2019-2020

OPERATING BUDGET

ATTACHMENT C -
STATUS OF
CITY AUDITOR
RECOMMENDATIONS
WITH
FUNDING IMPACT

Status of City Auditor Recommendations With Funding Impact
2019-2020 Adopted Operating Budget

There are audit recommendations that are addressed in actions included in the 2019-2020 Adopted Budget. The table below provides a summary of those audit recommendations. While this report focuses on audit recommendations with budget actions in 2019-2020, there are numerous outstanding audit recommendations with financial implications that are not being implemented as part of the 2019-2020 Adopted Budget. The City Auditor's Office reports on all outstanding audit recommendations on a semi-annual basis. These status reports can be found on the Auditor's Office website at: http://www.sanjoseca.gov/index.aspx?nid=144

Department	Item	Remarks
Finance Department	Audit of Employee Travel Expenditures – The Administration should: - Implement an electronic travel authorization system to minimize work effort and facilitate timely approvals, and until then, should encourage departments to use electronic pre-trip and post-trip approval. - Streamline the travel reimbursement process through an electronic system and improve the travel policy to ensure employee travel is necessary, reasonable, and consistent with the policy. (Issued 12/11/2013, #08, #11)	The 2019-2020 Adopted Operating Budget provides funding of $130,000 for the purchase and implementation of software to manage travel authorizations and reimbursement ($100,000), to support annual licensing/maintenance ($15,000), and to fund a temporary Accountant for four months to facilitate implementation of the system ($15,000). This will address the current reimbursement process, which is paper and time-intensive, and requires coordination with a number of different staff who each have different roles of review. Additional funding of $180,000 is provided to the Information Technology Department to procure and implement a back office process automation platform, which includes travel requests and reimbursements. More detail on these actions can be found in the City Departments/Council Appointees section of the 2019-2020 Adopted Operating Budget for the Finance Department and Information Technology Department.

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Department	Item	Remarks
Fire Department/ Police Department/ Information Technology Department	Audit of 9-1-1 and 3-1-1: Changes to Call Handling and Increased Hiring Efforts Could Improve Call Answering Times The Administration should: - Pull regular performance reports and monitor average answering times. - To increase focus on outreach and recruiting for Communications staff, Police Communications and Fire Communications should each develop a recruiting plan for their respective divisions, and explore opportunities for collaboration and joint recruitment opportunities. - Explore the creation of a call taker position in the Fire Department to retain qualified staff that are more inclined to call taking versus dispatch. - Finalize the transition of non-emergency after-hours calls to the City Customer Contact Center in the Information Technology Department, and work with the relevant departments to develop policies and procedures on roles and responsibilities, processes to contact relevant staff, and expectations for response times, if any.	The 2019-2020 Adopted Operating Budget: - Reorganizes Fire Communications, deleting 1.0 Fire Division Chief and adding 1.0 Division Manager and 1.0 Analyst position, and providing associated funding for the appropriate manager-level control and oversight of Fire Communications training, operations, systems support, and critical projects while providing the necessary analytical support and critical administrative functions. - Provides funding of $70,000 for consultant services to evaluate the staffing needs of Fire Communications relative to its current and projected workload. The study will also evaluate whether Fire Communications is appropriately staffed to handle the 25% increase in call volume over the last six years and adhere to State-mandated and industry accepted standards, as well as evaluate the impact of shifting non-emergency calls to the call center managed by the Information Technology Department.

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Fire Department/ Police Department/ Information Technology Department	- To reduce the workload on the Police Department's call takers, the Police Department should (a) work with the City Customer Contact Center to determine areas of overlapping service delivery and determine the appropriate customer service response, and (b) re-direct commonly requested general City requests to the City Customer Contact Center by modifying the call tree. - Police non-emergency services should inventory its Interactive Voice Response (IVR) Phone Tree to ensure that it connects customers with the appropriate resource that can provide the needed service. Further, it should develop an ongoing management plan to ensure that the IVR stays up to date. - Review the non-emergency call tree to resolve technical limitations and errors and provide a seamless transfer to residents. - If non-emergency calls are moved to the City Customer Contact Center, the Information Technology Department should continuously review and assess wait times and call volume at the City Customer Contact Center to address resource issues if needed. (Issued 2/14/2019, #02, #05, #09, #10, #14, #15, #19)	- Adds 1.0 Analyst II and 2.0 Senior Office Specialist positions, and one-time funding of $60,000 to the Information Technology Department to begin the transition of 3-1-1 calls (non-emergency) from the Police and Fire Public Safety Dispatch Center to the City's Customer Contact Center, managed by the Information Technology Department, which anticipates absorbing approximately 20,000-40,000 additional calls in 2019-2020. Calls will be answered by the additional Senior Office Specialist positions, while the Analyst position will oversee call tree management, analyze the metrics of the calls, and provide coordination with the Police and Fire Departments. One-time contractual services funding will support a study to determine how many calls to 3-1-1 are public safety related, provide a coordinated transition plan, reset performance metrics to be used across customer contact center activity, and recommend changes to cost allocation and after-hour call capacities. - Adds one-time funding of $85,000 in the Police Department to fund a consultant study on operational efficiencies and best practices as well as recruiting and training programs to improve retention of qualified dispatchers. More detail on these actions can be found in the City Departments/Council Appointees section of the 2019-2020 Adopted Operating Budget for the Fire, Information Technology, and Police Departments.

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Parks, Recreation and Neighborhood Services Department	Audit of the San José Police Activities League - The City should reconsider how and who should manage the PAL facilities and associated activities, and revise its 2007 agreement with the PAL organization accordingly. (Issued 6/7/2018, #01)	The 2019-2020 Adopted Operating Budget adds limit-dated positions through June 30, 2020 - 1.0 Recreation Program Specialist, 1.0 Groundskeeper, 1.0 Groundsworker, and 1.0 Recreation PT - and funding of $148,000 to support business model assessments and long-term business strategy development aimed at making the Police Activities League (PAL) facility and programs sustainable, with additional resources allocated to sustaining limited operations at the facility in the interim. More detail on this action can be found in the City Departments/Council Appointees section of the 2019-2020 Adopted Operating Budget for the Parks, Recreation and Neighborhood Services Department.

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Planning, Building, and Code Enforcement Department	Audit of Towing Services: Changes to Contract Terms and Consolidated Oversight Could Improve Operations – The City should: - Issue a new RFP for the towing services agreements, taking into consideration the issues identified and recommendations made in this report. - Consider allowing contractors to submit proposals for a contract fee, paid by the contractor to the City per towed vehicle, as part of the Request for Proposal process. The amount of the contract fee should be evaluated along with other aspects of a potential contractor's proposal. (Issued 12/19/18, #01, #04)	The 2019-2020 Adopted Operating Budget adds 1.0 limit-dated Program Manager I position through June 30, 2020 to support the City-Generated Tow Services Program redesign and tow contract Request for Proposal (RFP) process. The limit-dated position will be responsible for finalizing the service delivery model and developing and administering the RFP including drafting scope and working with all internal stakeholders and the Finance Department to finalize all scope of work and related proposal documents. Further, all recommendations from the Tow Services Audit are to be implemented by July 1, 2020. More detail on this action can be found in the City Departments/Council Appointees section of the 2019-2020 Adopted Operating Budget for the Planning, Building and Code Enforcement Department.

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Public Works	Office of Equality Assurance: Increased Workload Warrants Reevaluation of Resource Needs – To better administer the prevailing and living wage compliance programs, the Office of Equality Assurance should: - Procure a software solution to automate payroll review to free up staff time for other responsibilities (e.g., site visits, review of supplemental documentation); - Adopt a risk-based strategy for conducting site visits and reviewing supplemental documentation to efficiently verify the accuracy of information in submitted payrolls; and, - Ensure the program has sufficient supervisory resources following the implementation of Recommendation #3. (Issued 3/2/2017, #01)	The 2019-2020 Adopted Operating Budget reserves $200,000 ongoing for the procurement of an automated labor compliance system which also streamlines the submission of requisite documentation from contractors. In addition to labor compliance functionalities and the potential to reduce City staff time required to conduct site visits, education, and wage theft investigations, the contracting community will benefit from document submission through an on-line platform. More detail on this action can be found in the City-Wide/General Fund Capital, Transfers, and Reserves section of the 2019-2020 Adopted Operating Budget.
Public Works	Department of Public Works: Enhancing Management of Capital Projects – To better allocate training and non-project costs to capital projects, Public Works and the City Manager's Budget Office should appropriate a portion of capital staff time for such charges in the Public Works Program Support Fund (150), and allocate such costs to projects through the Public Works Cost Allocation Plan. (Issued 7/27/18, #01)	The 2019-2020 Adopted Operating Budget provides an ongoing allocation of $250,000 in the Public Works Program Support Fund to fund the acquisition and replacement of capital support vehicles which have reached their useful lives, as well as $50,000 for capital program staff training, which are allocated to projects through the Public Works Cost Allocation Plan. More detail on these actions can be found in the City Source and Use Statements section of the 2019-2020 Adopted Operating Budget for Public Works Program Support Fund.

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Office of Retirement Services	Audit of Retirement Services: Greater Transparency Needed in the Budgeting Process, Interactions Among Stakeholders, Investment Policies, and Plan Administration - The City Manager's Office should update the City's Operating Budget to: a) include total employee and employer retirement contributions in the City's operating budget as summary or historical information, b) cross-reference its separate approval of the Retirement budget, and c) modify the presentation in the Operating Budget's Source and Use statements to display investment expense. The Office of Retirement Service should: - Assess how to use workflow functionality in PensionGold Version 3 for case management, including routing beneficiary requests to subject matter experts or staff familiar with the case, and to track workload statistics (such as time to complete requests), or acquire a separate case management software system. - The Office of Retirement Service should upgrade their website to promote transparency and ease of navigation for stakeholders and plan members to find information. (Issued 10/12/2017, #06, #22, #24)	The 2019-2020 Adopted Operating Budget includes a summary of the City contributions to the Retirement Funds, references the approved budgets presented to the Federated Retirement System Board and the Police and Fire Plan Boards as appendices. Additionally, the 2019-2020 Adopted Operating Budget makes permanent 1.0 Information Systems Analyst (ISA) position to continue supporting the new Pension Administration System (PAS) implementation, including additional applications/tools such as workflow maintenance and development, report maintenance and development, and correspondence maintenance and development. The ISA will also support the upcoming website redesign project by maintaining website content after implementation. The website upgrade will improve Customer Service, beneficiary education, and transparency. More detail on this action can be found in the Summary Information section, City Departments/Council Appointees section of the 2019-2020 Adopted Operating Budget for the Office of Retirement Services, and in the Source and Use Statements for the Federated Retirement Fund, Federated Retiree Health Care Trust Fund, Fire Retiree Health Care Trust Fund, Police and Fire Retirement Fund, and Police Retiree Health Care Trust Fund.

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Transportation Department	Street Sweeping: Significant Investment and Retooling are Needed to Achieve Cleaner Streets - DOT's in-house street sweeping operation should stop emptying street sweepings onto the street. (Issued 2/29/2016, #01)	The 2019-2020 Adopted Operating Budget adds 1.0 Maintenance Worker II and funds the purchase of four bins and a lift-equipped vehicle to tow the bins daily to various locations, providing for an alternate method of disposing sweep waste that would better protect local waterways, air, and roadways from pollution. More detail on this action can be found in the City Departments/Council Appointees section of the 2019-2020 Adopted Operating Budget for the Transportation Department.
Human Resources Department	Employee Benefit Fund Administration: Opportunities Exist to Improve Controls - The Human Resources Department should work with the Budget Office to review and adjust allocations of staffing costs across the benefit funds. (Issued 3/14/2019, #03)	The 2019-2020 Adopted Operating Budget realigns budget allocations among applicable funds – Deferred Compensation Fund, Dental Insurance Fund, Life Insurance Fund, Unemployment Insurance Fund, Self-Insured Medical Fund, Benefits Fund, Voluntary Employees' Beneficiary Association (VEBA) Fund, and General Fund – as 2019-2020 Base Budget recommended adjustments based on joint analysis of the actual distribution of staff support for the respective funds. More detail on these actuals can be found in the Source and Use Statements for the: General Fund, Deferred Compensation Fund, Dental Insurance Fund, Life Insurance Fund, Unemployment Insurance Fund, Self-Insured Medical Fund, Benefit Fund, and Voluntary Employees' Beneficiary Association (VEBA) Fund.