MGWB COMMITTEE: 12/01/05
ITEM: D

OFFICE OF THE
CITY AUDITOR

SEMI-ANNUAL RECOMMENDATION FOLLOW-UP REPORT ON ALL OUTSTANDING AUDIT RECOMMENDATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2005

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

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Office of the City Auditor
Gerald A. Silva, City Auditor

November 21, 2005

Honorable Mayor and Members
of the City Council
200 East Santa Clara Street
San José, CA 95113

Transmitted herewith is the *Semi-Annual Follow-Up Report On All Outstanding Audit Recommendations For The Six Months Ended June 30, 2005.*

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

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

I will present this report to the Making Government Work Better Committee at its December 1, 2005 meeting. Should you have any questions or need additional information in the interim, please let me know.

Respectfully submitted,

Gerald A. Silva
City Auditor

GS:bh
Jun05

cc: City Manager's Office
and affected departments

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EXECUTIVE SUMMARY

In accordance with the City Auditor's approved 2005-06 Workplan, we have prepared a report of the status of open recommendations for the six months ending June 30, 2005. 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, 2005, there were one hundred and fifty three (153) outstanding recommendations of which:

- 34 recommendations were implemented;
- 81 recommendations were partly implemented;
- 35 recommendations were not implemented; and
- 3 recommendations were deferred.

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

TABLE I
STATUS OF OPEN RECOMMENDATIONS BY AUDIT REPORT ENDING JUNE 30, 2005

Report #	Audit Report	Implemented	Partly Implemented	Not Implemented	Deferred	Dropped
88-03	An Audit Of The Police Department Overtime Controls		1			
93-05	An Audit Of The Department Of General Services/Vehicle Maintenance Division--Police Vehicles		1			
95-06	An Audit Of The San Jose Arena Management Agreement			1		
96-06	An Audit Of The City Of San Jose's Business Tax Collection Process			1		
96-07	An Audit Of The City Of San Jose's Open Purchase Order Process		1	1		
97-01	An Audit Of The City Of San Jose's Utility Billing System	1	2			
98-05	An Audit Of The City Of San Jose's Sewer Billing Services		1			
00-01	An Audit Of The Police Department -Bureau of Field Operations Patrol Division's Staffing and Deployment		1			
00-02	An Audit Of The City Of San Jose's Master Vendor File	1				
00-04	An Audit Of The City Of San Jose Building Division's Building Permit Fee Process				2	
01-01	An Audit Of The Property Appraisal Process Of The Department Of Public Works—Real Estate Division		2	2		
01-02	An Audit Of The City Of San Jose Fire Department's Overtime Expenditures		5			
01-05	An Audit of the City of San Jose Fire Department's Strategic Plan Regarding Proposed Fire Stations		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		3	1		
02-04	An Audit Of The San José Police Department's Method Of Projecting Sworn Officer Retirements And Other Separations	2		1		
03-01	An Audit Of The Targeted Neighborhood Clean-up Program		1	1		
03-03	An Audit Of The Fleet Management Division Of The General Services Department's Vehicle Replacement Program	6	4			
03-04	An Audit Of The Airport Neighborhood Services Group	2	1			
03-07	An Audit Of The Neighborhood Development Center Of The Department Of Parks, Recreation, And Neighborhood Services		2			
03-10	An Audit of The San José Fire Department's Bureau of Fire Prevention		4		1	
03-11	An Audit Of The Utilization And Replacement Of The City's Metered Equipment	2	5			
04-01	An Audit Of The Concentrated Code Enforcement Program		5	1		
4/22/04 Memo	Memorandum Of The Silicon Valley Workforce Investment Network Audit	1				
04-02	An Audit Of The Crossing Guard Program	3	1			
04-03	An Audit Of The Department Of Public Works' Real Estate Division Real Property Acquisition Process	2				
04-04	An Audit Of The Utilization And Replacement Of The City's Transport Vehicles	1	7			
6/2/04 Memo	Memorandum Of The Avis Rent A Car Audit		1	2		
04-05	A Review Of The CUSP Request For Proposal Process		6	8		
04-06	A Review Of The Request For Proposal For The New Civic Center Converged Network System	1	2	3		
10/4/04 Memo	Memorandum-A Report On San Jose Municipal Water System Compliance With City Council Ordinance No. 26903	1				
04-07	An Audit Of The City's Cellular Phone Program	1	4	1		
04-08	An Audit Of San José Family Camp	6	4			
04-09	An Audit Of The City Manager's Reforms	1	1	1		
05-01	An Audit Of The Public Art Program	3	8			
05-02	An Audit Of The Agreements Between The City And The Filipino American Senior Opportunities Development Council (Fil-Am SODC)		3	11		
	Totals	**34**	**81**	**35**	**3**	**0**

EXECUTIVE SUMMARY - continued

As of June 30, 2005, the distribution of the one hundred nineteen (119) recommendations which remain open are as follows:

4	Airport	7	Planning, Building, and Code Enforcement
37	City Administration	2	Police Department
5	Economic Development	23	Parks, Recreation, and Neighborhood Services
3	Environmental Services Department	5	Public Works Department
3	Finance Department	4	San José Arena Management
13	Fire Department	1	Transportation
12	General Services		

Of the one hundred nineteen (119) recommendations which remain open:

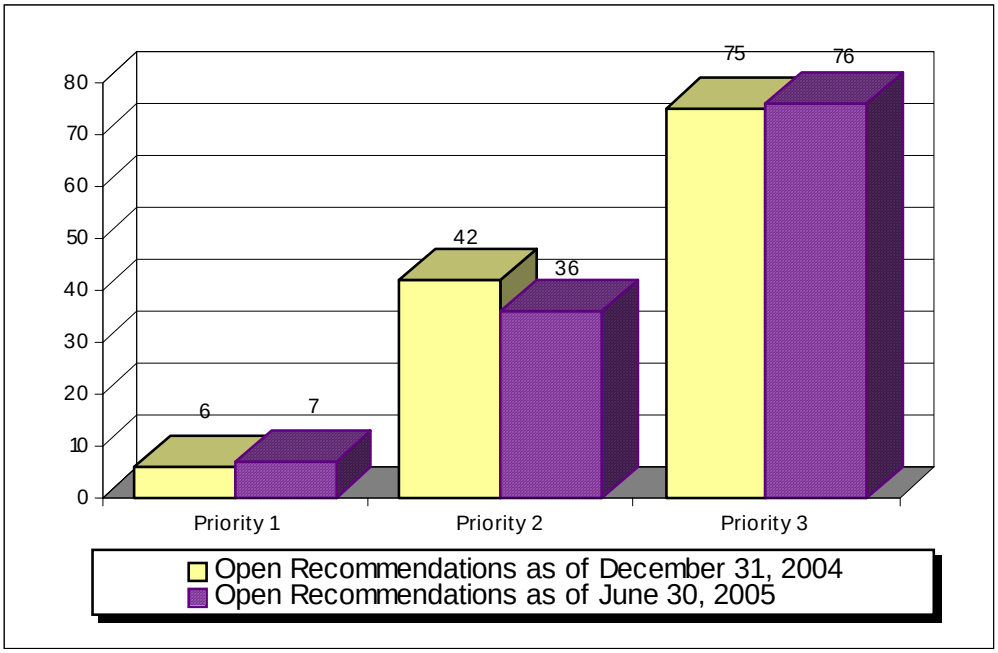
- 7 recommendations are Priority 1;
- 36 recommendations are Priority 2; and
- 76 recommendations are Priority 3.

Of the thirty five (35) recommendations which are "not implemented":

- 1 recommendation is Priority 1;
- 7 recommendations are Priority 2; and
- 27 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



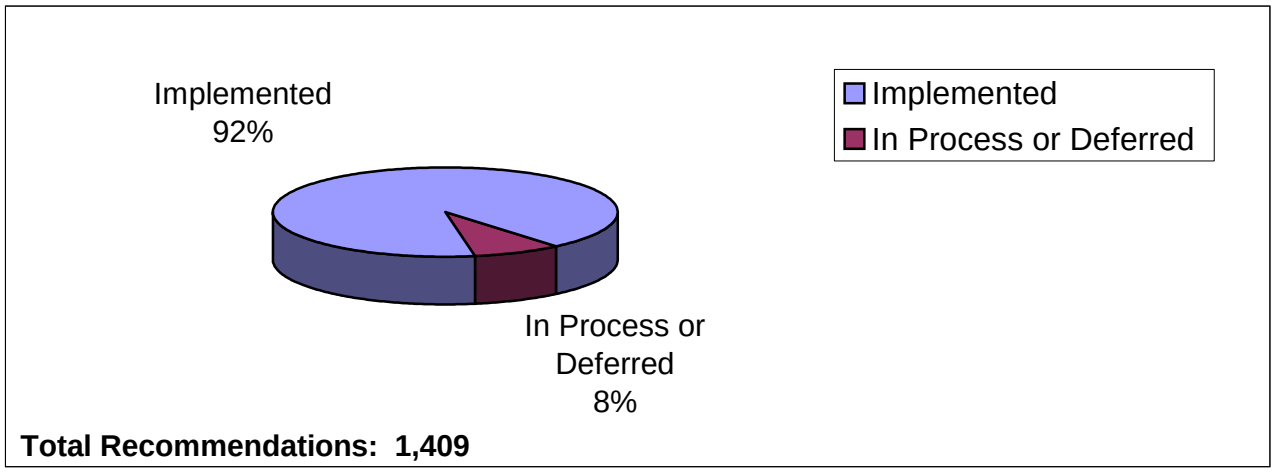
EXECUTIVE SUMMARY – continued

During this semi-annual period the City Council approved 27 new recommendations, and the Administration implemented 34 recommendations. We thank the departments for their efforts in implementing these recommendations and toward implementing those 119 recommendations still outstanding.

Graph II shows the number of City Auditor recommendations made and implemented from May 1985 through June 2005.

GRAPH II

RECOMMENDATIONS IMPLEMENTED
May 1985 through June 2005



RECOMMENDATIONS REQUIRING MAKING GOVERNMENT WORK BETTER COMMITTEE ATTENTION

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

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

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

Not implemented. According to the Finance Department, staff is working on revenue enhancing programs and Council-directed changes to the Business Tax Ordinance. Three main areas in which the department is concentrating its efforts are: Business Inventory Management System (BIMS), Business Tax Hardship Waiver, and the Business Tax Amnesty Program. The Finance Department stated it would revisit this recommendation during fiscal year 2005-2006. Target date: 6-06.

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

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

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

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

INCREASES REVENUE: $350,000. REDUCES COSTS: $350,000.

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

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

Implemented. However, according to the Finance Department, funding was not provided for this effort during the preceding budget process. Further, the Finance Department stated that due to the age of the current Financial Management System, the Department is proposing through the Strategic Support CSA Information Technology Strategic Plan, that funding be provided in the 2006-07 budget process to fund the resources necessary to conduct a needs analysis and develop an RFP for a new financial management system. Finally, the Department stated that the functionality recommended in this audit recommendation can be included in the needs analysis.

REQUIRES CITY COUNCIL ATTENTION: Although the Finance Department technically implemented Recommendation #3, the problem the recommendation was intended to correct still remains. Namely, the City's Master Vendor File contains far too many vendors and City employees. As a result, the City is still exposed to fraudulent activities. Accordingly, the City Auditor recommends that his office continue to monitor the Administration's efforts until such time as the Administration successfully ameliorates the City's exposure to fraud via the Master Vendor File.

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

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

Partly implemented. The Fire Department continues to pursue options for implementing a program to address the concerns highlighted in this recommendation. The Department is collecting data to identify the "drivers" of sick leave and identify patterns and their impact. Through the meet and confer process, the Department has commenced a discussion with Local 230 to work together to address sick leave usage. Target date: 12-05.

COST SAVINGS: TBD.

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

Partly implemented. The Fire Department is currently evaluating the requirements to implement a full comprehensive wellness program. The City Safety Officer is working with the Department Safety Officer and Department Safety Committee to formulate a Master Health and Safety Plan, which includes the implementation of the Wellness-Fitness Initiative. Full implementation is pending the outcome of contract negotiations with IAFF Local 230. Target date: 12-05.

COUNCIL ATTENTION REQUIRED: Requires funding TBD.

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

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

Partly implemented. The SJFD has completed some of the prerequisites necessary to implement the Priority Dispatch Omega protocol. Specifically, it renewed its accreditation as an Accredited Center of Excellence in February 2005; it implemented the new CAD system necessary to integrate ProQA software necessary for the Priority Dispatch Omega protocol; and it has begun using the ProQA software. However, the current EMS Agreement with the County requires that the SJFD respond on all 911 calls received. Under the Priorty Dispatch Omega protocol, the 911 call is referred to an appropriate alternate site rather than requiring a response. Therefore, the SJFD will be meeting with Santa Clara County EMS system stakeholders in October 2005 to begin discussions on system improvements that could be accomplished through revisions to the current EMS contract set to expire June 30, 2006. The Priority Dispatch Omega protocol and its use to modify resource response is a priority for the Fire Department in these upcoming discussions. The Fire Department will also need to evaluate advice program options and projected costs as well as coordinate with Priority Dispatch Corporation and American Medical Response Corporation to develop a comprehensive OMEGA protocol system for the City. Target date: 7-06.

REQUIRES FUNDING: TBD.

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

Partly implemented. According to FY 2005-06 Manager's Budget Addendum #10, temporary redeployments of existing fire companies are proposed to minimize the General Fund operating costs on a year-by-year basis for the next three years. The

Fire Department intends to collect data to determine the appropriateness of this strategy beginning with the first temporary redeployment of an existing fire company to new Fire Station 33, scheduled for construction completion in the fall of 2006. According to the Fire Department, this proposed redeployment will include funding for the addition of one firefighter/paramedic position (3.5 FTEs) to the remaining five-person company at Station 13, in 2006-07 to defer operating costs associated with the opening of Station 33 and to perform a pilot study of the feasibility of using the Tender/Light Unit to respond to lower priority medical calls. The expedited implementation of the Fire Department's Fire/EMS records management system, in response to the Mayor's June budget message, will enable the Fire Department to gather and analyze operational and clinical data on the effectiveness of alternative deployment options. Target date: 7-06.

REQUIRES FUNDING: TBD.

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

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

Not implemented. Before revisiting its policy on below-market rents to non-profit entities, the City Council requested that the Office of the City Auditor survey all City departments, and the Redevelopment Agency, to identify all City- and Agency-owned real property non-profit organizations lease, occupy, or otherwise use. The City Auditor issued a survey of Citywide Real Property Inventory in December 2002. The survey identified 43 leases to non-profit organizations. The General Services Department plans on working with other City Departments and the San Jose Redevelopment Agency to submit to the San Jose City Council for its consideration a revised draft policy on Below Market Rental Use of City-Owned Land and Buildings by Non-profit or Charitable Organizations for Governmental or other Public Purposes. Target date: 6-06.

REQUIRES COUNCIL ATTENTION.

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

Partly implemented. The General Services Department's two Real Property Agents have assumed the responsibility of providing consultant services on the development and negotiation of leases of City-owned property. Individual departments continue to oversee leases of City-owned property. The Department needs to develop an approach to partner with Departments now overseeing leases. Additional resources are required to assume the responsibility of providing oversight over leases of City-owned property.

COUNCIL ATTENTION REQUIRED: Requires funding TBD.

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

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

Not implemented. Due to the City's current fiscal situation and on-going negotiations, we recommend deferring this recommendation.

COUNCIL ATTENTION REQUIRED: We recommend that this recommendation be deferred.

04-08 AN AUDIT OF SAN JOSÉ FAMILY CAMP

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

Partly implemented. Staff housing consists of 22 soft-sided tents and five hard-sided cabins. Demolition and rebuilding of four staff cabins was completed between January and June 2005. Four additional tent platforms are scheduled for upgrade in 2005-06. Unit cost of tent upgrades has increased to $3,500 per unit.
Target date: 6-06.

COUNCIL ATTENTION REQUIRED: $63,000 funding required to repair 18 tent platforms.

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

Partly implemented. PRNS staff and volunteers repaired six tent platforms between March and May 2005. According to PRNS staff, the water tank liner and reconditioning project was deferred after consultation with the local Health Department and vendor. PRNS originally planned to use volunteers to implement this project, but instead will rely on professional installers plans to protect City warranty rights. This project will be completed in two phases by April 2006 and will cost $9,500. The amphitheatre seating was repaired and reconditioned at a cost of $3,000 in materials and 150 staff and volunteer hours. Additional work remaining includes repairing amphitheatre erosion at an estimated cost of $8,000. The project will entail redirecting winter rain water and will be completed as funds are identified.
Target date: 12-06.

COUNCIL ATTENTION REQUIRED: $17,500.

COMPLETE LISTING OF THE STATUS
OF OPEN AUDIT RECOMMENDATIONS
AS OF JUNE 30, 2005

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

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

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

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

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

Partly implemented. City Policy Manual Section 13.01 states, "Employees approved for take-home use of vehicles will comply with any standards, which may be set by the City regarding the maximum allowable time or distance from the reporting location for standby or callback duty." In order to implement this recommendation, we will review the departments' standards regarding this issue for appropriateness and consistent implementation. Target date: 12-05.

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

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

Not implemented. Although the City and Arena Authority continue to reserve the right for future considerations for the submittal of the program operating budget, it is not required for any immediate purpose. Target date: 12-05.

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

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

Not implemented. According to the Finance Department, staff is working on revenue enhancing programs and Council-directed changes to the Business Tax Ordinance. Three main areas in which the department is concentrating its efforts are: Business Inventory Management System (BIMS), Business Tax Hardship Waiver, and the Business Tax Amnesty Program. The Finance Department stated it would revisit this recommendation during fiscal year 2005-2006. Target date: 6-06.

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

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

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

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

(Priority 2)

Not implemented. The Finance Department is in the process of developing procedures to be included in the City Administrative Manual. However, staff redeployments intended to accomplish this task are not complete, so these procedures have not yet been completed. Target date: 6-06.

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

Partly implemented. The Finance Department is in the process of updating the Accounts Payable Section of the Finance Administrative Manual. Continued vacancies in this section have further delayed completion of this project. Target date: 6-06.

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

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

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

INCREASES REVENUE: $350,000. REDUCES COSTS: $350,000.

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

Implemented. The DBA position was filled the end of February 2005 and has now been made permanent.

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

Partly implemented. In November 2004, the City Council approved the selection of BearingPoint/PeopleSoft to implement an integrated billing, customer service, and partner management system. Staff is currently working with BearingPoint to develop an implementation plan, which will include determining which data will be converted to the new system. During the implementation phase, staff will work with BearingPoint to develop procedures for ongoing, periodic purging and/or archiving of billing system data, which are expected to be in place once the new system goes live. Target date: 12-06.

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

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

Partly implemented. The Environmental Services Department (ESD) has adopted a policy requiring installation of flow meters at major industrial locations, where feasible, as part of the permit renewal cycle. Those major industrial locations without flow meters are required to submit engineering reports that the ESD will review. The ESD procedures also require that industrial customers submit an engineering report to substantiate disputed water loss adjustments. For the remaining institutional, commercial, and industrial customers, ESD plans to focus its review resources on 1) those customers that use the largest amounts of water, 2) schools, and 3) those customers with the largest water loss adjustment factors. In addition, any new customers coming to Planning and Building will be asked to provide information on their requested water loss factor adjustments. The ESD developed a workplan to evaluate water loss factors for the customers listed above. ESD staff reviewed water loss factors for one of the workplan categories but after the follow-up period that ended June 30, 2005. We will review the implementation of the workplan during the subsequent recommendation follow-up. Target date: 12-05.

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

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

Partly implemented. Staff has received training on the Police Department's patrol staffing software purchased in early 2003. According to the Police Department, shift change time-modifications will require an extended study and analysis using the patrol staffing software for a minimum of at least two full shift change periods. The Police Department has set a high priority on using the patrol staffing software. Target date: 3-06.

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

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

Implemented. However, according to the Finance Department, funding was not provided for this effort during the preceding budget process. Further, the Finance Department stated that due to the age of the current Financial Management System, the Department is proposing through the Strategic Support CSA Information Technology Strategic Plan, that funding be provided in the 2006-07 budget process to fund the resources necessary to conduct a needs analysis and develop an RFP for a new financial management system. Finally, the Department stated that the functionality recommended in this audit recommendation can be included in the needs analysis.

REQUIRES CITY COUNCIL ATTENTION: Although the Finance Department technically implemented Recommendation #3, the problem the recommendation was intended to correct still remains. Namely, the City's Master Vendor File contains far too many vendors and City employees. As a result, the City is still exposed to fraudulent activities. Accordingly, the City Auditor recommends that his office continue to monitor the Administration's efforts until such time as the Administration successfully ameliorates the City's exposure to fraud via the Master Vendor File.

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

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

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

implementation is delayed by the fiscal recovery of the economy, the City Council approved deferring this recommendation at its April 27, 2004 meeting. Target date: 6-06.

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

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

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

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

Partly implemented. Without the use of consultant services, the Real Estate Division and General Services are working on how best to implement this recommendation. Staff reduction in the FY 04-05 budget has slowed progress and draft recommendations will be delayed. However, an initial assessment has been conducted and recommended options will be tested. Target date: 7-06.

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

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

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

Partly implemented. The department has determined that this recommendation can be completed with shared resources within the department. We reviewed and approved a draft for consistent formatting with the requirements of this audit finding. The draft manual will be circulated to the Office of the City Attorney and Real Estate Agents to finalize the manual. Target date: 12-05.

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

Not implemented. The Budget Office and the Information Technology Department approved a request to expend funds to complete the Real Estate Tracking System (RETS). Nevertheless, implementation of the RETS database has not been accomplished. The Real Estate Division executed a consultant contract for delivering the product with specific levels of detail for tracking land acquisitions. However, the consultant has not met his obligations in delivering the product as agreed. Staff has developed a provisional in-house tracking system; however, this system does not comply with their own level of detail requirements. The RETS specification details linked screens with universal fields that have access limitations to input data and field changes. RETS is capable of report generation by multiple topics and graphic illustration of actual project status versus initial project schedules. Additionally, RETS can auto-populate various forms. The object of the recommendation is to identify improvements in the storage and access to information for increased productivity and streamlining of work effort. Real Estate Division management agrees that their in-house tracking system is inadequate. However, internal disagreements over the implementation and necessity of some functions have shelved RETS implementation. Staff should resolve disputed system options.
Target date: TBD.

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

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

Partly implemented. The Fire Department presented a report to the Making Government Work Better (MGWB) Committee in September 2004. The report included a detailed analysis of staffing levels by rank, and projected long-term and short-term vacancies. At the time, the Department committed to return to MGWB in early 2005 with a comprehensive report on overtime. An update report was presented on February 17, 2005, and a comprehensive report on March 17, 2005. An annual staffing report will be presented in December of each year. Target date: 12-05.

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

Partly implemented. The Fire Department presented a report to the Making Government Work Better (MGWB) Committee in September 2004. The report included a detailed analysis of staffing levels by rank, and projected long-term and short-term vacancies. At the time, the Department committed to return to MGWB in early 2005 with a comprehensive report on overtime. An update report was presented on February 17, 2005, and a comprehensive report on March 17, 2005. The study identified that using relief positions cost the City 9 to 15 percent less than overtime, depending on the rank required to meet minimum daily staffing. Staff plans to return to the MGWB Committee in December 2005 with a relief staffing proposal to enhance operation effectiveness and cost savings. Target date: 12-05.

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

Partly implemented. The Fire Department continues to pursue options for implementing a program to address the concerns highlighted in this recommendation. The Department is collecting data to identify the "drivers" of sick leave and identify patterns and their impact. Through the meet and confer process, the Department has commenced a discussion with Local 230 to work together to address sick leave usage. Target date: 12-05.

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

Partly implemented. The Fire Department continues to pursue options for implementing a program to address the concerns highlighted in this recommendation. The Department is collecting data to identify the "drivers" of sick leave and identify patterns and their impact. Through the meet and confer process, the Department has commenced a discussion with Local 230 to work together to address sick leave usage. Target date: 12-05.

COST SAVINGS: TBD.

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

Partly implemented. The Fire Department is currently evaluating the requirements to implement a full comprehensive wellness program. The City Safety Officer is working with the Department Safety Officer and Department Safety Committee to formulate a Master Health and Safety Plan, which includes the implementation of the

Wellness-Fitness Initiative. Full implementation is pending the outcome of contract negotiations with IAFF Local 230. Target date: 12-05.

COUNCIL ATTENTION REQUIRED: Requires funding TBD.

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

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

Partly implemented. The SJFD has completed some of the prerequisites necessary to implement the Priority Dispatch Omega protocol. Specifically, it renewed its accreditation as an Accredited Center of Excellence in February 2005; it implemented the new CAD system necessary to integrate ProQA software necessary for the Priority Dispatch Omega protocol; and it has begun using the ProQA software. However, the current EMS Agreement with the County requires that the SJFD respond on all 911 calls received. Under the Priorty Dispatch Omega protocol, the 911 call is referred to an appropriate alternate site rather than requiring a response. Therefore, the SJFD will be meeting with Santa Clara County EMS system stakeholders in October 2005 to begin discussions on system improvements that could be accomplished through revisions to the current EMS contract set to expire June 30, 2006. The Priority Dispatch Omega protocol and its use to modify resource response is a priority for the Fire Department in these upcoming discussions. The Fire Department will also need to evaluate advice program options and projected costs as well as coordinate with Priority Dispatch Corporation and American Medical Response Corporation to develop a comprehensive OMEGA protocol system for the City. Target date: 7-06.

REQUIRES FUNDING: TBD.

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

Partly implemented. According to FY 2005-06 Manager's Budget Addendum #10, temporary redeployments of existing fire companies are proposed to minimize the General Fund operating costs on a year-by-year basis for the next three years. The Fire Department intends to collect data to determine the appropriateness of this strategy beginning with the first temporary redeployment of an existing fire company to new Fire Station 33, scheduled for construction completion in the fall of 2006. According to the Fire Department, this proposed redeployment will include funding for the addition of one firefighter/paramedic position (3.5 FTEs) to the remaining five-person company at Station 13, in 2006-07 to defer operating costs associated with the opening of Station 33 and to perform a pilot study of the feasibility of using

the Tender/Light Unit to respond to lower priority medical calls. The expedited implementation of the Fire Department's Fire/EMS records management system, in response to the Mayor's June budget message, will enable the Fire Department to gather and analyze operational and clinical data on the effectiveness of alternative deployment options. Target date: 7-06.

REQUIRES FUNDING: TBD.

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

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

Partly implemented. Procedures have been drafted and will be used in analyzing annual Arena fee payments and estimating revenues. The procedures will then be reviewed and updated as required and then finalized. Target date: 6-06.

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

Partly implemented. A mutually agreeable delivery schedule has not yet been finalized. Target date: 6-06.

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

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

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

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

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

Department plans on working with other City Departments and the San Jose Redevelopment Agency to submit to the San Jose City Council for its consideration a revised draft policy on Below Market Rental Use of City-Owned Land and Buildings by Non-profit or Charitable Organizations for Governmental or other Public Purposes. Target date: 6-06.

REQUIRES COUNCIL ATTENTION.

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

Partly implemented. Lease and property criteria, eligibility, terms of tenancy and annual review requirements criteria will be submitted to the City Council for its consideration as elements of a revised draft policy on Below Market Rental Use of City-Owned Land and Buildings by Non-profit or Charitable Organizations for Governmental or other Public Purposes. Target date: 6-06.

#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. A formal application process for non-profit leases and submission of key non-profit information will be considered for inclusion in a revised draft policy on Below Market Rental Use of City-Owned Land and Buildings by Non-profit or Charitable Organizations for Governmental or other Public Purposes. Target date: 6-06.

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

Partly implemented. The General Services Department's two Real Property Agents have assumed the responsibility of providing consultant services on the development and negotiation of leases of City-owned property. Individual departments continue to oversee leases of City-owned property. The Department needs to develop an approach to partner with Departments now overseeing leases. Additional resources are required to assume the responsibility of providing oversight over leases of City-owned property.

COUNCIL ATTENTION REQUIRED: Requires funding TBD.

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

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

Implemented. The SJPD conducted an evaluation of sworn officer demographics taking into account age, years of service, and hire date to augment their current attrition-based approach in retirement projection. The SJPD Personnel Division included the results of the evaluation in their quarterly report to the department administration. The SJPD will continue to use the demographic and attrition-based approaches to predict retirements. The Auditor's Office will remain available to review their demographic model and assist the SJPD in improving their approach to retirement projection.

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

Implemented. The department is implementing a policy to evaluate age and years of service as part of their attrition-based approach to retirement projections. The SJPD conducted an evaluation of sworn officer demographics taking into account age, years of service, and hire date to augment their current attrition-based approach in retirement projection. The SJPD Personnel Unit included the results of the evaluation in their quarterly report to the department administration. According to the SJPD Personnel Unit, they will continue to regularly evaluate age and years of service to improve their retirement projections.

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

Not implemented. Due to the City's current fiscal situation and on-going negotiations, we recommend deferring this recommendation.

COUNCIL ATTENTION REQUIRED: We recommend that this recommendation be deferred.

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 and in coordination with Employee Relations and Employee Services, it was determined that a pool of 8 part-time, unbenefited Regional Park Aides would be added to Code Enforcement to monitor the bins and other work required at the Clean-up events. Code Enforcement reports an average of 18.8 bins per Clean-up which is a 17.5 percent increase over the past average. Between 2003-04 and 2004-05, Code Enforcement reports serving an average of 8,134 households, a 17 percent increase in the number of households serviced by Clean-ups. Although the average number of bins is below the 22 bins per Clean-up event, Code Enforcement reports that demand varies by Council District. Code Enforcement should use the additional Park Aides to expand the targeted areas and achieve an average of 22 bins per Clean-up. Target date: 3-06.

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

Not implemented. Code Enforcement distributed a letter and clean-up schedule to community-based organizations in February 2005. Code Enforcement had anticipated on providing the City Council with an informational memorandum on coordination efforts by the end of March 2005. According to Code Enforcement, they were unable to meet this target due to focusing on the 2005-06 budget and service delivery. They anticipate providing the informational memo to the City Council in December 2005. Target date: 12-05.

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

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

Implemented. Our work with the San Jose Police Department and the Fleet Management Division of General Services has resulted in many changes to the marked patrol sedan fleet. These changes have resulted in efficiencies which allowed

for a significant reduction of the marked patrol sedan fleet. Due to these changes, the marked patrol sedan fleet has been reduced from 363 marked patrol sedans to 338 (a 25 sedan reduction).

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

Partly implemented. The Fleet Management Division (FMD) has finalized their replacement policy and procedures. However, due to the current freeze on vehicle replacements, the General Services Department has not had an opportunity to demonstrate consistency in its implementation of the vehicle replacement policy. We will follow up on this recommendation after the FMD has had an opportunity to implement the new procedures. Target date: 12-05.

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

Partly implemented. The Fleet Management Division (FMD) has finalized their replacement policy. However, due to the current vehicle freeze, the FMD has not had an opportunity to demonstrate consistency in its implementation of the replacement policy. We will follow up on this recommendation after the FMD has had an opportunity to implement the new procedures. Target date: 12-05.

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

Implemented. The FMD has finalized a Citywide vehicle loan policy. The policy provides for the temporary redeployment of vehicles with funding support. The procedures include controls that help insure that loaned vehicles are reevaluated at the conclusion of the original loan term.

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

Implemented. The FMD has finalized and implemented its retrieval and disposal policy and procedures.

#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)

Implemented. The Fleet Management Division has finalized and implemented procedures for the vehicle additions process.

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

Partly implemented. The Fleet Management Division (FMD) is currently undergoing an additional software upgrade. In order to fully implement this recommendation, we will review the database and test the accuracy of the information.
Target date: 12-05.

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

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.

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

Partly implemented. The Fleet Management Division (FMD) has finalized a Citywide replacement policy. However, due to the current freeze on vehicle replacements, the FMD has not had an opportunity to demonstrate consistency in its implementation of the vehicle replacement policy. We will review this recommendation during the next follow-up to ensure the procedures are in place to be implemented as soon as the freeze is lifted. Target date: 12-05.

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

Implemented. The Fleet Management Division has finalized procedures for the vehicle additions process. Included in the process is the requirement that all vehicle additions be reviewed and approved by the vehicle review committee.

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

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

Partly implemented. The division is currently tracking constituent concerns and complaints with an existing system of Excel worksheets, enabling staff to document necessary information. The division is currently working on acquiring a database program which will utilize an electronic standardized constituent complaint document. Target date: 6-06.

#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)

Implemented. The Airport Neighborhood Services Group (ANSG) has developed a standard quarterly report which addresses the responsibilities identified in the Replacement Manager's Budget Addendum #18. ANSG is working with all section managers to ensure that those managers who have the responsibility to report their respective activities in the ANSG report submit the information prior to the publication of the report. It will be specifically noted in the ANSG report if no reports are received from the section managers.

#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)

Implemented. The Airport Neighborhood Services Group (ANSG) has developed a standard quarterly report which now addresses the customer satisfaction issues identified in both the June 25, 2001 and November 13, 2001 City Council memoranda.

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

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

Partly implemented. The NDC and Code Enforcement have not developed a comprehensive budget for the Property Owners training. According to the Code Enforcement Analyst, she did not receive the needed budget information from PRNS in a timely manner. PRNS staff said that no one had been assigned to provide the Analyst with this data. However, a Community Coordinator will now work with the Code Enforcement Analyst to provide the information needed to develop the comprehensive budget. Target date: 12-05.

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

Partly implemented. PRNS has put out a Request for Proposals to seek a new fiscal agent to distribute CAP grant funds. We will review the agreement for the fiscal agent's responsibilities once a new agent has been selected and the agreement has been signed. Target date: 12-05.

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

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

Partly implemented. The City Auditor's Office and the SJFD will continue to work together to develop an efficient way of implementing this recommendation. Target date: 6-06.

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

Deferred. The SJFD has stated that it will compare its inspection database to the Business License database every five years. However, the SJFD will be developing a new inspection database. We recommended that this item be deferred until the SJFD has implemented a new inspection database. The City Council approved deferring this recommendation at its January 11, 2005 meeting. Deferral date: 1-07.

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

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

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

The City Auditor's Office will continue to work with the SJFD to further refine the risk assessment for the remaining facilities and develop inspection frequencies for all these facilities. The SJFD is currently developing a Business Plan for the Bureau of Fire Prevention. The results of this plan will be incorporated into the risk assessment methodology. Target date: 6-06.

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

Partly implemented. The SJFD has developed an analysis of its staffing needs based on the number of inspections required and the time needed to complete these inspections. However, the SJFD needs to use the inspection frequencies established

in Recommendation #10 to further refine its workload analysis. The SJFD is currently developing a Business Plan for the Bureau of Fire Prevention. The results of this plan will be incorporated into this workload analysis. Target date: 6-06.

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

Partly implemented. The SJFD has developed a draft Administrative Enforcement Policy which includes fines for failing to maintain an updated Hazardous Materials Management Plan. The SJFD plans to discuss this policy with the community before submitting it to the City Council for approval. Target date: 12-05.

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

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

Partly implemented. The Fleet Management Division (FMD) has incorporated replacement criteria into their replacement policy. However, due to the current freeze on vehicle replacements, the FMD has not had an opportunity to demonstrate consistency in implementing the vehicle replacement policy. In order to implement this recommendation, we will review the policy and procedures and verify that they are consistently implemented. Target date: 12-05.

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

Partly implemented. The Fleet Management Division (FMD) is providing utilization data to all departments on a semi-annual basis. However, due to the FMD undergoing an additional software upgrade for their database, we cannot at this time verify the accuracy of the database information. We will re-evaluate the implementation status of this recommendation upon the completion of the software update. Target date: 12-05.

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

Implemented. According to the FMD, it is providing utilization data to all departments on a semi-annual basis. The FMD is also coordinating discussions with departments to determine equipment needs. The FMD has all ready removed some vehicles and will continue this process to further identify areas where adjustments to the fleet can be made.

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

Partly implemented. According to the Fleet Management Division (FMD), it has received approval to establish and manage a metered equipment pool. In addition, the FMD has finalized equipment pool policy and procedures. In order to implement this recommendation, we need to review and verify the consistent implementation of the policy and procedures for the equipment pool. Target date: 12-05.

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

Partly implemented. The Fleet Management Division (FMD) is currently in the process of consolidating and establishing a metered equipment pool. We will revisit this recommendation after the FMD has concluded their consolidation efforts. Target date: 12-05.

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

Implemented. The FMD has installed hour meters on pieces of equipment that did not previously have hour meters. In addition, the FMD and ESD have worked together to reduce ESD's scooter fleet by 11 scooters.

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

Partly implemented. The Fleet Management Division (FMD) has incorporated replacement standards for metered equipment into its policies and procedures. However, due to the current freeze on vehicle replacements, the FMD has not had an opportunity to demonstrate consistency in its implementation of the vehicle replacement policy. In order to fully implement this recommendation, we will to review the policies and procedures and verify that they are consistently implemented. Target date: 12-05.

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

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

Partly implemented. According to PRNS, PRNS developed draft personnel documentation forms for CCEP personnel working on HUD projects. HUD accepted the form for CCEP personnel working 100 percent of their time on HUD projects and the use of that form has been implemented. PRNS is still waiting for a response from HUD regarding the form for CCEP personnel working less then 100 percent of their time on HUD projects. CCEP personnel in this category have implemented the use of the draft form until HUD approves or modifies the form. Target date: 12-05.

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

Partly implemented. According to PRNS, PRNS has been actively monitoring the CCEP program. The Code Enforcement checklist is still under development. Target date: 12-05.

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

Partly implemented. PRNS conducted a Grants Monitoring Training on September 29, 2005. According to PRNS, the training included general monitoring processes and guidelines. PRNS will provide additional training in this area. The Auditor's Office will be issuing a report on Citywide Grant Oversight in the next few months. The report will provide additional guidance for improving the area of grant monitoring. Target date: 12-05.

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

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

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

Partly implemented. According to Code Enforcement, Code Enforcement has developed a procedure for updating and verifying census tract information in the Code Enforcement System. In addition, CES has been upgraded to receive census tract information from the property tables used by the AMANDA system database.

This database has the most current and accurate property information available. Code Enforcement needs to write a procedure that requires documentation of matching funds used to supplement CDBG activities. Target date: 6-06.

#7 (Code Enforcement/CC) -

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

Partly implemented. Code Enforcement outlined a process used to verify the accuracy of census tract information. Additionally, Code Enforcement reports that they track inspector activities and maintain a procedure for retaining logs of all inspector activities and biannual certification of all CDBG-funded personnel with a supervisory review of the logs. Further, Code Enforcement includes a CDBG-eligible designation in the Code Enforcement System to identify CDBG-eligible code cases. According to Code Enforcement, the CES system has been altered to use the AMANDA database for all property information including census tract information. The AMANDA database property tables are updated on a monthly basis and have the most current property data information available. The Auditor's Office will consider this recommendation implemented after conducting cursory testing of CES data. Target date: 12-05.

4/22/04: MEMORANDUM OF THE SILICON VALLEY WORKFORCE INVESTMENT NETWORK AUDIT

#1 (Silicon Valley Workforce Investment Network/GM) -

- ***Report back to the City Council once it has fully resolved its residual $537,383 RE-TEC program payment obligations;***
- ***Continue to update its policies and procedures to address additional operational threats as they arise;***
- ***Continue to use the procedures manual to advise and train current and new staff; and***
- ***Continue to provide management oversight to ensure compliance with the new procedures. (Priority 2)***

Implemented. SVWIN has paid off all of its residual RETEC program payment obligations. A close out expenditure report was submitted and approved by the State Employment Development Department in May 2004. SVWIN staff continues to update their policies and procedures and to provide management oversight to ensure compliance with the new procedures. SVWIN policies and procedures are posted online and easily accessible on the SVWIN website.

04-02: AN AUDIT OF THE CROSSING GUARD PROGRAM

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

Partly implemented. The Building Better Transportation Committee and the City Council approved the revisions to the safety index formula in March 2005. The Building Better Transportation Committee directed staff to re-calculate the safety index for the denied locations over the calendar years 2002, 2003, and 2004 using the new formula and to provide the budgetary implications at the May 2, 2005 Building Better Transportation Committee meeting. DOT completed the analysis of intersections that did not warrant guards for calendar years 2002, 2003, and 2004. The Department of Transportation re-examined a total of 39 locations using the new formula and identified 7 locations that now qualify for up to 11 guards. These intersections are scheduled to go to the School Pedestrian Safety Committee for review at its November meeting. Target date: 11-05.

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

Implemented. The Department of Transportation (DOT) and the Police Department submitted a memorandum recommending approval of the revised safety index formula to the School Pedestrian Safety Committee and the Building Better Transportation (BBT) Committee. The safety index revisions were approved by the School Pedestrian Safety Committee in November 2004 and by the BBT Committee and the City Council in March 2005. The BBT Committee also requested that DOT return in May 2005 with the budgetary implications of using the revised safety index formula for locations denied over calendar years 2002, 2003, and 2004. According to the memorandum that DOT and the Police Department presented to the BBT Committee in May 2005, each additional crossing guard will cost about $7,500 per year. Given the City's current fiscal situation, DOT and the Police Department recommended staffing newly-qualified intersections within existing funding levels. Also, the Mayor's June 2005 Budget message directed re-deploying crossing guards to intersections with the highest need to keep the cost of the program the same for the coming year. There were 7 previously-denied intersections that qualified under the new formula, requiring an estimated 11 guards for a total cost of $82,000. DOT estimates that the new safety index formula may qualify between 9-13 additional guards per year at a cost between $67,500 - $97,500. In order to staff the additional locations, the Police Department is examining locations with multiple guards and locations serving older children to identify opportunities to re-deploy guards.

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

Implemented. The Department of Transportation (DOT) has developed written procedures for entering information into the safety index formula and for supervisory review.

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

Implemented. In response to our audit, the Department of Transportation (DOT) developed a new Excel spreadsheet formula to calculate the safety index. The new spreadsheet formula incorporates the revisions DOT developed as a result of our audit Recommendation #1. Also, the spreadsheet formula analyzes all legs of an intersection and uses the information from the leg with the highest safety index. Furthermore, the new formula assigns points for unusual conditions, such as accident history, high pedestrian volumes, unusual geometric conditions, and young ages of unaccompanied K-5 pedestrians. Therefore, essentially all of the analysis is included in the safety index factor and is documented by the spreadsheet information. DOT also developed procedures for entering the information into the spreadsheet and supervisory engineering review of the process.

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

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

Implemented. The Director of Public Works approved Section 102 of the "Project Management Manual" describing "Determining and Obtaining Right of Way for a Project". In addition, in March 2005, training was held in coordination with the City Attorney's Office regarding Eminent Domain. During the training process, the "Request for Real Estate Services" form was revised to help project managers begin thinking through the reasons for the sites they selected. In coordination with Planning Department staff, Public Works has created an application for CEQA clearance. New procedures require a Real Property Agent to apply for a CEQA clearance if it has not been applied for at the time a Request for Real Estate Services is received.

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

Implemented. Real Estate Division staff has established benchmarks related to the costs to acquire real property. According to Department Administration, standard costs for each parcel to be acquired have been established. Cost categories include:

Real Estate staff time, Phase I Environmental Assessment, Survey, Title Report, Appraisal, and Closing Costs. A budget monitoring spreadsheet is created for each Core Service Area (CSA) to track actual costs per project by milestone, enabling the Real Estate Division to validate and adjust the benchmarks to the milestones on an ongoing basis.

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

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

The following comments were as of 12-31-04. The Administration did not provide an update to the status of this recommendation for the 6-month period ended 6-30-05.

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

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

The following comments were as of 12-31-04. The Administration did not provide an update to the status of this recommendation for the 6-month period ended 6-30-05.

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

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

Partly implemented. The updated City Policy Manual Section 13.01 addresses mileage reimbursement issues. We will review this recommendation during the next follow-up to ensure the policy is consistently implemented. Target date: 12-05.

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

Implemented. The Finance Department has designed and implemented a report from the payroll system that summarizes payments for mileage reimbursement exceeding 750 miles per year on a monthly basis. The Department provides these reports to the City Manager's Office.

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

Partly implemented. We will review the application of the FMD's break-even analysis during the next recommendation follow-up. Target date: 12-05.

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

Partly implemented. The updated City Policy Manual Section 13.01 addresses specialized vehicles. We will review this recommendation during the next follow-up to ensure the policy is consistently implemented. Target date: 12-05.

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

Partly implemented. The Fleet Management Division (FMD) is in the process of identifying underutilized vehicles as defined by the updated vehicle policy. According to the FMD, vehicles that are not candidates for re-deployment will be removed from the City's fleet and sold at auction. We will revisit this recommendation upon completion of the auction process. Target date: 12-05.

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

Partly implemented. In February 2005, the Fire Department began Phase I of a Vehicle Mileage Balancing program that will utilize vehicle mileage information to facilitate a "swap" mechanism that will move lower mileage vehicles to higher usage assignments and rotate higher mileage vehicles into assignments where data indicates lower usage. Every four months, the vehicles' mileage will be evaluated and a rotation process will take place according to the mileage and years of service differential. Target date: 12-05.

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

#1 (San José Int'l Airport/JC) –

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

Partly implemented. The Airport has submitted the audit finding report to Avis demanding a payment for the understated Customer Transportation Fees, related interest charges, and audit costs. Currently, Avis is requesting that the Airport waive audit costs. Target date: 12-05.

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

Not implemented. The rental car concession agreement was extended to January 31, 2007 in order to accommodate the building of a new site at the former FMC. As new agreements are negotiated, the Airport will examine modifications and simplification of the contract language. Target date: 6-07.

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

Not implemented. The rental car concession agreement was extended to January 31, 2007 in order to accommodate the building of a new site at the former FMC. The Airport will review its position on the definition of gross revenues and make adjustments to the definition of gross revenues and the percentage of gross payments, as may be appropriate, once the rental car concession agreements expire and the new agreements are negotiated. Target date: 6-07.

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

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

Partly implemented. The City Manager's Office, City Attorney's Office, and Finance Department have worked collaboratively to develop an interim conflict of interest form for consultants to complete prior to working on any specific project. A corresponding administrative procedure will be incorporated into the City's Policy Manual. Staff's report on changes to the City's Request for Proposals process was

scheduled to be presented to the Making Government Work Better (MGWB) Committee in September 2005. However, the presentation was rescheduled for November 2005. A supplemental report will be issued presenting a draft policy for Council consideration. Input from the MGWB Committee will be used to finalize the proposed process. Target date: 12-05.

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

Partly implemented. The City Manager's Office, City Attorney's Office, and Finance Department have worked collaboratively to develop an interim conflict of interest form for City personnel to complete prior to working on any specific project. A corresponding administrative procedure will be incorporated into the City's Policy Manual. Staff's report on changes to the City's Request for Proposals process was scheduled to be presented to the Making Government Work Better (MGWB) Committee in September 2005. However, the presentation was rescheduled for November 2005. A supplemental report will be issued presenting a draft policy for Council consideration. Input from the MGWB Committee will be used to finalize the proposed process. Target date: 12-05.

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

Partly implemented. The City Manager's Office, City Attorney's Office and Finance Department have worked collaboratively to develop a conflict of interest form and corresponding administrative procedure. Staff's report on changes to the City's Request for Proposals process was scheduled to be presented to the Making Government Work Better (MGWB) Committee in September 2005. However, the presentation was rescheduled for November 2005. A supplemental report will be issued presenting a draft policy for Council consideration. Input from the MGWB Committee will be used to finalize the proposed process. Target date: 12-05.

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

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest and standardization is underway and scheduled to be completed in December 2005. Staff is currently working on the development of policies regarding scoring and methodology. Target date: 6-06.

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

Partly implemented. The City's Purchasing Division has been transferred to the Finance Department and is progressively becoming an in-house resource for administering RFP processes and overseeing all procurements. Staff intends to incorporate the intent of the Process Integrity Guidelines into the RFP manual. Staff's report on changes to the City's Request for Proposals process was scheduled to be presented to the Making Government Work Better (MGWB) Committee in September 2005. However, the presentation was delayed until November 2005. Input from the MGWB Committee will be used to finalize proposed processes. Target date: 12-05.

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

Partly implemented. The City's Purchasing Division has been transferred to the Finance Department and is progressively becoming an in-house resource for administering RFP processes and overseeing all procurements. Staff intends to incorporate the intent of the Process Integrity Guidelines into the RFP manual. Staff's report on changes to the City's Request for Proposals process was scheduled to be presented to the Making Government Work Better (MGWB) Committee in September 2005. However, the presentation was delayed until November 2005. Input from the MGWB Committee will be used to finalize proposed processes. Target date: 12-05.

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

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest and standardization is underway and scheduled to be completed in December 2005. Staff is currently working on the development of policies regarding scoring and methodology. Target date: 6-06.

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

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest and standardization is underway and scheduled to be completed in December 2005. Staff is currently working on the development of policies regarding scoring and methodology. Target date: 6-06.

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

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest and standardization is underway and scheduled to be completed in December 2005. Staff is currently working on the development of policies regarding scoring and methodology. Target date: 6-06.

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

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest and standardization is underway and scheduled to be completed in December 2005. Staff is currently working on the development of policies regarding scoring and methodology. Target date: 6-06.

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

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest and standardization is underway and scheduled to be completed in December 2005. Staff is currently working on the development of policies regarding scoring and methodology. Target date: 6-06.

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

Partly implemented. With the transfer of purchasing functions to the Finance Department and the appointment of a Chief Purchasing Officer, new policies and procedures are in the process of being developed regarding awareness of and compliance with the City's RFP Procedures Manual. The Manual is in the process of being revised and staff will undergo additional training upon its completion to ensure greater organizational awareness and compliance. Target date: 6-06.

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

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest and standardization is

underway and scheduled to be completed in December 2005. Staff is currently working on the development of policies regarding scoring and methodology. Target date: 6-06.

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

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest and standardization is underway and scheduled to be completed in December 2005. Staff is currently working on the development of policies regarding scoring and methodology. Target date: 6-06.

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

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

Implemented. The City Attorney, City Manager's Office, and General Services Department have worked together in developing an ordinance to amend San Jose Municipal Code Section 4.12.149 of Chapter 4.12 of Title 4 to revise the requirements for standardization with respect to the procurement of brand name products. On February 15, 2005, the San Jose City Council approved the proposed ordinance. The final adoption of the standardization ordinance was on March 1, 2005. This ordinance became effective on March 31, 2005.

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

Partly implemented. Staff has decided not to proceed with the development of a formal contract with scope of service and nondisclosure provisions. Rather, staff recommends adoption of a policy requiring anyone who assists with the development of specifications to complete a Conflict of Interest Disclosure form. Staff was scheduled to make this recommendation to the Making Government Work Better Committee (MGWB) in September 2005. However, the presentation was delayed until November 2005. The Conflict of Interest Disclosure form and respective policy will be presented to the MGWB Committee as a supplemental report to the September 8, 2005 Memorandum titled "Request for Proposal Procedures and other Procurement Reforms", in November 2005 for consideration and adoption of this policy. Target date: 12-05.

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

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest and standardization is underway and scheduled to be completed in December 2005. Staff is currently working on the development of policies regarding scoring and methodology. Target date: 6-06.

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

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest and standardization is underway and scheduled to be completed in December 2005. Staff is currently working on the development of policies regarding scoring and methodology. Target date: 6-06.

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

Not implemented. In prioritizing their work on the RFP process improvements, staff identified the priority order for projects as conflict of interest issues, standardization, and scoring and methodology. Work on conflict of interest and standardization is underway and scheduled to be completed in December 2005. Staff is currently working on the development of policies regarding scoring and methodology. Target date: 6-06.

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

Partly implemented. Staff has proposed several modifications to the Municipal Code sections relating to the City's procurement practices. Staff's report on these changes was scheduled to be presented to the Making Government Work Better (MGWB) Committee in September 2005 but was delayed. Input from the MGWB Committee will be used to finalize the proposed changes. Target date: 6-06.

10/4/04: MEMORANDUM – A REPORT ON SAN JOSE MUNICIPAL WATER SYSTEM COMPLIANCE WITH CITY COUNCIL ORDINANCE NO. 26903

#1 (Environmental Services Department/RK) – The San Jose Municipal Water System should finalize its procedure for fund transfers and the establishment and maintenance of required fund transfers for future City Auditor review and comment. (Priority 3)

Implemented. San Jose Municipal Water System Administration finalized its procedure for fund transfers and establishment of required fund reserves and provided a copy for City Auditor review and comment.

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

#1 (City Administration and Departments/CC) –

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

Partly implemented. Our review of Employee Relations records indicates that all but two departments have fully completed the cellular phone reauthorization reviews. The Auditor's Office will follow-up with Employee Relations to ensure the reauthorizations are completed. Target date: 3-06.

#2 (City Administration and Departments/CC) -

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

Not implemented. According to Employee Relations, all departments have been asked to update vendor records to include current information including the department name, the cell phone user's name and the cell phone number. Several departments have completed this task and the rest are in the process of working with the vendor.

The City requires employees to review telephone bills and identify/reimburse personal calls. The City has not developed a process to guide departments in efficiently and effectively reviewing electronic usage information to identify abuse. Departments continue to rely on employees self-reporting personal call information. The Auditor's Office will provide assistance to Employee Relations in developing this process. Target date: 3-06.

#3 (*Departments/CC) –*

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

Partly implemented. The City's new City Cellular Telephone Policy (revised January 2005) establishes procedures and forms to be used to ensure that any employee reimbursements are made, received, and posted. Our review of a small sample of records indicates that departments are completing this form. However, reimbursement forms were not available for two departments. The reimbursement forms require employees with assigned cellular phones to certify that they either have or have not made personal phone calls. The employees reimburse for personal calls made, and the form is reviewed by a supervisor. The Auditor's Office will follow-up on this process during the next recommendation follow-up to ensure that all departments submit reimbursement forms. Target date: 3-06.

#4 (*Departments/CC) –*

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

Implemented. Each City department identifies one individual to represent the department as the primary cellular phone liaison.

#5 (*City Administration/CC) –*

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

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

The City has not fully considered pooling all cellular phone plans into one large pooled plan in order to maximize the use of available minutes and limit overage charges caused by users exceeding their allowed minutes in individual plans. The City Administration requires additional time to gauge the effect of changes to City Cellular phones. According to the Finance Director, Purchasing has included the assessment and related procurement of a pooled plan cellular phone program on its workplan. Target date: 6-06.

#6 (*City Administration/CC) –*

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

Partly implemented. The City revised the City's Cellular Telephone Policy in January 2005. We will continue to monitor the City's update of the policy to reflect the implementation of Recommendations 1 to 5. Target date: 12-05.

04-08 AN AUDIT OF SAN JOSÉ FAMILY CAMP

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

Implemented. In November 2004, a physical needs assessment of camp facilities was conducted and resulted in the identification of 21 items posing health and safety risks. Repairs and improvements were completed. Additionally, PRNS staff conducted a second physical needs assessment in October 2005 and identified additional health and safety repair projects.

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

Partly implemented. Staff housing consists of 22 soft-sided tents and five hard-sided cabins. Demolition and rebuilding of four staff cabins was completed between January and June 2005. Four additional tent platforms are scheduled for upgrade in 2005-06. Unit cost of tent upgrades has increased to $3,500 per unit.
Target date: 6-06.

COUNCIL ATTENTION REQUIRED: $63,000 funding required to repair 18 tent platforms.

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

Implemented. Staff completed a thorough clean-up of the facility by removing unused equipment and furnishings.

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

Partly implemented. PRNS staff and volunteers repaired six tent platforms between March and May 2005. According to PRNS staff, the water tank liner and reconditioning project was deferred after consultation with the local Health Department and vendor. PRNS originally planned to use volunteers to implement this project, but instead will rely on professional installers plans to protect City warranty rights. This project will be completed in two phases by April 2006 and will

cost $9,500. The amphitheatre seating was repaired and reconditioned at a cost of $3,000 in materials and 150 staff and volunteer hours. Additional work remaining includes repairing amphitheatre erosion at an estimated cost of $8,000. The project will entail redirecting winter rain water and will be completed as funds are identified. Target date: 12-06.

COUNCIL ATTENTION REQUIRED: $17,500.

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

Partly implemented. PRNS staff met with a U.S. Forest Supervisor in September and November 2004 to initiate discussions regarding camp operations. An additional meeting was held in February 2005. A U.S. Forest Service representative advised a PRNS manager that existing structures may remain in place until a new agreement is reached with the U.S. Forest Service. The current U.S. Forest Service permit expires in December 2007. PRNS plans to begin the permit renewal process in Spring 2006, which will include conducting environmental surveys, which will determine if changes are necessary in the renewed permit. Target date: 12-07.

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

Partly implemented. PRNS staff is still discussing with the Friends of San Jose Family Camp an appropriate support role for the organization in camp operations. On-going cooperative projects (work parties) are being approved on a case-by-case basis. The City's goals are to focus the group's role towards fundraising to fund specific multi-year projects and purchase unfunded equipment. In accordance with City policies, the Family Camp Manager will approve volunteers and volunteer projects. Target date: 12-05.

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

Implemented. PRNS included staff substance abuse and sexual harassment training for all camp employees during staff orientation. Additionally, the Family Camp Manager provided code of conduct training, including abuse and sexual harassment topics, during on-site training. Supplemental training was also held to ensure late-hires received training. An Assistant Camp Manager position was filled this summer with the responsibility to enforce policies.

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

Implemented. In 2005, PRNS hired and/or assigned 65 employees to work during the Summer at the Camp. Camp staffing averaged 42 employees per day, which allowed for weekly days off and reinforced staffing caused by Summer attrition. Camp supervisors ensured staff adhered to scheduled work schedules.

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

Implemented. In 2005, the registration policy was changed from a first come, first served basis to a random registration process, resulting in greater equal access. This change resulted in reducing registration time from several hours to 40 to 60 minutes. Non-resident fees were raised proportionately higher than resident fees to give preference to San Jose residents. All campers were required to wear wristbands to identify paid customers. Staff were trained to monitor reservation policies to correct violations.

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

Implemented. A photo documentation of power tools and non-fixed equipment valued over $300 was completed in June 2004. A standard tool and equipment inventory was completed in June 2005.

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

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

Partly implemented. The Finance Department has hired a Chief Purchasing Manager (Deputy Director of Finance) to oversee and operate the Purchasing function. The Chief Purchasing Manager is working with the Accounting Division to review internal controls and assure proper segregation of duties between Purchasing and Accounts Payable. Target date: 6-06.

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

Not implemented. For complex procurements such as RFPs with an estimated dollar value above $1 million, Purchasing, in conjunction with Department(s) requesting the procurement will develop a Source Selection Plan, which will outline the Scope of

Work, the responsibilities of the parties involved in the procurement, the procurement method, the staffing requirements, and a timeline. Target date: 6-06.

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

Implemented. In June 2005, the City Council adopted an amendment put forth by the Blue Ribbon Task Force which included a revised Code of Ethics that is included in the City of San Jose Policy Manual. The adopted policy includes a provision on reporting improper activities, including specific actions that City employees can take to do so. The policy states, "The City of San Jose has a responsibility to conduct its affairs ethically and in compliance with the law. City employees and persons in City service are expected and encouraged to promptly raise questions and concerns regarding possible violations of City policy or local, State, or Federal law with his/her immediate supervisor or another management employee with the employee's department. Employees may also call the Employee Helpline at 535-8150 or the Fraud and Audit Hotline at 535-8200."

05-01: AN AUDIT OF THE PUBLIC ART PROGRAM

#1 (City Manager's Office/EL) - Notify the Arts Commission when eligible construction projects do not receive a public art allocation. (Priority 3)

Partly implemented. The City Manager's Office provided the Office of Cultural Affairs with the list of eligible and ineligible projects in May 2005 and it was distributed to the Arts Commission at its June meeting. San Jose Redevelopment Agency is currently completing its list that will also be delivered to the Arts Commission. These lists will be created and distributed to the Arts Commission every year. It is anticipated that the City Manager's Office and San Jose Redevelopment Agency will continue to submit this information annually in the Capital Improvement Budgets. Target date: 6-06.

#2 (Administration/EL) - Better define public visibility and eligible capital projects for purposes of identifying all construction projects that should receive a two percent art allocation. (Priority 3)

Partly implemented. The Public Art Master Planners are charged with refining the definition of public visibility and eligible capital construction for the purpose of the percent for art set-aside. The Master Plan process will commence in November 2005. Target date: 6-06.

#3 (Program Staff/EL) - Submit for City Council consideration a proposal to allow art allocations to be increased in the event of increased project budgets beyond a specific percentage or dollar amount. (Priority 3)

Partly implemented. The Office of Cultural Affairs has begun discussions with the City Manager's Office and City Service Areas to better define public visibility and eligible capital projects for purposes of identifying all construction projects that should receive a two percent art allocation. This issue will also be explored in the context of the Public Art Master Plan, which begins development in November 2005. Target date: 6-06.

#4 (City Manager's Office/EL) - Require departments to coordinate with the Public Art Program Director prior to proposing any public art allocation reductions. (Priority 3)

Partly implemented. The Administration has made changes to the City's budget process that require project teams to enter the reasons into the budget preparation database for any project for which an exception is being proposed. The Administration expects the project team to coordinate any changes with the City's Public Art Director. The Administration needs to formally document the process for proposing any public art allocation reductions. Target date: 12-06.

#5 (Program/EL) - Develop a means to track and monitor administrative cost information for each individual public art project. (Priority 3)

Partly implemented. The Office of Cultural Affairs hired a budget analyst in August 2005 and is in the process of developing new systems to track and monitor administrative cost information for each individual public art project. Target date: 6-06.

#6 (Program Staff/EL) - Track and report information on pooled public art project funds to the City Council and the City Manager's Budget Office. (Priority 3)

Partly implemented. The Office of Cultural Affairs hired a budget analyst in August 2005 and is in the process of developing new systems to track and report information on pooled public art project funds for the City Council and the City Manager's Budget Office. Target date. 6-06.

#7 (Program/EL) - Ensure Public Art Task Forces are established for all eligible art projects and report any exceptions in its quarterly reports to the Arts Commission. (Priority 3)

Implemented. Public Art Task Forces are currently established for all eligible art projects and exceptions are reported to the Arts Commission.

#8 (Program/EL) - Establish guidelines for community members in the public art process and communicate those guidelines to potential and current Public Art Task Force members. (Priority 3)

Partly implemented. Guidelines will be developed in the context of the new Public Art Master Plan, which begins development in November 2005. Target date: 6-06.

#9 (Program/EL) - Report accurate information regarding meeting participants in its quarterly reports. (Priority 3)

Implemented. Quarterly reports now include accurate information regarding meeting participation.

#10 (Program/EL) - Develop a benchmark for community participation and develop a strategy to improve community participation. (Priority 3)

Partly implemented. The Office of Cultural Affairs has reassigned Community Development staff and initiated new processes to establish a benchmark for community participation and a strategy to improve community participation. Rather than relying on mailed notifications, staff is focusing on more direct outreach efforts. Public Art outreach is being directly integrated into community meetings convened by City departments leading capital construction projects, and staff is also bolstering its relationships with existing community and neighborhood groups. Staff will work with the Public Art Master Plan team to establish benchmarks for outreach efforts. The Master Plan team begins work in November 2005. Target date: 6-06.

#11 (Program/EL) - Include in its quarterly reports to the Arts Commission performance measures on its efforts to groom local artists for public art commissions. (Priority 3)

Implemented. Quarterly reports to the Arts Commission now include performance measure information on efforts to groom local artists.

05-02: AN AUDIT OF THE AGREEMENTS BETWEEN THE CITY AND THE FILIPINO AMERICAN SENIOR OPPORTUNITIES DEVELOPMENT COUNCIL (FIL-AM SODC)

#1 (Parks, Recreation, And Neighborhood Services/LB) - Work with the City Attorney's Office to take appropriate action and address the Fil-Am SODC's use of City grant funds on ineligible activities that we identified for 2002-03 and 2003-04. (Priority 1)

Not implemented. This audit report was issued on June 16, 2005. As such, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. It should be noted that since the follow-up date on June 30, 2005, PRNS has been working with the Attorney's Office and the Auditor's Office to provide additional information on Fil-Am SODC's operations to the MGWB Committee. Target date: 12-05.

#2 (Parks, Recreation, And Neighborhood Services/LB) - Review the City's 2004-05 and subsequent funding of Fil-Am SODC to ensure that it is not continuing to use City funds on ineligible activities. (Priority 2)

Not implemented. This audit report was issued on June 16, 2005. As such, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. It should be noted that since the follow-up date on June 30, 2005, PRNS has been working with the Attorney's Office and the Auditor's Office to provide additional information on Fil-Am SODC's operations to the MGWB Committee. Target date: 12-05.

#3 (Parks, Recreation, And Neighborhood Services/LB) - Work with the Fil-Am SODC and provide training on appropriate Board of Director oversight and implementation of organization policies and procedures. (Priority 3)

Partly implemented. According to PRNS, it met with Fil-Am SODC and requested information on the organization's existing policies and procedures. Because the audit report was issued on June 16, 2005, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. We will evaluate the implementation of this recommendation during our next follow-up process. Target date: 12-05.

#4 (Parks, Recreation, And Neighborhood Services/LB) - Work with Fil-Am SODC to ensure that its performance measurement reporting is appropriate, accurate and does not include duplication of other services, programs and grants. (Priority 2)

Not implemented. This audit report was issued on June 16, 2005. As such, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. The City awarded Fil-Am SODC approximately $173,000 in 2005-06 HNVF grant funds. According to PRNS, it will address Fil-Am SODC's performance measures in the new HNVF grant contract. Target date: 12-05.

#5 (Parks, Recreation, And Neighborhood Services/LB) - Ensure that Fil-Am SODC's performance measurement reporting distinguishes between community uses of the Community Center and those activities qualifying as grant agreement activities. (Priority 2)

Not implemented. This audit report was issued on June 16, 2005. As such, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. According to PRNS, it is working on a new facility use agreement that will help define eligible activities. Furthermore, PRNS plans to implement additional controls in Fil-Am SODC's 2005-06 HNVF grant agreement. We will evaluate the implementation of this recommendation during our next follow-up process. Target date: 12-05.

#6 (Parks, Recreation, And Neighborhood Services/LB) - Amend its grant agreements to require organizations to disclose non-City grant sources of funding and identify all sources of funding for City-funded activities. (Priority 3)

Not implemented. This audit report was issued on June 16, 2005. As such, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. We will evaluate the implementation of this recommendation during our next follow-up process. Target date: 12-05.

#7 (Parks, Recreation, And Neighborhood Services/LB) - Consolidate HNVF-funded tutoring programs at Independence High School and ensure there are no additional funding overlaps at other schools. (Priority 3)

Not implemented. This audit report was issued on June 16, 2005. As such, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. We will evaluate the implementation of this recommendation during our next follow-up process. Target date: 12-05.

#8 (Parks, Recreation, And Neighborhood Services/LB) - Require grant recipients to provide a list of the activities and units of service performed under their grant agreements with the City, and compare these lists to recipients' quarterly reports to the City to verify that reported participants are eligible. (Priority 3)

Not implemented. This audit report was issued on June 16, 2005. As such, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. We will evaluate the implementation of this recommendation during our next follow-up process. Target date: 12-05.

#9 (Parks, Recreation, And Neighborhood Services/LB) - Enforce the requirement that grant recipients submit a cost allocation plan and that grant recipients also request prior PRNS approval of any changes or shifts in funding or budgeted amounts. (Priority 3)

Not implemented. This audit report was issued on June 16, 2005. As such, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. We will evaluate the implementation of this recommendation during our next follow-up process. Target date: 12-05.

#10 (Parks, Recreation, And Neighborhood Services/LB) - Develop a monitoring process and appropriate documentation to review audited financial statements and compliance audits. (Priority 3)

Not implemented. This audit report was issued on June 16, 2005. As such, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. PRNS' follow-up response requested the Auditor's Office to assist the department in developing training for Grant Unit staff related to review of audited financial statements and compliance audits. The Auditor's Office has agreed to assist

in this effort as soon as staff resources are available. We will evaluate the implementation of this recommendation, both for training and the monitoring process, during our next follow-up process. Target date: 12-05.

#11 (Parks, Recreation, And Neighborhood Services/LB) - Provide training to those staff responsible for grant recipient monitoring and oversight to help detect irregularities or identify potential problems indicated in the audited financial statements. (Priority 3)

Not implemented. This audit report was issued on June 16, 2005. As such, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. PRNS' follow-up response requested the Auditor's Office to assist the department in developing training for Grant Unit staff related to review of audited financial statements and compliance audits. The Auditor's Office has agreed to assist in this effort as soon as staff resources are available. We will evaluate the implementation of this recommendation during our next follow-up process. Target date: 12-05.

#12 (Parks, Recreation, And Neighborhood Services/LB) - Develop and implement procedures that incorporate the City's total support of an organization, including free rent and payment of utilities as part of the grant review process. (Priority 3)

Not implemented. This audit report was issued on June 16, 2005. As such, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. According to PRNS, it plans to require grant applicants to identify all City source funding, whether direct or in-kind, as a part of the funding application. We will evaluate the implementation of this recommendation during our next follow-up process. Target date: 12-05.

#13 (Parks, Recreation, And Neighborhood Services/LB) - Work with the City Attorney's Office and City Manager's Office to develop and implement procedures to ensure organizations do not occupy City facilities without the benefit and protection of a current operating or facility use agreement. (Priority 2)

Partly implemented. This audit report was issued on June 16, 2005. As such, the auditee did not have sufficient time to implement the audit recommendations by June 30, 2005. According to PRNS, the City Administration is reviewing use agreements to verify if they are current. We will evaluate the implementation of this recommendation during our next follow-up process. Target date: 12-05.

#14 (Parks, Recreation, And Neighborhood Services/LB) - Implement a Request for Qualifications process or use City staff to operate the City-owned Jacinto "Tony" Siquig Northside Community Center. (Priority 2)

Partly implemented. At its June 23, 2005 meeting, the Making Government Work Better (MGWB) Committee approved a motion that requires PRNS to "…regularly update the Council on the progress of the implementation of the audit recommendations, with a full re-evaluation of the management of the Northside

not improved significantly, the Council will make appropriate recommendations with reference to Auditor's Recommendation #14 (initiating a Request for Qualification process or using City staff to operate the Northside Community Center)." Since then, we should note that PRNS staff has provided additional reports to the MGWB Committee in September and October 2005, and plans to provide another operational report in December 2005. Target date: 12-06.

APPENDIX A

DEFINITIONS OF PRIORITY 1, 2, AND 3 AUDIT RECOMMENDATIONS

The City of San Jose's City Administration Manual (CAM) defines the classification scheme applicable to audit recommendations and the appropriate corrective actions as follows:

Priority Class[1]	Description	Implementation Category	Implementation Action[3]
1	Fraud or serious violations are being committed, significant fiscal or equivalent non-fiscal losses are occurring.[2]	Priority	Immediate
2	A potential for incurring significant fiscal or equivalent fiscal or equivalent non-fiscal losses exists.[2]	Priority	Within 60 days
3	Operation or administrative process will be improved.	General	60 days to one year

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1 The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher number. **(CAM 196.4)**

2 For an audit recommendation to be considered related to a significant fiscal loss, it will usually be necessary for an actual loss of $25,000 or more to be involved or for a potential loss (including unrealized revenue increases) of $50,000 to be involved. Equivalent non-fiscal losses would include, but not be limited to, omission or commission of acts by or on behalf of the City which would be likely to expose the City to adverse criticism in the eyes of its citizens. **(CAM 196.4)**

3 The implementation time frame indicated for each priority class is intended as a guideline for establishing implementation target dates. While prioritizing recommendations is the responsibility of the City Auditor, determining implementation dates is the responsibility of the City Administration. **(CAM 196.4)**