



**OFFICE OF THE
CITY AUDITOR**

**SEMI-ANNUAL RECOMMENDATION FOLLOW-UP REPORT
ON ALL OUTSTANDING AUDIT RECOMMENDATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2003**

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



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City Auditor

CITY OF SAN JOSÉ, CALIFORNIA

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September 23, 2003

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

Transmitted herewith is the *Semi-Annual Follow-Up Report On All Outstanding Audit Recommendations For The Six Months Ended June 30, 2003*.

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

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

I will present this report to the Making Government Work Better Committee at its October 8, 2003 meeting. Should you have any questions or need additional information in the interim, please let me know.

Respectfully submitted,

Gerald A. Silva
City Auditor

GS:bh
Jun03

cc: City Manager's Office
and affected departments

EXECUTIVE SUMMARY

In accordance with the City Auditor's approved 2002-03 Workplan, we have prepared a report of the status of open recommendations for the first six months of 2003 ending June 30, 2003. To prepare this report, we met with department staff, reviewed department assessments of audit status, and reviewed documentation provided by departments.

IMPLEMENTATION STATUS OF OPEN RECOMMENDATIONS

During the semi-annual period covering January 1 through June 30, 2003, there were one hundred and five (105) outstanding recommendations of which:

- 22 recommendations were implemented;
- 67 recommendations were partly implemented; and
- 16 recommendations were not implemented.

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

**TABLE I
STATUS OF OPEN RECOMMENDATIONS BY AUDIT REPORT ENDING JUNE 30, 2003**

Report #	Audit Report	Implemented	Partly Implemented	Not Implemented	Deferred	Dropped
88-03	An Audit Of The Police Department Overtime Controls		1			
93-04	An Audit Of The Fire Department--Hazardous Materials Storage Permit Fees			1		
93-05	An Audit Of The Department Of General Services/Vehicle Maintenance Division--Police Vehicles		1			
95-06	An Audit Of the San Jose Arena Management Agreement	1		1		
96-06	An Audit Of The City Of San Jose's Business Tax Collection Process			1		
96-07	An Audit Of The City Of San Jose's Open Purchase Order Process		1	1		
97-01	An Audit of the City of San Jose's Utility Billing System		3			
97-05	An Audit of the Department of Public Works Engineering & Inspection Costs		1			
98-05	An Audit of the City of San Jose's Sewer Billing Services		1			
99-04	An Audit of the Sewer Fund Expenditures		1			
00-01	An Audit Of The Police Department -Bureau of Field Operations Patrol Division's Staffing and Deployment	2	1			
00-02	An Audit of the City of San Jose's Master Vendor File			1		
00-04	An Audit of the City of San Jose Building Division's Building Permit Fee Process	1	2			
00-05	An Audit of the San Jose-Santa Clara Water Pollution Control Plant's Progress Toward Meeting Effluent Limitations	1				
00-07	An Audit of the Watershed Protection Division's Industrial and Commercial Inspection Program		6			
00-08	An Audit of the City of San Jose's Building-Related Fees and Taxes		2			
01-01	An Audit of the Property Appraisal Process of the Department of Public Works—Real Estate Division	1	2	2		
01-02	An Audit of the City Of San Jose Fire Department's Overtime Expenditures		5			
01-03	An Audit of the Pretreatment Source Control Program		3			
01-05	An Audit of the City of San Jose Fire Department's Strategic Plan Regarding Proposed Fire Stations		1	1		
02-01	An Audit Of The City Of San José's Rental Dispute Program	2				
02-02	An Audit Of The San José Arena Management Corporation's Compliance With The San José Arena Management Agreement		3			
02-03	An Audit Of The Property Management Operations Of The City Of San José's Department Of Public Works – Real Estate Division		6	1		
02-04	An Audit Of The San José Police Department's Method Of Projecting Sworn Officer Retirements And Other Separations		2	1		
02-08	An Audit Of The School Age Growth And Enrichment Program Of The Department Of Parks, Recreation, And Neighborhood Services	2	2			
02-10	An Audit Of The City Of San José's Office Of Equality Assurance	4	3			
02-11	An Audit Of Hayes Renaissance, L.P.'s Compliance With The Lease Agreement For The Hayes Mansion Conference	1		2		
03-01	An Audit Of The Targeted Neighborhood Clean-up Program	2	4	1		
03-03	An Audit Of The Fleet Management Division Of The General Services Department's Vehicle Replacement	2	10	3		
03-04	An Audit Of The Airport Neighborhood Services Group		4			
03-05	An Audit Of The Customer Service Call Center's Handling Of Service Requests	3	2			
	Totals	22	67	16	0	0

EXECUTIVE SUMMARY - continued

As of June 30, 2003, the distribution of the eighty three (83) recommendations which remain are as follows:

- | | | | |
|----|-----------------------------------|---|----------------------------------------------|
| 4 | Airport | 1 | Information Technology |
| 15 | City Administration | 8 | Planning, Building, and Code Enforcement |
| 14 | Environmental Services Department | 4 | Police Department |
| 3 | Equality Assurance | 2 | Parks, Recreation, and Neighborhood Services |
| 2 | Finance Department | 9 | Public Works Department |
| 8 | Fire Department | 4 | San Jose Arena Management |
| 9 | General Services | | |

Of the eighty three (83) recommendations which remain open:

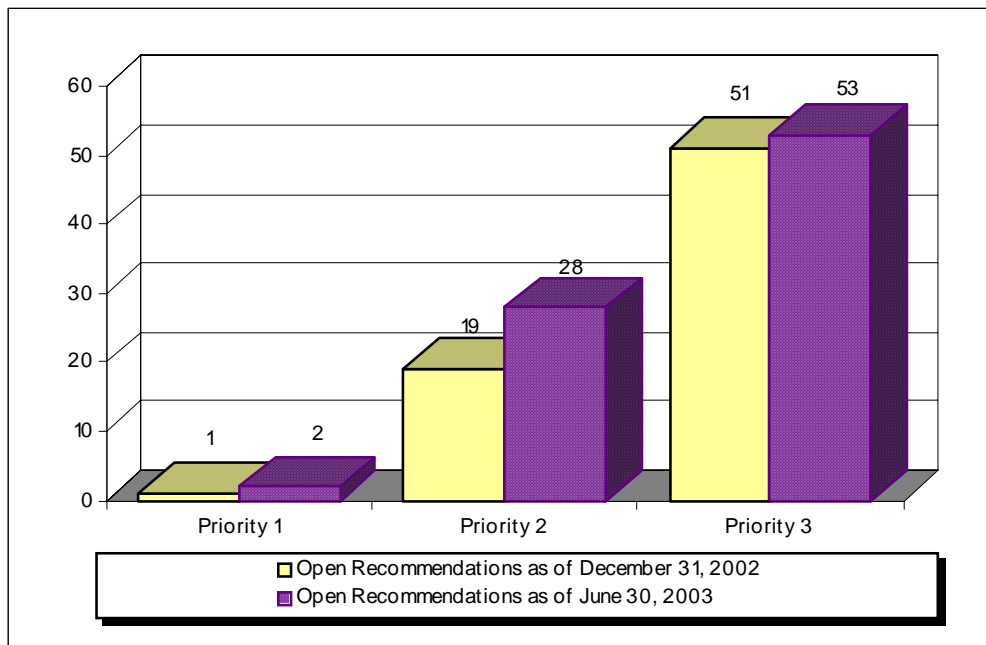
- 2 recommendation are Priority 1;
- 28 recommendations are Priority 2; and
- 53 recommendations are Priority 3.

Of the sixteen (16) recommendations which are “not implemented”:

- 1 recommendation is Priority 1;
- 8 recommendations are Priority 2; and
- 7 recommendations are Priority 3.

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

GRAPH 1
PRIORITY STATUS OF REMAINING OPEN AUDIT RECOMMENDATIONS



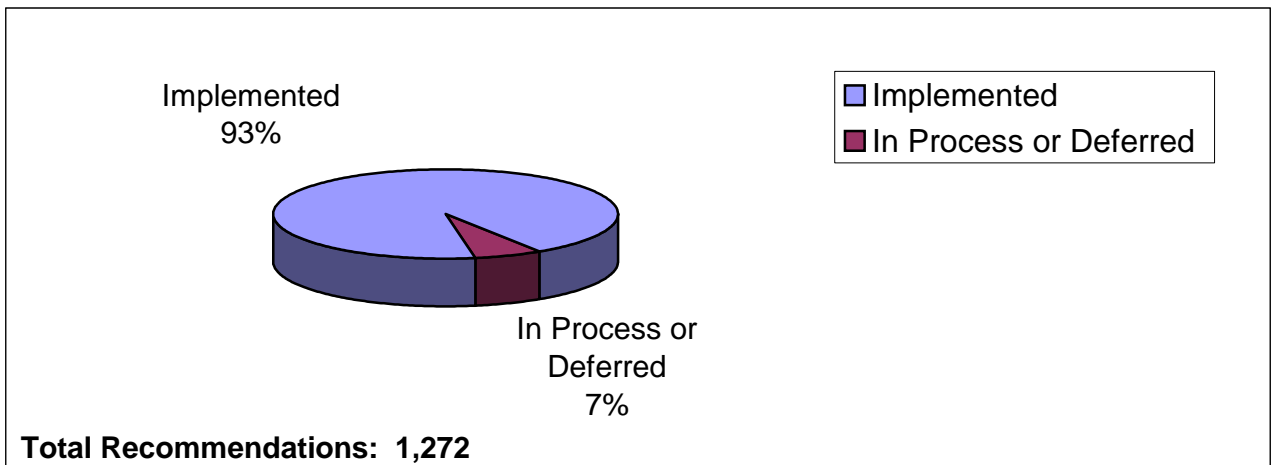
EXECUTIVE SUMMARY – continued

During this semi-annual period the City Council approved 34 new recommendations, and the Administration implemented 22 recommendations. We thank the departments for their efforts in implementing these recommendations and toward implementing those 83 recommendations still outstanding.

Graph II shows the number of City Auditor recommendations made and implemented from May 1985 through June 30, 2003.

GRAPH II

**RECOMMENDATIONS IMPLEMENTED
May 1985 through June 2003**



EXECUTIVE SUMMARY - continued

RECOMMENDATIONS REQUIRING MAKING GOVERNMENT WORK BETTER COMMITTEE ATTENTION

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

93-04: AN AUDIT OF THE FIRE DEPARTMENT--HAZARDOUS MATERIALS STORAGE PERMIT FEES

#1 (Fire/NB) - Include in the cost recovery system for the Hazardous Materials Program the costs of the Hazardous Incident Team activities that relate to the City's Hazardous Materials Program. (Priority 1)

Not implemented. The Fire Department will forward a report to the City Manager with a revised set of recommendations. The timeline for the overall recommendation is to have a comprehensive report ready to review with the City Council by the Mid-Year budget hearings in early 2004. Target date: 2-04.

INCREASES REVENUE: \$1,170,000.

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

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

Not implemented. Although the City and Arena Authority continue to reserve the right for future considerations for the submittal of the program operating budget, it continues to be not required for any immediate purpose. Target date: 6-04.

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

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

Not implemented. According to the Finance Department, staff has completed three pilot programs in the implementation of this recommendation. According to the Finance staff, all three pilot programs resulted in a revenue-neutral impact. While the recommendation does help taxpayers recognize if they are underpaying their business tax obligation, it also helps them to find out if they are overpaying the business tax. The benefits of implementing this recommendation would be that the taxpayer submitted the correct information and paid the right amount of tax. However, the Finance Department stated that implementation of this recommendation requires augmentation of existing staffing levels in the department to coordinate the additional duties resulting from performing a more exhaustive review of all business tax renewals. The Finance Department will request that a review and potential implementation of this recommendation be considered as part of the City's e-Government strategy during fiscal year 2003-04. Target date: 6-04.

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

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

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

Partly implemented. The Finance Department processes annual sewer and storm drain assessments, and forwards these assessments to the County for inclusion on property tax bills. The County charges the City more than \$700,000 per year to collect sewer and storm drain assessments and remit them to the City. Our audit found that if the City billed these assessments bi-monthly through the Utility Billing System, the City could save more than \$700,000 in County collection fees and earn an additional \$870,000 in interest, in return for a small increase in bill-printing fees. Subsequently, the Administration issued an RFP for a new utility billing system. However, there were delays in implementing the new billing system software and the system implementation effort was cancelled. The Finance Department is currently working with the Environmental Services Department (ESD) and Information Technology to issue a new RFP. The ESD has modified the cost savings projections from \$870,000 to \$350,000 due to a change in the agreement between the City and County. The projected additional interest earned has been modified as well, from \$700,000 to \$350,000, due to the decrease in overall market interest rates. We will re-examine these calculations when the system comes online. Target date: 3-04.

#19 (Finance/ESD/DM) - Request that the City Council authorize a database administrator position at the UBS. (Priority 3)

Partly implemented. The Finance Department has requested a database administration position, but it has not yet been approved due to the current budget situation. The RFP for the Customer Relationship Management, Utility Billing System and Partnership Relationship Management System was approved by the Council and has been issued. Target date: 3-04.

REQUIRES FUNDING: TBD.

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

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

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

REQUIRES FUNDING: TBD.

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

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

Partly implemented. The SJFD has contracted with Club One to provide a full-time Wellness Program Coordinator. Club One is supposed to maintain equipment as needed; visit stations for special subjects; conduct two special subject Department-wide programs; track data and trends; report cost savings; administer and deliver reports on physical assessments to individuals; complete a Health Risk Appraisal Program screening assessment; and administer a Continuing Education program for ACE certification. The SJFD also reported that it installed exercise equipment in all fire stations; provides staff with an individual fitness evaluation and nutritional plan; requires annual fire fighter physicals; and is working on medical standards for new hires. The SJFD reported that it supports a full comprehensive Wellness-Fitness

Initiative Program. The SJFD recognizes that components needed for full implementation include cancer screening, behavioral health, rehabilitation, and injury prevention. The SJFD has not prepared a budget proposal due to current budget constraints. Further, as a result of budget action, the on-going wellness program has been reduced in cost by eliminating health club memberships. The SJFD indicated that it is monitoring the new program level to determine its effectiveness. Target date: TBD.

REQUIRES FUNDING: TBD.

**COMPLETE LISTING OF THE STATUS
OF OPEN AUDIT RECOMMENDATIONS
AS OF JUNE 30, 2003**

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

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

Partly implemented. The Police Department has been unable to implement an exception-based payroll system that would have assisted it in implementing this recommendation. During the next six months, the City Auditor's Office will assess whether the other controls the Police Department has implemented since the 1988 audit are sufficient to allow this recommendation to be dropped. Target date: 12-03.

93-04: AN AUDIT OF THE FIRE DEPARTMENT--HAZARDOUS MATERIALS STORAGE PERMIT FEES

#1 (Fire/NB) - Include in the cost recovery system for the Hazardous Materials Program the costs of the Hazardous Incident Team activities that relate to the City's Hazardous Materials Program. (Priority 1)

Not implemented. The Fire Department will forward a report to the City Manager with a revised set of recommendations. The timeline for the overall recommendation is to have a comprehensive report ready to review with the City Council by the Mid-Year budget hearings in early 2004. Target date: 2-04.

INCREASES REVENUE: \$1,170,000.

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

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

Partly implemented. A short-term Memorandum of Agreement was agreed upon in June 2003, with more extensive discussions on issues, including this one, scheduled for February 2004 when the short-term agreement expires. Target date: 2-04.

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

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

Not implemented. Although the City and Arena Authority continue to reserve the right for future considerations for the submittal of the program operating budget, it continues to be not required for any immediate purpose. Target date: 6-04.

#6 (San Jose Arena Management Corporation/ME) - Immediately prepare a detailed programmatic maintenance budget for 1995-96 and submit it to the City in accordance with the Management Agreement. Thereafter, the San José Arena Management Corporation should submit to the City a detailed programmatic maintenance budget by March 1 for the following fiscal year and a detailed maintenance performance audit by March 1 for those items in the previous fiscal years' maintenance budget. (Priority 2)

Implemented. San José Arena Management has provided the Arena Authority (AA) with expansions of the major differences between budget and actual for the programmatic maintenance budget in annual meetings to review the programmatic maintenance budget at a level of detail satisfactory to the AA and City.

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

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

Not implemented. According to the Finance Department, staff has completed three pilot programs in the implementation of this recommendation. According to the Finance staff, all three pilot programs resulted in a revenue-neutral impact. While the recommendation does help taxpayers recognize if they are underpaying their business tax obligation, it also helps them to find out if they are overpaying the business tax. The benefits of implementing this recommendation would be that the taxpayer submitted the correct information and paid the right amount of tax. However, the Finance Department stated that implementation of this recommendation requires augmentation of existing staffing levels in the department to coordinate the additional duties resulting from performing a more exhaustive review of all business tax renewals. The Finance Department will request that a review and potential implementation of this recommendation be considered as part of the City's e-Government strategy during fiscal year 2003-04. Target date: 6-04.

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

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

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

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

(Priority 2)

Not implemented. The Finance Department is in the process of developing procedures to be included in the City Administrative Manual, but due to workloads and priorities, implementation of these procedures has not been completed. Staff redeployments intended to accomplish this task are underway. Target date: 6-04.

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

Partly implemented. The Finance Department is in the process of updating the Accounts Payable Section of the Finance Administrative Manual. Continued vacancies in this section have prevented completion. Target date: 6-04.

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

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

Partly implemented. The Finance Department processes annual sewer and storm drain assessments, and forwards these assessments to the County for inclusion on property tax bills. The County charges the City more than \$700,000 per year to collect sewer and storm drain assessments and remit them to the City. Our audit found that if the City billed these assessments bi-monthly through the Utility Billing System, the City could save more than \$700,000 in County collection fees and earn an additional \$870,000 in interest, in return for a small increase in bill-printing fees. Subsequently, the Administration issued an RFP for a new utility billing system. However, there were delays in implementing the new billing system software and the system implementation effort was cancelled. The Finance Department is currently working with the Environmental Services Department (ESD) and Information Technology to issue a new RFP. The ESD has modified the cost savings projections from \$870,000 to \$350,000 due to a change in the agreement between the City and

County. The projected additional interest earned has been modified as well, from \$700,000 to \$350,000, due to the decrease in overall market interest rates. We will re-examine these calculations when the system comes online. Target date: 3-04.

#19 (Finance/ESD/DM) - Request that the City Council authorize a database administrator position at the UBS. (Priority 3)

Partly implemented. The Finance Department has requested a database administration position, but it has not yet been approved due to the current budget situation. The RFP for the Customer Relationship Management, Utility Billing System and Partnership Relationship Management System was approved by the Council and has been issued. Target date: 3-04.

REQUIRES FUNDING: TBD.

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

Partly implemented. An RFP for a new Utility Billing System was issued in June 2003. Once a vendor is selected, Environmental Services Department staff will work with the vendor to determine which data will be converted to the new system. Procedures for ongoing, periodic purging and/or archiving of billing system data will be developed prior to the activation of the new system. Target date: 3-04.

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

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

Partly implemented. The Department of Public Works (DPW) held a coordination meeting with the City Manager's Budget Office to discuss the tentative implementation timeline as well as possible items to be included in "budget-off-the-top". According to DPW Administration, their first item of work will be to evaluate the department's operations and estimate the associated costs. In addition, in an effort to align cost accounting by project phase with the FMS cost tracking method the City Manager's CIP Action Team implemented in 2002, the DPW timecard system has been revised to provide detailed information of charges by activities. According to DPW Administration, this type of programming groundwork may make a "budget-off-the-top" effort feasible. Target date: 8-04.

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

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

Partly implemented. The Environmental Services Department (ESD) has adopted a policy requiring installation of flow meters at major industrial locations, where feasible, as part of the permit renewal cycle. Those major industrial locations without flow meters are required to submit engineering reports that the ESD will review. The ESD procedures also require that industrial customers submit an engineering report to substantiate disputed water loss adjustments. ESD staff agreed that the Department would include a review of the water loss factors for all other industries in the analysis of the sewer rate structure that is planned in the next two to three years. Target date: 12-03.

99-04: AN AUDIT OF SEWER FUND EXPENDITURES

#11 (Administration/ESD/DM) - Develop approved charts of account and their uses that program managers can use for charging various expenses to the twelve wastewater funds. (Priority 3)

Partly implemented. The Management Wastewater Core Service Chart of Accounts is complete. The Environmental Services Department is awaiting Finance Department distribution of code numbers for the "Stand Alone Treatment Plant Capital Projects". Target date: 12-03.

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

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

Partly implemented. The Police Department's new staffing software is online. Staff has received preliminary training in its use in preparation for the March 2004 shift change. According to the Police Department, shift change time-modifications will require an extended study and analysis using the new software for a minimum of at least two full shift change periods. Target date: 12-04.

#2 (SJPD/City Administration/RM) - Use the information in this report to develop, and forward to the City Council for concurrence, a strategic, multi-year, community policing-based plan and a staffing proposal for the SJPD Bureau of Field Operations patrol division that is responsive to both officer and public safety needs and calls for service demand. The report should include the advantages, disadvantages, and cost implications of the following policy decisions:

- **A full 4th watch, and**
- **An appropriate basis for calculating free patrol time. (Priority 2)**

Implemented. The Police Department submitted its “Neighborhood Policing Operations Plan” (NPOP) to the City Council in March 2003. According to the five-year strategic plan report, the use of the 4th watch was eliminated in November 2001 in response to staffing shortages. The report maintains a 40% proactive patrol time goal. In our audit report, we concurred with the 40% goal, but questioned the Police Department’s calculation. Specifically, the Police Department used a 9 ½ hour day basis for the calculation, which includes lunch, return to station, and other time not available for patrol. The NPOP report notes that the new staffing/deployment/redistricting software that was purchased this year will affect the calculation of proactive patrol time. The Police Department will continue to assess and evaluate proactive patrol time as it relates to staffing and deployment decisions. Date implemented: 3-03.

#3 (SJPD/RM) – Investigate the feasibility of using federal or state grant funds to procure police staffing and deployment software. If federal or state grant funds are not available, we recommend that the SJPD, through the annual budget process, develop a budget proposal to purchase the software. (Priority 2)

Implemented. The Police Department procured staffing and deployment software through grant funding and has received preliminary training in its use. The Police Department will use the software in conjunction with the March 2004 shift change. Date implemented: 3-03.

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

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

Not implemented. During the previous budget process, a budget proposal was submitted to address specific vendor file issues and other financial issues. System enhancements related to FMS were included in this proposal. However, the proposal

was not funded. Due to the City's current budget situation, this proposal will not be advanced in this year's budget cycle. Target date: None.

REQUIRES FUNDING: TBD.

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

#2 (Building Division/EL) - Implement a fee schedule that results in the assessment of fees that are commensurate with the cost of providing service. (Priority 3)

Implemented. After City Council approval, the Division implemented a full-cost recovery fee structure for residential projects on July 1, 2003. The Division plans to monitor the new fee schedule and will make appropriate adjustments so that the fees are not over- or under-collected.

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

Partly implemented. The Building Division received a final report from the Financial Consulting Group on the process to account for works-in-progress. The Building Division staff were trained on how to update statistics and apply the process. The Department, Finance Department, and the City Manager's Office staff are considering a methodology to account for works in progress. Full implementation may be impacted or delayed by the fiscal recovery of the economy. Target date: 6-04.

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

Partly implemented. The Building Division received a final report from the Financial Consulting Group recommending a sinking fund to pay for long-term capital asset acquisitions. The Department, Finance Department, and the City Manager's Office staff are considering a methodology to account for long-term capital or asset acquisitions. Full implementation may be impacted or delayed by the fiscal recovery of the economy. Target date: 6-04.

00-05: AN AUDIT OF THE SAN JOSÉ'S-SANTA CLARA WATER POLLUTION CONTROL PLANT'S PROGRESS TOWARD MEETING EFFLUENT LIMITATIONS

#5 (ESD/DM) - Track and accumulate operating budget costs for all flow-reduction programs in the South Bay Action Plan. (Priority 3)

Implemented. The Environmental Services Department (ESD) has identified all applicable projects and areas that are included in the South Bay Action Plan and those key areas that require additional tracking. The ESD has developed responsibility center numbers to track all associated costs of the Plan.

00-07: AN AUDIT OF THE WATERSHED PROTECTION DIVISION'S INDUSTRIAL AND COMMERCIAL INSPECTION PROGRAM

#2 (ESD/LB) - Acquire a data system that more adequately meets Program needs. (Priority 3)

Partly implemented. The Environmental Services Department issued RFP #02-03-03 for the new data system on July 31, 2002 and anticipates it will recommend a final contractor to the City Council in December 2002. We will revisit this recommendation during the next follow-up. Target date: 12-03.

#5 (ESD/LB) - Assign inspectors to ensure that required inspection frequencies are met. (Priority 2)

Partly implemented. The current database generates next inspection dates as a method to ensure required inspection frequencies are met. However, this function was present at the time of the audit and therefore did not appear to be a sufficient control. According to the Senior Sanitary Engineer, the new database will be able to completely implement this recommendation. We will revisit this recommendation once the Environmental Services Department has acquired the new database. Target date: 12-03.

#6 (ESD/LB) - Develop written procedures that provide inspectors with specific guidance on how to report desk reviews and identify facilities listed more than once in the database. (Priority 3)

Partly implemented. The Environmental Services Department (ESD) developed procedures for desk reviews, however, these procedures have remained in draft form and have not been finalized. Although ESD developed a program to eliminate duplicate facilities from the current database, an earlier audit follow-up found a duplicate facility still in the database. We will review this recommendation once ESD has acquired the new database and ensures duplicate facilities are not transferred to the new database. Target date: 12-03.

#7 (ESD/LB) - Develop written criteria for determining compliance dates and provide facilities with clearly defined compliance dates for correcting violations. (Priority 3)

Partly implemented. The Environmental Services Department (ESD) drafted an Enforcement Response Plan (ERP) and the Auditor's Office has provided feedback to ensure the finalized version addresses the recommendation. We will review this recommendation after the ERP is finalized. Target date: 12-03.

#8 (ESD/LB) - Develop written procedures to ensure that Program inspectors follow-up on identified violations and when necessary use available enforcement actions. (Priority 3)

Partly implemented. The Environmental Services Department drafted an Enforcement Response Plan (ERP) and draft procedures. The Auditor's Office has provided feedback to ensure the finalized versions address the recommendation. We will review this recommendation after the ERP and procedures are finalized. Target date: 12-03.

#10 (ESD/LB) - Not seek an increase in Storm Sewer Fees for the Program until it has revamped the Program and significantly improved its effectiveness and efficiency. (Priority 3)

Partly implemented. On March 18, 2003, the Environmental Services Department and Department of Transportation submitted a memo to the City Manager to identify and implement efficiencies in the Storm Sewer Operating Fund equal to the amount generated by the rate increase for 2002-03. The Auditor's Office is still waiting to receive a copy of the Efficiency Study and accompanying budget details. We will revisit this recommendation upon receiving the review of the operating expenditures and the Efficiency Study. Target date: 12-03.

00-08: AN AUDIT OF THE CITY OF SAN JOSÉ'S BUILDING-RELATED FEES AND TAXES

#12 (Building Division/GM) - Work with the City Attorney's Office and Administration to develop guidelines for what constitutes research and development and classifying multiple use structures. (Priority 2)

Partly implemented. The Division has drafted a proposed amendment to Section 4.46.050 to classify multiple use structures. Additionally, this amendment proposes replacing current Municipal Code (Code) language on industrial purposes with a list of each specific industrial use that was allowed by the Code. Furthermore, the Division is working with the Office of Economic Development (OED) on analyzing the fiscal impact of these proposed changes. This report is expected to be presented to Council in October, 2003. The Division and the OED intend to finalize the proposed amendment to the Code after Council has reviewed this report. Target date: 12-03.

#13 (Building Division/GM) - Designate an authoritative organization or person to render industrial versus commercial structure designation decisions where the structure use is unclear or complex. (Priority 2)

Partly implemented. The Division has drafted a proposed amendment replacing current Municipal Code (Code) language on industrial purposes with a list of each specific industrial use that was allowed by the Code. Furthermore, the Division is working with the Office of Economic Development (OED) on analyzing the fiscal impact of these proposed changes. This report is expected to be presented to Council

in October, 2003. The Division and the OED intend to finalize the proposed amendment to the Code after Council has reviewed this report. Target date: 12-03.

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

#9 (Public Works Real Estate/RK) - (a) Establish performance criteria and qualifications for staff assigned to perform title services; (b) write the title services procedures the Real Estate Division provides; and (c) assign and train backup staff to perform title services. (Priority 3)

Implemented. According to Department Administration, each Real Property Agent working for the Real Estate Division has been fully trained to order and pay for title services from the approved list of title companies with which the City does business. Furthermore, the Real Estate Division has defined performance criteria and qualifications for all Real Property Agents performing title services. In addition, written procedures have been developed and are now in use.

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

Partly implemented. Without the use of consultant services, the Real Estate Division and General Services are working on how best to implement this recommendation. Heavy workloads and limited resources have prohibited significant progress on this assessment. However, an initial assessment has been conducted and recommendations on how best to proceed are being drafted. Target date: 6-04.

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

Not implemented. Implementation of this recommendation depends on the implementation of Recommendation #11. Target date: 6-04.

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

Not implemented. Workload and priorities, combined with limited staff resources, have not allowed the Division to complete its review of ways to implement this recommendation without additional staffing. Target date: 6-04.

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

Partly implemented. A request to expend funds to complete the Real Estate Tracking System (RETS) database has been approved by the Budget Office and the Information Technology Department. A comprehensive Scope of Services was developed by the Real Estate Division and a Consultant contract is in the final stages of negotiation. Once the Consultant Contract is executed it is anticipated that the RETS system will be fully operational by December 2003. Target date: 12-03.

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

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

Partly implemented. In February and March 2003, the San Jose Fire Department (SJFD) presented a paramedic staffing report to the Making Government Work Better Committee. The SJFD plans to submit an annual staffing report by June 2004. The SJFD needs to make sure the staffing report includes all staffing levels and vacancies by rank, the number of personnel on disability and modified duty, and projected short-term and long-term vacancies. Target date: 6-03.

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

Partly implemented. The San Jose Fire Department (SJFD) has not complied with this recommendation in a timely manner. The SJFD indicated that this report is an integral component of updating the 1992 study regarding the use of relief staff and overtime to meet minimum staffing requirements. The SJFD will update the 1992 study in conjunction with the finalized staffing report going to the City Council. Target date: 6-04.

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

Partly implemented. The San Jose Fire Department (SJFD) has not complied with this recommendation in a timely manner. The SJFD reported that it continues to analyze sick leave usage for trends and possible patterns of abuse. The SJFD has received instruction on establishing a sick leave benchmark, but has not established a sick leave benchmark. The SJFD indicated that no specific benchmarks have been identified due to staff vacancies and workload issues. The SJFD indicated that through the redeployment process, the SJFD will fill three positions, one of which,

will be utilized to review sick leave data and establish benchmarks.
Target date: 6-04.

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

Partly implemented. The San Jose Fire Department (SJFD) indicated that it recognized employees with minimal sick leave use in calendar year 2002. The SJFD will complete the development of a proactive sick leave reduction program. The SJFD needs to continue working on implementing a proactive sick leave reduction program targeted at line personnel to inform them of the benefits of conserving sick leave and rewarding personnel with minimal sick leave usage. Target date: 6-04.

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

Partly implemented. The San Jose Fire Department (SJFD) has contracted with Club One to provide a full-time Wellness Program Coordinator. Club One is supposed to maintain equipment as needed; visit stations for special subjects; conduct two special subject Department-wide programs; track data and trends; report cost savings; administer and deliver reports on physical assessments to individuals; complete a Health Risk Appraisal Program screening assessment; and administer a Continuing Education program for ACE certification. The SJFD also reported that it installed exercise equipment in all fire stations; provides staff with an individual fitness evaluation and nutritional plan; requires annual fire fighter physicals; and is working on medical standards for new hires. The SJFD reported that it supports a full comprehensive Wellness-Fitness Initiative Program. The SJFD recognizes that components needed for full implementation include cancer screening, behavioral health, rehabilitation, and injury prevention. The SJFD has not prepared a budget proposal due to current budget constraints. Further, as a result of budget action, the on-going wellness program has been reduced in cost by eliminating health club memberships. The SJFD indicated that it is monitoring the new program level to determine its effectiveness. Target date: TBD.

REQUIRES FUNDING: TBD.

01-03 AN AUDIT OF THE PRETREATMENT SOURCE CONTROL PROGRAM

#3 (ESD/LB) - Schedule Source Control (SC) Program inspection and sampling events to optimize the use of SC Program staff time and resources. (Priority 2)

Partly implemented. The SC Program's current database does not have the capacity to schedule inspection and sampling events. According to the Environmental Services Department, the City Council approved a contract for the new database with

an anticipated completion date of April 2004. We will review this recommendation after the new database system is implemented. Target date: 6-04.

#13 (ESD/LB) - Develop and implement procedures to ensure all identified violations are consistently enforced according to Source Control (SC) Program procedures. (Priority 3)

Partly implemented. According to the Environmental Service Department (ESD), the SC Program's new database will have the capability to flag all violations and will assist in the consistent enforcement of violations. According to ESD, the database phase of the contract will be completed by April 30, 2004. We will review this recommendation after the new database system is implemented. Target date: 6-04.

#14 (ESD/LB) - Develop written procedures and management reports that ensure adequate management review and oversight of inspectors' activities including inspection reports and enforcement activities. (Priority 3)

Partly implemented. The Source Control (SC) Program developed procedure #1700 to provide supervisory oversight for the SC Program. The Environmental Services Department (ESD) also entered into a contract for a new database system that will assist in the tracking of the SC Program inspections and management reports. According to ESD, the database phase of the contract will be completed by April 30, 2004. We will review this recommendation after the new database system is implemented. Target date: 6-04.

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

#3 (San José Fire Department/RM) - Develop for City Council consideration plans for expanding its use of the Omega priority response level. These plans should include: obtaining the software necessary to fully implement the Omega priority response level; options and costs for dispensing non-emergency medical advice; and any other issues that need to be addressed. (Priority 3)

Partly implemented. The Fire Department fully supports the implementation of the Omega Program. There are two prerequisites for its implementation: (1) The requirement of Fire Communications becoming an Accredited Center of Excellence which was obtained in July, 2001 and (2) ProQA software must be in place and integrated with the City's Computer Aided Dispatch (CAD) system. This will occur with implementation of the new CAD system tentatively scheduled for Fall 2004. According to the Fire Department, implementation of the Omega Program itself, the evaluation of advice program options, and the projected costs, will be assessed and determined at the appropriate time in the future. Target date: 7-04.

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

Not implemented. According to the Fire Department, they will begin a process to evaluate potential limited implementation (pilot) within the next year. However, according to the Fire Department, it needs to consider the following factors first:

1. Pilot implementation first requires improved analytical and data collection capabilities in order to determine the most appropriate location for the pilot and to measure the effectiveness of the pilot program.
2. Evaluate the impact of any staffing and labor issues.

Determine the additional “emergency medical dispatch” capabilities required to fully implement a “priority medical dispatch” procedure that meets legal tests and is acceptable to the County Emergency Medical Services (EMS).

02-01 AN AUDIT OF THE CITY OF SAN JOSÉ’S RENTAL DISPUTE PROGRAM

#3 (Parks, Recreation, and Neighborhood Services/JL) - Collect and analyze apartment complex size data for those callers who are concerned about evictions. (Priority 3)

Implemented. The Rental Rights and Referrals Program worked with Information Technology staff to expand their database to include a field for apartment size data in January 2003. By tracking this information via the intake sheet, Program staff will be able to collect and analyze apartment complex size data for callers concerned about evictions.

#7 (Parks, Recreation, and Neighborhood Services/JL) - Work with the Information Technology Department to improve service levels and ensure 24-hour service via an informative, user-friendly, and multi-lingual call answering system. (Priority 3)

Implemented. The Rental Rights and Referrals Program launched a new English/Spanish call tree in June 2003. The call system includes general information about the Program and specific information regarding the rights and responsibilities of apartment tenants and landlords as well as information for mobile home owners and mobile home park owners. Callers also can learn about assistance available from legal referral services. The new technology is available to clients 24 hours a day and allows callers to press "0" at any time to speak with a Program representative. The Program determined that adding a third language at this time was unjustified given the high cost; however, they will continue to monitor Vietnamese call volume and will consider adding this language if the need arises.

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

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

Partly implemented. The Finance Department will review the 2003-04 Arena fees payment to the City and develop procedures concurrently, based on a review of the methodology for calculation provided by Arena Management. Target date: 9-03.

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

Partly implemented. The Finance Department has recently been assigned responsibility for receiving the Management Agreement and determining which City Department(s) will be assigned monitoring tasks for the reporting/record requirements of the Management Agreement and developing a reporting schedule. The delegated monitoring assignments will commence with the summer 2003 reporting.
Target date: 9-03.

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

Partly implemented. Arena Management has communicated the required information to the Arena Authority, but has not yet provided written reports. Arena Management will be taking the steps necessary to first complete quarterly reports, then will produce annual reports and obtain the accompanying Audit Reports for submission.
Target date: 6-04.

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

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

Not implemented. Before revisiting its policy on below-market rents to non-profit entities, the City Council requested that the Office of the City Auditor survey all City departments, and the Redevelopment Agency, to identify all City- and Agency-owned real property non-profit organizations lease, occupy, or otherwise use. The City Auditor issued a survey of Citywide Real Property Inventory in December 2002. The survey identified 43 leases to non-profit organizations. The City Council needs to

utilize the survey results to review its policy on below-market rents involving City-owned properties. The City Council has not reviewed this policy to date.
Target date: 6-04.

COUNCIL ATTENTION

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

Partly implemented. Effective July 1, 2002, all Public Works' property management operations were transferred to the General Services Department. At the direction of the City Manager's Office, non-profits whose leases expire will be given month-to-month rental agreements until such time as the City Council revisits Policy 7-1. All non-profits requesting lease renewals will be required to submit key non-profit background information prior to having their leases renewed. Additionally, new lease agreements will contain wording requiring the annual submission of documents to facilitate an annual review. Target date: 6-04.

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

Partly implemented. Effective July 1, 2002, all Public Works' property management operations were transferred to the General Services Department. At the direction of the City Manager's Office, non-profits whose leases expire will be given month-to-month rental agreements until such time as the City Council revisits Policy 7-1. All non-profits requesting lease renewals will be required to submit key non-profit background information prior to having their leases renewed. The Administration needs to formalize and implement an application process for non-profits to complete to obtain the necessary information to ensure compliance with City Council policy. Target date: 6-04.

#6 (Department of Public Works/EL) - Identify all Real Estate leases with late payment penalty provisions and establish procedures to ensure that late payment penalties are properly assessed. (Priority 3)

Partly implemented. Staff have identified leases with late payment provisions and have met with Finance Department staff to discuss developing a process to ensure late payment penalties are properly assessed. Finance staff are developing violation codes that will automatically calculate and assess the penalties on the appropriate accounts. Target date: 12-03.

#8 (Department of Public Works/EL) - Establish a process to ensure that the Fiscal Division invoices tenants on a consistent and continuous basis until the tenant vacates the property or until there is a change in property ownership. (Priority 2)

Partly implemented. General Services has a process in place for ensuring that tenants are invoiced on a consistent and continuous basis. Staff are developing a database of City-owned property with leased space to track all leases and provide better reporting to ensure timely invoicing of tenants. Target date: 12-03.

#11 (Department of Public Works/EL) - Assign responsibility for calculating rent adjustments on City-owned property and establish policies and procedures to effectuate that assignment. (Priority 3)

Partly implemented. The General Services Department has assigned responsibility for calculating rent adjustments on City-owned property to the Asset Management Group of its Strategic Support Division. Staff has developed a spreadsheet for tracking and calculating rent adjustments. The spreadsheet is being updated to ensure all city as landlord leases are included. Additionally, staff are developing policies and procedures to ensure timely and accurate rent adjustments are made. Target date: 12-03.

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

Partly implemented. General Services staff is utilizing the results from the City Auditor, "Survey of Citywide Real Property Inventory" to identify departments that maintain leases or property-use agreements. Staff indicated that they have contacted those Departments and requested lease copies. However, Departments have not forwarded lease copies to General Services. The Administration needs to ensure that Departments respond to this request so that General Services can work toward ensuring that terms of the agreements are adhered to. Target date: 6-04.

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

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

Partly implemented. The San José Police Department (SJPD) has conducted a survey of Police Officers' Association (POA) members within five years of retirement, and the department has received a near 50% response rate. The information included in the survey includes demographic considerations of age and years of service. The Auditor's Office and the department are working to develop a written process to integrate an analysis of the survey information and demographic information of all

officers with its current approach. Due to the recent budget shortfall and cancellation of the Police Academy, the SJPd recommends that the target date be delayed.
Target date: 5-04.

#2 (SJPd/CC) - Evaluate the impact of any proposed retirement plan changes on future sworn officer retirements. (Priority 3)

Partly implemented. The department indicates that it has a process to evaluate the impact of retirement plan changes on future sworn retirements. This recommendation cannot be completely implemented until retirement plan changes are proposed.
Target date: TBD.

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

Not implemented. A short-term Memorandum of Agreement was agreed upon in June 2003. The administration plans to discuss the issue of DROP in February 2004 when the short-term agreement expires. Target date: 2-04.

02-08 AN AUDIT OF THE SCHOOL AGE GROWTH AND ENRICHMENT PROGRAM OF THE DEPARTMENT OF PARKS, RECREATION, AND NEIGHBORHOOD SERVICES

#1 (Parks, Recreation, and Neighborhood Services/EL) - Establish a process to notify those parents who wish to be informed when their child does not attend the after-school program for which the parent enrolled the child. (Priority 3)

Partly implemented. On April 18, 2003, Parks, Recreation, and Neighborhood Services staff submitted revised permission slips to the City Attorney's Office. Pending approval, the new forms will be utilized at all School Age Growth Enrichment (SAGE) sites at the start of 2003-04 school year. The new form asks parents if they wish to be notified if their child has attended school and does not report to the after-school program. Target date: 9-03.

#2 (Parks, Recreation, and Neighborhood Services/EL) - Modify its monthly reports to include the following performance measures:

- *staffing ratios;*
- *average daily attendance;*
- *average daily attendance as percent of enrolled students; and*
- *average daily attendance as percent of student body enrollment.*

Additionally, 1) establish a process to ensure that students are counted consistently and correctly and 2) develop a standard for assessing middle school participation. (Priority 3)

Partly implemented. Parks, Recreation, and Neighborhood Services (PRNS) staff has complied with this recommendation, except for the part that deals with developing a standard for middle school participation. PRNS indicated that middle school

programming will be radically modified for 2003-04 due to changes resulting from the Mayor's March 2002 referral and impact of the 2003-04 budget reductions. As these changes take place, middle school standards are under development. In the interim, PRNS will continue to evaluate middle school programs on a case-by-case basis, average daily attendance, access to school facilities, and neighborhood needs. Target date: 12-03.

#3 (Parks, Recreation, and Neighborhood Services/EL) - Use the management information in this report in responding to the Mayor's March 2002 message to establish a process to review after-school sites to ensure that most, if not all, sites operate within recommended staffing ratios. (Priority 3)

Implemented. Parks, Recreation, and Neighborhood Services (PRNS) utilized information from the audit report to prepare a response to the Mayor's March 2002 referral. PRNS staff have held three quarterly School Age Growth Enrichment (SAGE) reviews to discuss attendance and staffing data for each SAGE site. Program management believes these actions have resulted in more efficient and effective use of resources.

#5 (Parks, Recreation, and Neighborhood Services/EL) - Revise its website to include more comprehensive information on the location, hours of operation, and registration requirements for SAGE, LEARNS and ASEP programs. Additionally, program management should forward PRNS's website address to school districts and school sites with SAGE-related programs to allow for easier posting of website information. (Priority 3)

Implemented. PRNS has revised its website to include more comprehensive program information. A current list of all SAGE, LEARNS, and ASEP programs is available on the website. The listing include location, hours of operation, and registration information. In March 2003, formal request letters requesting website links were sent to school districts. Seven of 14 school districts have linked to the City's website and one additional district has posted information about the SAGE program on their site. One other school district plans to link to the website, but will be delayed due to a revision to their site.

02-10 AN AUDIT OF THE CITY OF SAN JOSÉ'S OFFICE OF EQUALITY ASSURANCE

#1 (Office of Equality Assurance/GM) - Review the workload among construction contract compliance specialists and require staff to document when they received and reviewed compliance documents. (Priority 3)

Partly implemented. The Office of Equality Assurance (OEA) database reflects the date of receipt of construction compliance reports and the date these reports were reviewed. In addition, the OEA has developed written procedures providing instructions on documenting receipt of these compliance documents. According to the OEA Director, they are currently reviewing the workload among the construction contract specialists and looking at other alternatives to ensure that workload is more

evenly distributed. A recent senior staff retirement and elimination of vacant positions has further delayed implementation of this recommendation.
Target date: 12-03.

#3 (City Attorney's Office/GM) - Advise if and when the City should withhold payments to construction and service and maintenance contractors. (Priority 3)

Implemented. The City Council adopted Resolution No. 71584 on May 27, 2003 approving a policy that, City contracts containing the City's Prevailing and Living wage requirements expressly make the payment of compensation conditioned upon compliance with these requirements and, as remedies for a breach of these requirements gives the City the right to conduct an audit and sets forth liquidated damages.

#4 (City Council/GM) - Revisit its Living Wage Resolution and consider specifying the withholding of payments to contractors as a means to compel contractors to comply with OEA requests for documents. (Priority 3)

Implemented. The City Council adopted Resolution No. 71584 on May 27, 2003 approving a policy that, City contracts containing the City's Prevailing and Living wage requirements expressly make the payment of compensation conditioned upon compliance with these requirements and, as remedies for a breach of these requirements gives the City the right to conduct an audit and sets forth liquidated damages.

#5 (Office of Equality Assurance/GM) - Develop Prevailing Wage and Living Wage Resolutions enforcement procedures including the use of withholding payments to non-compliant contractors and tracking the number of times the withholding of payments was used as an enforcement tool. (Priority 3)

Partly implemented. The City Council adopted Resolution No. 71584 on May 27, 2003 approving a policy that, City contracts containing the City's Prevailing and Living wage requirements expressly make the payment of compensation conditioned upon compliance with these requirements and, as remedies for a breach of these requirements gives the City the right to conduct an audit and sets forth liquidated damages. Service and maintenance contracts now include these new provisions and were implemented as of July 1, 2003. Construction, Housing and Redevelopment Agency contracts will be implemented by December 31, 2003.
Target date: 12-03.

#7 (Office of Equality Assurance/GM) - Impose financial penalties on contractors who willfully or blatantly violate the City's Prevailing Wage or Living Wage Resolutions. (Priority 2)

Partly implemented. The City Council adopted Resolution No. 71584 on May 27, 2003 approving a policy that, City contracts containing the City's Prevailing and Living wage requirements expressly make the payment of compensation conditioned upon compliance with these requirements and, as remedies for a breach of these requirements gives the City the right to conduct an audit and sets forth

liquidated damages. Service and maintenance contracts now include these new provisions and were implemented as of July 1, 2003. Construction, Housing and Redevelopment Agency contracts will be implemented by December 31, 2003. Target date: 12-03.

#8 (Office of Equality Assurance/GM) - Submit to the City Council an evaluation of the advantages and disadvantages of becoming a designated Labor Compliance Program. (Priority 3)

Implemented. The Office of Equality Assurance and the City Attorney's Office issued a joint memorandum evaluating the advantages and disadvantages of becoming a designated Labor Compliance Program. It listed other administrative remedies to being a designated Labor Compliance Program. These include withholding payments and imposing liquidated damages. This memorandum was approved by the City Council at the March 12, 2003, Making Government Work Better Committee meeting. Finally, the City Council also adopted Resolution No. 71584 on May 27, 2003 approving a policy that, City contracts containing the City's Prevailing and Living wage requirements expressly make the payment of compensation conditioned upon compliance with these requirements and, as remedies for a breach of these requirements gives the City the right to conduct an audit and sets forth liquidated damages.

#10 (Office of Employee Relations/GM) - Accurately record and report the hours its staff spends training City employees and the hours of harassment and discrimination training City employees receive. (Priority 3)

Implemented. According to the Office of Employee Relations (OER) officials, they formally track all of the training staff provides. In addition, the OER accurately reports the number of training classes staff provides in the workload and activities section of the budget.

02-11 AN AUDIT OF HAYES RENAISSANCE, L.P.'S COMPLIANCE WITH THE LEASE AGREEMENT FOR THE HAYES CONFERENCE CENTER

#1 (Finance Department and Parks, Recreation, and Neighborhood Services/MK) - Record the 1999, 2000 and 2001 Percentage Rent deferred payments and accrued interest in the City of San Jose's Financial Management System. (Priority 2)

Implemented. Percentage Rent deferrals and accrued interest for 1999, 2000, and 2001 were recorded to the City's Financial Management System (FMS) in December 2002. The Finance Department will continue to record the accrued interest every six months and will record the June 30, 2003 FMS accrual entry on September 12, 2003. These accruals will also be reflected in the City's financial statements. Open lines of communication have been established between the Finance Department and Parks, Recreation, and Neighborhood Services staff to assure deferred revenue is recorded in a timely manner. All FMS recordings of Hayes-related deferred revenue,

including deferred Base Rent; deferred Grounds Rent; and Line of Credit advance, are current. Date implemented: 12-02.

#2 (City/MK) - Propose to the Tenant amending the Lease Agreement to explicitly include in the calculation of gross revenues for lease payment purposes, the portion of service charges that the Tenant retains. (Priority 2)

Not implemented. The City has issued an RFP for a new operator for the Hayes Mansion. Options include an operating, franchise, or lease agreement. The City will negotiate for the most appropriate and beneficial agreement. Target date: 12-03.

#3 (City/MK) - Propose to the Tenant amending the Lease Agreement to give the City the right to approve the amount of, and any changes to, the management fee. (Priority 2)

Not implemented. The current fee is consistent with industry standards. The City has issued an RFP for a new operator for the Hayes Mansion. Options include an operating, franchise, or lease agreement. The City will negotiate for the most appropriate and beneficial agreement. Target date: 12-03.

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

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

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

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

Partly implemented. According to Code Enforcement, they have increased the average number of bins from 16 to about 19 bins. Code Enforcement continues to increase the average number of bins. On February 19, 2003, Code Enforcement gave an update to the Making Government Work Better Committee on their efforts to increase bins and augment the Clean-up Program with Hazardous Waste Disposal.

According to Code Enforcement, the funds identified by the Auditor's Office to establish a City Council Office-Directed Community Grant Program were returned to the General Fund. We believe that the Grant Program is a beneficial tool for Council Offices, yet we understand the current financial constraints of the City. Therefore, we recommend that Code Enforcement work to identify funds in the near future to establish the Grant Program.

Code Enforcement has developed written standards regarding Clean-up event flyers and is working to identify funding for mailing costs. Target date: 12-03.

#2 (City Council/CC) - Either expand the Neighborhood Clean-up Program based on Code Enforcement's implementation of Recommendation # 1, or return the Program's unused budget capacity to the General Fund. (Priority 3)

Partly implemented. According to Code Enforcement, the Program's unused budget capacity of \$50,000 for the bins will be returned to the General Fund through a reduction included in the FY 2002-03 Proposed Operating Budget approved by the City Council in June. Environmental Services Department also indicates that an additional \$95,113 in unused capacity was carried over from the 2002-03 bin budget to 2003-04. The \$95,113 will be liquidated and returned to the General Fund. In total, \$145,113 of unused General Fund dollars would return to the General Fund. Target date: 12-03.

#3 (Code Enforcement/Environmental Services Department/CC) - Establish a comprehensive budget for the Neighborhood Clean-up Program and a process to compare budgeted to actual Program costs. (Priority 3)

Not implemented. Code Enforcement will work with Environmental Services Department staff to develop a comprehensive budget for the Neighborhood Clean-up Program and a process to compare budgeted to actual Program costs. Code Enforcement states that ESD will report their actual costs to Code Enforcement on a quarterly basis. Target date: 12-03.

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

Partly implemented. Staff is developing customer outreach information cards to determine perception of program effectiveness. A database is currently being developed to track material tonnage, diversion, and bin utilization per event and Council District. Target date: 3-04.

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

Partly implemented. According to Code Enforcement, staff is currently working with other City services, community-based organizations, and other stakeholders to conduct a summit to identify ways to improve existing coordination efforts. Target date: 12-03.

#6 (Environmental Services Department/CC) - Use unused Household Hazardous Waste Program (HHW) capacity to fund additional HHW Program disposal and/or outreach activities. (Priority 3)

Implemented. City staff is developing an outreach campaign and augmented services specifically targeted at two demographic groups currently under-served by the Countywide Household Hazardous Waste Program. These demographic groups are:

1. Residents living in multi-family dwellings and
2. Non-English speaking residents.

According to Environmental Services Department (ESD), a brochure printed in English, Spanish, and Vietnamese will be distributed to residents living in census tracts identified to be areas with high concentrations of non-English speaking residents. ESD will also place posters in common areas instructing multi-family dwelling residents to call the County program to find out how they can properly dispose of their used automotive fluids and other household hazardous wastes.

Under current negotiations with the County, ESD indicates that the County will provide appointment-only, door-to-door hazardous waste collection. The services will be designed to reach residents who have difficulty reaching a drop-off location.

ESD specifies that outreach and the door-to-door collection services will be available during the current fiscal year.

#7 (Environmental Services Department/CC) - Resolve the \$31,115 tonnage report discrepancy with the County of Santa Clara. (Priority 2)

Implemented. The Environmental Services Department held discussions with Santa Clara County staff and confirmed that the \$31,115 difference cited in the Audit was due to the disposal of some waste generated in San Jose at landfills outside of Santa Clara County. The California Integrated Waste Management Board's Disposal Reporting System included all reported in-state disposal attributed to San Jose, while the County's payment calculations included only the amounts reported by the five landfills in Santa Clara County. County fees were not collected on waste generated in San Jose and disposed of outside Santa Clara County, since that waste was hauled directly from the point of generation to the ultimate disposal site without being handled at an in-County facility subject to the fees.

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

#1 (Fleet Management Division/JO) - Consistently implement their replacement policy as well as all of the MOA's requirements into its replacement process for police patrol sedans. (Priority 1)

Partly implemented. During FY 2003-04, it appears the General Services Department (GSD) has followed its replacement guideline to replace patrol vehicles at five years

and 100,000 miles. To fully implement the recommendation, the Auditor's Office would like to see written mechanical assessments consistently completed for all patrol vehicles considered for replacement. Additionally, we would like to review written procedures that will guide GSD in their police patrol sedan replacement process. Target date: 12-03.

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

Partly implemented. The Auditor's Office is working with the General Services Department and the Police Department to determine an appropriate contingency level. Target date: 12-03.

#3 (Budget Office/JO) - Review Fund 552 to identify opportunities to transfer any excess balances to the General Fund. (Priority 2)

Implemented. The Auditor's Office reviewed Fund 552's Source and Use Statement and confirmed the transfers of excess balances from Fund 552 to the General Fund.

#4 (City Manager/JO) - Formalize the current freeze on all vehicle and equipment purchases. (Priority 1)

Implemented. The Mayor's June Budget Message recommended to "Freeze all vehicle purchasing for FY 2003-04. This freeze should include all vehicles, regardless of type, including heavy vehicle and equipment scheduled to be purchased in the FY 2003-04 Operating and Capital budgets. The freeze on specialized heavy utility vehicles should continue until the Auditor completes an audit of this department."

#5 (City Manager/JO) - Form a committee to review department requests for exemptions from the vehicle and equipment purchasing freeze. (Priority 2)

Partly implemented. Currently, the Budget Director reviews departmental requests for exemptions from the vehicle freeze. To fully implement this recommendation, the Auditor's Office will review the written procedures that guide this committee when they are written and approved. Target date: 12-03.

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

Not implemented. Due to the current freeze on vehicle replacements, the General Services Department (GSD) has not had an opportunity to demonstrate consistency in its implementation of a vehicle replacement policy. Furthermore, GSD is still working on developing a Citywide replacement policy (See Recommendation #8). Target date: 12-03.

#7 (Fleet Management Division/JO) - Consistently follow its own prescribed procedure to conduct a comprehensive mechanical assessment on all vehicles considered for replacement. (Priority 2)

Partly implemented. Due to the current freeze on vehicle replacements, the General Services Department has not had an opportunity to demonstrate consistency in its implementation of a vehicle replacement policy. Target date: 12-03.

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

Not implemented. According to the General Services Department, they are in the process of developing a replacement policy. Target date: 12-03.

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

Partly implemented. According to the General Services Department (GSD), Fleet Management retrieved 72 loaned vehicles and implemented an informal process for loaning vehicles that includes Budget Office review. The GSD is in the process of formalizing procedures to guide the loan process. Target date: 12-03.

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

Partly implemented. The General Services Department has drafted a new procedure and needs to ensure it is complete and approved by appropriate Department management. Target date: 12-03.

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

Partly implemented. The General Services Department has drafted a new procedure and needs to ensure it is complete and approved by appropriate Department management. Target date: 12-03.

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

Partly implemented. According to the General Services Department, they are in the process of updating their database system. After the update is complete, the Auditor's Office will review the system to test for quality control. Target date: 12-03.

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

Partly implemented. The Budget Office has modified the budget system. When an entry is made to purchase equipment, a flag is triggered and a message box pops up reminding the user to budget for the maintenance and operating costs. In order to fully implement this recommendation, the Budget Office and the General Services Department need to develop written guidelines and procedures that ensure that departments provide accurate estimates of vehicles' on-going costs.
Target date: 12-03.

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

Not implemented. The General Services Department needs to work with the Budget Office to develop a review process that standardizes the types of vehicles requested and ensures similar vehicles are used for similar purposes. Target date: 12-03.

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

Partly implemented. The General Services Department needs to develop guidelines and procedures to ensure that the vehicle committee has adequate data to make informed decisions. Target date: 12-03.

03-04 AN AUDIT OF THE AIRPORT NEIGHBORHOOD SERVICES GROUP

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

Partly implemented. The Airport Noise and Customer Service sections are continuing to work on development of an efficient and effective method of reporting and data formatting. Draft reports have been prepared for review and complaints are currently being tracked, including complaint details and action taken. Target date: 10-03.

#2 (Airport Neighborhood Services Group/JC) - Develop a standardized report format which includes comprehensive information on all of the RMBA #18 areas of responsibility. (Priority 3)

Partly implemented. The Airport Neighborhood Services Group (ANSG) has developed a draft of their work plan which outlines plans for working actively with the City Attorney's Office and various divisions at the Airport. The ANSG plans to submit a new report to the Building Strong Neighborhoods Committee in August 2003 which will illustrate their collaboration with the City entities responsible for the

Replacement Manager's Budget Addendum #18-identified responsibilities.
Target date: 9-03.

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

Partly implemented. The Airport Neighborhood Services Group (ANSG) has developed a draft of their work plan which outlines plans for working actively with the City Attorney's Office and various divisions at the Airport. The ANSG plans to submit a new report to the Building Strong Neighborhoods Committee in August 2003 which will illustrate their collaboration with the City entities responsible for the Replacement Manager's Budget Addendum #18-identified responsibilities.
Target date: 9-03.

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

Partly implemented. The Airport Neighborhood Services Group (ANSG) has developed a draft of their work plan which outlines plans for working actively with the City Attorney's Office, Master Plan Team, Department of Transportation and various divisions at the Airport. The ANSG plans to submit a new report to the Building Strong Neighborhoods Committee in August 2003 which will illustrate their collaboration with the City entities responsible for the areas of responsibility identified in the City Council's June 25, 2001 and November 13, 2001 memoranda.
Target date: 9-03.

03-05 AN AUDIT OF THE CUSTOMER SERVICE CALL CENTER'S HANDLING OF SERVICE REQUESTS

#1 (Call Center/RM) - Work together with the responsible departments to develop written procedures for following up on service requests. (Priority 3)

Partly implemented. The Call Center has verbal procedures in place with key departments to ensure that proper steps are taken to follow up on service requests. The Call Center is in the process of finalizing the written procedures. Target date: 12-03.

#2 (Call Center/RM) - Develop written procedures to ensure timely supervisory review of service request follow-up. (Priority 3)

Implemented. The Call Center has developed, and we reviewed, the written procedures which require supervisors to review service request follow-up on a weekly basis. We spoke with one of the customer service supervisors who indicated

that she and other supervisors are reviewing these on a weekly basis.
Date implemented: 1-03.

#3 (Call Center/Department of Planning, Building, and Code Enforcement/RM) - Provide training for using their respective service request database software. (Priority 3)

Partly implemented. In discussions between Code Enforcement and the Call Center management, they determined that Code Enforcement would use the Call Center's service request database software. They also determined that it would not be cost-effective to provide the Call Center staff training on the Code Enforcement database software because of the limited use by the Call Center. The Call Center will schedule training with Code Enforcement staff on the Call Center's software.
Target date: 12-03.

#4 (Department of Transportation/RM) - Work with PG&E on methods to communicate the status of streetlight repairs requiring PG&E repair, such as phone, fax, or e-mail. (Priority 3)

Implemented. Pacific, Gas and Electric has recently implemented a new call center database system that allows customers to make a service request and request a callback once the service request is completed. Department of Transportation (DOT) personnel now request a callback on all service requests referred to PG&E. If a service request exceeds 30 days without a callback from PG&E, DOT personnel will perform a follow-up call to PG&E and determine its current status. According to DOT staff, although PG&E has not performed the callback, DOT is able to obtain status information easily by calling the PG&E call center which provides the status using the new database system. Date implemented: 6-03.

#5 (Department of Transportation/RM) - For those streetlights that it is unable to obtain repair status from PG&E, that the DOT should either inspect the streetlights or contact the residents to determine if the streetlights are working, then update the status of the requests and, if necessary, make additional requests for repairs. (Priority 3)

Implemented. The Department of Transportation (DOT) has addressed all of the streetlight service requests referred to Pacific, Gas and Electric (PG&E) and open over 30 days during the audit. DOT staff contacted PG&E and closed out the service requests that PG&E confirmed were completed. During May, June and July 2003, DOT maintenance personnel performed field inspections of the remaining service requests and found that most of them had been repaired. The completed service requests were closed out. The service requests that were not completed were submitted as new requests to PG&E. We reviewed DOT's database of PG&E Streetlight Repair Requests that were open over 30 days as of September 5, 2003. The database listed 8 open service requests compared to 133 during the audit. The database showed follow-up by DOT staff on the open service requests.
Date implemented: 7-03.