacement costs in its semi-annual report to the Public Safety Finance and Strategic Support Committee. The cost to replace or upgrade critical enterprise systems is also included in the Status Report on Deferred Maintenance and Infrastructure Backlog provided to the Transportation and Environment Committee. IT reports that the City will evaluate technology resource allocation as part of the 2016-17 IT Strategic Workplan process and during the 2017-18 annual budget process. This would potentially include a technology replacement fund. Technology projects will be prioritized through the Innovation Cabinet and aligned with the City's technology roadmap. Target date: 2-17.
#2: The Administration should ensure that Steering Committees for major technology deployments are appropriately staffed and notified of any deviations from the project concept plan and timeline, and are authorized to reallocate existing resources where needed.	IT/ City Manager	Partly Implemented	IT has assembled a City IT Leadership Group (ITLG). This group reviewed the IT Strategic Plan, and plans to meet quarterly to coordinate IT budgeting, support and deployments. In addition, the new Innovation Committee was approved by City Council in January 2017 to serve as a prioritization and coordination body

Audit Report and Recommendation	Department	Current Status	Comments
			for citywide innovation initiatives and resources starting in March 2017. Target date: 12-17.
#3: The Administration should prepare written project concept and communications plans for each of its upcoming major technology deployments. This document should include: project purpose, approach, necessary resources, risks and impacts of the project, and estimated timelines for each stage of the project.	IT/ City Manager	Not Implemented	See Recommendation #2. Target date: 12-17.
#4: For major technology projects, require appointment of a qualified (preferably certified) project manager dedicated to and responsible for the entire project (including planning and deployment), with clear authority, roles, and responsibilities, and accountable to the steering committee for project progress and challenges.	IT/ City Manager	Partly Implemented	IT hired a temporary Product-Project Manager in December 2016 to execute CRM, the Workers' Compensation System and the Revenue Results Systems. IT submitted a budget request to create permanent Product-Project Manager positions in the 2017-18 budget process. Target date: 6-17.
#5: The Administration should build into its agreements with outside consultants a requirement to transfer responsibility/knowledge and lessons learnt during a project to internal City staff (or City Project Manager) once an implementation is complete.	IT/ City Manager	Not Implemented	IT is working on standardizing a "co-work" model wherein IT staff are an integral part of technology planning, implementation, configuration and support of hardware and software solutions when projects are implemented. Target date: 6-17.
#6: Given the continuous need to replace technology systems, the Administration should hire qualified, permanent project management staff and train department staff in project management skills to develop in-house knowledge.	IT/ City Manager	Partly Implemented	See recommendation #4. Target date: 6-17.
#7: The Administration should ensure sufficient technical resources, allocate adequate technology staff from IT and individual departments, and include these resource commitments in project concept plans.	IT/ City Manager	Not Implemented	See recommendation #1. Target date: 2-17.
#8: The Administration should review the overall strategic support staffing in the IT Department and ensure that its vacant positions are immediately filled. This may require salary enhancements.	IT/ City Manager	Partly Implemented	IT is working with HR to review compensation for targeted IT classifications with recruiting and retention challenges. The Department also plans to review IT structure, classifications, and other potential enhancements beginning in August 2016 with an action plan expected by June 2017. In January 2016, IT hired a temporary Analyst to focus solely on recruitment efforts. While overall staffing remains an issue IT has worked with HR on a dedicated IT hiring team. IT's vacancy has reduced from 36 percent during the audit to 18 percent as of January 2017. Target date: 6-17.

Audit Report and Recommendation	Department	Current Status	Comments
#9: IT and Finance should review and update policies on technology procurement (including the purchase of PCs and monitors), make all required forms available centrally in one location, and train relevant staff on technology procurement processes.	IT/ Finance	Not Implemented	The technology procurement policy needs updating. It currently includes requirements that are either outdated or no longer in use. Further, certain technology purchases need additional scrutiny including for laptops and mobile devices. In contrast, some technology purchases do not require additional scrutiny including common desktop software, and maintenance renewals. This can cause confusion for departments trying to make technology purchases. The Finance Department has introduced an online procurement training. However, this training provides limited information about technology procurements. IT plans to determine what training and process improvements are necessary to create the portal on the City's intranet site or possibly through a vendor's portal. Target date: 6-17 (delayed from 10-16).

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

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

Audit Report and Recommendation	Department	Current Status	Comments
#1: To reduce duplication of effort across units, the City Clerk's Office should work with the City Manager's Office Agenda Services to fully implement the shared agenda workflow system and eliminate the maintenance of draft agendas outside of the system.	City Clerk/ City Manager	Partly Implemented	The City Clerk's Office has been working with the City Manager's Office and the third-party vendor Granicus, Inc. to deploy the City's agenda management software known as Legistar. Legistar can allow the two offices to maintain a mutually-editable central draft agenda, and can eventually allow departments to add legislative items to Council and committee agendas directly, thus reducing duplication of effort. The City Clerk's Office and City Manager's Office Agenda Services began testing Legistar-created agendas in January 2017. They are addressing glitches related to attaching documents to the agendas before fully transitioning to the new system. Target date: 4-17 (delayed from 1-17).

Audit Report and Recommendation	Department	Current Status	Comments
#2: To increase the transparency of legislative actions taken, the City Clerk's Office should decrease the turnaround time to create and post action minutes. Specifically, the City Clerk should: a) Establish and document a more aggressive timeframe for approval of minutes by Council, b) Reconsider whether both Council meeting synopses and action minutes are still required, and c) Bring to the City Council recommendations to update the Open Government Resolution to reflect these changes.	City Clerk	Partly Implemented	a) At the time of the audit, the City Clerk had an internal goal of three months for having City Council action minutes approved and posted. Since the audit, the City Clerk's Office has reduced the internal goal to one month and has begun to address the backlog of Council action minutes in order to fulfill this goal. On February 7, 2017, City Council approved action minutes up to November 29, 2016. The City Clerk has agreed to consider an even more aggressive timeframe after full implementation of Legistar in February 2017 (see Recommendation #1). b) The City Clerk will reconsider the necessity of both Council meeting synopses and action minutes upon full implementation of Legistar in February 2017 (see Recommendation #1). c) Once (a) and (b) are completed, the City Clerk should bring a recommendation to the City Council to update the Open Government Resolution to formalize these changes. Target date: 4-17.
#3: To ensure records of City Council proceedings are posted timely, the City Clerk should utilize existing technology to streamline the approval and posting of synopses and/or minutes.	City Clerk	Not Implemented	At the time of the audit, the process to create and post synopses and action minutes was cumbersome, including multiple Word documents and coordination between the City Manager's Office Agenda Services and multiple staff in the Clerk's Office. In addition to agenda creation, Legistar (see Recommendation #1 above) also allows the streamlined approval and posting of synopses and/or action minutes. The Clerk's Office reports that it will utilize this software capability upon full implementation of Recommendation #1. Target date: 04-17.
#4: To help ensure members of boards and commissions, decision-making bodies, and other advisory entities comply with state and local regulations, the City Clerk's Office should develop and implement standard procedures to: a) Identify which entities are required to file Statements of Economic Interests, attend required ethics trainings (AB 1234), and sign the City's Code of Ethics;	City Clerk	Implemented	In August 2016, the City Council approved a revised *Consolidated Policy Governing Boards and Commissions*, including language on the filing requirements of board and commission members. To ensure all members comply with state and local regulations, the Clerk's Office has been tracking compliance with filing requirements among members of applicable entities. It has begun notifying those members of the requirements. It has also

Audit Report and Recommendation	Department	Current Status	Comments
b) Notify members of those entities of such requirements; c) Notify those in noncompliance of such requirements; and d) Monitor and report noncompliance to the responsible officials.			begun notifying members in noncompliance and seeking assistance from board and commission secretaries to contact them as needed. The City Clerk's Office has developed written standard procedures for the above to provide guidance for current and future staff on these responsibilities.
#5: The City Clerk should develop and implement policies and procedures to: a) Monitor compliance with the Open Government Resolution requirements for public posting of agendas and minutes by Commission Secretaries or other responsible officials for the City's boards and commissions, decision-making bodies, and other advisory entities, and b) Report noncompliance to responsible officials.	City Clerk	Implemented	In October 2016 and January 2017, the City Clerk notified the City Manager's Office of advisory entities that did not post agendas and/or minutes timely. Beginning in January 2017, the City Clerk also sent the notice to responsible departmental staff. Additionally, the monitoring of timely public posting of agendas and minutes was discussed during the boards and commissions quarterly meeting in January. The City Clerk reports that she will continue sending notifications about noncompliance to the City Manager's Office quarterly.
#6: The City Clerk's Office should work with the City Attorney's Office to finalize and implement the revised Consolidated Policy Governing Boards and Commissions (Council Policy 0-4), including language that clarifies the City Clerk's responsibility to: a) Coordinate the semi-annual trainings for new board and commission members, and b) Monitor member attendance and report noncompliance to the responsible officials.	City Clerk/ City Attorney	Partly Implemented	In August 2016, the City Council approved a revised *Consolidated Policy Governing Boards and Commissions*, including language that clarifies the City Clerk's responsibility to perform the tasks listed in the recommendation. The City Clerk has begun meeting with Boards and Commissions to present the revisions. According to the City Clerk's Office, it held three trainings for board and commission members in January 2017 in consultation with the City Attorney's Office. It will hold a second round of training in July upon the appointment of new board and commission members. Per Council Policy 0-4, which states that all members must complete training within the first year, any members who did not attend any trainings in January will be required to attend in July. Target date: 7-17 (delayed from 1-17).

Audit Report and Recommendation	Department	Current Status	Comments
#7: To ensure the smooth implementation of the updated records management platform, the City Clerk should: a) Set clear roles, responsibilities, and expectations for records staff tasked with assisting the Information Technology Department in implementing the new system; b) Develop appropriate policies and procedures for the new system, including security protocols; and c) Determine which records will be made publicly accessible and/or searchable in accordance with the City's Open Data Policy and Language Access Policy (once it is finalized).	City Clerk	Partly Implemented	The City is currently implementing SharePoint Online (SPO) for document and records management. The City Clerk's Office is working with the Information Technology Department to move its records from its old system (CHAD) to SPO. • Phases I and II of implementation involved moving resolutions and ordinances from CHAD to SPO. This was completed in October 2016. • Phase III involves migrating resolutions and ordinances. This was set to be completed by February 2017. • Phase IV involves allowing public access; the City Clerk's Office and IT are evaluating alternatives for this element. They aim to complete this phase by June 2017. For this recommendation to be considered complete, the City Clerk will need to develop appropriate policies and procedures for the new system, including clear roles and responsibilities, and security protocols. Target date: 6-07.
#8: To better serve candidates navigating the City's complex elections process, the City Clerk, in consultation with the City Attorney's Office, should: a) Include in its candidate packet a clear listing of required state and local forms with form numbers and descriptions, and b) Immediately notify candidates of changes to the forms or other filing requirements that occur during the elections process and update the candidate packet accordingly.	City Clerk/ City Attorney	Implemented	Based on our preliminary recommendation, the Clerk's Office, in consultation with the City Attorney's Office, began to include the numbers of the forms listed in the Dates of Interest handout during the course of the audit. In the February 2017, the City Clerk's Office, again in consultation with the City Attorney's Office, released a revised handout that included links to the California Fair Political Practices Commission (FPPC) and City of San José forms that candidates may need to file. The City Clerk's Office reports that it excluded City of San José Form 503 because it is filed only once, before a candidate can run for office. In an effort to prevent confusion, the City Clerk's Office also excluded FPPC Forms 461 and 462 because these are filed by non-candidate controlled committees rather than candidates. It will carry these changes into the Dates of Interest handout for the 2018 election cycle. The City Clerk's Office will immediately notify candidates of changes to the forms or other filing requirements that occur during the elections process and update the handout accordingly.

Audit Report and Recommendation	Department	Current Status	Comments
#9: To further discourage late campaign filings by candidates for local elective office, the City Clerk should work with the City Attorney's Office to draft an amendment to Title 12 delineating additional steps to address repeat violations of filing deadlines (e.g., referral to the Ethics Commission and/or the Fair Political Practices Commission, or some other public disclosure).	City Clerk/ City Attorney	Not Implemented	The City Clerk noted that the Board on Fair Campaign and Political Practices discussed this recommendation in January 2017. According to the City Clerk, the Board will hold further discussion in February and March 2017. Target date: 5-17 (delayed from 3-17).
#10: To improve compliance with Statement of Economic Interests (Form 700) filings, the City Clerk, as the City's filing officer, should: a) Work with the Human Resources and Information Technology Departments to develop PeopleSoft report(s) that more efficiently identify required filers and disseminate to departments for reference and/or verification as appropriate; b) In consultation with the Administration, clarify the roles and responsibilities of Clerk's Office and department staff in ensuring that required Form 700 filers are identified, entered into NetFile, and notified, and that they file; and c) Provide policies, procedures, and ongoing training to department Form 700 liaisons to ensure that the steps listed in (b) of this recommendation are completed.	City Clerk	Partly Implemented	a) Given technical difficulties in ensuring that all Form 700 filers are marked as such in PeopleSoft (the City's human resources management software), the Clerk's Office has asked department liaisons to monitor filers assuming and leaving office and notify the Clerk's Office accordingly. In addition, the Clerk's Office received full access to PeopleSoft to verify employee positions. The City Clerk should consult with the Human Resources Department to discuss other potential ways to streamline the process for identifying required filers. b) The Clerk's Office has worked with department liaisons to identify required filers and enter them into NetFile; departments liaisons have been granted administrative access to the software. The Clerk's Office acknowledges that, as the City's filing officer, it maintains responsibility for regularly following up with the department liaisons to ensure that all required filers meet filing requirements. c) The Clerk's Office has held several trainings with department liaisons on their roles and responsibilities with respect to Form 700s, covering the Conflict of Interest Code, how to use NetFile, etc. The Clerk's Office also invited contract managers to the training in December 2016, during which it discussed new contract approval procedures that flag contracts whose consultants have not complied with the requirement to file Form 700s. Target date: 6-17 (delayed from 12-16).
#11: To ensure the public can properly identify conflicts of interest among key financial decision makers in the City, the City Clerk should: a) Identify which Form 700s should have been made publicly accessible and post them to the City's public portal accordingly, and	City Clerk	Implemented	Though the City Clerk's Office previously aimed to include only filers identified by Government Code 87200—including such key financial decision makers as the Mayor, Councilmembers, City Manager, City Attorney, and City Treasurer (Director of Finance)—in the publicly searchable database, it has made all

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b) Create policies and procedures to ensure that applicable filings are posted to a public database timely and consistently each year.			City filers' Form 700s from January 1, 2016 onward available online. The forms of 87200 filers from prior to that date have also been made available. The Clerk's Office has notified department liaisons and board and commission secretaries of this change.

The Clerk's Office has revised its internal policies and procedures for uploading Form 700s to NetFile. Once forms are uploaded into NetFile, they are automatically accessible in the public database. |
| #12: To further the Lobbying Ordinance's goals of an ethical work environment and an open and transparent government, the City Clerk's Office should:

a) Coordinate with the City Attorney's Office to develop and schedule trainings on the Lobbying Ordinance at least once every three years for elected officials and lobbyists as well as for newly elected City officials upon assuming office, and

b) Update lobbyist training materials on the City Clerk's website. | City Clerk | Implemented | In consultation with the City Clerk, the City Attorney's Office presented revisions to the Lobbying Ordinance to the Board of Fair Campaign and Political Practices on October 12, 2016. The City Council approved the revisions on November 1, 2016. Among the revisions was the elimination of required trainings for lobbyists, in favor of a requirement that the City Clerk provide explanatory materials for lobbyists. The City Clerk updated the explanatory materials on the City's website in February 2017.

The requirement that the City Clerk's Office provide trainings on lobbying to newly elected officials was also eliminated in the revised Ordinance. However, the City Attorney's Office led two such trainings in January 2017; each newly elected official attended at least one.

The City Clerk has committed to regularly updating the explanatory materials on its website for lobbyists. For example, the City Clerk plans to develop a video walk-through to demonstrate the proper submission of a lobbying form. In addition, upon the release of updated software that would allow lobbyists to file and pay online, the City Clerk will publish instructions for using the software. |
| #13: The City Clerk's Office should develop policies and procedures for the collection of outstanding lobbyist and other fees, which should be approved by the Department of Finance and be in accordance with General Guidelines for Accounts Receivable / Revenue Collection (City Policy 5.3.6). | City Clerk | Partly Implemented | In consultation with the City Clerk, the City Attorney's Office presented revisions to the Lobbying Ordinance to the Board of Fair Campaign and Political Practices on October 12, 2016. The proposed revisions include clarification that the fines for late lobbyist registration and submission of quarterly reports shall be calculated by business day, rather than calendar day. In January 2017, the City Clerk notified currently registered lobbyists of their filing requirements, including updated fees and charges. |

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			In addition, the Clerk's Office has coordinated with the Finance Department about using Finance's collections software (Revenue Plus) to collect lobbyist fees and fines. However, the City Clerk's Office has reported that this capability will not be available until the upcoming update of the software (expected in July 2017), since the current software does not allow for daily calculations.

In the meantime, the City Clerk should develop policies and procedures for the collection of outstanding lobbyist and other fees, including interim measures before the software update. Finance should approve these procedures. Target date: 7-17 (delayed from 3-17). |
| #14: To ensure that the Clerk's Office provides accurate and reliable budget information to Mayor and Council Offices, the City Clerk should develop standard procedures for the preparation and review of Mayor and Council Office budget spreadsheets. | City Clerk | Partly Implemented | The Clerk's Office is drafting procedures for the preparation and review of Mayor and Council Office budget spreadsheets. Currently, the Assistant City Clerk reviews budgets before they are sent to Mayor and Council Offices. Target date: 4-17 (delayed from 12-16). |
| #15: To improve customer service to the Mayor and Council, the City Clerk should define in the standard procedures for preparing budget spreadsheets (see recommendation #14) a specific timeframe for when they are to be prepared. Further, this timeframe should be communicated to Mayor and Council Offices. | City Clerk | Party Implemented | The Clerk's Office has established an expected timeframe of one week to prepare Mayor and Council Office budget spreadsheets. It has included this timeframe in its revised procedures to guide Mayor and Council Office staff. The procedures have been posted to the Clerk's Office's Intranet page.

While the Clerk's Office has completed budget spreadsheets within this one-week timeframe for most districts from July to December 2016, it has not consistently met its timeliness target for all districts. (Note: Because month end close usually occurs sometime during the first week following the end of a calendar month, timely budget spreadsheets are typically sent to Mayor and Council offices during the second week of any given month.) If circumstances prevent the Clerk's Office from preparing a budget spreadsheet timely, it should notify the applicable office and communicate a revised date. Target date: 4-17 (delayed from 12-16). |
| #16: To improve customer service to Mayor and Council Offices and provide guidance to staff, the City Clerk's Office should develop written procedures, including timeframes for when work is to be completed, related to: | City Clerk | Implemented | In February 2017, the Clerk's Office released revised procedures that cover the items listed in the recommendation; in a Microsoft OneNote format, the procedures replace the former Council Assistant Survival Guide. The City Clerk has uploaded them |

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a) Compiling required documentation from Mayor and Council Offices for procurement card and travel expenditures, b) Approving Mayor and Council staff online timecards, c) Processing Mayor and Council contracts, including facility use agreements for Mayor and Council-sponsored events, and d) Other support services as necessary.			onto its Intranet page. To further improve access, it is working with the Information Technology Department to share them on the home pages of Mayor and Council Offices' shared file folders (SharePoint).
#17: The City Clerk should coordinate with the City Attorney's Office and other City departments to provide annual trainings for Council Assistants and Chiefs of Staff on: a) The City Council Expenditure and Reimbursement Policy (0-38), b) City policies related to P-Card, travel, and other expenditures, c) Required filings such as the Statement of Economic Interests and Family Gift Reporting forms d) Hiring-related policies and guidelines, e) Legislative processes and regulations, and f) Other topics contained in the Survival Guide for Council Assistants.	City Clerk/ City Attorney	Implemented	The City Clerk held a training for Council staff in January 2017 in coordination with the City Attorney's Office; it also invited elected officials and their chiefs of staff. The training covered the agenda process, boards and commissions, Council disclosures, fiscal policies and procedures, procurement cards (p-cards), and special event planning. The Clerk's Office has released a calendar of future Council trainings in 2017, which will cover the remaining items listed in the recommendation in addition to other topics. The Clerk's Office has communicated in its revised Council Assistant Survival Guide that an annual training will occur each year in January or February, and that ongoing monthly workshops will cover key policies and procedures in greater depth.
#18: The City Clerk should clearly identify staff responsibilities and lines of authority in an organizational chart that also identifies staff leads for the Office's primary responsibilities.	City Clerk	Partly Implemented	In September 2016, the City Clerk drafted an organizational chart and posted it on the Intranet. However, the organizational chart did not identify all of the Office's responsibilities, nor did it clearly identify specific staff responsibilities. The Clerk's Office plans to revise the organizational chart accordingly. In our opinion, this recommendation is critical to fostering a more transparent accountability structure and helping ensure the office's smooth functioning in case of turnover. Target date: 4-17 (delayed from 2-17).
#19: The City Clerk should work with the Human Resources Department to: a) Update the Legislative Secretary job classification to reflect the current tasks and responsibilities of the position, and	City Clerk/ Human Resources	Partly Implemented	In August 2016, the City Clerk began corresponding with the Human Resources Department to update the Legislative Secretary job classification and reclassify one Legislative Secretary position to a Records Analyst position. The City Clerk

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b) Review the job classifications within the City Clerk's Office to determine whether current positions should be reclassified or whether an additional Clerk-specific classification should be created that reflects additional duties and responsibilities beyond those of the Legislative Secretary position.			reports that she has nearly come to an agreement with Human Resources as to how to proceed. Target date: 6-17.
#20: The City Clerk's Office should: a) Develop consistent methodologies to track and calculate the performance measures for its statutory responsibilities that are reported in the City's Operating Budget, b) Identify staff leads tasked with maintaining these performance measures and reporting them on a frequent basis to the City Clerk, and c) Develop action plans to address areas where results do not meet established targets or expected results.	City Clerk	Not Implemented	Although the City Clerk submits performance measures to the Budget Office each year during the annual budget process, the City Clerk has not developed consistent methodologies to track and calculate all the measures related to its statutory responsibilities. The City Clerk reports that she is working on a five-year strategic plan that includes updating all performance measures. Target date: 6-17.