CITY OF SACRAMENTO

Office of the City Auditor

CALIFORNIA

Jorge Oseguera, City Auditor

September 24, 2015

Honorable Members of the Audit Committee
915 I Street - Fifth Floor, New City Hall
Sacramento, CA 95814-2604

Honorable Members of the Budget and Audit Committee:

The Office of the City Auditor conducts performance audits and makes recommendations to strengthen accountability and improve the efficiency and effectiveness of City programs. In many cases, this involves verifying compliance with laws and regulations, identifying internal control weaknesses and failures, and assessing whether the City has acquired and used its resources efficiently. The office monitors the implementation of all audit recommendations, and reports on the status of all open audit recommendations every six months with a semi-annual report. In accordance with the City Auditor's approved 2014/15 Audit Plan, we prepared a report of the status of open recommendations for the six months ending June 30, 2015. To prepare this report, we met with department staff, reviewed documentation provided by departments, and performed testing to determine implementation progress.

We categorized recommendations by Auditee progress:

➢ Not started – The Auditee temporarily postponed implementing the audit recommendation or did not demonstrate sufficient progress toward implementing the recommendation.
➢ Started – The Auditee began implementing the recommendation, but considerable work remains.
➢ Partly Implemented – The Auditee satisfied some elements of the audit recommendation, but additional work and testing remains.
➢ Implemented – The Auditee provided documentation and the Auditor verified the satisfactory implementation of the audit recommendation.
➢ Dropped – The auditor recommends eliminating the recommendation since a change in circumstances rendered it unnecessary.
➢ ☑ – A checked box[1] indicates notable new progress since the last semi-annual report towards implementing the recommendation.

One of the goals in performing audit work is to identify areas in which the City could reduce expenses or increase revenues. The Potential City Benefit shown in Exhibit 1 represents an estimate of possible financial benefits identified thought our audit work. Some examples of benefits captured include identifying revenue the City should have collected, errors that led the City to overpay expenses, and potential savings by modifying practices or agreements.

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[1] Audits that are undergoing this process for the first time do not include a box.

As the benefits noted in Exhibit 1 cover various types of potential benefits and relies on decisions and agreements that may or may not be made, it does not represent an expectation that the City will necessarily save or recover the full amount identified. For example, although the Audit of the Community Development Department identified $2.3 million in fees that the City did not collect, recovering those fees may prove difficult due to developers going bankrupt.

One of the measures by which we evaluate the effectiveness of our function is by identifying more in benefit for the City than the City incurs in audit cost. The City Auditor's Office's budget for Fiscal Year 2014/15 was approximately $655,336. Dividing the potential City benefit for 2014/15 by the adjusted Office's budget for Fiscal Year 2014/15 (assumes audit resources split at 60 percent for performance audits and 40 percent for whistleblower investigations) results in $1.50 in identified potential benefit for every $1 of audit cost.

While many of our audits aim to identify financial benefits, they are not all solely focused on identifying savings. Sometimes they focus on areas that identify key benefits that are not easily quantifiable. For example, it could be difficult to quantify the value of increased residents' satisfaction with City services or the benefit of having policies in place that reduce the City's overall risk. We expect that most of our work will yield both financial and non-financial benefits. In cases in which the financial benefits are not easily quantifiable, we will include a narrative section in the Post Audit Recommendation Follow-up Report about potential non-financial benefits.

On behalf of the Auditor's Office, I would like to express my appreciation to the City staff members for their cooperation and assistance during our reviews.

Respectfully submitted,

Jorge Oseguera

Exhibit 1: Potential City Benefit and Recommendation Status

Report Title	Date Issued	Potential City Benefit	Estimated Realized Benefit	# of Rec's Made	Not Started	Started	Partly Implemented	Implemented	Dropped
2014-15 Audits									
311 Call Center	May 2015	Improve Service		18	NA	NA	NA	NA	NA
Sidewalk Repair Process	Nov 2014	$300,000		12	0	2	4	6	0
Wireless Communications	Aug 2014	$291,600	$20,000	18	0	2	13	3	0
Fire Inventory and Narcotics	Aug 2014	Reduce Liability		19	4	6	4	5	0
2013-14 Audits									
City Inventory Systems	Apr 2014	$288,000		12	0	0	7	5	0
Employee Supplemental Pay	Dec 2013	$336,000		17	0	2	4	11	0
2012-13 Audits									
Citywide Purchase Card Use	Oct 2012	Reduce Liability		14	0	0	9	5	0
Sacramento Regional Sports Education Foundation	Sep 2012	$400,000	$120,000	8	0	0	0	0	8
Audit of the Fire Prevention Program	Aug 2012		$28,000	22	0	0	14	8	0
2011-12 Audits									
Utility Billing Review	Jun 2012	$1,300,000	$613,000	11	0	0	3	8	0
AB 1825 Compliance	Jun 2012	Reduce Liability		9	0	0	0	9	0
Whistleblower Hotline Assessment	Feb 2012	Reduce Fraud		2	0	1	0	1	0
Fleet Management	Dec 2011	$6,100,000	$2,800,000	18	0	6	2	10	0
Municipal Golf Revenue and Expenditure Analysis	Sep 2011	$500,000	$500,000	0	0	0	0	0	0
Revenue Collections	Jul 2011	$3,600,000	$40,000	12	0	0	0	12	0
Citywide Policy and Procedures Assessment	Jul 2011	NA		22	0	0	20	2	0
2010-11 Audits									
DOU Operational Efficiency and Cost Savings Audit	Jun 2011	$8,641,000	$2,846,000	27	0	0	2	17	8
Audit of Employee Health and Pension Benefits	Apr 2011	$16,000,000	$7,470,000	28	0	1	9	17	1
Performance Audit of the CDD	Oct 2010	$2,300,000		40	0	0	3	36	1
Total		**$40,056,600**	**$14,437,000**	**309**	**4**	**20**	**94**	**155**	**18**

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Post Audit Summary of the Audit of City's 311 Call Center

The Audit of the City's 311 Call Center contained two findings and made eighteen recommendations to enhance the operations and improve the performance of the City's 311 Call Center for the public. The audit, which was released in May 2015, evaluated internal controls, tested the accuracy of Siebel Customer Relationship Management system, and assessed the Call Center's ability to meet its performance measures.

Since the publication of the audit was a month before the recommendation follow-up period ended, we will not report on the status of the recommendations until December 2015. We have listed the audit findings and recommendations below.

Finding 1: The Call Center is Unable to Meet Its Current Service Level Goals

#1 Review 311 Call Center staffing levels and ensure it is staffed to meet service level goals.

#2 Perform an analysis to determine the cause of the lower than predicted service levels and make changes as necessary.

#3 Develop and communicate individual agent key performance metrics and hold agents accountable to meeting goals.

#4 Regularly evaluate agent performance and meet with agents to review performance and provide coaching to ensure agents meet service, quality, and efficiency goals.

#5 Perform customer surveys to understand the perceptions of callers and include customer surveys in agent performance reviews.

#6 Actively supervise agents to ensure they are processing requests efficiently and working productively.

#7 Evaluate supervisor-to-agent and support staff-to-agent levels and consider increasing the number of supervisory and support staff I the 311 Call Center to be more in line with similarly sized 311 Call Centers.

Finding 2: Additional Technological Enhancements May Help the 311 Call Center Improve Performance

#8 Develop an online directory similar to a Knowledge Base that allows citizens to research information to answer questions relating to the City.

#9 Enhance the City's mobile application to provide additional services and information for citizens to utilize.

#10 Consider other technological advances that may reduce call volume and increase the number of requests processed through self-service means.

#11 Work with other City departments to assign liaisons to update the 311 Call Center Knowledge Base on a regular basis.

#12 Establish formal policies and procedures for updating the Knowledge Base and communicating changes to customer service agents.

#13 Consider utilizing the Siebel CRM Knowledge Base and ensure the new CRM system has a functional and integrated Knowledge Base that will be utilized.

#14 Work towards upgrading the current Siebel Customer Relationship Management system.

#15 Integrate data from Cisco, Siebel or new CRM system, and Witness to better analyze 311 Call Center data and develop processes to improve customer service.

#16 Address the limitations of the Customer Relationship Management system integration with the new Customer Relationship Management system and ensure agents utilize the integration while processing CIS-related service requests.

#17 Provide agent training on new system upgrades and integrations to ensure agents utilize changes made for efficiency.

#18 Develop a process with City departments utilizing escalation forms that allows the 311 Call Center to follow up on previous requests.

Post Audit Summary of the Audit of the City's Sidewalk Repair Process

The Audit of the City's Sidewalk Repair Process contained four findings and identified as much as $300,000 in revenue the City could recover if fees were increased. The audit, which was released in November 2014, included 12 recommendations and evaluated internal controls, tested the accuracy of utility service charge bills, and assessed the City's ability to recover amounts billed.

Since the publication of the audit, the Department of Public Works (Public Works) has made progress towards implementing all 12 of the recommendations. The progress is shown in Exhibit 2 below.

Exhibit 2: Status of Audit Recommendations
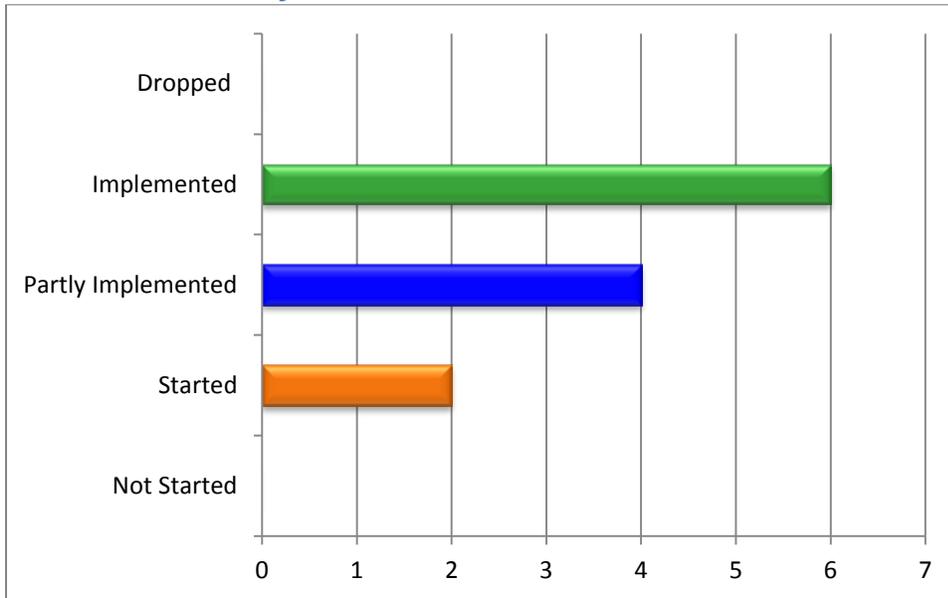
Finding 1: The City's Sidewalk Repair Process is Performing Well in Key Areas and Is Using Practices Comparable to Those of Other Local Governments

#1 Continue efforts to reduce the backlog, meet the 72-hour inspection goal and consistently bill property owners.

☑ Implemented Since publication of the audit, Public Works has successfully reduced the backlog to one year. Public Works is continuing to make efforts to reduce the backlog even further, and leverage 7i reports to ensure the 72-hour inspection goal is met. In addition, Public Works has worked with the City's Information Technology (IT) Department to develop and implement an automated process for billing property owners. This process is more efficient than the previous manual billing method and will further ensure that property owners are consistently billed.

Finding 2: Some Local Governments Use Special Programs to Address Defective Sidewalks

#2 Evaluate the sidewalk repair programs of other local governments and determine if the City would benefit from pursuing similar strategies.

☑ Partly Implemented Public Works has looked into special programs of other local governments. For example, Public Works found that the City of Fairview, Oregon, has a very informative and comprehensive handbook that is provided to residents describing the sidewalk repair process in detail. Public Works is in the process of revising a similar document currently provided to property owners with the repair notification letters, to include similar detail as Fairview's. In addition, Public Works is planning to expand the sidewalk repair information provided on its website. Public Works plans to evaluate other special programs, such as requiring sidewalk inspections during the sale of a home, in the next year.

Finding 3: Opportunities Exist to Enhance the Sidewalk Repair Process

#3 Evaluate whether the funding increase for non-billable repairs was sufficient to cover all associated costs and make any changes identified during the evaluation

☑ Implemented Public Works evaluated the previous funding increase for non-billable repairs and determined that additional funding would still be needed to cover all associated costs. Public Works does not currently have additional funding in its budget that could also be transferred for use on non-billable repairs. Although another option is to increase the fees charged to property owners for sidewalks repairs, the City Council has expressed disinterest in raising these fees. Public Works will continue to explore other opportunities for funding when possible.

#4 Continue to work towards reducing the backlog of sidewalk repairs to six months.
☑ Partly Implemented Since publication of the audit, Public Works has successfully reduced the backlog to one year. Public Works set a tentative completion goal of June 2016 for reducing the backlog to six months. Public Works will re-evaluate at that time whether it is a sustainable objective.

#5 Consider adjusting fees to recover the actual costs incurred for sidewalk repair.

☑ Implemented The funding is not sufficient to cover all associated costs; however, currently the City Council has expressed disinterest in raising fees. We will continue to explore other opportunities for funding whenever possible.

#6 Create a monitoring method for the City's sidewalk repair collection efforts. Once the method is in place, evaluate efficiency opportunities on a regular basis.

☑ Started Public Works is working on establishing a monitoring process with the Revenue Division for the collection efforts. This process will include meeting with the Revenue Division on a regular basis to discuss and evaluate collections efforts.

#7 Create a policy and procedure outlining the criteria for temporary sidewalk repairs.

☑ Started Public Works is in the process of drafting the criteria and plans to work closely with the City Attorney's Office before finalizing the new policy and procedure.

Finding 4: Public Works Could Benefit From Leveraging the Use of the 7i System

#8 Work with the Information Technology Department to automate the billing process for sidewalk repairs.

☑ <u>Implemented</u> Public Works has worked with the City's Information Technology (IT) Department to develop and implement an automated process for billing property owners. This process is more efficient than the previous manual billing method and will further ensure that property owners are consistently billed.

#9 Evaluate the sidewalk repair process and determine what information should be recorded in the 7i system;

☑ <u>Partly Implemented</u> Public Works is working to build consistency in the comments and other sidewalk repair fields used in the 7i system. Public Works has worked with the Information Technology (IT) Department to eliminate non-relevant fields in the 7i system. In addition, Public Works is training all users to enter comments in the same section of work orders so that all comments are easily visible and in chronological order.

#10 Make changes to the system as necessary and establish policies and procedures for these information requirements.

☑ <u>Partly Implemented</u> Public Works has worked with the Information Technology (IT) Department to create a new entry method for new sidewalk repair work order that greatly reduces the amount of time spent by employees by eliminating fields that are not relevant to the sidewalk process. Further, Public Works is also taking steps to monitor user rights. For example, ensuring that certain functions and/or processes, such as invoice credits, require a manager approval. Public Works has also identified two employees that as super users and appropriately provided with this level of access to 7i work orders.

#11 Work with the City's Information Technology Department to implement the use of the 7i system's mapping function.

☑ <u>Implemented</u> On July 1, 2015, the Information Technology (IT) Department completed implementation of sidewalk repair work orders into the mapping function of the 7i system. In addition, Public Works worked with the IT Department to implement tracking of current sidewalk repair works in Accela, software used by both the Community Development Department to indicate permits issued as well as other division of Public Works to track current construction projects. This allows for more efficient tracking of current sidewalk projects throughout the City.

#12 Work with the IT Department to reestablish the automated alerts.

☑ <u>Implemented</u> Public Works worked with the Information Technology (IT) Department to re-implement alerts for past due work orders. Now the home screen for the employee responsible for

notifications, reflects live metrics showing the number of work orders 30 days and 60 days past due. The employee can click on the metrics to easily see the detail of each invoice that is past due.

Post Audit Summary of the Audit of Citywide Wireless Communications

The *Audit of Citywide Wireless Communications* contained three findings and made 18 recommendations for improving the City's administration of its citywide wireless communication devices. By performing this assessment, we sought to identify ways to reduce the City's cost of providing wireless communication devices to employees. By improving how the City's wireless device program is administered, the City may save nearly $300,000.

Since the audit's release in August 2014, the City's Information Technology Department has worked towards implementing the audit's recommendations. During the reporting period of December 2014 to June 2015, the Information Technology Department continued to work on implementing the recommendations made in the audit report. Implementation of the recommendations has been slow due to coordination efforts with other City departments to make appropriate changes to wireless communication devices. In addition, the Information Technology Department is awaiting finalization of its drafted Mobile Device Policy to implement many of the recommendations. As shown in Exhibit 3, we designated three recommendations implemented (17%), thirteen recommendations partly implemented (72%), and two recommendations as started (11%).

Exhibit 3: Status of Audit Recommendations
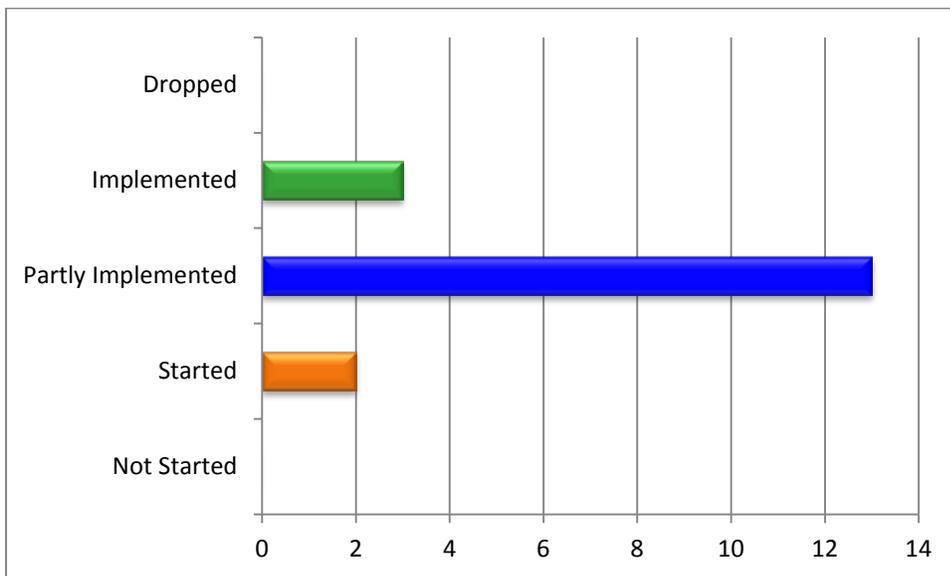
Finding 1: Improving How the City's Wireless Device Program is Administered Could Potentially Save the City $291,600 and Decrease the Risk of Abuse

#1 Establish controls to monitor overage charges.

☐ Partly Implemented The Information Technology (IT) Department has assigned departmental mobile liaisons with the responsibility of reviewing monthly charges and making appropriate plan changes. In addition, IT implemented a mobility management application to monitor wireless overage charges. Departmental mobile liaisons have access to the mobility application to actively manage departmental

wireless charges. The IT Department has developed a draft Mobile Device Policy assigning department heads or their designees responsibility for reviewing and approving monthly vendor charges.

#2 Develop testing mechanisms and protocols for detecting and eliminating excessive personal use.

☐ Partly Implemented IT implemented a mobility management application to monitor monthly wireless charges. In addition, monthly wireless usage details are available for management review. The IT Department has developed a draft Mobile Device Policy assigning department heads or their designees responsibility for reviewing and approving monthly vendor charges.

#3 Activate parental controls for devices to prevent employees from purchasing and downloading inappropriate apps and subscriptions.

☐ Partly Implemented The IT Department activated parental controls on all non-smartphones. Parental controls on many smartphones have been activated and the IT Department is working with the wireless carriers to activate them on the remaining smartphones. The drafted Mobile Device Policy prohibits employees from purchasing or downloading non-work related applications, music, or ringtones.

#4 Develop a monitoring mechanism to ensure employees provided City cell phones are not receiving a technology allowance as well, vice versa.

☑ Implemented The IT Department receives a quarterly Technology Allowance report from the Human Resources Department for review to ensure program compliance. During the previous review, the IT Department identified 12 employees receiving both a technology allowance and City-issued cell phone. Many of these devices have been reassigned or disconnected. As inventory of the devices are updated and corrected, additional employees may be identified.

#5 Continue to work with the vendors to determine the appropriate taxes the City is obligated to pay.

☑ Implemented The IT Department worked with both AT&T and Verizon Wireless to review all plans and ensure the City is paying appropriate taxes. After AT&T's review of the City's lines, AT&T refunded a total of $1,189.78 to the City for tax overpayments. After Verizon Wireless' review of the City's lines, Verizon Wireless refunded a total of $17,800.83 to the City for tax overpayments. The IT Department now reviews the bills on a monthly basis.

#6 Review quarterly optimization reports issued by vendors and consider changing lines to suggested plans.

☐ Partly Implemented Some departments have already taken steps to review optimization reports and make changes to suggested plans. IT will continue to work with other departments to ensure reports are utilized. The drafted Mobile Device Policy assigns responsibility of reviewing optimization reports to Department heads or their designees.

#7 Consider cancelling or suspending services for devices not being used.

☑ Partly Implemented The IT Department is currently working with departments to review, update, and review wireless device inventory as required. The IT Department provides 'Low or No Usage' reports to departments for their review. We found there are still a significant number of devices that had no use

during June 2015 and more review and cancellations need to be done before this recommendation can be implemented.

#9 Assign responsibility for monthly review of device use.

☑ Partly Implemented Department heads or their designees will be responsible for reviewing monthly charges and making appropriate plan changes as required in the drafted Mobile Device Policy.

#10 Perform analysis on the City's lines to ensure devices are in the most cost effective plans.

☐ Partly Implemented Some departments have already taken steps to review optimization reports and make changes to suggested plans. IT will continue to work with other departments to ensure reports are utilized. Many plans have been changed to the consumption plan and the IT Department is working with other departments to change plans on other cell phones.

Finding 2: Wireless Device Policies are Insufficient

#11 Continue to develop and implement formal policies and procedures to reflect operational changes and advances in wireless device technology and security.

☐ Partly Implemented The IT Department has developed formal policies and procedures and is currently waiting for approval to implement the Wireless Device Policy.

#12 Develop a process to review policies on an ongoing basis so they remain up-to-date.

☐ Partly Implemented The IT Department will review and update the formal policy on an annual basis once it has been finalized and implemented.

#13 Establish how best to exercise authority over the City's wireless communication devices.

☐ Partly Implemented Roles and responsibilities of all players in the management of the City's wireless communication devices will be delineated in the formal Mobile Device policy currently under management review.

#14 Update and utilize the wireless communication device request form for all employees issued City devices. The request form should include a written justification for the device, anticipated use, and plan type with supervisory approval and stored for as long as the employee is assigned the device.

☑ Started The IT Department has started the process of creating a wireless communication request form. The form is currently in the design and testing phase. The request form is also addressed in the Mobile Device Policy currently that has been drafted.

#15 Submit a new wireless communication device request form for all existing employees with City-issued devices.

☑ Started The IT Department is currently in the process of creating a wireless communication device request form to provide to existing employees with City-issued devices.

#16 Define responsibilities and develop policies to govern telecom liaisons.

☐ Partly Implemented Roles and responsibilities of all players in the management of the City's wireless communication devices will be delineated in the formal policy currently under management review.

#17 Department management should review changes made by telecom liaisons to ensure they are appropriate.

☑ Partly Implemented Alerts are now sent to management when changes are made in the Mobile Device Management system. The IT Department also sends monthly charges to departments for review. Responsibility for reviewing changes and charges are assigned in the drafted Mobile Device Policy.

Finding 3: Inventory Records are Incomplete and Inconsistent

#18 Update inventory records and ensure complete and up-to-date inventory is maintained.

☑ Partly Implemented The IT Department has decided to continue utilizing KACE to manage all IT hardware equipment inventory. The IT Department informed us they are currently selecting a random sample of 400 inventory items every quarter and tracking the items down to ensure inventory information is up-to-date. Review of KACE inventory records found there is still work to be done to ensure inventory is complete and up-to-date.

Post Audit Summary of the Audit of the Fire Department Inventory System and Narcotics

The Audit of Fire Department Inventory System and Narcotics contained three findings and made 19 recommendations aimed at improving the accuracy and accountability of the Fire Department's Emergency Medical Services (EMS) inventory systems. The audit, which was released in August 2014, provided both a high-level assessment of the newly acquired Operative IQ inventory system and a comprehensive analysis of the existing narcotics inventory system. To evaluate the progress in implementing recommendations, we first requested a self-assessment from the Department and asked for evidence to support progress.

Since the audit's release, the Fire Department has made progress towards implementing many of the recommendations. Most notably, the EMS Division has updated their narcotics tracking processes and is currently working towards full implementation. Of the 19 recommendations, 9 have been implemented or partly implemented (47%) and work had begun on 6 (32%). Work has not begun on 4 (21%) recommendations.

Exhibit 4: Status of Audit Recommendations
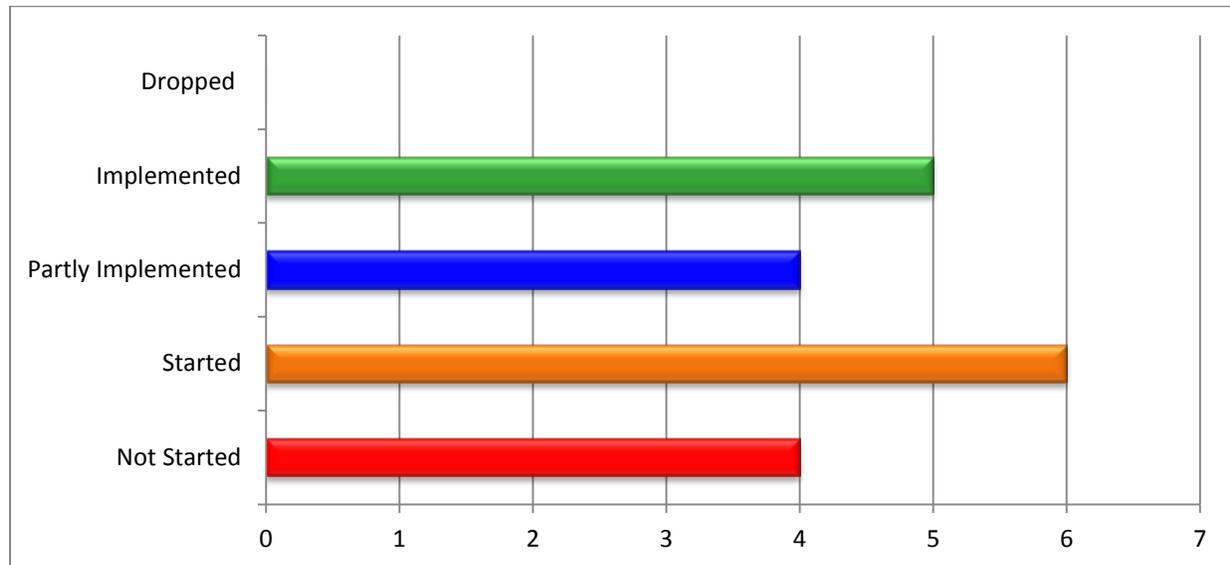
Finding 1: The Fire Department should implement inventory management best practices to improve accountability and accuracy

#1 Assign responsibility for managing inventory and develop policies to provide clear and consistent direction.

☐ Started The Fire Department has drafted EMS Warehouse Supply Inventory Policy Section XI - Subject 12.4 that outlines the procedures and responsibilities for managing EMS Warehouse inventory. The Fire Department has recently established a Support Services Division, which includes a Logistic Section tasked with managing inventory and creating consistent policy in this area.

#2 Establish performance goals to determine if the system is functioning properly.

☐ Not Started The Fire Department is working towards developing controls over counting and maintaining inventory but has not yet established specific performance goals for the inventory system.

#3 Determine a schedule for regular and random inventory counts to ensure accuracy and identify outages.

☐ Partly Implemented The Fire Department has drafted EMS Warehouse Supply Inventory Policy Section XI - Subject 12.4 which requires inventory warehouse be counted on the 20th of the month. Two random audits of Operative IQ orders were conducted in October 2014.

#4 Require supervisory approval of inventory count adjustments and document the cause of the variance.

☐ Partly Implemented The Fire Department has drafted EMS Warehouse Supply Inventory Policy Section XI - Subject 12.4 that outlines the procedures and responsibilities for making adjustments to the warehouse inventory count.

#5 Develop a mechanism to track discarded or expired medication.

☐ Started According to the Fire Department, a mechanism for implementing this recommendation has been identified in Operative IQ and the best process is being evaluated before a policy can be put in place.

#6 Develop a process to track actual usage of supplies.

☐ Started According to the Fire Department, a mechanism for implementing this recommendation has been identified in the EMS Patient Care Report (PCR) system. A process and policy on how this will be carried out is still being developed.

#7 Work with the IT Department to implement system access best practices, including the concept of "least privileges."

☐ Started The Fire Department has worked to reorganize some system access levels; however, additional work still needs to be completed.

#8 Develop a formal process for approving new user access and changes to access levels.

☐ Not Started A formal access policy has not yet been established.

#9 Perform ongoing reviews of system access.

☐ Not Started An ongoing process has not yet been developed for ensuring regular system access reviews.

#10 Determine which standard reports will be run by management on a regular basis to monitor and assess the overall system health, accuracy, and cost effectiveness.

☐ Started According to the Fire Department, reports are being ran to assess inventory levels and the accuracy of the system, but a comprehensive list of formal reports has not yet been developed.

#11 Set up automatic delivery of key reports.

☐ Started According to the Fire Department, some system-generated reports are in use. However, a comprehensive list of formal reports has not yet been developed.

Finding 2: Recordkeeping and monitoring of narcotics should be strengthened to safeguard against fraud, waste, and abuse

#12 Train staff on the proper use of a tracking sheet and the significance of dual signatures.

☑ Implemented The Manual of Operation Section XI – Subjects 51 and 51.1 have been updated to provide direction on the process of ordering, self-auditing, and securing controlled substances. These instructions include requirements for dual custody and verification.

#13 Perform regular reconciliations of on hand narcotics inventories.

☐ Partly Implemented The Fire Department has begun training staff and conducting regular reconciliations of narcotics on hand. They expect this recommendation will be fully implemented by the end of the year.

#14 Perform reconciliations of the narcotics tracking sheet to ensure they are all accounted for from delivery to disposal.

☐ Partly Implemented Fire Department staff started conducted reconciliations of narcotics tracking sheets and expects this recommendation will be fully implemented by the end of the year.

#15 Develop a process to review Medic log sheets before they are filed to ensure use of narcotics is witnessed by two individuals.

☑ Implemented The Manual of Operation Section XI – Subjects 51 and 51.1 have been updated to provide direction to staff on the process of ordering, self-auditing, and securing controlled substances. These instructions include requirements for dual custody and verification.

#16 Increase segregation of duties over narcotics processes or implement compensating controls to mitigate the risk of having one employee perform multiple key tasks.

☑ Implemented The Fire Department has increased segregation of duties over narcotics processes. Manual of Operations Section XI - Subject 51.1 requires receipt of inventory to be verified by more than one person.

#17 Perform random surprise counts of narcotics on hand.

☑ Implemented The current Manual of Operations Section XI Subject 51.1 requires random counts be performed quarterly. A random surprise count was performed and documented by the EMS Chief in the second quarter of 2015.

#18 Update the Manual of Operations to reflect operational changes to the administration of narcotics.

☑ Implemented The Manual of Operation Section XI – Subjects 51 and 51.1 have been updated to provide direction on the process of ordering, self-auditing, and securing controlled substances. These instructions include requirements for dual custody and verification.

Finding 3: A random drug and alcohol testing program could be implemented to further enhance controls over narcotics

#19 Consider implementing a random drug and alcohol testing program.

☐ Not Started The implementation of a random drug and alcohol testing program will likely need to be negotiated as part of the meet and confer process between management and labor. The next opportunity for this will be in two years when the current labor contract expires. No progress has been made on this recommendation.

Post Audit Summary of the Audit of City Inventory Systems Part 1 of 2 Information Technology Department

The Audit of City Inventory Systems – Part 1 of 2 Information Technology Department contained two findings and identified as much as $288,000 in unaccounted for computers. The audit, which was released in April 2014, assessed the inventory systems used by the IT Department to track computer equipment. The audit included 12 recommendations designed to improve the accuracy and accountability of the inventory systems.

Since the audit's release, the IT Department has made significant progress towards implementing the recommendations. Most notably, the IT Department drafted a *Citywide Information Technology Hardware Inventory Policy* that identifies those responsible for managing inventory and outlines minimum requirements for maintaining inventory records. The IT Department has performed a review of user access and started conducting self-assessments aimed at improving the reliability of the inventory records.

Of the 12 recommendations, 5 (42%) have been implemented and 7 (58%) have been partly implemented.

Exhibit 5: Status of Audit Recommendations
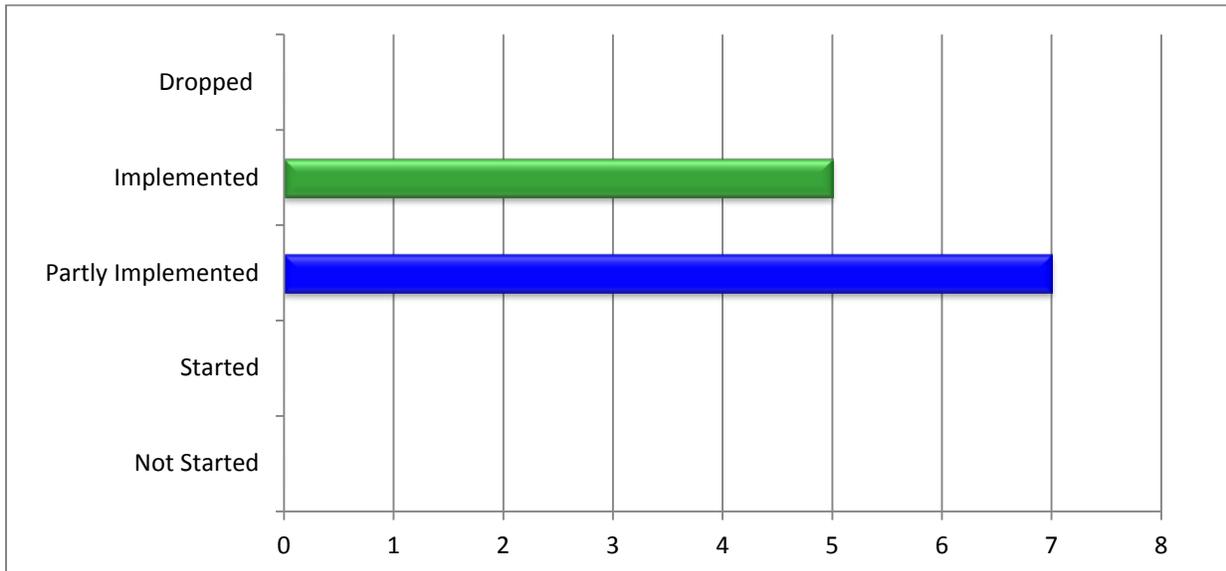
Finding 1: The Information Technology Department's inventory system contains significant errors and omissions

#1 Assign responsibility for managing the IT inventory system to the Chief Information Officer.

☐ Partly Implemented The Chief Information Officer has assumed responsibility for the IT inventory system. However, City Department Directors are still responsible for maintaining accountability and control of IT assets located within their respective departments. A Citywide *Information Technology Hardware Inventory Policy* is in the final stages of formal adoption.

#2 Establish goals and performance measures to increase data accuracy to at least 95 percent.

☐ Partly Implemented A goal of 95% accuracy has been established by the Citywide *Information Technology Hardware Inventory Policy* and performance toward that goal is being measured quarterly. The policy is in the final stages of formal adoption.

#3 Develop standardized policies and procedures for inventory management and provide training to staff.

☐ Partly Implemented IT hardware inventory procedures have been developed for internal use by the IT Department to complement the Citywide *Information Technology Hardware Inventory Policy* mentioned in recommendation #1. A training plan was developed and completed for all IT staff responsible for the acquisition and management of the City's IT hardware inventory. Training includes standardized procedures, performance measures, and clearly defined staff roles and responsibilities.

#4 Develop minimum data requirements for inventory records including model number, physical location, status, assignment, cost, and purchase date.

☐ Partly Implemented The following required fields for inventory have been identified in the Citywide *Information Technology Hardware Inventory Policy*: Asset Tag Number, Asset Type, Assigned to, Department Org Unit, Location, Manufacture, MAC Address (VOIP phones), Model Name/Number, Name, Purchase Date, Cost, Serial Number/Unique Identifier, Status, and Warranty Dates (if applicable.) This policy is in the final stages of being adopted.

#5 Perform reviews of inventory system data on a regular basis to ensure data accuracy.

☑ Implemented The IT Department has begun performing quarterly self-audits of IT hardware inventory whereby a random sample of assets are tested for accuracy. The most recent self-review reported 91.5% accuracy of sampled inventory records, a significant improvement from last year.

#6 Determine why inventory records are not always updated when employees separate from the City and implement a solution.

☐ Partly Implemented According to the IT Department, procedures and workflows have been put in place to remove system access and collect/reassign city owned IT equipment to a prospective employee or departmental representative. IT performed a review of employee separations from January through March 2015.

#7 Develop a process to ensure all new IT hardware purchases are recorded in the inventory system.

☐ Partly Implemented The *Information Technology Hardware Inventory Policy* addresses the updated procedures for recording new purchases including the data fields listed in Recommendation #4. In addition, quarterly self-audits will be performed to measure accuracy.

#8 Develop controls over the surplus process to provide accountability.

☑ Implemented IT has established procedures for the surplus equipment that includes: Ticket creating in KACE, documenting of status changes in KACE, and coordinating with Procurement for disposition. Surplus and E-Waste reports are reviewed and approved by an IT Supervisor.

Finding 2: The Information Technology Department's inventory system has an excessive number of users with the ability to modify and delete inventory records

#9 Reduce the number of users with administrator access to be consistent with the concept of "least privileges."

☑ Implemented IT reviewed user roles and limited access to the "History" group in an effort to restrict access to the asset deletion and status modification logs.

#10 Establish a formal process for review and approval of new user access to the inventory system.

☑ Implemented IT has established a procedure and formal approval process to add new users to the KACE system. Requests are entered into KACE and approved by either an IT Regional Support Manager or IT Regional Support Supervisor.

#11 Develop a process to review user accounts on a regular basis to ensure the number of users and their level of permission is commensurate with their responsibilities.

☑ Implemented The IT Department performs a quarterly review of KACE accounts to ensure the roles assigned to users are appropriate for their job duties. The IT Department documents this review in a quarterly Review of KACE User Roles report.

#12 Formalize logical access to the inventory system in a written policy.

☐ Partly Implemented IT has developed logical access in KACE system to specify the roles and the access level for each user group and perform audits and controls on an annual basis to ensure

conformity. This is covered in the *Information Technology Hardware Inventory Policy*, currently in the final phases of formal adoption.

Post Audit Summary of the Audit of City Employee Supplemental Pay

The Audit of City Employee Supplemental Pay contained four findings and identified just over $400,000 in potential savings. The audit, which was released in December 2013, included 17 recommendations and evaluated the various types of supplemental pay, including incentives, allowances and overtime, specified in labor contracts, employment agreements, and in the City Charter.

Since the publication of the audit, the Fire, Finance, Human Resources, and Police Departments made progress towards implementing all 17 of the recommendations. The progress is shown in the exhibit below.

Exhibit 6: Status of Audit Recommendations
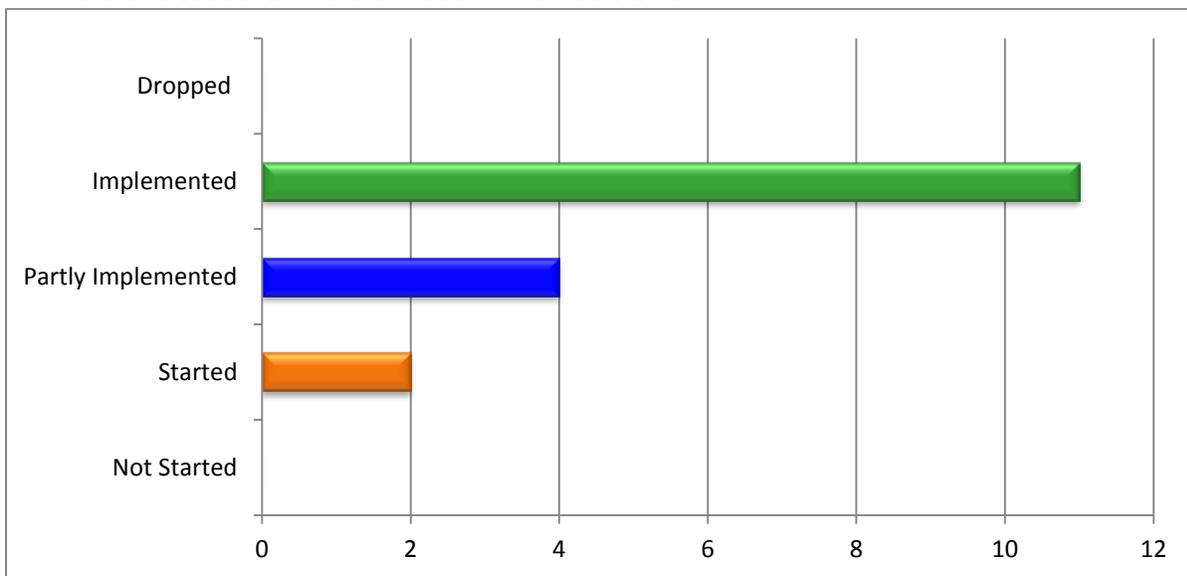
Finding 1: The City's Transportation-Related Incentives and Allowances are Ill Defined and Inconsistent

We recommend that the Human Resources Department:

#8 Negotiate a change in the Paramedic Incentive to discontinue compounding with other incentives.

☑ Started During the 2014 labor contract negotiations with the Sacramento Fire Fighters Union (Firefighter's Union), the compounding of the Paramedic Incentive remained unchanged. This labor contract's term is four years and therefore will not be up for discussion again until 2018. However, the Article 15.9 of the labor contract with Firefighter's Union approved on January 13, 2015 states that the parties agree to meet no later than January 1, 2016 to discuss all specialty pays (Article 15 – Incentive Pays). This presents an opportunity to address the compounding of the Paramedic Incentive. Currently, the Paramedic Incentive is the only incentive that is compounded, resulting in an estimated $336,000 per year in costs to the City. The Human Resources Department expects to begin meeting in December 2015.

Finding 3: Controls Over Employee Time Reporting Must be Improved

We recommend that the Fire Department:

#9 Create a policy and procedure for recording supervisor approval of individual employee time.

☐ Partly Implemented The Fire Department was unable to provide us an update for the recommendation status. However, in our last follow-up report the Fire Department informed us that several attempts to upgrade Telestaff failed due to hardware configuration issues and not having required appropriate technical support necessary to complete the project. Once those issues were resolved, the project was postponed until January 2015 due to other priorities including the annual medic and vacation bids, which are contractual obligations. This policy cannot be created until the upgrade is complete due to the complexity of the changes needed to satisfy the recommendations of the City Auditor.

#10 Discontinue allowing any employee to have administrative access to both Telestaff software and server, and create a policy to prevent it in the future.

☐ Partly Implemented The Fire Department was unable to provide us an update for the recommendation status. However, the practice of employees having administrative access to both the Telestaff software and server has been discontinued. A formal policy is in the development phase. The Fire Chief has created a Policy Working Group that has been tasked with, organizing existing, creating new and removal of outdated policies.

#11 Develop controls to monitor the activity of those provided with administrative rights to Telestaff.

☐ Started The Fire Department was unable to provide us an update for the recommendation status. However, the process of developing controls to monitor the activities of those who have administrative rights to Telestaff is at the discretion of the Fire Chief until a Chief of Technical Services is assigned, then they will have the sole authority to grant or revoke full administrative rights. Until then, the responsibility will remain with the Fire Chief. A formal policy is in the development phase. The Fire Chief has created a Policy Working Group that has been tasked with, organizing existing, creating new and removal of outdated policies. In addition, the Telestaff program provides an administrator the ability to track all transactions or entries. With the ability to audit entries, the monitoring of all levels of access will be possible in the near future.

We recommend that the Police Department:

#13 Evaluate whether the hardcopy form currently required is still the best method for approving overtime or if another method would be more efficient.

☐ Partly Implemented The Police Department's hardcopy overtime approval form is no longer used or required. Further, the policies and procedures were updated as recommended. The draft form of these policies with the changes are currently in the approval process.

#14 Update its policies and procedures for any changes in the overtime approval method.

☐ Partly Implemented The Police Department's hardcopy overtime approval form is no longer used or required. Further, the policies and procedures were updated as recommended. The draft form of these policies with the changes are currently in the approval process.

Post Audit Summary of Citywide Purchase-Card Use

The *Audit of Citywide Purchase-Card Use* contained three findings and identified purchase card transactions that violated City policies. The audit, which was released in October 2012, included 14 recommendations to improve purchase program controls and administration. To evaluate the progress in implementing recommendations, we first requested a self-assessment from the Department and asked for evidence to support progress.

Since the publication of the audit, Procurement Services has reduced the number of purchase cards in use and drafted a comprehensive Purchasing Card document. Of the 14 recommendations, we determined Procurement Services has implemented or partly implemented all 14 recommendations (100%). Many of the recommendations are pending adoption of the Purchasing Card document, which will be deployed with the City's new Automated Policies and Procedures System (APPS.)

July 1, 2013 the Procurement Services Division began reporting to the Finance Department. Prior to this, the Procurement Services Division reported to the Department of General Services (DGS.)

Exhibit 7: Status of Purchase-Card Use Recommendations
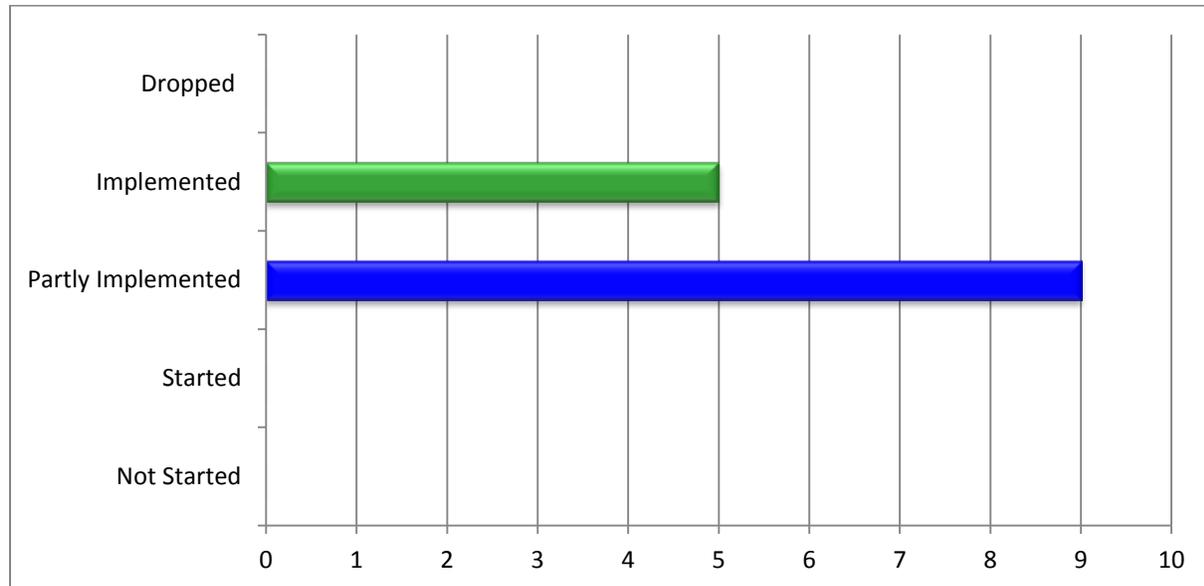
Finding 1: While transactions reviewed did not reveal extensive personal purchases, some charges violated policy and lacked complete support

#3 Establish a consistent form and guidance to departments for processing lost receipt justifications.

☐ Partly Implemented The draft Purchasing Card document includes instructions related to missing receipts and a form to use to explain the missing receipts. The policy is expected to be distributed in late 2015.

Finding 2: The purchase card program lacked complete policy guidance and oversight

#5 Update the Purchasing Card Policy to make it consistent with other City policies.

☐ Partly Implemented The Purchasing Card document is in draft form and is expected to be distributed in late 2015.

#6 Create an authoritative document that clearly states what types of purchasing card transactions are allowable and prohibited, and distribute it to all cardholders and approving officials.

☐ Partly Implemented The Purchasing Card document, which is expected to be distributed in late 2015, will serve as the authoritative document.

#7 Ensure that the document is updated annually to reflect policy changes.

☐ Partly Implemented The Purchasing Card Policy is in draft form and is expected to be distributed in late 2015. The policy will be set up for annual review in the City's Automated Policy and Procedure System (APPS).

#8 Provide mandatory annual purchasing card-use training for cardholders, and require them to sign a form agreeing to program terms and acknowledging their responsibilities.

☐ Partly Implemented The draft Purchasing Card document, which is expected to be finalized in late 2015, sets annual training requirements and includes a form that cardholders sign to acknowledge their responsibilities. Purchase Card training started in 2014 through the City's CityYou program and was most recently held in April 2015. Training for new cardholders is now part of the process when a card is issued.

#9 Provide mandatory annual purchasing card-approval training for approving officials, and require them to sign a form agreeing to program terms and acknowledging their responsibilities.

☐ Partly Implemented The draft Purchasing Card document, which is expected to be finalized in late 2015 will set annual training requirements. Purchase Card training started in 2014 through the City's CityYou program and was most recently held in April 2015. A standard form acknowledging Approving Official program responsibilities will be developed in conjunction with training specific to approvers.

#10 Perform occasional surprise audits of purchasing card transactions and present any concerns to respective departments and the City Manager's Office.

☐ Partly Implemented The department performed three transaction reviews during fiscal year 2014/2015. Questionable items were identified and forwarded to the Finance Operations Manager for review. According to the Finance Department, the Purchase Card policy will require all receipts to be submitted to Finance for storage in CCM. Access to all receipts will allow for more efficient reviews of cardholder activity.

#12 Strengthen controls that are already in place and consider adding controls that are in line with best practices.

☐ Partly Implemented The draft Purchasing Card document specifies strengthened controls. Staff has begun conducting regular reviews of purchase transactions and forwarding questionable transactions to the Finance Operations Manager. The Purchase Card policy is expected to be issued in late 2015.

Finding 3: The City's credit limit exceeds $2 million per month and the City could reduce risk by limiting the number of cardholders and establishing more comprehensive controls

#14 Review merchant categories and block purchases from certain categories for all users as a default, but allow for an exception process based on departments' requirements.

☐ Partly Implemented In late 2015 Procurement Services expects to begin blocking merchant categories not used by cardholders in the past three years. Procurement staff also plans to review the list of merchant categories in use to determine if any should be blocked at that time.

Post Audit Summary of the Audit of the Fire Prevention Program

The *Audit of the City's Fire Prevention Program* contained three findings and made 22 recommendations for improving the compliance, effectiveness and accounting of the City's Fire Prevention Program. By performing this assessment, we sought to assess the completeness and accuracy of the fire data management system, inspection documentation and related practices, and the adequacy of its cash controls. With strong systems in place, the Fire Department is better equipped to help prevent fires and reduce the impact of fires that do occur.

Since the audit's release in August 2012, we have been working with the Acting Fire Marshal to assess adequate implementation of the adopted recommendations. Steps taken toward implementation of the recommendations since the release of the audit include working with City IT and the software vendor to improve the database, working with Citygate Associates for assistance in developing policies and procedures, and creating a Memorandum of Agreement (MOA) with other City Departments. During the reporting period of January 2015 to June 2015, the Fire Department finalized MOAs with other City Departments and created a Fire Prevention Sustainment Team to assist in formalizing policies and procedures. As shown in Exhibit 8, we designated 8 recommendations as implemented (36%) and 14 recommendations as partly implemented (64%).

Exhibit 8: Status of Fire Prevention Audit Recommendations
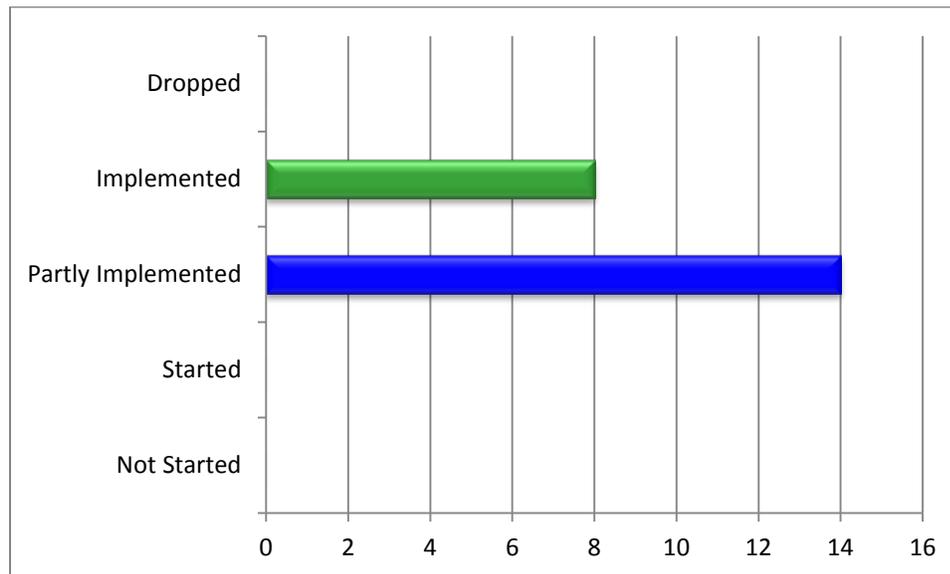
Finding 1: The Fire Department Needs to Formalize its Processes in order to Improve its Fire Prevention Program

#1 Establish a process that better identifies activities that require a permit per California Code, City Code or City Resolution and develop a plan on how the inspection needs will be met.

☐ Partly implemented Fire Prevention has established processes for all businesses that require a permit by California Code, City Code or City Resolution. Fire Prevention has identified key elements of inspection processes of scheduling, inspecting, invoicing, revenue/accounting and permitting, and created work queues in the Fire Data Management System (FDM) that support the business activities needed to meet the required inspections. Fire inspection scheduling process guidelines have been developed that aid in the thorough and efficient scheduling of fire inspection. Inspections are being conducted for operational permits, daycare, schools, high rise, institutions, false alarms and new construction. Citygate Associates (Citygate) developed documents to support this area of the Fire Prevention Bureau's activities. The Fire Prevention Division started training on new standard operating guidelines (SOGs) for fire inspections. Fire Prevention work queues are monitored for productivity and inspections are scheduled based on established SOGs. Fire IT Services has created a system to download businesses from a Revenue Division database, on a quarterly basis. The information is captured and can be uploaded to the FDM database. The data is cross referenced with the existing database to prevent duplication of data information. Once this program is fully implemented, data will be automatically retrieved and placed into the FDM database to capture new businesses required to have an operation permit.

#2 Develop a process to ensure operational permits, and other permits jointly issued by the Fire Department with other City bodies, are signed by the fire code official or his delegate.

☐ Partly implemented Fire Prevention has implemented a process that ensures operational permits are issued securely, which negates the need for each permit to be signed by the fire code official. The process includes using unique high quality security paper from a specialized vendor that prevents unauthorized duplication of the operational permits. Fire Prevention has instituted processes for purchasing, inventory, and secure storage of the security paper. Fire Prevention has implemented internal security procedures that prohibit unauthorized issuance. An SOG is yet to be developed to guide these procedures. A memorandum of Agreement (MOA) between the Community Development Department (CDD) and Fire Prevention has been signed and implemented. Fire Prevention worked with Public Safety Information Technology (PSIT) to add the Fire Code Official's signature to all fire operational permits.

#3 Formalize how inspections should be documented by its Fire Prevention Officers.

☑ Implemented Fire Prevention has shifted clerical and accounting responsibilities away from FPOs. FPOs are now able to concentrate their efforts on the complete and thorough documentation of inspections. FPOs are now required to document each and every inspection occurrence in FDM and the activities and findings of each inspection. Once the inspection is complete, the FPOs submit completed inspection documents to clerical staff. Clerical staff update the business records and forward the inspection documents to accounting staff for invoicing and quality assurance. On, May 27, 2014, the fire inspection guideline (SOG) was signed by the Fire Chief and implemented 30 days later. The Fire Prevention Division has trained staff on this SOG. The Fire Prevention Sustainment Team has been created and implemented to assist in reviewing new SOGs, updating existing SOGs, and assisting in responding to the Fire Prevention Audit.

#4 Work with the City Clerk to evaluate their records, establish consistent records requirements and establish controls to ensure compliance with California regulations and the City's retention schedule.

☐ Partly implemented Fire Prevention has scanned most their documents with the help of the City Clerk's Office. Records located at the Fire Prevention's office at the Richards Blvd location need to be scanned into a digital record. The funding source needs to be secured to complete this task. In a meeting with the City Clerk's Office, it was decided that an MOA was not to be created and that the Fire Prevention Division shall follow and abide by all City Clerk's policies, as per the City Charter.

#5 Explore making changes to the Accela system to better track the issuance and approval of construction permits required by the California Fire Code.

☐ Partly implemented The Audit Team conducted a meeting on October 30, 2013, with Citygate and CDD staff members and gathered information on the feasibility and use of Accela software in place of the current FDM software. The Fire Prevention Audit Team received positive input from CDD staff to support moving forward with the project. Citygate has encouraged additional meetings to further evaluate Accela and its capabilities. Citygate and Fire Prevention staff also met with the Roseville Fire Marshal to review the City's use of Accela. The inclusion of Accela as a Management Information System (MIS) within SOGs has begun. The Fire Prevention Bureau and the FPOs are currently using Accela for all plan review and field inspection and permitting with CDD for tenant improvements and all new construction projects. Migration to Accela by the Fire Prevention Bureau for other comprehensive MIS functions will be a longer-term project. No significant progress on this recommendation has been made during this reporting period.

#6 Work with the Chief Building Official to update the City's procedure to identify required fire construction permits when considering building permits.

☑ Implemented The Fire Prevention Audit Team met with Citygate and the CDD on August 14, 2013, to review and analyze Fire Prevention and CDD workflow processes. Citygate worked with Fire Prevention and CDD to develop a finalized MOA. The formal MOA between Fire Prevention and the CDD has been ratified during this reporting period. Currently, all plans submitted to CDD for permits are routed to Fire for initial review to determine if a fire plan review and inspection is needed.

#7 Establish Fire Prevention inspection and permitting policies and procedures.

☑ Implemented Citygate has developed program logic models for the different types of inspections conducted by the fire prevention division. Citygate has also gathered data on SOGs from several comparable fire prevention bureaus and met with the Audit Team on October 30, 2013. During this reporting period, SOGs have been created and approved for the following: Data Entry, False Alarm, Fire Inspection Scheduling, and Fire Inspection Guidelines. A Fire Prevention Sustainment Team has been created during this reporting period to review and develop SOGs for the division. This is an ongoing effort and SOGs will continue to be created in the future.

#8 Communicate minimum compliance expectations to business owners via a standard document.

☑ Implemented Fire Prevention has collaborated with the Fire Department's website manager to incorporate self-certification fire inspection guidelines and forms onto the website for public access. Business owners are currently able to access the Fire Department website to view information regarding

fire safety and self-certification for apartment complexes with 3 to 16 units. Fire Prevention has also included fire permit inspection requirements and procedures into the website capability. Fire Prevention created new inspection guides for customers to access and download. In addition, documents have been updated for the public in the helpful links/resources section of the website. During this reporting period, FAQs for the annual fire inspection program and the new construction tenant improvement inspection program and special event guideline packets were developed and uploaded on the City website.

Finding 2: The Fire Department's Revenue Collection Process Does Not Adhere to City Code, Lacks Internal Controls, and May Result in Lost Revenue

#11 Pursue finalizing the move of its invoice and collection process to the Revenue Division.

☐ Partly implemented Fire Prevention currently utilizes the Revenue Division for all invoicing and collections. An agreed upon MOA between the City Revenue Department and the Fire Department's Fire Prevention Bureau has been developed. The Fire Prevention Division and Revenue Division are currently having issues with the billing of late fees by the Revenue Division. The Fire Prevention's current policy is to assess late fees after 45 days of the initial invoicing but the Revenue Division assesses late fees after 60 days in most cases.

#12 Consider instituting an inspection application process and charging for inspections before they occur.

☐ Partly implemented Fire Prevention has implemented self-certification inspections which require the fees to be paid prior to issuing the fire permit. All other permits are issued after the inspection is completed, but Fire Prevention does not issue the fire permit until all fees are paid. The fire permitting process clearly defines that no fire permit is issued until full payment is received by City Revenue, the payment transaction is reconciled in the FDM, and the inspection is completed in the satisfactory status. Once all components are complete, Fire Prevention prints and mails the fire permit to the property owner. A fee study will be undertaken with the City Finance Department, using an outside consultant, to recommend to the City Manager and Council establishment of a revised fee schedule. No significant progress on this recommendation has been made during this reporting period.

#13 Apply its current late fees consistently and in accordance with Resolution 2009-178.

☐ Partly implemented Fire Prevention has transferred all invoicing and collection to the Revenue Division who enforces the City's standard invoicing and collections procedures. An agreed upon MOA between the City Revenue Department and the Fire Department's Fire Prevention Bureau has been developed. The Fire Prevention Division and Revenue Division are currently having issues with the billing of late fees by the Revenue Division. The Fire Prevention's current policy is to assess late fees after 45 days of the initial invoicing but the Revenue Division assesses late fees after 60 days in most cases.

#14 Consider augmenting the current late fee structure, with additional penalties for extended non-payment.

☐ Partly implemented Fire Prevention has transferred all invoicing and collection to the Revenue Division who enforces the City's standard invoicing and collections procedures. An agreed upon MOA

between the City Revenue Department and the Fire Department's Fire Prevention Bureau has been developed. The Fire Prevention Division is currently working with the Revenue Division to address this recommendation.

#15 Develop a process to document and track delinquent accounts in FDM

☑ Implemented Fire Prevention has established a workflow process that tracks fire permitting in the FDM database from the creation of a new property/business to the final payment reconciliation and issuance of the fire permit. Businesses do not receive permits until they have paid their inspection fees. During this reporting period, the MOA between Fire Prevention and the Revenue Division was ratified.

Finding 3: The Fire Data Management System Lacks Accuracy, is Not Managed Efficiently, and is Not Being Used to its Fullest Potential.

#16 Develop a control to test the FDM database system for accuracy and completeness on a regular basis.

☑ Partly implemented Fire Prevention commissioned a software application developer from FDM to work with Public Safety Information Technology (PSIT) during the week of August 12, 2013. During that week, the developer worked on verifying the accuracy and validity of the data as well as establishing needed user security groups to deter any future contamination of the database. A program has been created to transfer data from other sources and to capture new businesses for the FDM database. This program is currently in use and a desk manual will be developed to document the procedure for use of this program. Fire Prevention is continuing to update and ensure that FDM is complete and accurate.

#17 Work with the City's IT Department to determine how best to improve the completeness and accuracy of the FDM data.

☐ Partly implemented Fire Prevention has been working continuously with PSIT to purge the FDM database of all erroneous data and to verify the validity of the remaining data. PSIT was successful in eliminating approximately 174,000 properties in the database that contained no useful data. Of the remaining 48,000 plus properties currently in the database, nearly 35,000 require additional data analysis. Given current Fire Prevention staffing levels, analysis of the questionable data will be a challenge to complete in a timely manner. Fire Prevention is currently working to memorialize this process with an SOG. In 2014, an application developer was hired for Fire IT systems to assist in this process and work within FDM. An analysis of the comprehensive MIS needs of the Fire Prevention Bureau and Fire Department needs to be accomplished. No significant progress on this recommendation has been made during this reporting period.

#18 Determine how to streamline the maintenance of inspection and permit related data within its FDM database.

☐ Partly implemented Fire Prevention has been working continuously with PSIT to purge the FDM database of all erroneous data and to verify the validity of the remaining data. Fire Prevention has also implemented workflow processes that removed FPOs from the data entry responsibilities which led to the data irregularities. Fire Prevention is working on standardized practices of how data is entered or

updated in FDM. Fire Prevention is currently working to memorialize this process with an SOG. An analysis of the comprehensive MIS needs of the Fire Prevention Bureau and Fire Department needs to be accomplished. No significant progress on this recommendation has been made during this reporting period.

#19 Use the GISA licenses it has procured to automate the importation of inspection and permit related data.

☑ Partly implemented Utilizing the GISA software to import inspection and permit related data is valued, but Fire Prevention has not spent any additional time on this due to staffing deficiencies. An analysis of the comprehensive MIS needs of the Fire Prevention Bureau and Fire Department needs to be accomplished. In 2014, an application developer was hired for Fire IT systems. This person is tasked with the duties of working in FDM and has helped create programs to automate the data transfer process, from other sources, to capture new businesses for the FDM database. A program has been created to transfer data from other sources and to capture new businesses for the FDM database. This program is currently in use and a desk manual will be developed to document the procedure for use of this program.

#21 Evaluate which properties to allow to self-certify and work towards improving compliance.

☐ Partly implemented Fire Prevention is prepared to reinstitute the former fire company inspections (CIS) program as a self-certification program. The Self-Cert Apartments Step-by-Step procedures were developed and are currently being implemented. A formal program evaluation of this initiative needs to be accomplished to determine self-certification success at periodic intervals. Fire Prevention is currently re-evaluating the Self-Cert Apartment program to maximize effectiveness and gain a higher level of compliance.

#22 Track all self-certification entities in the FDM database system rather than only entering those entities that submit self-certification forms and payments.

☐ Partly implemented Fire Prevention has implemented a workflow process that tracks all self-certification fire permits in the FDM database. Fire Prevention has discontinued the practice of tracking entities with other software applications. The FDM database tracks all self-certification entities from the time the property/business is established through issuing of the fire permit. Invoicing for self-certification fire permits, like all fire permits, is now processed through City Revenue and tracked in FDM. A program was created in FDM to track Self-Cert properties that have expired permits and permits that will expire in a time period. This tracking program is relatively new and needs to be refined and tested for accuracy.

Post Audit Summary of the Audit of Utility Billing

The Audit of City Utility Billing contained seven findings and identified as much as $1.3 million in potential additional revenue. The audit, which was released in June 2012, included 11 recommendations and evaluated internal controls, tested the accuracy of utility service charge bills, and assessed the City's ability to recover amounts billed.

Since the publication of the audit, the Department of Utilities (Utilities) has made progress towards implementing all 11 of the recommendations. We determined that the department has implemented or partly implemented all 11 recommendations. The division's progress is shown in the exhibit below.

Exhibit 9: Status of Audit Recommendations
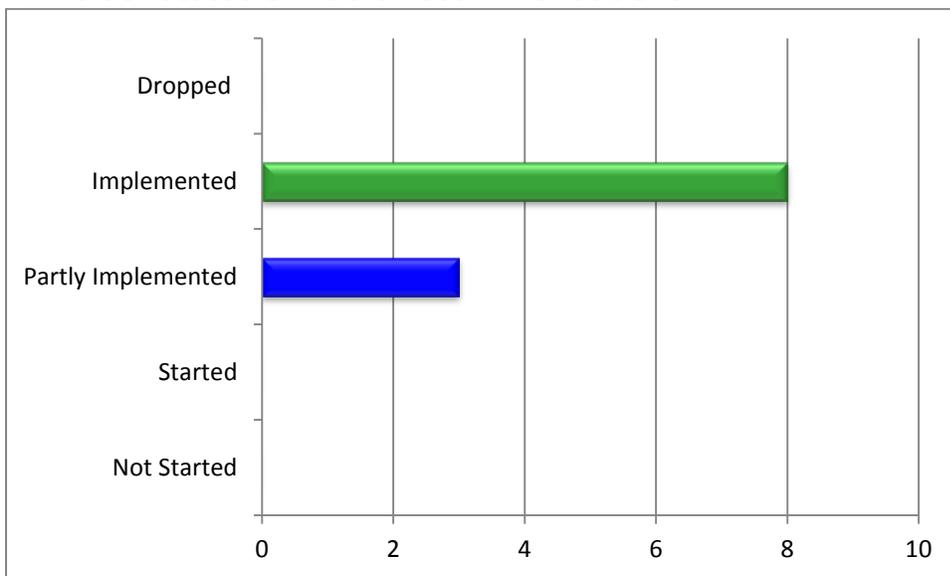
Finding 1: Preparation of Residential and Commercial Bills Are Highly Accurate, but Improvements are Needed to Ensure All Eligible Parcels are Properly Billed for Storm Drainage

#1 Continue to review all variances and update account records to reflect actual square footage, or document reason for exception.
☑ Implemented Utilities has corrected the 2,699 commercial accounts that were identified as having a variance in the square footage billed as of August 2012. Utilities has an interface with Sacramento County's parcel database which will continue to identify and initiate a workflow process for correction of any future discrepancies with commercial storm drainage square footage billing.

#2 Review parcels without CIS accounts, determine which are at the same street address as an existing account and receiving City services, and set up accounts for those parcels.
☑ Partly Implemented Approximately 14,000 parcels have been identified as being in the County's parcel database, without a unique account reflected in the City's billing system. Of those parcels identified, 5,427 have been physically inspected by the Department, and almost 63% (roughly 3,426) of

those parcels have been reviewed and added to the billing system. Approximately half of the inspected parcels have been identified as vacant lots; not having any paving or structures.

In addition, approximately 1,509 of the parcels identified in the audit have been updated in the billing system via the completion of other day to day billing activities, resulting in a total of 4,935, or about 34%, of the total parcels being added to the billing system. Based on existing resources, DOU is estimating a two-year timeline for review and update of the remaining parcels (approximately 9,700) identified in the audit, with completion by December 2016. As a result of these efforts, the Utilities Department has identified over $613,000 in unbilled revenue, across all funds, 76 percent of which collected in full as of August 2014.

Finding 4: Additional Performance Reporting Can Provide a Useful Tool to Monitor Billing Operations

#6 Determine critical leading (e.g., business process, account aging, lien rates, employee development) and lagging (e.g., revenue) performance indicators and incorporate into Balanced Scorecard measurement system. Use month-to-month trends to identify opportunities for operational improvement.

☐ Partly Implemented A number of existing reports are currently generated either on a monthly, quarterly or semi-annual basis, including bad debt, account aging, revenue, and lien releases. DOU recently completed an organizational assessment which includes a plan to measure key performance indicators. In addition, the DOU has created and identified a number of valuable reports, including account delinquency, receivables and collection referrals. Department staff began running the reports in December 2014 in accordance with the report schedule created in 2013 to monitor performance and trends. Monthly and quarterly analysis will be performed on liens, revenue, fees and account delinquency following the end of each month. The initial reporting schedule has been expanded to include program reporting, including Utility Rate Assistance, Identity Theft Prevention, Water Termination and Audits. Account aging, active service counts and lien assessments are also reviewed on a quarterly basis. Account aging, active service counts and lien assessments are also reviewed on a quarterly basis.

A scorecard has been created to report and monitor performance in the area of revenue, bad debt, delinquency and aging. The scorecard will be balanced against expected results on a quarterly basis and support the Department's strategic goal of financial viability. The scorecard will also monitor liens and water termination noticing, which are activities that provide indications of trends and changes in bad debt and delinquency. This data will be used to monitor performance against strategic goals, improve internal and external processes and communications, and align business activities with the vision and strategy of the organization.

#7 Monitor lien and foreclosure rates and anticipate revenue changes should significant changes in rates occur.

☑ Implemented As part of the bad debt analysis, data on foreclosures are reviewed to compare with annual bad debt trends. This data is also used to estimate the expected bad debt during budget planning for new fiscal years. In addition, the delinquency and receivable reports, along with the review of lien assessments and foreclosure trends for current and prior years, are being reviewed to anticipate revenue changes.

Finding 6: Most Billing Services Job Descriptions Align with Responsibilities of Position Incumbents

#9 Investigate alternative Class Specifications for a subset of Account Clerk IIs that perform more research and account troubleshooting tasks.

☑ Implemented The DOU submitted a Position Description and Qualifications (PDQ) document for the Account Clerk II position to Human Resources in March 2014. A reclassification study was conducted for both the Account Clerk II and Customer Service series positions within the Billing unit of the Business and Integrated Planning Division. The study was completed in December 2014 with a recommendation to reclassification the Account Clerk IIs to Account Technicians. No changes were recommended for the other classifications within the Billing unit.

Finding 7: General and Application Controls on IT Systems Could be Improved

#10 Develop policies and implement procedures requiring periodic (e.g. monthly) reviews of CIS super user activities.

☐ Partly Implemented The DOU developed a Privileged Users Access Monitoring Policy to review the security and access of CIS super users. This policy will be fully implemented in January 2015.

Post Audit Summary of the Assessment for Establishing a Whistleblower Hotline

The *Assessment for Establishing a Whistleblower Hotline* contained one finding and estimated that the City's loss to fraud, waste, and abuse could total several million dollars each year. The report, which was released in February 2012, contained four recommendations and covered the potential benefits of establishing a hotline, results of an employee survey, information about other cities' hotlines, and cost estimates to establish a Sacramento hotline.

Report recommendations were made to the City Council in March 2012 to seek its guidance. Council voiced support for establishing a whistleblower hotline and directed the City Attorney's Office, City Manager's Office and Office of the City Auditor to begin implementing a whistleblower hotline program.

In response to Council's direction, the Office of the City Auditor began receiving and investigating whistleblower complaints. In December 2012, the City Auditor released the first Whistleblower Hotline activity report.

In addition to Council's general direction to begin implementing the whistleblower hotline program, Council directed the City Attorney's Office and City Manager's Office to take specific steps towards implementation.

#2 Direct the City Attorney and City Manager to establish a Citywide Code of Ethics.
☐ Started Staff from both offices have discussed parameters for moving forward and plan additional meetings.

# Post Audit Summary of the Audit of City Light-Duty Vehicle Use

The *Audit of City Light-Duty Vehicle Use* contained three findings and identified as much as $6.1 million in one-time and future benefits, with most of these benefits generated through avoided vehicle replacement. The audit, which was released in December 2011, included 18 recommendations and covered vehicle use, Fleet information, and take-home vehicles. During the audit, Fleet Management was located within the Department of General Services. However, in April 2015, the Department of General Services was disbanded and Fleet Management was shifted to the Department of Public Works.

To evaluate Fleet Management's progress in implementing the audit recommendations, we first requested a self-assessment from the department and asked for evidence to support progress. We reviewed this information, worked with department staff, and requested additional evidence as needed.

We determined that Fleet Management made significant progress towards implementing recommendations since the audit's release. Most notably, Fleet Management worked with the City Manager's Office to request that all City departments turn in vehicles that had historically received little use. This effort led to the turning in of 136 vehicles. Of those, Fleet sold 89 vehicles and shifted 47 within the City to better optimize efficient use. Fleet estimated that removing the 89 vehicles and not replacing them with new vehicles will save the City about $2.8 million.

In addition to making recommendations to Fleet Management, this report also included some recommendations to the City Manager's Office, City Attorney's Office, and Department of Finance. Of the 18 recommendations, we found work had already begun on all of them. Of the 18 recommendations, 12 have been implemented or partially implemented (67%.)

Exhibit 10: Status of Audit Recommendations
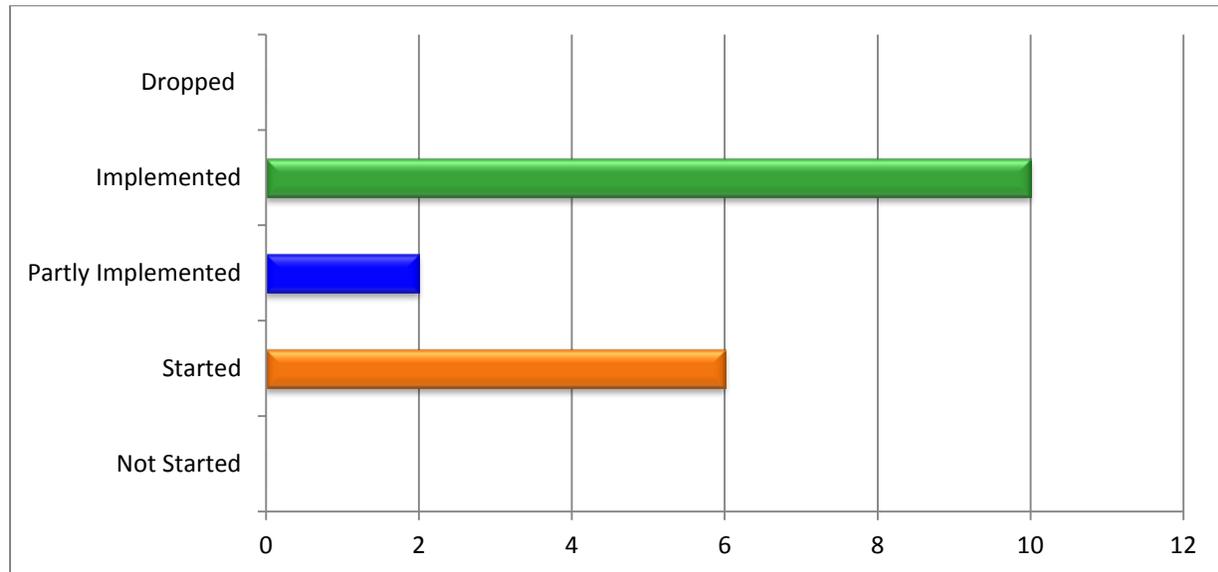
Finding 1: Removing and not replacing the City's light-duty vehicles that were driven less than 6,000 miles per year could yield more than $5 million in onetime and future benefits, with most of these benefits generated through avoided vehicle replacement

#2 Conduct a review of replacement standards in order to ensure that the time and mileage requirements are realistic and set efficient targets.

☐ Partly Implemented Fleet hired a consultant to develop a Comprehensive Asset Management Replacement Solution to provide ongoing review and evaluation of equipment replacement criteria. Testing of the new system is scheduled to begin by the Summer of 2015.

Finding 3: The lack of a detailed City take-home vehicle policy has allowed the City to approve almost 250 take-home vehicles, resulting in a substantial cost

We recommend the City Manager's Office:

#10 Revise the City's transportation policy to consolidate City direction and enhance criteria for allocating take-home vehicles.

☐ Started The City Manager's Vehicle Review Committee was expanded to include review of vehicle use. The Chair of the committee is coordinating recommendations with departments to revise the City's employee transportation policy. During the next meet and confer process with the various labor unions, the City will work to clearly define and provide the intent of this policy.

#11 Require employees who receive a take-home vehicle to maintain a log of call back events.

☐ Started The City Manager's Vehicle Review Committee was expanded to include review of vehicle use. The Chair of the committee is coordinating recommendations with departments to revise the City's employee transportation policy. During the next meet and confer process with the various labor unions, the City will work to clearly define and provide the intent of this policy.

We recommend the City Attorney's Office:

#12 Review the details of the undocumented arrangements with Police and advise City Council about its options.

☐ Started The City Manager's Vehicle Review Committee was expanded to include review of vehicle use. The Chair of the committee is coordinating recommendations with departments to revise the City's employee transportation policy. During the next meet and confer process with the Sacramento Police Officers Association, the City will work to clearly define and provide the intent of this policy.

We recommend the City Manager's Office:

#13 Work towards incorporating into all City labor agreements language that clearly states the City's rights and authority over vehicle assignments and removals.

☐ Started The City Manager's Vehicle Review Committee was expanded to include review of vehicle use. The Chair of the committee is coordinating recommendations with departments to revise the City's employee transportation policy. During the next meet and confer process with the various labor unions, the City will work to include language that clearly defines the City's policy on vehicle assignments and removals.

#14 Enforce the current take-home vehicle distance limitation that restricts take-home vehicle assignments to employees that live within thirty-five (35) air miles from the freeway interchange at W-X, 29th-30th Streets.

☐ Started The City Manager's Vehicle Review Committee was expanded to include review of vehicle use. The Chair of the committee is coordinating recommendations with departments to revise the City's employee transportation policy.

#15 Work towards reducing the allowable distance for assigning a take-home vehicle so as to promote reasonable response times to emergency call backs.

☐ Started The City Manager's Vehicle Review Committee was expanded to include review of vehicle use. The Chair of the committee is coordinating recommendations with departments to revise the City's employee transportation policy. During the next meet and confer process with the various labor unions, the City will work to clearly define and provide the intent of this policy.

We Recommend the Finance Department:

#18 Work with the Attorney's Office to determine if the City is accurately reporting the IRS liability.

☐ Partly Implemented The City Attorney's Office performed its legal review and recommended updating the City Employees Transportation policy. The Finance Department is working with Fleet and the Chair of the Vehicle Review Committee to update the policy language.

Post Audit Summary of the Audit of Citywide Policies and Procedures

The Audit of Citywide Policies and Procedures contained three findings and made 22 recommendations for improving the City's administration of its citywide policies and procedures. By performing this assessment, we sought to identify ways to reduce time spent by employees looking for or explaining policies and procedures, and to reduce risk to the City in case of inconsistent direction. With an adequate policy manual, City employees will be better able to act effectively, decisively, fairly, legally and consistently.

Since the audit's release in July 2011, the City established an implementation team representing the City Manager, City Clerk and City Attorney. The Department of Finance, Revenue Division issued AP-2300 Cash Handling Policy in May 2012. The City Manager issued AP-1002 Whistleblower Protection in October 2012. In addition, City management issued an RFP for a revamped website to include citywide policies. In late 2012, the City Manager's Office convened a working group of Charter Officers and select department staff to develop a comprehensive digital solution to the findings of the Audit Report. The City implemented the use of a new Automated Policy and Procedure System (APPS) to review and update all policies, procedures and related documents.

Full publication of updated policies had been delayed due to requests from City labor unions to meet and confer over policies potentially impacting working conditions. Due to meetings with City labor unions, progress had stalled since June 2013. During the reporting period of January 2015 to June 2015, the City has made significant progress towards implementing the recommendations made in the audit report. As shown in Exhibit 11, we designated 2 recommendations implemented (9%) and 20 recommendations partly implemented (91%).

Exhibit 11: Status of Audit Recommendations
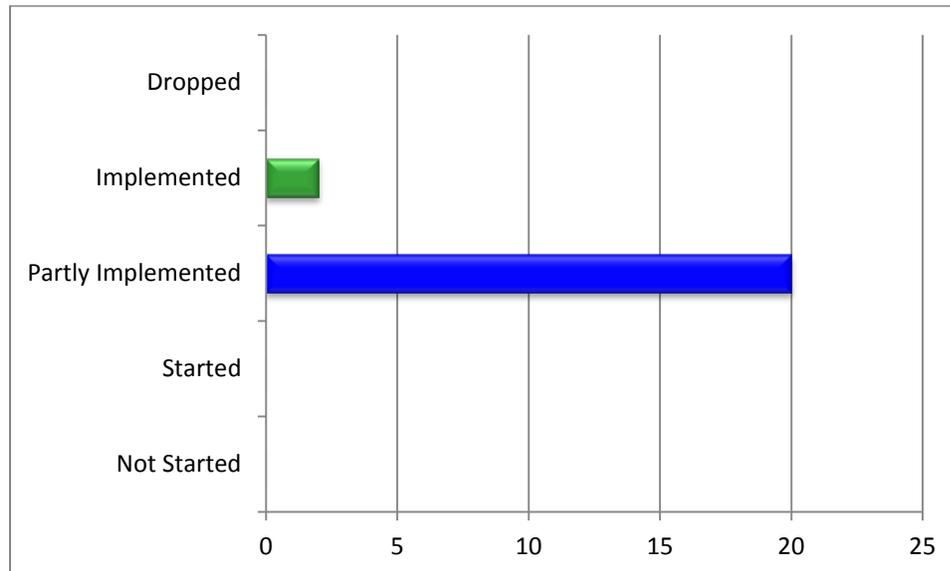
Finding 1: While the City has a System for Establishing Policies & Procedures, It is Generally Circumvented

#1 Establish a control to ensure that e-mailed memorandums that establish or change citywide processes are incorporated into the official body of Administrative Policies and procedures.

☐ Partly Implemented The Automated Policy and Procedure System (APPS) working group has rewritten AP-1001 (renamed Automated Policy and Procedure System policy) to reflect the APPS system design. The language of the new policy document includes a statement that all e-mailed memorandums that establish or change citywide processes will be incorporated into the body of administrative policies and procedures via the APPS system. The City Manager's office is actively working with department staff to formalize policies and procedures with submission into APPS for management and delivery through the City's Learning Management System (Target Solutions) for employee review and acknowledgement. This process has many stakeholders and is expected to be an ongoing effort.

#2 Develop a control to ensure that documents referred to in Administrative Policies exist and are accessible for policy users before approving the policy

☑ Partly Implemented The APPS policy is updated to ensure all attachments referred to in a policy document are available, and that the Administrative Policy Coordinator will not approve a policy document unless all referenced documents are included at the time the policy is submitted. The City Manager's office is actively working with department staff to formalize policies and procedures with submission into APPS for management and to ensure all referenced documents exist and are accessible for policy users.

#3 Update *Developing Administrative Policies or Guidelines PR-1001.01* to clarify responsibility for linking documents within policies and procedures

☑ Implemented Policy and procedure documents published via the APPS will only link to sections within the policy or procedure document (no external links) therefore eliminating previous challenges with maintaining linked documents. The structure of APPS easily identifies missing supporting reference documents before publishing. The City Manager's office is actively working with department staff to minimize external web links. The attachment feature of the current Adobe PDF tools provides a mechanism for referencing additional information effectively.

#4 Establish a time frame for periodic review of established Administrative Policies and procedures and incorporate it into *AP-1001*.

☐ Partly Implemented The new APPS requires a review frequency be provided for each policy and procedure. APPS will automatically send an email 60 days prior to the review date to the document's contact person to inform them of the pending review deadline. Follow-up emails are sent to the individual responsible for the policy or procedure every thirty days until the individual reviews the policy or procedure in APPS. Because APPS will track the approval date for each document, queries may be made to determine performance and establish future performance benchmarks. The City Manager's office is actively working with department staff to formalize policies and procedures with submission into APPS for management. This management includes an automated email alert to assigned parties for periodic review and updates of Citywide and departmental policies and procedures.

#5 Update *AP-1001* to clearly describe the mechanism for updating Administrative Policies

☐ Partly Implemented The Automated Policy and Procedure System policy has been updated to clearly describe the mechanism for updating policies and procedures in APPS. Consistent with the Automated Document Review System (ADRS), the City Manager's Office developed a video tutorial, which includes illustrations, to assist staff with the creation and updating of administrative policy and procedure documents. The video will soon be available to individuals responsible for updating administrative policies. With the advent of APPS, the review process has been refined to include a two-week review and comment period for all departments and review/approval by all Charter Officers to ensure all employees understand the rules and expectations that govern their work.

#7 Formally document the roles, responsibilities and processes of area experts.

☑ Partly Implemented The City will ensure area experts' roles and responsibilities are incorporated into policies and procedures. The City has begun identifying the responsible department and individual for each policy or procedure in APPS. Additionally, the Automated Policy and Procedure System policy states, "If a policy or procedure document does not provide sufficient information, questions should be directed to the contact listed as responsible for the subject matter." The City Manager's office continues to refine the Automated Policy and Procedure System policy to accurately reflect the current processes.

#8 Analyze roles and access privileges of area experts to determine whether any are incompatible with others, to ensure segregation of duties and prevent conflicts of interest.

☑ Partly Implemented The City is incorporating the roles and responsibilities of area experts into existing policy and procedure documents via the APPS transition while taking care to evaluate incompatibility, ensure segregation of duties, and prevent conflicts of interest. The City Manager's office has assigned an APPS Manager to collaborate with department staff on all citywide policies and procedures. The APPS Manager also facilitates the use of APPS for Departmental and Division level policies. The Automated Policy and Procedure System policy was rewritten to require the APPS Manager to ensure no subsequent policy or procedure is published without a review for these same issues.

Finding 2: The Inventory of Citywide Policies Could be More Complete and Organized

#9 Evaluate the divisions of Support Services and determine if the policies currently in place are adequate and where additional policies are needed.

☑ Partly Implemented The Department of Finance's Revenue Division issued AP-2300 Cash Handling in May 2012. The policy outlines internal control of cash, credit card acceptance, accounting practices, balancing and reconciling and other key practices. It also requires departments which receive payments to establish department specific cash handling policies. The Human Resources Department is currently working on updating and developing citywide policies and procedures. The City Manager's office has assigned an APPS Manager to continue to collaborate with all department staff to review and update/retire current citywide policies. During this collaboration, additional policy and procedure needs are identified. The APPS Manager is currently working with the Department of Utilities and the Fire Department on updating their departmental policies in APPS. This process is expected to be an ongoing effort.

#10 Strengthen the language in *AP-1001* to require department directors and division managers who manage citywide processes to establish Administrative Policies over key operational areas.

☐ Partly Implemented The new APPS platform was built to facilitate, create and manage citywide, department and division policies. The Automated Policy and Procedure System policy language requires department directors to establish policies and procedures over key operational areas and to facilitate the receipt and understanding of appropriate citywide, departmental, and division level policies and procedures. In addition, the release of policies and procedures through the Learning Management System (Target Solutions) identifies clearly the responsibilities of all City staff.

#11 Assess the inventory of outside policies and procedures and determine whether they should be incorporated or retired.

☑ Partly Implemented The City's web team has launched a new City website. Existing policies are housed in the Citywide Content Management (CCM) system and published to the intranet or website. All updated and current policies and procedures are on the City website at http://portal.cityofsacramento.org/City-Hall/Policies-and-Procedures. Archived policies may be accessed by contacting the City Clerk's Office. The APPS team conducted a review of the 250 documents identified by the audit to determine if they can be incorporated into existing policies, discarded, or developed into individual policy or procedure documents. This process is expected to be an ongoing effort.

#12 Assess whether the City should develop policies to address some of the policy areas owned by other cities and noted in Exhibit 13.

☐ Partly Implemented The City Manager's Office evaluated the examples provided in the Audit report. Many of the policies identified have been implemented since the City Auditor's Report was issued. Other policies have been drafted and are in the process of being finalized. Additional policies will be considered per direction from the City Manager.

We recommend that the City Manager and City Clerk:

#13 Revisit how Administrative Policies and related documents are housed in CCM.

☐ Partly Implemented The City's new Automated Policy and Procedure System policy document notes that all current citywide policies and procedure documents shall be published to the CCM. CCM provides the source documents for posting of City policies and procedures to the City's new website. All currently approved Policies (APIs) are available in CCM and on the City website or intranet. The system is in place to update newly approved policy and procedure documents in CCM.

#14 Update *PR-1001-01* to include a clear description of how Administrative Policies and Procedures are integrated and accessed in CCM.

☐ Partly Implemented The City's new Automated Policy and Procedure System policy document notes that all current citywide policies and procedure documents shall be published to CCM. CCM will provide the source documents for posting of City policies and procedures to the City's new website. The City Manager's office continues to refine the Automated Policy and Procedure System policy to accurately reflect the most current processes.

 # 15 Centralize citywide policies and procedures to a location where employees can easily find all current policies that relate to their position or employment at the City.

☐ Partly Implemented Staff has designed and built the APPS system to serve as a central repository for Citywide, department and division policies and procedures. The APPS system houses the "source" documents from which formal policy and procedure documents are "published" to the CCM (and intranet or website). The City's public website (see http://portal.cityofsacramento.org/City-Hall/Policies-and-Procedures) provides access to most of the current policies and procedures that can be provided to the public. The City's Learning Management System (Target Solutions) is being used to release policies and procedures to appropriate employee groups for their review and acknowledgement. The system provides an accounting of completion of the task. This process is used for citywide and departmental policies and procedures.

#16 Evaluate the 250 documents and determine which warrant integration into the formal process described in *AP-1001* and related formats.

☐ Partly Implemented The documents were reviewed and consolidated or incorporated into new policies and procedures. The APPS project team partnered with HR to convert the recently updated HR policies into the APPS format. Several draft HR policy/procedure documents have been converted to the APPS format including: Reasonable Accommodation, Employee Handbook, Educational Assistance, Wireless Communications, Health and Welfare, Leave Administration, and Employee Separation. During this collaboration, additional policy and procedure needs are identified. This process is expected to be an ongoing effort.

#17 Design a control to ensure outdated policies and procedures are removed from CityNet and the City's public website.

☐ Partly Implemented The updated Automated Policy and Procedure System policy requires the APPS Manager to archive policy and procedure documents when new documents are published to the CCM. The procedure also notes that archived policy and procedure documents are available by request via the City Clerk's Office. CityNet no longer houses any Policies and Procedures. The City's public website contains the most current policies and procedures.

 # 18 Change the department owners of policies to reflect correct owners.

☐ Partly Implemented APPS provides a single point of accountability for each policy and procedure document including name, title, department, telephone number and email address. The department owners of all the current policies and procedures have been corrected. Many policies and procedures are in the process of being updated and will reflect correct owners.

#19 Update the department drop-down list to align with the current organization chart.

☐ Partly Implemented Policies and procedures are now compiled in APPS. CCM houses the policies and procedures and pulls the data from APPS to ensure all data in CCM are current.

#20 Consider making a change to CCM to allow for the distinction between active/current policies and inactive/replaced policies.

☐ Partly Implemented The updated Automated Policies and Procedure System policy requires the APPS Manager to archive policy and procedure documents when new documents are published to the CCM. The procedure also notes that archived policy and procedure documents are available by request via the City Clerk's Office. The active policy and procedure documents have been updated in CCM to reflect their current status. The City Clerk's Office is working on archiving inactive and replaced policies as they are updated.

#21 Ensure department directors and division managers regularly review the policy repository to ensure only, and all, their current policies are posted.

☐ Partly Implemented The APPS design provides a digital solution to the recommendation. Department directors and division managers and other key staff responsible for policy review will be notified by the APPS system when a policy or procedure document requires their review. A digital review and approval process will ensure policy and procedure documents remain current. The City Manager's office has assigned an APPS Manager to continue to collaborate with all department staff to review and update/retire current citywide policies.

Finding 3: A Long-Established Tradition of Undocumented Processes Hinders Some Directors' Efforts to Establish Department-Specific Policies and Procedures

#22 Reinforce management's expectation that all department operations policies and procedures be put in place and kept up to date.

☐ Partly Implemented APPS is intended to manage the creation, review, editing and publication of citywide, departmental, and division level policies and procedures. The City Manager's office has assigned an APPS Manager to collaborate with department staff on all citywide policies and procedures. The APPS Manager also facilitates the use of APPS for departmental and division level policies. Currently Department of Utilities and the Fire Department are actively transitioning their departmental policies and procedures into APPS.

Post Audit Summary of the Department of Utilities Operational Efficiency and Cost Savings Audit

The Performance Audit of the *Department of Utilities Operational Efficiency and Cost Savings Audit* contained seven findings and identified $8.6 million of potential savings in FY 2011-12. The audit, which was released in June 2011, was an objective examination of the Utilities to evaluate whether the department was managing and/or utilizing resources in a responsive, economical and efficient manner.

In addition to recommendations directly related to the seven key findings, the audit included further opportunities for operational efficiencies and cost savings that the Utilities may want to explore. Since the publication of the audit, the Utilities Department has made progress towards implementing all of the remaining recommendations. The department's progress is shown in the exhibit below.

Exhibit 12: Status of Audit Recommendations
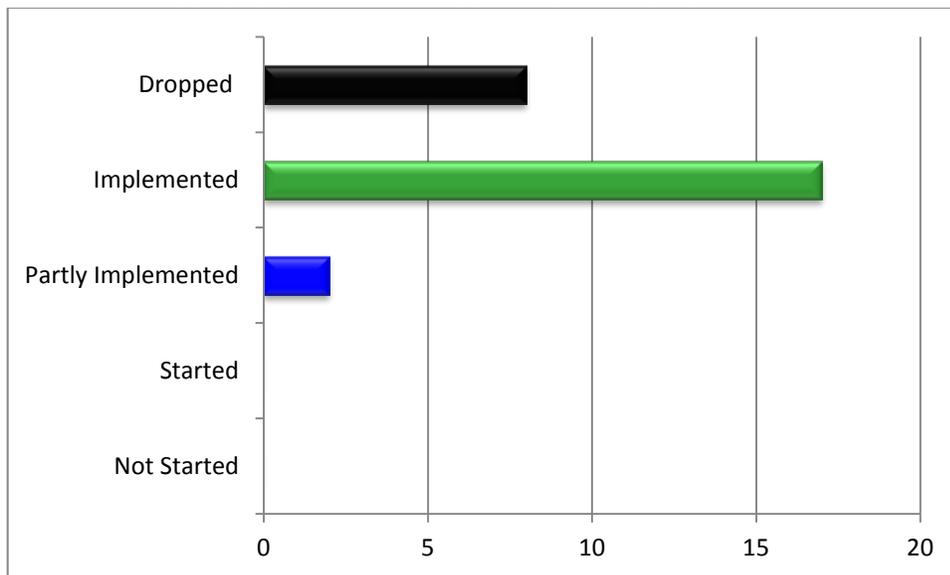
Additional Operational Efficiencies and Cost Savings

#12 Accelerate completion of the Computerized Maintenance Management Systems (CMMS).
☑ Partly Implemented DOU completed upgrading CMMS (Cityworks) in August 2014. DOU is currently implementing a contract for a consultant to start integration with eCAPS in September 2015. DOU estimates annual savings of 1,568 hours valued at approximately $74,238. DOU will reallocate the time savings to field maintenance and repairs.

#14 Accelerate completion of the SCADA HMI software system replacement.
☑ Partly Implemented DOU completed testing at all sumps and approximately one-third of the City's wells. However, staff identified a network communication problem that required suspension of point-to-point testing until resolution of the communication issue. DOU expects to conclude network communication testing by the end of August and will then resume point-to-point testing, with a new anticipated completion date of December 2015, and full implementation of the VTS HMI upgrade by the end of March 2016. DOU projects that once the VTS is fully operational, the estimated annual savings

will be approximately $132,275 and 2,100 hours of staff time. The department will reallocate the staff hours and projected financial savings to field maintenance and repairs that are currently not being performed.

Post Audit Summary of Employee Health and Pension Benefits

The *Audit of Employee Health and Pension Benefits* contained five findings and identified as much as $16 million in possible overpayments and potential City savings. To date, the City has recovered approximately $476,000 in overpayments. The audit, which was released in April 2011, included 28 recommendations and covered the administration of health benefits; health premium amounts and cost sharing; pension payments and cost sharing; retiree-health obligations; and general benefit cost containment options.

To evaluate Human Resources' progress in implementing recommendations, we requested a self-assessment from the Department and asked for evidence to support progress. Since the publication of the audit, Human Resources has made significant progress towards implementing the recommendations. Of the 28 recommendations, we determined that the Department has implemented, or partly implemented, 26 recommendations (93%). One recommendation was dropped as it was not adopted during the most recent round of negotiations with Local 522.

Exhibit 13 summarized the implementation progress to date. While Human Resources is making progress towards implementing recommendations, we anticipate that some recommendations could take several more months to fully implement.

Exhibit 13: Status of Audit Recommendations
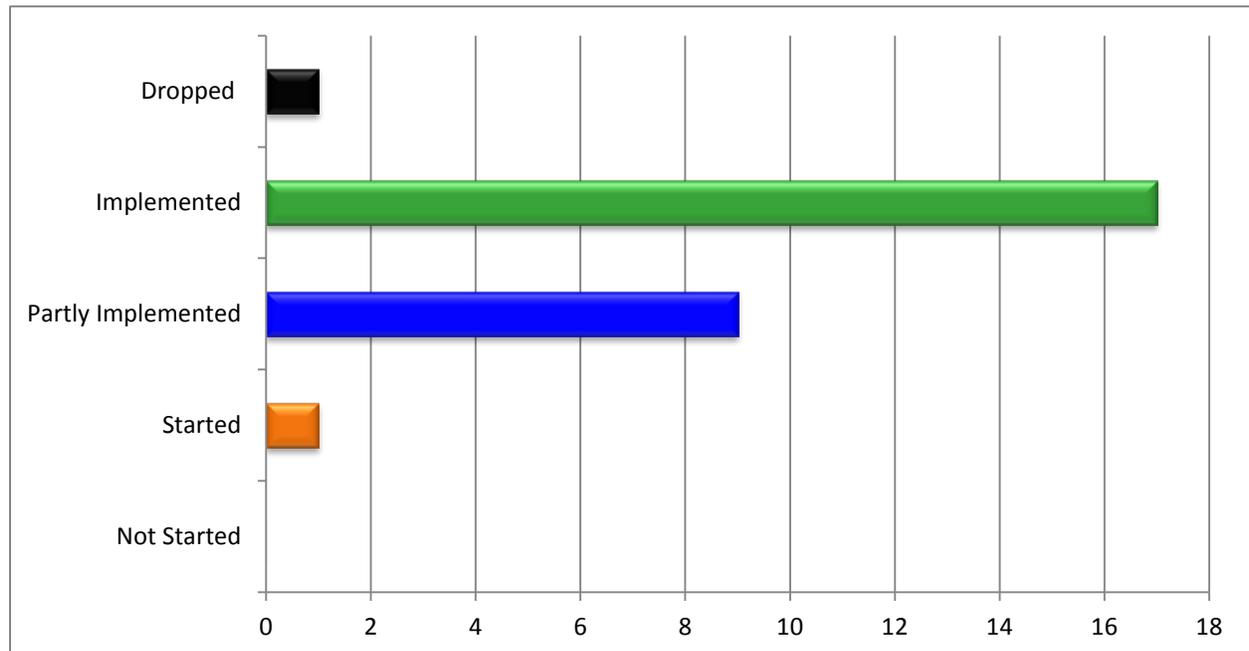
Finding 1: The Administration of Health Benefits Has Strengthened, But Areas of Concern Remain

#2 Develop a system to reconcile self-billed amounts to actual amounts deducted in payroll.

☐ Started The Human Resources Department is collaborating with IT and Payroll to develop a process for addressing this recommendation.

#3 Inventory all previous LOUs and present them to Council for incorporation into labor agreements as necessary.

☐ Partly Implemented Human Resources has incorporated nearly all LOU's into labor agreements and continues to work towards incorporating the remaining LOU's.

Finding 2: The City's Current Methods For Determining Premium Amounts And Shares Need Improvement

#12 Establish a formal process to periodically compare the costs of the City's health premiums to what other area governments pay.

☐ Partly Implemented According to Human Resources, the department plans to work with its benefit broker during their yearly evaluation to survey other area government's premiums and contributions to their health plans. The City's benefit broker will then use this information to negotiate premium rates during its contract renewal with the City's medical carriers. The outcome is expected to be presented to council in January 2016.

#13 Report to City Council how the City's premium amounts compare with those paid by area governments.

☐ Partly Implemented According to Human Resources, the department plans to report this information to Council in January 2016. Reporting is contingent upon the completion of Recommendation #12.

#15 Establish a process to obtain and review trends in area governments' contributions towards employees' health premiums.

☐ Partly Implemented According to Human Resources, the department plans to work with its benefit broker during their yearly evaluation to survey other area government's premiums and contributions to their health plans. The City's benefit broker will then use this information to negotiate premium rates during its contract renewal with the City's medical carriers.

#16 Consider regional trends when negotiating benefit shares.

☐ Partly Implemented As mentioned in Recommendation #15, Human Resources plans to work with its benefit broker during their yearly evaluation to survey other area government's premiums and contributions to their health plans and use this information to negotiate future premium rates.

Finding 4: City Payments Towards Retiree-Health Costs Are Growing and The Way The City Pays For These Benefits Could Result In Overpayments

#21 Continue pursuing options to reduce retiree health costs.

☐ Partly Implemented The department continues to pursue changes to Medicare retiree benefits. Some labor unions have already agreed to changes, others will have to discuss during the next round of negotiations. The target date for completion is January 2018.

#23 Continue work to implement the self-billing method for retiree health benefits.

☐ Partly Implemented Human Resources has designed a self-billing method for retiree health benefits and is testing the process. The expected completion date is March 2016.

Finding 5: Rising Benefit Costs Require The City To Evaluate Cost Containment Options Like Those That Other Governments Employee And Best Practices Recommend

#25 Continue plans to implement a wellness program that includes assessing the program's impact.

☐ Partly Implemented The Training and Wellness Committee has implemented a wellness program that includes goals and measures. According to the Department, results might not be known for a few more years and that participating in health assessments could impact premiums in the future.

#28 Create and manage a strategic health-care plan.

☐ Partly Implemented The City has a strategic healthcare plan and the City Manager has outlined priorities for negotiations. The Human Resources and Finance Departments are meeting with the Benefits Consultant in January 2016 to review the current plan and revise, if necessary.

Post Audit Summary of the Audit of the Community Development Department

The Performance Audit of the Community Development Department (CDD) contained 5 chapters, identified $2.3 million[2] in required permitting fees that the City did not receive, and made 40 recommendations for improving CDD's operations, controls, and management. The audit specifically reviewed the City's processes for issuing building permits and collecting requisite fees. Since the audit's release in October 2010, my office has been working closely with CDD staff to assess and insure adequate implementation of the adopted recommendations.

During the reporting period of January 2015 to June 2015, CDD worked on attempting to implement the final recommendations. As shown in Exhibit 14, we designated 36 recommendations as implemented (90%), 3 recommendations as partly implemented (7.5%), and one dropped (2.5%).

Exhibit 14: Status of Audit Recommendations
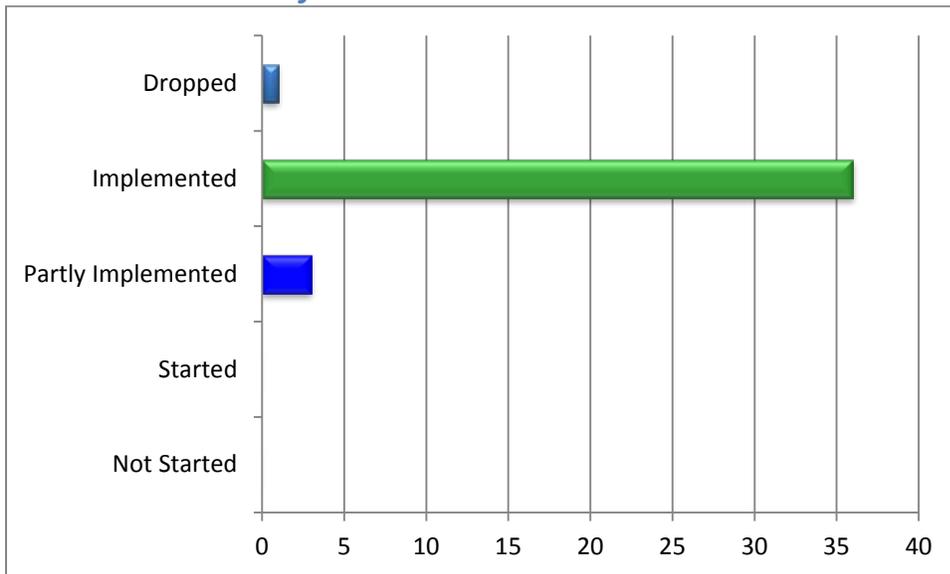
Section 1: Organization and Policies

#9 Ensure that the City's Chief Building Official, who is held responsible by state law and City Code for enforcing the City's building laws, codes and regulations, has the ability to control all of the activities and processes for which he or she is responsible. (p. 19)

☐ Partly Implemented The Community Development Department has drafted language to amend Sacramento City Code Title 8 to clarify authority and responsibility for both the Chief Building Official and Code Enforcement Manager to enforce the City's building laws, codes and regulations. Title 15 of

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[2] According to the Attorney's Office, the City is still evaluating whether the City may successfully recoup some or all of the previously noted $2.3 million uncollected fees.

the City Code is also expected to be updated. CDD is working on amending the City Code and it is expected to be completed in the next few months.

#10 Ensure that the City's Chief Building Official has reporting authority over the positions that carry out those activities and processes for which he or she is responsible, including but not limited to Permit Counter staff, Process Assessment Unit staff, inspectors, plan reviewers, etc. (p. 19)

☐ Partly Implemented The Community Development Department has drafted language to amend Sacramento City Code Title 8 to clarify authority and responsibility for both the Chief Building Official and Code Enforcement Manager to enforce the City's building laws, codes and regulations. Title 15 of the City Code is also expected to be updated. CDD is working on amending the City Code and it is expected to be completed in the next few months.

#11 Consider the City's Chief Building Official's responsibilities related to housing and code enforcement activities, and ensure that proper control and reporting authority is provided, particularly since Building Services already provides plan review related to housing permits. (p. 19)

☐ Partly Implemented The Community Development Department has drafted language to amend Sacramento City Code Title 8 to clarify authority and responsibility for both the Chief Building Official and Code Enforcement Manager to enforce the City's building laws, codes and regulations. Title 15 of the City Code is also expected to be updated. CDD is working on amending the City Code and it is expected to be completed in the next few months.