



**OFFICE OF THE
CITY AUDITOR**

**SEMI-ANNUAL RECOMMENDATION FOLLOW-UP REPORT
ON ALL OUTSTANDING AUDIT RECOMMENDATIONS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2003**

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

April 6, 2004

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

Transmitted herewith is the *Semi-Annual Follow-Up Report On All Outstanding Audit Recommendations For The Six Months Ended December 31, 2003*.

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

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 April 14, 2004 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
Dec03

cc: City Manager's Office
and affected departments

EXECUTIVE SUMMARY

In accordance with the City Auditor's approved 2003-04 Workplan, we have prepared a report of the status of open recommendations for the six months ending December 31, 2003. To prepare this report, we met with department staff, reviewed department assessments of audit status, and reviewed documentation provided by departments.

IMPLEMENTATION STATUS OF OPEN RECOMMENDATIONS

During the semi-annual period covering July 1 through December 31, 2003, there were one hundred and six (106) outstanding recommendations of which:

- 35 recommendations were implemented;
- 56 recommendations were partly implemented; and
- 15 recommendations were not implemented.

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

**TABLE I
STATUS OF OPEN RECOMMENDATIONS BY AUDIT REPORT ENDING DECEMBER 31, 2003**

Report #	Audit Report	Implemented	Partly Implemented	Not Implemented	Deferred	Dropped
88-03	An Audit Of The Police Department Overtime Controls		1			
93-04	An Audit Of The Fire Department--Hazardous Materials Storage Permit Fees		1			
93-05	An Audit Of The Department Of General Services/Vehicle Maintenance Division--Police Vehicles		1			
95-06	An Audit Of the San Jose Arena Management Agreement			1		
96-06	An Audit Of The City Of San Jose's Business Tax Collection Process			1		
96-07	An Audit Of The City Of San Jose's Open Purchase Order Process		1	1		
97-01	An Audit of the City of San Jose's Utility Billing System		3			
97-05	An Audit of the Department of Public Works Engineering & Inspection Costs		1			
98-05	An Audit of the City of San Jose's Sewer Billing Services		1			
99-04	An Audit of the Sewer Fund Expenditures	1				
00-01	An Audit Of The Police Department -Bureau of Field Operations Patrol Division's Staffing and Deployment		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			
00-07	An Audit of the Watershed Protection Division's Industrial and Commercial Inspection Program	6				
00-08	An Audit of the City of San Jose's Building-Related Fees and Taxes		2			
01-01	An Audit of the Property Appraisal Process of the Department of Public Works—Real Estate Division		2	2		
01-02	An Audit of the City Of San Jose Fire Department's Overtime Expenditures		5			
01-03	An Audit of the Pretreatment Source Control Program	3				
01-05	An Audit of the City of San Jose Fire Department's Strategic Plan Regarding Proposed Fire Stations		1	1		
02-02	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	3	1		
02-04	An Audit Of The San José Police Department's Method Of Projecting Sworn Officer Retirements And Other Separations		2	1		
02-08	An Audit Of The School Age Growth And Enrichment Program Of The Department Of Parks, Recreation, And Neighborhood Services	2				
02-10	An Audit Of The City Of San José's Office Of Equality Assurance	3				
02-11	An Audit Of Hayes Renaissance, L.P.'s Compliance With The Lease Agreement For The Hayes Mansion Conference			2		
03-01	An Audit Of The Targeted Neighborhood Clean-up Program	1	1	3		
03-03	An Audit Of The Fleet Management Division Of The General Services Department's Vehicle Replacement		13			
03-04	An Audit Of The Airport Neighborhood Services Group	1	3			
03-05	An Audit Of The Customer Service Call Center's Handling Of Service Requests	2				
03-07	An Audit Of The Neighborhood Development Center Of The Department Of Parks, Recreation, And Neighborhood Services	2	4			
03-08	An Audit Of The Facilities Management Division	1				
03-10	An Audit of The San José Fire Department's Bureau of Fire Prevention	10	5	1		
	Totals	35	56	15	0	0

EXECUTIVE SUMMARY - continued

As of December 31, 2003, the distribution of the seventy one (71) recommendations which remain are as follows:

3	Airport	1	Information Technology
12	City Administration	8	Planning, Building, and Code Enforcement
4	Environmental Services Department	4	Police Department
2	Finance Department	4	Parks, Recreation, and Neighborhood Services
14	Fire Department	6	Public Works Department
9	General Services	4	San Jose Arena Management

Of the seventy one (71) recommendations which remain open:

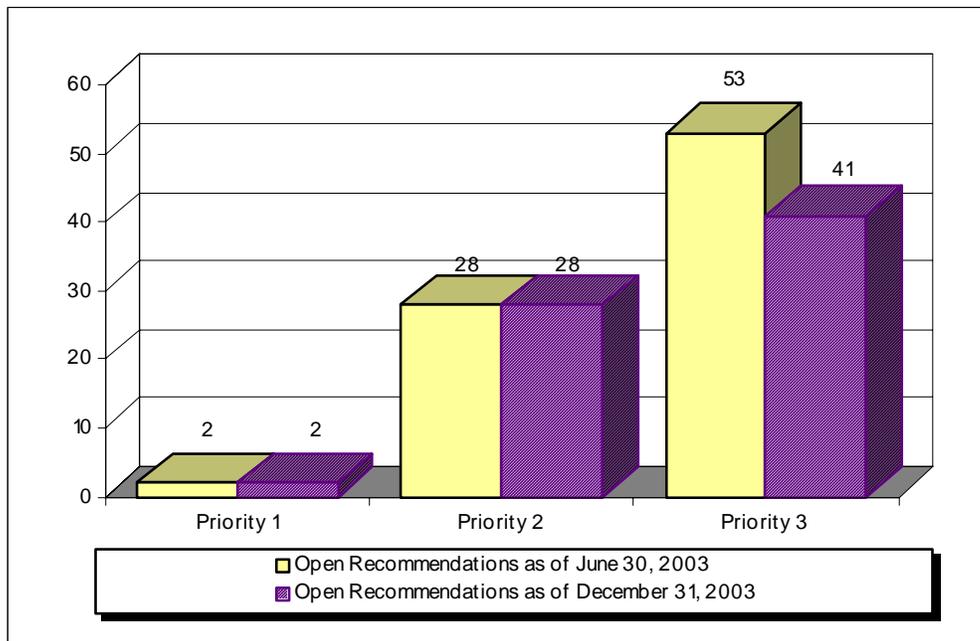
- 2 recommendations are Priority 1;
- 28 recommendations are Priority 2; and
- 41 recommendations are Priority 3.

Of the fifteen (15) recommendations which are “not implemented”:

- 0 recommendations are Priority 1;
- 6 recommendations are Priority 2; and
- 9 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 23 new recommendations, and the Administration implemented 35 recommendations. We thank the departments for their efforts in implementing these recommendations and toward implementing those 71 recommendations still outstanding.

We commend the Environmental Services Department for implementing all of their outstanding recommendations associated with the Watershed Protection Division’s Industrial and Commercial Inspection Program and Pretreatment Source Control Program.

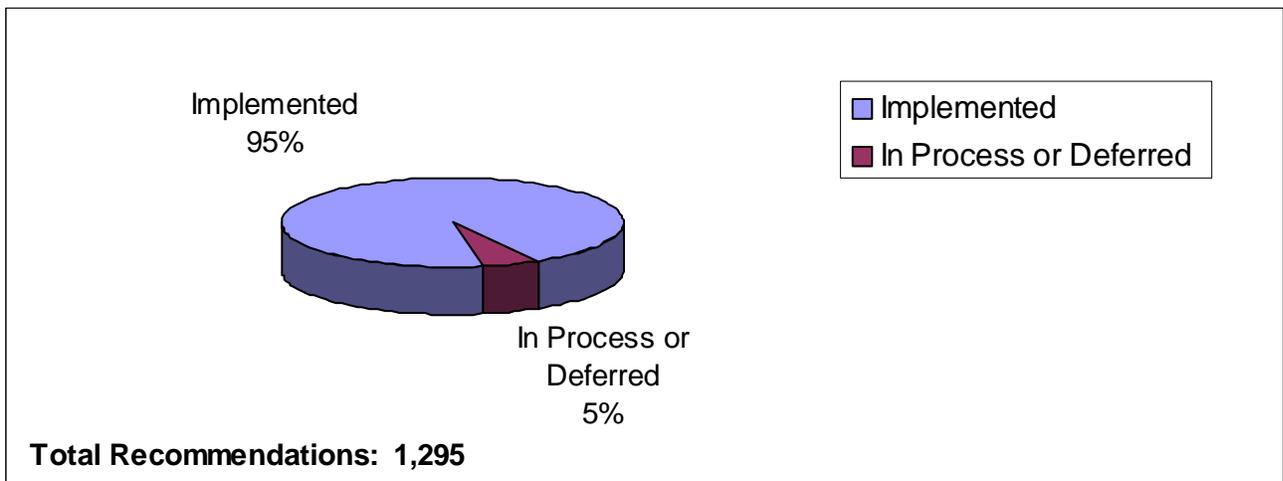
With the recent implementation of a new database, the ESD will be better able to track inspections, improve enforcement of violations, and balance inspection workloads to meet required frequencies. Throughout this process, ESD staff worked in collaboration with the Auditor’s Office to ensure the new database addressed the audit recommendations. Furthermore, ESD staff also incorporated into the database suggestions stemming from a previous memo from the Auditor’s Office regarding the tracking of illicit connections/illegal dumping cases.

The Fire Department did an outstanding job in implementing recommendations associated with its Bureau of Fire Prevention. We made 16 recommendations, of which, 10 recommendations were fully implemented during the recommendations follow-up period ended December 31, 2003.

Graph II shows the number of City Auditor recommendations made and implemented from May 1985 through December 31, 2003.

GRAPH II

**RECOMMENDATIONS IMPLEMENTED
May 1985 through December 2003**



EXECUTIVE SUMMARY - continued

RECOMMENDATIONS REQUIRING MAKING GOVERNMENT WORK BETTER COMMITTEE ATTENTION

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

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

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

Partly implemented. The Fire Department has provided current data on Hazardous Incident Team activities to the City Auditor. The City Auditor will provide the results of his analysis to the Making Government Work Better Committee in April 2004 (see attached information in Appendix B). Target date: 4-04.

REQUIRES COUNCIL ATTENTION.

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 has completed three pilot programs in the implementation of this recommendation. According to the Finance staff, all three pilot programs resulted in a revenue-neutral impact. While the recommendation does help taxpayers recognize if they are underpaying their business tax obligation, it also helps them to find out if they are overpaying the business tax. The benefits of implementing this recommendation would be that the taxpayer submitted the correct information and paid the right amount of tax. However, the Finance Department stated that implementation of this recommendation requires augmentation of existing staffing levels in the department to coordinate the additional duties resulting from performing a more exhaustive review of all business tax

renewals. The Finance Department will request that a review and potential implementation of this recommendation be considered as part of the City's e-Government strategy during fiscal year 2003-04. Target date: 6-04.

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

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

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

Partly implemented. The Finance Department processes annual sewer and storm drain assessments, and forwards these assessments to the County for inclusion on property tax bills. The County charges the City more than \$700,000 per year to collect sewer and storm drain assessments and remit them to the City. Our audit found that if the City billed these assessments bi-monthly through the Utility Billing System, the City could save more than \$700,000 in County collection fees and earn an additional \$870,000 in interest, in return for a small increase in bill-printing fees. Subsequently, the Administration issued an RFP for a new utility billing system. However, there were delays in implementing the new billing system software and the system implementation effort was cancelled. In June 2003, the Finance Department, Environmental Services Department (ESD) and Information Technology issued an RFP for an integrated billing, customer service and partner management system that would have the capability to issue combined sewer, storm, and garbage bills. Subject to Council approval and funding, according to the ESD, the project implementation and initial operation will take about 24 months. The ESD has modified the cost savings projections from \$870,000 to \$350,000 due to a change in the agreement between the City and County. The projected additional interest earned has been modified as well, from \$700,000 to \$350,000, due to the decrease in overall market interest rates. We will re-examine these calculations and billing system shortly after it comes online. Target date: 12-06.

INCREASES REVENUE: \$350,000.

REDUCES COST: \$350,000.

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

Partly implemented. The Finance Department has requested a database administration position, but it has not yet been approved due to the current budget situation. The RFP for the Customer Relationship Management, Utility Billing System and Partnership Relationship Management System was approved by the Council and has been issued. Vendor responses have been received and are being evaluated. Subject to Council approval and funding, according to the ESD, the project implementation and initial operation will take about 24 months. According to

the ESD and Finance, the requested DBA and other temporary staffing to support the project implementation will be necessary to successfully complete the project on time and within budget. Target date: 12-06.

REQUIRES FUNDING: TBD.

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)

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

REQUIRES FUNDING: TBD.

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

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

Partly implemented. The Building Division received a final report from the Financial Consulting Group on the process to account for works-in-progress. The Building Division staff were trained on how to update statistics and apply the process. The Department 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 it 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, we request that this recommendation be deferred. Target date: 6-06.

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

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

Partly implemented. The Building Division received a final report from the Financial Consulting Group recommending a sinking fund to pay for long-term capital asset acquisitions. 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, we request that this recommendation be deferred. Target date: 6-06.

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

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

#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 San José Fire Department (SJFD) has contracted with Club One to provide a part-time Wellness Program Coordinator. The Wellness Program Coordinator is expected to administer and deliver reports on physical assessments to individuals, enter results into a database, and provide the SJFD with a summary report. Exercise equipment has been installed in all stations. Club One is expected to maintain this equipment as needed. Due to the current fiscal situation, the SJFD has reduced the current wellness program from 2002-03 program levels. The SJFD supports a full comprehensive Wellness-Fitness Initiative Program, but has not prepared a budget proposal due the current fiscal constraints. Target date: 6-05.

REQUIRES FUNDING: TBD.

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

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

Not implemented. Given the current economic situation and the anticipated budget deficit, the Fire Department has not implemented this pilot program.
Target date: 6-05.

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

REQUIRES COUNCIL ATTENTION.

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

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

Not implemented. The City has entered into a management agreement with Dolce International to operate the Hayes Mansion. Therefore, this recommendation is no longer valid and we recommend that it be dropped.

REQUIRES COUNCIL ATTENTION.

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

Not implemented. The City has entered into a management agreement with Dolce International to operate the Hayes Mansion. Therefore, this recommendation is no longer valid and we recommend that it be dropped.

REQUIRES COUNCIL ATTENTION.

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. Code Enforcement has increased the average number of bins from 16 to about 20 bins. On February 19, 2003, Code Enforcement gave an update to the Making Government Work Better Committee on their efforts to increase bins and augment the Clean-up Program with Hazardous Waste Disposal. According to Code Enforcement, Code Enforcement has replaced more expensive Code Enforcement Officers with part-time Recreation staff and is now starting to use the San Jose Conservation Corps. Code Enforcement must still present to Council a report to document their efforts to increase average bins to 22 bins per clean-up and reduce overtime costs.

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

Code Enforcement has developed written standards regarding Clean-up event flyers and is working to identify funding for mailing costs. Target date: 6-04.

REQUIRES FUNDING: TBD.

**COMPLETE LISTING OF THE STATUS
OF OPEN AUDIT RECOMMENDATIONS
AS OF DECEMBER 31, 2003**

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 Police Department has been unable to implement an exception-based payroll system that would have assisted it in implementing this recommendation. During the next six months, the City Auditor's Office will assess whether the other controls the Police Department has implemented since the 1988 audit are sufficient to allow this recommendation to be dropped. Target date: 7-04.

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

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

Partly implemented. The Fire Department has provided current data on Hazardous Incident Team activities to the City Auditor. The City Auditor will provide the results of his analysis to the Making Government Work Better Committee in April 2004 (see attached information in Appendix B). Target date: 4-04.

REQUIRES COUNCIL ATTENTION.

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

#5 (City Council & City Administration(Employee Relations)/RK) - 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. According to City Administration, discussions are ongoing regarding this issue as part of labor negotiations with involved bargaining units. Target date: 6-04.

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

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

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

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 has completed three pilot programs in the implementation of this recommendation. According to the Finance staff, all three pilot programs resulted in a revenue-neutral impact. While the recommendation does help taxpayers recognize if they are underpaying their business tax obligation, it also helps them to find out if they are overpaying the business tax. The benefits of implementing this recommendation would be that the taxpayer submitted the correct information and paid the right amount of tax. However, the Finance Department stated that implementation of this recommendation requires augmentation of existing staffing levels in the department to coordinate the additional duties resulting from performing a more exhaustive review of all business tax renewals. The Finance Department will request that a review and potential implementation of this recommendation be considered as part of the City's e-Government strategy during fiscal year 2003-04. Target date: 6-04.

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

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

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

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

(Priority 2)

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

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

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

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

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

Partly implemented. The Finance Department processes annual sewer and storm drain assessments, and forwards these assessments to the County for inclusion on property tax bills. The County charges the City more than \$700,000 per year to collect sewer and storm drain assessments and remit them to the City. Our audit found that if the City billed these assessments bi-monthly through the Utility Billing System, the City could save more than \$700,000 in County collection fees and earn an additional \$870,000 in interest, in return for a small increase in bill-printing fees. Subsequently, the Administration issued an RFP for a new utility billing system. However, there were delays in implementing the new billing system software and the system implementation effort was cancelled. In June 2003, the Finance Department, Environmental Services Department (ESD) and Information Technology issued an

RFP for an integrated billing, customer service and partner management system that would have the capability to issue combined sewer, storm, and garbage bills. Subject to Council approval and funding, according to the ESD, the project implementation and initial operation will take about 24 months. The ESD has modified the cost savings projections from \$870,000 to \$350,000 due to a change in the agreement between the City and County. The projected additional interest earned has been modified as well, from \$700,000 to \$350,000, due to the decrease in overall market interest rates. We will re-examine these calculations and billing system shortly after it comes online. Target date: 12-06.

INCREASES REVENUE: \$350,000.
REDUCES COTS: \$350,000.

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

Partly implemented. The Finance Department has requested a database administration position, but it has not yet been approved due to the current budget situation. The RFP for the Customer Relationship Management, Utility Billing System and Partnership Relationship Management System was approved by the Council and has been issued. Vendor responses have been received and are being evaluated. Subject to Council approval and funding, according to the ESD, the project implementation and initial operation will take about 24 months. According to the ESD and Finance, the requested DBA and other temporary staffing to support the project implementation will be necessary to successfully complete the project on time and within budget. Target date: 12-06.

REQUIRES FUNDING: TBD.

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

Partly implemented. An RFP for a new Utility Billing System was issued in June 2003. Concurrently, a data clean-up effort has been initiated. Currently, data has been validated and revised for mobile home parks receiving garbage, recycling, and yard trimming collection services. Once a vendor is selected, Environmental Services Department staff will work with the vendor to determine which data will be converted to the new system. Procedures for ongoing, periodic purging and/or archiving of billing system data will be developed prior to the activation of the new system. Target date: 12-06.

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

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

Partly implemented. The Department of Public Works (DPW) is leading an effort to reform the budgeting and cost tracking process for Capital Program Support Costs - compensated time-off charges, direct project support charges, special project related service charges, and administrative costs. According to DPW, the following actions to implement this reform have been taken: (1) Capital Program Support Costs are finalized and coordination meetings inform impacted departments of the costs, (2) several meetings to receive input from the Manager’s Budget Office and the Finance Department Accounting Division have been held, (3) Finance and Information Technology Departments reviewed implementation of the program, and (4) the City Auditor’s Office was kept informed of the progress. Future actions will include coordination with the Finance Department and the Budget Office to establish a “Public Works Capital Program Support” Fund and finalization of the divisions’ administrative costs. According to DPW Administration, implementing this reform may make the “budget-off-the-top” approach feasible. Target date: 8-04.

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 Environmental Services Department should annually review existing water loss adjustment factors for both monitored industries and unmonitored companies and require supervisory review and approval of all changes to those factors. (Priority 2)

Partly implemented. The Environmental Services Department (ESD) has adopted a policy requiring installation of flow meters at major industrial locations, where feasible, as part of the permit renewal cycle. Those major industrial locations without flow meters are required to submit engineering reports that the ESD will review. The ESD procedures also require that industrial customers submit an engineering report to substantiate disputed water loss adjustments. ESD staff is preparing a report for the 2004-2005 budget discussion with the Council that will present recommendations regarding water loss factors for unmonitored companies. Target date: 6-04.

99-04: AN AUDIT OF SEWER FUND EXPENDITURES

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

Implemented. The Management Wastewater Core Service Chart of Accounts, including the addition of codes for the FY 2003-2004 Treatment Plant Capital Projects, is complete.

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 Jose Police Officers’ Association to modify shift-starting times to provide sufficient flexibility to deploy officers in the most efficient and effective manner. (Priority 2)

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

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)

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

REQUIRES FUNDING: TBD.

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

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

Partly implemented. The Building Division received a final report from the Financial Consulting Group on the process to account for works-in-progress. The Building Division staff were trained on how to update statistics and apply the process. The Department 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 it 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, we request that this recommendation be deferred.

Target date: 6-06.

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

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

Partly implemented. The Building Division received a final report from the Financial Consulting Group recommending a sinking fund to pay for long-term capital asset acquisitions. 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, we request that this recommendation be deferred. Target date: 6-06.

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

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

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

Implemented. The ESD installed the new database (EEDMS) and is in the process of testing and verifying the data. The ESD demonstrated the database's capability to schedule inspections to meet the required inspection frequencies, eliminate duplicates, and to provide management reports and approvals.

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

Implemented. The new database ESD installed automated the inspection frequency calculation by incorporating the required inspection frequency into its scheduling function. The database also reminds inspectors of upcoming inspections that need to be performed to meet the required inspection frequencies.

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

Implemented. The new database has functions to prevent duplicate entries by alerting users if the facility information they are entering already exists (e.g. similar name and/or address already exists in the database). The "Desk reviews" we observed during our audit are no longer performed since the database maintains historical information on closed facilities.

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

Implemented. The ESD finalized the Enforcement Response Plan and supporting procedures to address the recommendation and ensure enforcement actions and corrections are consistent. In addition to the procedures, the new database automated enforcement actions and approvals to ensure enforcement actions are consistent.

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

Implemented. The ESD finalized the Enforcement Response Plan and supporting procedures to address the recommendation and ensure enforcement actions and corrections are consistent. In addition to the procedures, the new database automated enforcement actions and approvals to ensure enforcement actions are consistent.

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

Implemented. The Program has completed all recommendations to improve its effectiveness and efficiency with the installation of the new database, finalized procedures, approved Enforcement Response Plan, and completed Efficiency Study.

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

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

Partly implemented. The Division has drafted a proposed amendment to Section 4.46.050 to classify multiple use structures. The amendment would:

- Replace current code language enumerating the list of industrial/driving industry uses that are eligible.
- Add driving industry employment sectors to the list of eligible uses in order to more accurately reflect manufacturing and research and development uses that current code language causes to be confused with commercial uses.
- Clarify procedures for collecting taxes for building permits issued separately for building shells from first tenant improvements on mixed use industrial/commercial buildings.

Staff expects to bring a report and draft ordinance to Council in March 2004. This report will also identify the anticipated annual costs of expanding the eligible sectors. Target date: 3-04.

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

Partly implemented. As described under the response to Recommendation #12 of this audit, PBCE, OED, and the City Attorney's Office staff have prepared an amendment to Section 4.46.050 of the Municipal Code. Staff believes that this amendment will provide sufficient clarity to allow Building Technicians reviewing the code to determine whether a use is eligible or not. This will be accomplished by including a complete list of uses, and updating the Municipal Code to reflect ongoing technology changes. The amendment to the Municipal Code is expected to be presented to Council in March 2004. Target date: 3-04.

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. Heavy workloads and limited resources have prohibited significant progress on this assessment. However, an initial assessment has been conducted and recommendations on how best to proceed are being drafted. Target date: 12-04.

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

Not implemented. Implementation of this recommendation depends on the implementation of Recommendation #11. Target date: 12-04.

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

Not implemented. Workload and priorities, combined with limited staff resources, have not allowed the Division to complete its review of ways to implement this recommendation without additional staffing. Target date: 12-04.

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

Partly implemented. A request to expend funds to complete the Real Estate Tracking System (RETS) database has been approved by the Budget Office and the Information Technology Department. A comprehensive Scope of Services was developed by the Real Estate Division and a Consultant contract is in the final stages of negotiation. Once the Consultant Contract is executed it is anticipated that the RETS system will be fully operational by April 2004. Target date: 4-04.

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

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

Partly implemented. In February and March 2003, the San José Fire Department (SJFD) presented a paramedic staffing report to the Making Government Work Better Committee. The SJFD met with the Auditor's Office to discuss the staff report requirements. The SJFD is working on developing a staffing report that will include all staffing levels and vacancies by rank, the number of personnel on disability and modified duty, and projected short-term and long-term vacancies. Target date: 12-04.

#6 (San José Fire Department /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 SJFD met with the Auditor's Office to discuss updating the staffing study to determine the efficient and cost effective mix of relief staff and overtime to meet minimum staffing requirements. The SJFD will update the 1992 study in conjunction with the finalized staffing report going to the City Council. Target date: 12-04.

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

Partly implemented. The San José Fire Department (SJFD) has not complied with this recommendation in a timely manner. The SJFD reported that it continues to analyze sick leave usage for trends and possible patterns of abuse. The SJFD has received instruction on establishing a sick leave benchmark, but has not established a sick leave benchmark. The SJFD indicated that they are reviewing sick leave usage for trends and will establish a benchmark. Target date: 7-04.

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

#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 San José Fire Department (SJFD) has contracted with Club One to provide a part-time Wellness Program Coordinator. The Wellness Program Coordinator is expected to administer and deliver reports on physical assessments to individuals, enter results into a database, and provide the SJFD with a summary report. Exercise equipment has been installed in all stations. Club One is expected to maintain this equipment as needed. Due to the current fiscal situation, the SJFD has reduced the current wellness program from 2002-03 program levels. The SJFD supports a full comprehensive Wellness-Fitness Initiative Program, but has not prepared a budget proposal due the current fiscal constraints. Target date: 6-05.

REQUIRES FUNDING: TBD.

01-03 AN AUDIT OF THE PRETREATMENT SOURCE CONTROL PROGRAM

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

Implemented. The ESD installed a new database (EEDMS) in November 2003. The ESD demonstrated the database's capability to schedule inspections and sampling events to meet required frequencies and to produce management reports to ensure the events optimize the use of SC Program staff time.

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

Implemented. The new database detects certain violations and notifies users to ensure enforcement actions are taken. The database also tracks violations, generates form letters, and notifies supervisors to ensure enforcement actions receive appropriate approvals.

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

Implemented. The new database tracks inspection and sampling frequencies, and generates management reports that allow supervisors to evaluate the Program's progress on a number of levels, ranging from individual inspector workloads to overall Program accomplishments.

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

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

Partly implemented. The Fire Department anticipates meeting the prerequisites for the OMEGA protocol by July 2005. These prerequisites include 1) Currently renewing its accreditation as an Accredited Center of Excellence (ACE) which must be renewed every three years; 2) Implementing the new CAD system scheduled for June 2004 which is necessary to integrate the ProQA software necessary for the OMEGA priority response level; 3) training on the ProQA software; and 4) Compliance with ACE standards on the ProQA software anticipated to be met by mid-2005. Once the prerequisites for the OMEGA protocol are met, the Fire Department will need to evaluate advice program options and projected costs as well as coordinate with Priority Dispatch Corporation, Santa Clara County Emergency Medical Services, and American Medical Response Corporation to develop a comprehensive OMEGA protocol system for the City. Target date: 7-06.

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

Not implemented. Given the current economic situation and the anticipated budget deficit, the Fire Department has not implemented this pilot program.
Target date: 6-05.

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. The Finance Department has reviewed the 2003-04 Arena fees payment, but procedures have not yet been completed. Target date: 6-04.

#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: 6-04.

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

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

Target date: 6-04.

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

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

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

Target date: 6-04.

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

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

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

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

Implemented. Staff have identified leases with late payment provisions and have met with Finance Department staff to develop a process to ensure late payment penalties are properly assessed.

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

Implemented. General Services has a process in place for ensuring that tenants are invoiced on a consistent and continuous basis. Staff use a database to track City-owned property with leased space. A Sr. Account Clerk is responsible for invoicing tenants on a monthly basis or annual basis in accordance with each lease agreement.

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

Implemented. The General Services Department has assigned responsibility for calculating rent adjustments on City-owned property to the Asset Management Group of its Strategic Support Division. Staff has developed a spreadsheet for tracking and calculating rent adjustments. Additionally, staff have developed policies and procedures to ensure timely and accurate rent adjustments are made.

#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 Asset Management Group has assumed responsibility for providing oversight over leases of City-owned property. The Asset Management Group needs to document and identify the leases that are overseen by other Departments. Target date: 6-04.

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

#1 (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)

Partly implemented. The San José Police Department (SJPD) has conducted a survey of Police Officers' Association (POA) members within five years of retirement, and the department has received a near 50% response rate. The information included in the survey includes demographic considerations of age and years of service. The Auditor's Office and the department are working to develop a written process to integrate an analysis of the survey information and demographic information of all officers with its current approach. Due to the recent budget shortfall and cancellation of the Police Academy, the SJPD recommends that the target date be delayed. Target date: 5-04.

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

Partly implemented. The City is currently in negotiations with Police and Fire Unions regarding their retirement plan. The department indicates that it has a process to evaluate the impact of retirement plan changes on future sworn retirements. The department plans to evaluate any proposed retirement plan's effect on future sworn officer retirements. Target date: 6-04.

#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. This issue will be discussed as part of the collective bargaining process now underway. Target date: 6-04.

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

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

Implemented. PRNS revised the parent agreement forms for the 2003-04 school year. The level 3 programming has a process in place to notify parents when their child has attended school and does not report to the after-school program.

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

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

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

Implemented. Parks, Recreation, and Neighborhood Services (PRNS) staff had previously complied with this recommendation, except for the part that dealt with developing a standard for middle school participation. PRNS has since revised programming at the middle school level. In 2003-04, the City has revised middle school programming at five middle school sites and four youth centers.

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

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

Implemented. OEA has reorganized how it operates by implementing 2 levels of labor compliance monitoring. Level I monitoring consists of ensuring receipt of labor compliance documents for construction, service and maintenance contracts that fall below a certain dollar value by one assigned contract compliance specialist. Any complaint received alleging wage/benefit violations is immediately investigated and resolved. Level II monitoring consists of the review of labor compliance documents, review of weekly certified payroll reports, employee questionnaires and on-site interviews for construction, service and maintenance contracts above a certain dollar value. Level II monitoring is performed by one contract compliance coordinator, five contract compliance specialists, and the Director of the Office (for Redevelopment Agency projects).

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

Implemented. On May 27, 2003, the City Council adopted Resolution No. 71584 approving a policy that, City contracts containing the City's Prevailing and Living wage requirements expressly make the payment of compensation conditioned upon compliance with these requirements and, as remedies for a breach of these requirements, gives the City the right to conduct an audit and sets forth liquidated damages. Construction contracts as of November 1, 2003 include these provisions. Housing and Redevelopment Agency contracts include these provisions as of January 27, 2004.

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

Implemented. On May 27, 2003, the City Council adopted Resolution No. 71584 approving a policy that, City contracts containing the City's Prevailing and Living wage requirements expressly make the payment of compensation conditioned upon compliance with these requirements and, as remedies for a breach of these requirements, gives the City the right to conduct an audit and sets forth liquidated damages. Service and maintenance contracts now include these new provisions and were implemented as of July 1, 2003. Construction contracts as of November 1, 2003 include these provisions. Housing and Redevelopment Agency contracts include these provisions as of January 27, 2004.

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

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

Not implemented. The City has entered into a management agreement with Dolce International to operate the Hayes Mansion. Therefore, this recommendation is no longer valid and we recommend that it be dropped.

REQUIRES COUNCIL ATTENTION.

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

Not implemented. The City has entered into a management agreement with Dolce International to operate the Hayes Mansion. Therefore, this recommendation is no longer valid and we recommend that it be dropped.

REQUIRES COUNCIL ATTENTION.

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. Code Enforcement has increased the average number of bins from 16 to about 20 bins. On February 19, 2003, Code Enforcement gave an update to the Making Government Work Better Committee on their efforts to increase bins and augment the Clean-up Program with Hazardous Waste Disposal. According to Code Enforcement, Code Enforcement has replaced more expensive Code Enforcement Officers with part-time Recreation staff and is now starting to use the San Jose Conservation Corps. Code Enforcement must still present to Council a report to document their efforts to increase average bins to 22 bins per clean-up and reduce overtime costs.

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

Code Enforcement has developed written standards regarding Clean-up event flyers and is working to identify funding for mailing costs. Target date: 6-04.

REQUIRES FUNDING: TBD.

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

Implemented. According to the ESD, \$107,891 in unused budget capacity was returned to the General Fund. Code Enforcement returned \$50,000 to the General Fund through a reduction included in the FY 2002-03 Proposed Operating Budget approved by the City Council in June.

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

Not implemented. According to Code Enforcement, staff assigned to develop a comprehensive budget for the Clean-up Program were assigned the responsibility of coordinating Code Enforcement's move to the old Martin Luther King Library. Code Enforcement indicates that they will compile actual program costs for 2003-04 and will have a comprehensive budget in place for 2004-05. Target date: 6-04.

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

Not implemented. According to Code Enforcement, they are in the process of finalizing a questionnaire for customer survey cards. Code Enforcement anticipates that these survey cards will be available in April 2004. Target date: 4-04.

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

Not implemented. According to Code Enforcement, staff is currently working with other City services, community-based organizations, and other stakeholders to conduct a summit to identify ways to improve existing coordination efforts. Target date: 6-04.

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

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

Partly implemented. The FMD has drafted a replacement policy and procedures which they are in the process of finalizing. In order to fully implement the recommendation, the Auditor's Office would like to see the final approved and signed policy and procedures. Additionally, we would like to review the written mechanical assessments performed on retired patrol vehicles for 2003-04. Target date: 6-04.

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

Partly implemented. We received the Police Department’s analysis of the contingency on March 2, 2004. We will review this analysis and determine if further analysis is necessary. Target date: 6-04.

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

Partly implemented. The vehicle committee has been established and has been reviewing all exemptions to the vehicle purchasing freeze. In order to fully implement this recommendation, we would like to review the finalized and signed written procedures that guide this committee and verify that the procedures are being fully implemented. Target date: 6-04.

#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 FMD has drafted a replacement policy and procedures which they are in the process of finalizing. 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. In order to fully implement this recommendation, we would like to review the finalized policy and procedures and verify that they are consistently implemented. Target date: 6-04.

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

Partly implemented. Due to the current freeze on vehicle replacements, the General Services Department has not had an opportunity to demonstrate consistency in its implementation of a replacement policy. In order to fully implement this recommendation, we would like to review mechanical assessments performed on vehicles that are being considered for replacement. Target date: 6-04.

#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 FMD is finalizing a Citywide replacement policy. However, due to the current vehicle freeze, 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 would like to review the finalized policy and procedures and verify that they are consistently implemented. Target date: 6-04.

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

Partly implemented. The FMD is finalizing a Citywide replacement policy. However, due to the current vehicle freeze, 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 would like to review the finalized policy and procedures and verify that they are consistently implemented. Target date: 6-04.

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

Partly implemented. The FMD is finalizing its retrieval and disposal policy and procedures. In order to fully implement this recommendation, we would like to review the finalized signed loan policy and verify that procedures are consistently implemented. Target date: 6-04.

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

Partly implemented. The Fleet Management Division has drafted procedures for the vehicle additions process. In order to fully implement this recommendation, we would like to review the finalized policy and procedures and verify that they are consistently implemented. Due to the current freeze on vehicle purchases, the General Services Department has not had an opportunity to demonstrate consistency in its implementation of a vehicle additions policy. We will review this recommendation during the next follow-up to ensure the procedures are finalized and in place to be implemented as soon as the freeze is lifted. Target date: 6-04.

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

Partly implemented. The FMD is currently undergoing a software upgrade. In order to fully implement this recommendation, we would like to review the database and validate the accuracy of the information. Target date: 6-04.

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

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

Target date: 6-04.

#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 FMD is finalizing a Citywide replacement policy. 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. In order to fully implement this recommendation, we would like to review the finalized policy and procedures and verify that they are consistently implemented. Target date: 6-04.

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

Partly implemented. The Fleet Management Division has drafted procedures for the vehicle additions process. In order to fully implement this recommendation, we would like to review the finalized policy and procedures and verify that they are consistently implemented. Due to the current freeze on vehicle purchases, the General Services Department has not had an opportunity to demonstrate consistency in its implementation of a vehicle additions policy. We will review this recommendation during the next follow-up to ensure the procedures are finalized and in place to be implemented as soon as the freeze is lifted. Target date: 6-04.

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. Due to recent staff vacancies at the Airport Neighborhood Services Group, we are unable to verify implementation of this recommendation. We will verify implementation during our next semi-annual follow-up scheduled for June 30, 2004. Target date: 6-04.

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

Implemented. The ANSG has developed a standardized report format which includes comprehensive information on all of the RMBA #18 areas of responsibility, designating the ANSG as the single point of information for Council and public inquiries on these areas. The first quarterly report was submitted to Council on 10/30/03. The Airport will continue to monitor the effectiveness of this improved reporting format, and suggest changes as necessary.

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

Partly implemented. Due to recent staff vacancies at the Airport Neighborhood Services Group, we are unable to verify implementation of this recommendation. We will verify implementation during our next semi-annual follow-up scheduled for June 30, 2004. Target date: 6-04.

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

Partly implemented. Due to recent staff vacancies at the Airport Neighborhood Services Group, we are unable to verify implementation of this recommendation. We will verify implementation during our next semi-annual follow-up scheduled for June 30, 2004. Target date: 6-04.

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

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

Implemented. Written procedures have been completed and are used within the Call Center to ensure timely follow-up on service requests. Furthermore, Code Enforcement now has the Call Center’s service request database software. For those service requests requiring service from Code Enforcement, Code Enforcement staff accesses the Call Center database daily to check for new service requests received at the Call Center. The Code Enforcement staff enter the service requests into the Code Enforcement database and they also enter the name of the assigned inspector to the Call Center’s database. Therefore, the Call Center can verify that an inspector has been assigned to follow a service request requiring Code Enforcement service.

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

Implemented. In discussions between Code Enforcement and the Call Center management, they determined that Code Enforcement would use the Call Center's service request database software. They also determined that it would not be effective to provide the Call Center staff training on the Code Enforcement database software because of the limited use by the Call Center and because of confidentiality issues. The Call Center's database software was installed on Code Enforcement staff computers in September 2003. In early February 2004, the Code Enforcement clerical staff and service area managers were given full training on the Call Center's database software. Code Enforcement staff currently use the Call Center's database software to open, query, provide updates, and close out all abandoned vehicle and code enforcement complaints received by the Call Center.

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

#1 (Code Enforcement, Department of Parks, Recreation, And Neighborhood Services, and the Housing Department/GM) - Resolve Property Owners' and Tenant Training Program ownership, authority, funding, and management responsibility issues and prepare a formal Program workplan with specific goals and objectives. (Priority 3)

Implemented. PRNS, Code Enforcement, and the Housing Department met and agreed that the Housing Department has sufficient resources to manage all aspects of the tenant training program and will provide up to 15 training opportunities during FY 2003-04. Furthermore, it was agreed that both the NDC and Code Enforcement have complimentary roles and responsibilities with respect to the Property Owners' Training program. The NDC is responsible for managing the logistical and outreach aspects of the program. This support is limited to management of program registration, making facility arrangements, and providing technical assistance to property owners interested in starting a new association. Actual development of the training curriculum, instruction, and on-going support for the associations will be provided by Code Enforcement. Three training classes will be conducted in FY 2003-04.

#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 Neighborhood Development Center has proposed that the original Project Blossom program be integrated into a more comprehensive Neighborhood Organizing function. It is proposed that the core service offered by the Neighborhood Development Center become focused on two areas: Neighborhood

Training and Neighborhood Development Services. This reorganized program will have a comprehensive budget, workplan, and appropriate management guidelines. Target date: 12-04.

#3 (Department of Parks, Recreation, And Neighborhood Services/GM) - Require Project Blossom staff to document and report to PRNS management how they spend their time on Project Blossom activities. (Priority 3)

Partly implemented. In order to manage staff time, project updates are given each week during staff meetings with the NDC Community Services Supervisor. In addition, each staff member is responsible for submitting a monthly report. Finally, staff is responsible for utilizing a new database to track service calls. Management is still evaluating the most effective and efficient method of tracking staff time. Target date: 6-04.

#4 (Department of Parks, Recreation, And Neighborhood Services/GM) – Reconfigure and consolidate the Neighborhood Academy. (Priority 2)

Implemented. The NDC has revised the Neighborhood Academy curriculum to focus on neighborhood organizing, recruiting volunteers, managing neighborhood projects, and identifying and creating partnerships in and around their neighborhood. In addition, an experimental learning component has been incorporated that enables participants to implement a neighborhood project while a member of the Academy. The Neighborhood Academy classes are no longer taught by consultants, rather they are taught by City staff, past Neighborhood Academy participants, and volunteers from community-based organizations. In addition to the 12 session series, the NDC will be hosting “Mini-Academies” throughout the year at satellite locations.

#5 (Department of Parks, Recreation, And Neighborhood Services/GM) –

- Develop and implement specific CAP Grant criteria including usage, evaluation, and follow-up guidelines for determining how much to award for each specific grant purpose, and require applicants to provide detailed descriptions of specific locations where proposed projects will take place and expected timeframes for project completion.***
- Coordinate and consolidate the CAP Grant with other similar City and Community grants and program support for neighborhoods. (Priority 3)***

Partly implemented. The CAP grant criteria have been revised to include specific information about grant usage and application evaluation. The new guidelines require applicants to provide detailed descriptions of specific locations where proposed projects will take place and expected timeframes for project completion. In addition, the CAP Grant program has been consolidated with other similar City grant programs; it is now part of PRNS’ grants unit. Information on similar community grants for neighborhoods has been compiled and is provided to every CAP grant applicant. This recommendation will be implemented once the next cycle of CAP grants has been issued using this revised criterion. Target date: 6-04.

#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. The NDC is currently in the process of revising their agreement with the Community Foundation Silicon Valley. Target date: 6-04.

03-08 AN AUDIT OF THE FACILITIES MANAGEMENT DIVISION

#1 (Facilities Management Division of the General Services Department/GM) -

- ***Develop a procedures manual to formally document the developed procedures in Appendix D.***
- ***Continuously develop controls and procedures to address additional operational threats as they arise.***
- ***Use the procedures manual to advise and train current and new staff.***
- ***Institute management oversight to ensure compliance with the new procedures.***
(Priority 3)

Implemented. Facilities Management has developed a procedures manual, formally documenting the procedures developed during the audit. This manual has been distributed to management within the organization who are using it to advise current staff. The procedures manual is continuously updated with new controls and procedures to address operational threats as they arise.

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

#1 (San José Fire Department/MK) - Follow up on the facilities that are not in the FIBS database that we identified from comparing the FIBS database to the Business License database. (Priority 2)

Partly implemented. Fire Inspectors physically contacted the 674 facilities received from the Auditor as a sample selection from the Business License database that could not be matched with the Fire Inspection Billing System (FIBS).

The following are the results from the contacts:

- 162 (24%) of the 674 facilities required permits (break-down follows):
 - 31 (5%) of the 674 facilities had been inspected and appropriate permits were issued.
 - 83 (12%) of the 674 facilities required permits. These businesses are currently being inspected and permits issued.

- 48 (7%) of the 674 facilities were new businesses that did not match the name of the facility on the sample list. These businesses will be inspected and receive the appropriate permits.

The City Auditor is continuing to work with the SJFD to locate facilities that the Fire Inspectors could not locate. We anticipate that the work will be completed within the next month. Target date: 6-04.

#2 (San José Fire Department/MK) - 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 reevaluate this recommendation when Recommendation #1 is fully completed. Target date: 6-04.

#3 (San José Fire Department/MK) - 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)

Not implemented. The SJFD is seeking to replace the FIBS database with a new database. We will discuss this recommendation again with the SJFD when the new database is in place. Target date: 7-05.

#4 (San José Fire Department/MK) - Develop written procedures to ensure that facilities identified from the New Accounts Report as potentially needing a fire safety permit are

- ***Inspected;***
- ***Assessed as to whether a permit is required; and***
- ***Entered into the FIBS database if a fire safety permit is required.***

(Priority 3)

Implemented. The SJFD has established policies and procedures to improve the current system of recording Business Licensing referrals. The new referrals are:

- Recorded on a spreadsheet in a database, which will be kept current by the supervisor;
- Assigned to the appropriate Fire Inspector to determine if a permit is necessary; and
- Monitored by the supervisor to ensure timely completion.

This new policy is currently in place and is being monitored.

#5 (San José Fire Department/MK) - Establish written procedures to ensure that all facility deletions from the FIBS database are properly authorized. (Priority 3)

Implemented. The SJFD has developed policies and procedures to ensure that any deletion from the FIBS database system will be reviewed through the chain of command up to the Fire Marshal prior to any deletion being made.

#6 (San José Fire Department/MK) - Require the fire companies to submit information on the number of educational facilities actually inspected annually. (Priority 3)

Implemented. The SJFD has developed a new policy and procedure to ensure all educational facilities will be inspected annually. The Assistant Fire Marshal met with the line Battalion Chiefs to educate them on the new policy. Training materials and tapes covering the line inspection of educational facilities have also been developed to assist the line in meeting their inspection goals.

The line inspection program will be monitored by progress reports to the Fire Marshal through the chain of command.

#7 (San José Fire Department/MK) - Inspect all facilities requiring an annual inspection on an annual basis. (Priority 2)

Implemented. The SJFD has implemented new policies and procedures to ensure that all State-mandated facilities are inspected annually. All high schools and high-rise buildings have been inspected during this current inspection cycle.

#8 (San José Fire Department/MK) - Change its inspection goals to 100 percent for all facilities requiring an annual inspection. (Priority 3)

Implemented. The SJFD has implemented new policies and procedures to ensure that all State-mandated facilities are inspected annually.

#9 (San José Fire Department/MK) - Establish accountability for all Record of Inspection forms and ensure that an inspection is completed for all assigned Record of Inspection forms. (Priority 3)

Implemented. The SJFD has implemented policies and procedures to assign accountability for all Records of Inspection forms. A list of inspections will be generated for each inspection area and the supervisors will monitor the process of the work assigned.

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

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

1. State-mandated,
2. State Social Service Request (850 forms),
3. Complaints,
4. Public information request on fire safety,
5. Facilities with chronic problems/violations, and
6. Remaining facilities.

The SJFD should use this ranking system to develop inspection frequencies.

#11 (San José Fire Department/MK) - Improve its system of tracking the amount of time inspectors spend on inspections and inspection-related activities. (Priority 3)

Implemented. The Bureau has developed and upgraded the Daily Reporting System to clearly capture the Fire Inspector's workday.

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

Partly implemented. The SJFD has completed an analysis of its staffing needs based on the number of inspections required and the time needed to complete the inspections in the Code Enforcement Division. However, the SJFD should use the inspection frequencies established in Recommendation #10 to further refine its workload analysis.

#13 (San José Fire Department/MK) - Develop formal policies and procedures that require the inspectors to follow up on identified violations in a timely manner and specify the actual compliance date on the Record of Inspection form. (Priority 3)

Implemented. The SJFD has implemented policies and procedures to educate the Fire Inspectors on timely follow up. The procedures require the Fire Inspectors to state a specific date on the ROI when violations need to be completed. For example, if a violation needs to be corrected, the Fire Inspector will note the exact date when he/she will return to assess compliance and will not just state that they will return in two weeks or ten days.

#14 (San José Fire Department/MK) - Develop written policies and procedures for applying re-inspection fees. (Priority 3)

Implemented. The SJFD has developed written policies and procedures on the consistent application of re-inspection fees. Moreover, supervisors will monitor Record of Inspections forms to ensure fees are applied consistently after each visit.

#15 (San José Fire Department/MK) - Ensure supervisory review and approval of completed Record of Inspection forms. (Priority 3)

Implemented. The SJFD has implemented policies and procedures to ensure that all Record of Inspections forms are reviewed by a supervisor.

#16 (San José Fire Department/MK) - 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 is working with the City Attorney to develop an Administrative Enforcement policy. Target date: 5-04.