# City Auditor's Semi-Annual Recommendation Follow-Up Report: January – June 2022

Jorge Oseguera
City Auditor

City of
SACRAMENTO
Office of the City Auditor

September 2022

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Table of Contents

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Recommendation Follow-Up Process

The Office of the City Auditor (Office) 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 recommendations, and reports on the status of open recommendations every six months with a semiannual report.

In accordance with the City Auditor's approved Fiscal Year (FY) 2022/23 Audit Plan, we have prepared a report on the status of open recommendations for the six-month period ending June 2022. To prepare this report, we met with department staff, reviewed documentation provided by departments, and performed testing to evaluate implementation progress. We would like to express our appreciation to City staff for their cooperation and assistance during our reviews.

## Recommendation Progress

We classified recommendations based on the responsible party's progress:

- ➢ Not started – The responsible party temporarily postponed implementing the audit recommendation or did not demonstrate sufficient progress toward implementing the recommendation.
- ➢ Started – The responsible party began implementing the recommendation, but considerable work remains.
- ➢ Partly Implemented – The responsible party satisfied some elements of the audit recommendation, but additional work and testing remains.
- ➢ Implemented – The responsible party 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.

# Benefits of Implementing Recommendations

One of the goals in performing our work is to identify areas in which the City could reduce expenses or increase revenues. However, in some cases it can be difficult to calculate the financial benefit that a recommendation could produce. For example, it would be difficult to determine avoided costs of potential workers' compensation claims in the future.

While much of our work aims to identify financial benefits, recommendations are not 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 due to implementation of recommendations, or the benefits of having policies in place that reduce the City's overall risk.

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

We expect that most of our work will yield both financial and non-financial benefits. 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. Figure 1 illustrates the potential financial benefits identified in our reports as well as the estimated realized financial benefits resulting from the implementation of all recommendations made by the Office of the City Auditor.

**Figure 1: Potential Financial Benefit Identified and Estimated Financial Benefit Realized Since Establishment of the Office of the City Auditor**

Potential Benefit
$98.0 Million

Realized Benefit
$41.7 Million
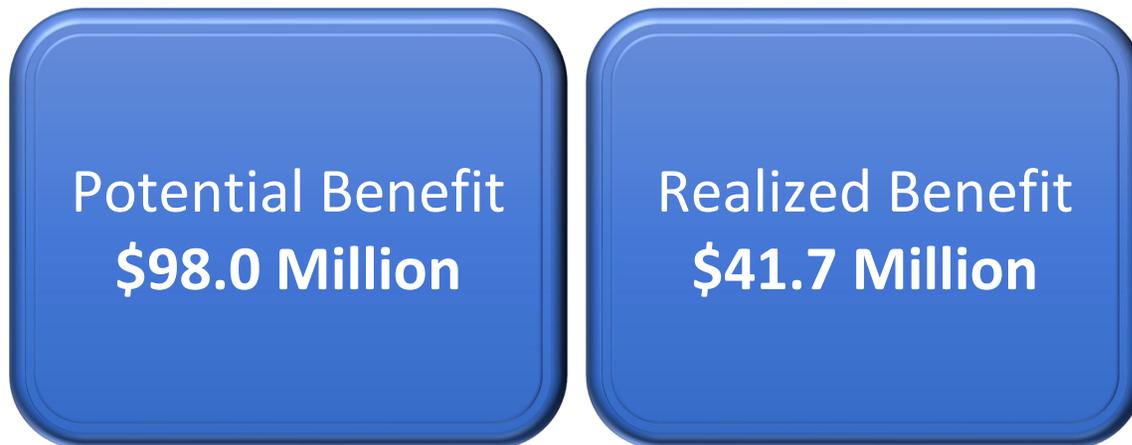
Source: Auditor generated.

As the figure above covers 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 barriers to collection.

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

## Recommendations that Resulted in Cost Savings During This Follow Up Period

Figure 2 summarizes audit recommendations that resulted in cost savings identified during this follow up period. The *Continuous Cannabis Review of Business Operations Tax (BOT)* identified four cannabis businesses were operating without a BOT certificate, which resulted in identification of uncollected tax revenue. In addition, the *Audit of the Department of Utilities Vehicle Fleet* identified opportunities to correct errors in fueling records, resulting in an estimated $47,000 in error reductions.

### Figure 2: Summary of Cost Savings Recognized During this Follow Up Period

| Recommendation | Update | |
|---|---|---|
| The Revenue Division bring identified cannabis businesses into compliance with the City's BOT regulations and collect past due taxes. | All four businesses that were identified as not having a BOT Certificate are now in compliance with the City's cannabis BOT requirements. Past due taxes have been collected and the businesses are now current. | **Collected $153,000 in taxes** |
| Work with AssetWorks to identify and resolve or minimize system issues related to fuel transactions. | The Fleet Management Division implemented processes to review and correct fueling transactions. We estimate these processes correct approximately $47,000 in fueling transactions per year. | **$47,000 in Error Reduction** |

## Recommendation that Would Result in Cost Savings, If Implemented

Figure 3 highlights an audit recommendation that, if implemented, would result in cost savings for the City. The *Audit of Fire Department Overtime Use* identified considerable weaknesses in the Fire Department's tracking and monitoring of overtime. Strengthening accountability of overtime use should result in significant cost savings.

### Figure 3: Implementing This Recommendation Would Result in Cost Savings

| Audit | Recommendation |
|---|---|
| Fire Department Overtime Use | Strengthen controls to monitor the use of timecodes to prevent and detect errors, fraud, and abuse. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Recommendations that Would Improve Administration of Citywide Policies

In 2011, our office issued the *Audit of Citywide Policies and Procedures* report which contained recommendations for improving the administration of citywide policies and procedures. Although the recommendations were issued over ten years ago, some recommendations are still outstanding, and the risks identified are still present. Recently, the responsibility for managing citywide policies has moved from the City Clerk's Office to the Human Resources Department. The Labor Relations Division in the Human Resources Department oversees the citywide policy program and is currently assessing their policy approval process. Figure 4 highlights three audit recommendations that, if implemented, would improve administration of citywide policies and procedures.

## Figure 4: Recommendations to Improve Administration of Citywide Policies

| Original Recommendation | Benefit |
|---|---|
| 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. | An adequate body of administrative policies and administrative procedures that address key areas of operations and employer expectations is essential to the effective management of any organization. Additionally, employees can be held accountable for their responsibilities and duties if administrative policies and administrative guidelines exist. |
| Formally document the roles, responsibilities and processes of area experts. | Assign roles and responsibilities to employees that oversee Citywide policy approval processes. By developing and documenting the roles and responsibilities of these employees, they will have a consistent body of information to turn to and rely less on trainings, phone calls and e-mails to understand or explain processes. Furthermore, failing to document the roles and responsibilities of these positions exposes the City to unnecessary losses of institutional knowledge. |
| Design a control to ensure outdated policies and procedures are removed from CityNet and the City's public website. | Outdated policies and procedures put the City at risk of inconsistent direction, miscommunications, and wasting time looking for the current policy. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Implementation Progress of Recommendations

## 79% of All Recommendations Have Been Closed

Since the establishment of the Office of the City Auditor in 2010, the Office has issued over 60 reports and made 707 recommendations. At the end of this recommendation follow-up period, 561 (79% of) recommendations had been closed. Figure 5 illustrates the number of recommendations open compared to the number of recommendations closed as of June 30, 2022.

## Figure 5:  Recommendation Status



- Open
- Closed

Source:  Auditor generated.

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups
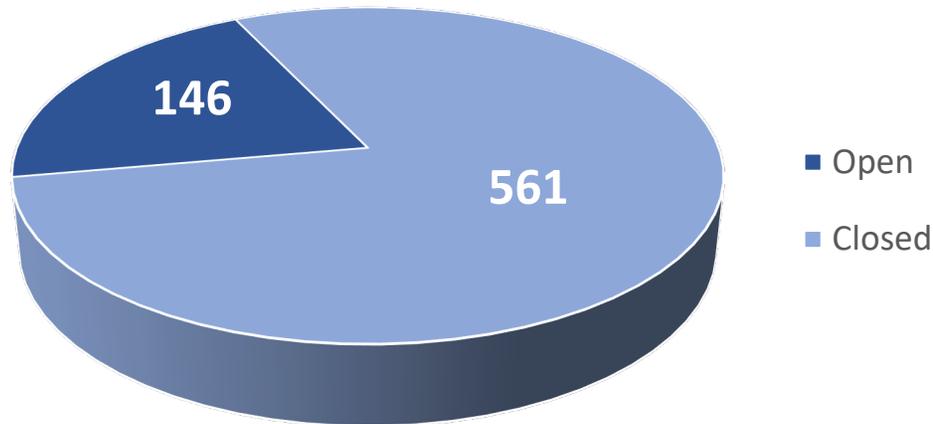
## Status of Open Recommendations

Open recommendations are classified based on the responsible party's progress towards implementation. Figure 6 illustrates the progress of all open recommendations.

**Figure 6:  Status of Open Recommendations**
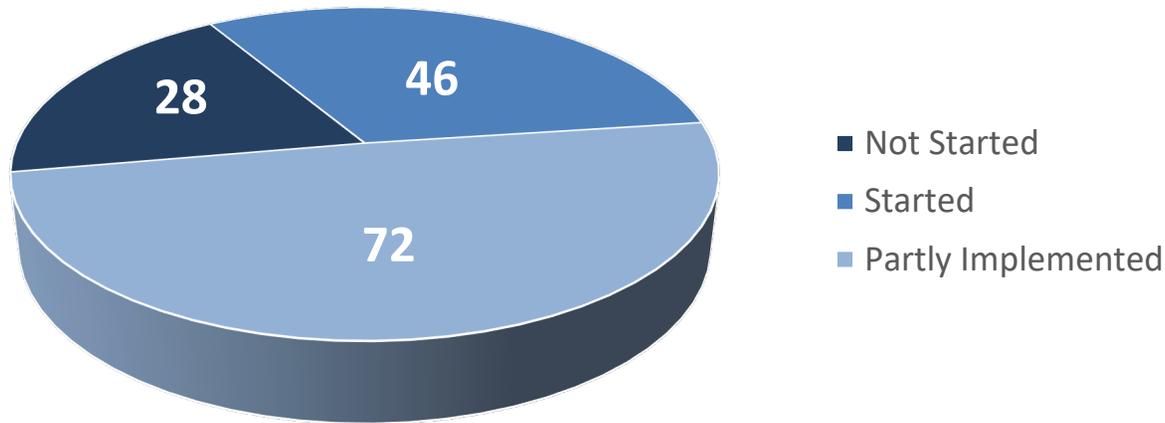


Source:  Auditor generated.

In addition to reporting on the current progress of open recommendations, our Office tracks whether notable new progress has been made towards implementing recommendations during the review period.

# The Number of Recommendations Issued and Closed Per Year

Figure 7 illustrates the number of recommendations issued and closed in the last seven fiscal years. The average number of recommendations closed per year is 55.

## Figure 7:  Recommendations Issued Compared to Recommendations Closed by Fiscal Year
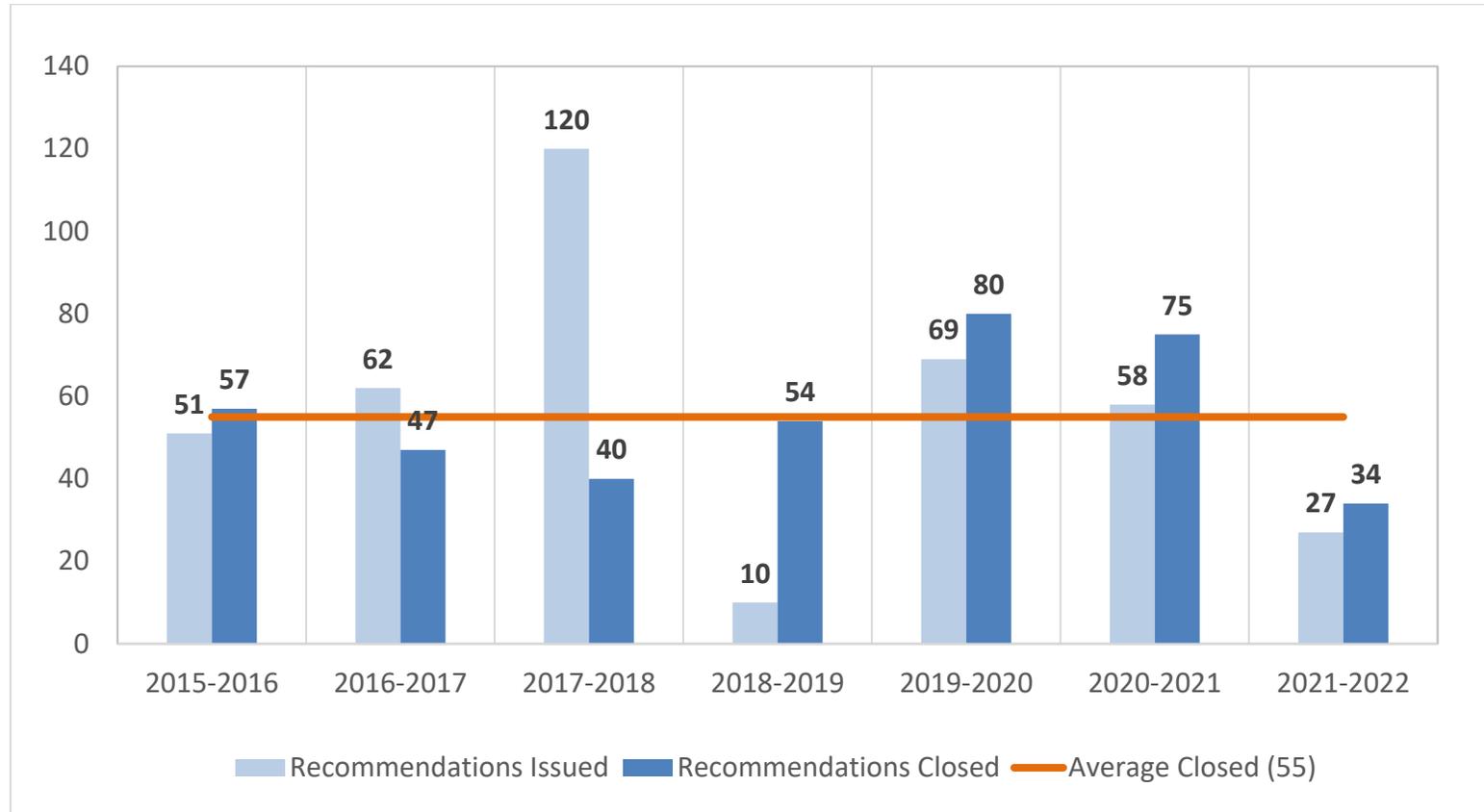


Source:  Auditor generated.

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Open Recommendations by Department

Recommendations made by the Office of the City Auditor are directed towards specific departments or entities. In some cases, implementation requires extensive coordination between multiple parties. Recommendations directed towards multiple parties are listed under the lead department. Figure 8 illustrates the outstanding recommendations by department. For context, the number of closed and total recommendations issued to each department is also listed.

## Figure 8: Recommendations by Department

| Department | Open | Closed | Total | % Closed |
|---|---|---|---|---|
| City Council | 16 | 6 | 22 | 27% |
| Youth, Parks, and Community Enrichment | 8 | 11 | 19 | 58% |
| Public Works | 24 | 42 | 66 | 64% |
| City Manager | 18 | 33 | 51 | 65% |
| Fire | 17 | 41 | 58 | 71% |
| Office of Cannabis Management | 7 | 21 | 28 | 75% |
| Police | 3 | 10 | 13 | 77% |
| Finance | 23 | 78 | 101 | 77% |
| Human Resources | 14 | 96 | 110 | 87% |
| Utilities | 13 | 91 | 104 | 88% |
| Information Technology | 3 | 45 | 48 | 94% |
| Community Development | 0 | 40 | 40 | 100% |
| Non-City Organization | 0 | 21 | 21 | 100% |
| Roberts Family Development Center* | 0 | 12 | 12 | 100% |
| Sacramento Housing and Redevelopment Agency | 0 | 12 | 12 | 100% |
| City Clerk | 0 | 1 | 1 | 100% |
| City Attorney | 0 | 1 | 1 | 100% |
| **Total** | **146** | **561** | **707** | **79%** |

Source: Auditor generated.
*Vendor audit

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Post Audit Recommendation Follow Up Status by Audit

The following tables provide the status of audit recommendations, by audit report, in the order the audits were issued. Please note that recommendations closed in a prior period are not listed.

## Audit of City Policies and Procedures

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| While the City has a System for Establishing Policies & Procedures, it is Generally Circumvented | 5 | Update AP-1001 to clearly describe the mechanism for updating Administrative Policies | Partly Implemented | The Human Resources Department did not provide an update for this period. |
| While the City has a System for Establishing Policies & Procedures, it is Generally Circumvented | 7 | Formally document the roles, responsibilities and processes of area experts. | Partly Implemented | The Human Resources Department did not provide an update for this period. |
| While the City has a System for Establishing Policies & Procedures, it is Generally Circumvented | 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 Human Resources Department did not provide an update for this period. |
| The Inventory of Citywide Policies Could be More Complete and Organized | 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 Human Resources Department did not provide an update for this period. |
| The Inventory of Citywide Policies Could be More Complete and Organized | 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 Human Resources Department did not provide an update for this period. |
| The Inventory of Citywide Policies Could be More Complete and Organized | 17 | Design a control to ensure outdated policies and procedures are removed from CityNet and the City's public website. | Partly Implemented | The Human Resources Department did not provide an update for this period. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Audit of City Light-Duty Vehicle Use

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| 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 | 10 | Revise the City's transportation policy to consolidate City direction and enhance criteria for allocating take-home vehicles. | Started | No progress was made during the period. The Transportation Policy is in the approval process. |
| 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 | 11 | Require employees who receive a take-home vehicle to maintain a log of call back events. | Partly Implemented | No progress was made during the reporting period. |
| 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 | 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 Labor Relations Division did not respond to our request for a status update. |
| 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 | 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 Labor Relations Division did not respond to our request for a status update. |
| 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 | 15 | Work towards reducing the allowable distance for assigning a take-home vehicle so as to promote reasonable response times to emergency call backs. | Dropped | The Human Resources Department believes reducing the allowable distance for assigning a take-home vehicle would negatively impact the City's recruitment and retention of employees and that this would overshadow any benefits derived from implementing this recommendation. |

# Audit of Citywide Purchase-Card Use

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| 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 department is developing a Purchasing Card Procedure Handbook to serve as a guidance for processing lost receipt justifications. |
| 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 Policy update is under development and will be consistent with other City policies. |
| The purchase card program lacked complete policy guidance and oversight | 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 department is updating the Purchasing Card Procedure Handbook to reflect the types of transactions that are allowable and prohibited. Once the handbook is formally adopted, it will be distributed to all cardholders and approving officials. |
| The purchase card program lacked complete policy guidance and oversight | 7 | Ensure that the document is updated annually to reflect policy changes. | Partly Implemented | The Purchasing Card Policy, once formally adopted, will be reviewed annually to reflect applicable policy change. |
| The purchase card program lacked complete policy guidance and oversight | 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 | Training has been updated and is being provided to new cardholders. Once the new Purchasing Card Manual is complete and published, the training will be pushed to the City's training system and cardholders will be required to complete it annually. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| The purchase card program lacked complete policy guidance and oversight | 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 | Training has been updated and is being provided to new cardholders. Once the new Purchasing Card Manual is complete and published, the training will be pushed to the City's training system and cardholders will be required to complete it annually. |
| The purchase card program lacked complete policy guidance and oversight | 12 | Strengthen controls that are already in place and consider adding controls that are in line with best practices. | Partly Implemented | Clarification on allowable charges has been included in new training material and is included in the Purchasing Card Policy draft. Code restrictions on merchant categories were implemented to restrict purchases from vendors that there would not typically be a business purpose to purchase from. |

## Audit of City Employee Supplemental Pay

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| Controls Over Employee Time Reporting Must be Improved | 9 | Create a policy and procedure for recording supervisor approval of individual employee time. | Partly Implemented | No progress made during this recommendation follow up period. |
| Controls Over Employee Time Reporting Must be Improved | 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 | No progress made during this recommendation follow up period. |
| Controls Over Employee Time Reporting Must be Improved | 11 | Develop controls to monitor the activity of those provided with administrative rights to Telestaff. | Started | No progress made during this recommendation follow up period. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Audit of the Fire Department Inventory Systems & Narcotics - Part 2 of 2

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| 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. | Partly Implemented | No progress made during this recommendation follow up period. |
| The Fire Department should implement inventory management best practices to improve accountability and accuracy | 2 | Establish performance goals to determine if the system is functioning properly. | Started | No progress made during this recommendation follow up period. |
| The Fire Department should implement inventory management best practices to improve accountability and accuracy | 3 | Determine a schedule for regular and random inventory counts to ensure accuracy and identify outages. | Partly Implemented | No progress made during this recommendation follow up period. |
| The Fire Department should implement inventory management best practices to improve accountability and accuracy | 4 | Require supervisory approval of inventory count adjustments and document the cause of the variance. | Started | No progress made during this recommendation follow up period. |
| The Fire Department should implement inventory management best practices to improve accountability and accuracy | 5 | Develop a mechanism to track discarded or expired medication. | Partly Implemented | No progress made during this recommendation follow up period. |
| The Fire Department should implement inventory management best practices to improve accountability and accuracy | 6 | Develop a process to track actual usage of supplies. | Partly Implemented | No progress made during this recommendation follow up period. |
| The Fire Department should implement inventory management best practices to improve accountability and accuracy | 7 | Work with the IT Department to implement system access best practices, including the concept of "least privileges." | Partly Implemented | No progress made during this recommendation follow up period. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| The Fire Department should implement inventory management best practices to improve accountability and accuracy | 8 | Develop a formal process for approving new user access and changes to access levels. | Started | No progress made during this recommendation follow up period. |
| The Fire Department should implement inventory management best practices to improve accountability and accuracy | 9 | Perform ongoing reviews of system access. | Partly Implemented | No progress made during this recommendation follow up period. |

## Audit of Citywide Wireless Communications

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| Wireless Device Policies are Insufficient | 15 | Submit a new wireless communication device request form for all existing employees with City-issued devices. | Partly Implemented | According to the Information Technology Department, this will be implemented once the integration between the Telecom Expense Management Systems (TEMS) and ServiceNow is completed. TEM and ServiceNow integration project in in progress and is expected to be completed in September 2022. |
| Inventory Records are Incomplete and Inconsistent | 18 | Update inventory records and ensure complete and up-to-date inventory is maintained. | Partly Implemented | According to the Information Technology Department, the Telecom Expense Management (TEM) and ServiceNow integration project is in progress and is expected to be completed in September 2022. The new integration will eliminate manual processes that lead to discrepancies between the asset inventory system (ServiceNow) and the TEM system (CLM). |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Audit of the Department of Utilities Labor Reporting

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| Policies Can Be Improved and Opportunities for Cost Savings Through Renegotiation Exist | 8 | Review the existing employee user access to pay types and restrict access to only those pay types for which an employee is eligible. | Started | No progress was made during the period due to labor contract implementation. |
| Policies Can Be Improved and Opportunities for Cost Savings Through Renegotiation Exist | 14 | Review and update all Department of Utilities internal policies related to labor reporting. | Partly Implemented | No progress was made during the reporting period. Policies and Procedures manuals remain with Labor Relations for review. |
| The Finance Department Uses an Excessive Number of Time Reporting Codes and Earn Codes as well as Complex Calculation Methodologies and Distribution Methods for Supplemental Pay that May Not Align with Labor Agreements or Tax Laws | 24 | Review the labor agreements and update the calculation methodology for the appropriate supplemental pay types so that they are compounded correctly, if necessary. | Partly Implemented | No progress was made during the period. The Payroll Division is awaiting direction from the Labor Relations Division. |
| The Finance Department Uses an Excessive Number of Time Reporting Codes and Earn Codes as well as Complex Calculation Methodologies and Distribution Methods for Supplemental Pay that May Not Align with Labor Agreements or Tax Laws | 25 | Review and update which pay types should have compounding pay components. | Partly Implemented | No progress was made during the period. The Payroll Division is awaiting direction from the Labor Relations Division. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| The Finance Department Uses an Excessive Number of Time Reporting Codes and Earn Codes as well as Complex Calculation Methodologies and Distribution Methods for Supplemental Pay that May Not Align with Labor Agreements or Tax Laws | 26 | Establish written policies and procedures for periodically reviewing and updating the earn codes and time reporting codes, checking for duplicates and active earn codes that should be deactivated. | Partly Implemented | No progress was made during the period due to labor contract implementation. |

## Audit of the City's Risk Management Division

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| The City May Reduce Risk and Liability by Making Improvements to Some Programs and Policies | 13 | Consider monitoring the drivers' licenses of all employees that drive City vehicles or receive City vehicle allowances. | Started | No progress was made on this recommendation during this reporting period. |
| The City May Reduce Risk and Liability by Making Improvements to Some Programs and Policies | 16 | Continue to work towards implementing the updated draft of the Transportation Policy to increase the insurance requirement of employees driving their personal vehicles for City business. | Started | According to the Human Resources' Risk Management Division, the Transportation Policy has not yet been adopted. |
| The City May Reduce Risk and Liability by Making Improvements to Some Programs and Policies | 17 | Work together to develop a monitoring mechanism to ensure employees maintain the required minimum insurance coverage when receiving a vehicle allowance. | Started | No progress was made on this recommendation during this reporting period. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Audit of Fire Department Overtime Use

| Finding | # | Recommendation | Status | Update |
|---------|---|----------------|--------|--------|
| Negotiated Overtime and Incentive Provisions May Have Unintentionally Increased Payroll Costs | 6 | Evaluate the necessity of Primary Paramedic Pay. | Not Started | No progress made during this recommendation follow up period. |
| The Fire Department Lacks Sufficient Controls Over the Administration and Use of Overtime | 7 | Establish policies on the administration and use of overtime. | Started | No progress made during this recommendation follow up period. |
| The Fire Department Lacks Sufficient Controls Over the Administration and Use of Overtime | 8 | Document the purpose for overtime use in a consistent and retrievable format. | Started | No progress made during this recommendation follow up period. |
| The Fire Department Lacks Sufficient Controls Over the Administration and Use of Overtime | 9 | Document supervisory approval of overtime use in a consistent and retrievable format. | Started | No progress made during this recommendation follow up period. |
| The Fire Department Lacks Sufficient Controls Over the Administration and Use of Overtime | 11 | Develop, document, and enforce system access controls for Telestaff users. | Started | No progress made during this recommendation follow up period. |
| The Fire Department Lacks Sufficient Controls Over the Administration and Use of Overtime | 12 | Strengthen controls to monitor the use of timecodes to prevent and detect errors, fraud, and abuse. | Started | No progress made during this recommendation follow up period. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Audit of the Department of Utilities Inventory

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| Strengthening the Physical Security of Department of Utilities Inventory Could Reduce the Risk of Fraud, Waste, and Abuse | 3 | Review the number and appropriateness of employees with access to the inventory warehouse and formalize which positions can be granted access to each warehouse in the inventory policies. | Partly Implemented | After evaluation and research, DOU Engineering Services estimates the total cost to develop a secure storage area for DOU outdoor inventory materials is $220,000 and will take approximately seven months to complete. The Project Report, outlining the scope, timeline, cost and funding source is currently routing through the DOU internal approval process. The report is expected to complete routing by the end of June with an anticipated project start date of July 2022. |
| Strengthening the Physical Security of Department of Utilities Inventory Could Reduce the Risk of Fraud, Waste, and Abuse | 5 | Establish a policy that prohibits employees from borrowing City-owned tools and equipment for personal use and document employee acknowledgement. | Partly Implemented | No progress was made during the period. The draft Inventory Policy remains with Labor Relations for review. |
| While the Department of Utilities' Inventory Count Procedures Appear Robust, the Execution Breaks Down | 7 | Develop a process to ensure all warehouses are included in the inventory counts. | Partly Implemented | No progress was made during the period. The draft Inventory Policy remains with Labor Relations for review. |
| While the Department of Utilities' Inventory Count Procedures Appear Robust, the Execution Breaks Down | 9 | Formalize specific count methodologies in a written policy. | Partly Implemented | No progress was made during the period. The draft Inventory Policy remains with Labor Relations for review. |
| While the Department of Utilities' Inventory Count Procedures Appear Robust, the Execution Breaks Down | 11 | Formalize a procedure for accurately recording inventory count adjustments in a written policy. | Partly Implemented | No progress was made during the period. The draft Inventory Policy remains with Labor Relations for review. |
| While the Department of Utilities' Inventory Count Procedures Appear Robust, the Execution Breaks Down | 13 | Add an additional step to the water meter serial number count that reconciles the Water Meter Receipt and Issue Log with Cityworks. | Partly Implemented | No progress was made during the period. The draft Inventory Policy remains with Labor Relations for review. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| | 14 | Review, update, and enforce inventory policies related to the tracking of water meters. | Partly Implemented | No progress was made during the period. The draft Inventory Policy remains with Labor Relations for review. |
|---|---|---|---|---|
| While the Department of Utilities' Inventory Count Procedures Appear Robust, the Execution Breaks Down | 14 | Review, update, and enforce inventory policies related to the tracking of water meters. | Partly Implemented | No progress was made during the period. The draft Inventory Policy remains with Labor Relations for review. |
| The Department of Utilities Lacks Formal User Access Policies and Procedures Regarding Their Inventory Systems | 22 | Formalize logical access to the inventory systems in a written policy. | Partly Implemented | No progress was made during the period. The draft Inventory Policy remains with Labor Relations for review. |

## Audit of Procurement for Services of $25,000 or Less

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City | 2 | Update EBO policies, templates, and other guidance for accuracy and consistency. | Started | The City's EBO policy is a duplication of the State of California's Equal Benefits Ordinance, which was adopted in 2007. The Procurement Division will be working with the City Attorney's Office to determine how to reduce redundancies between State laws and City policies. |
| Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City | 3 | Develop processes to ensure EBO analysis and reports are completed as required by City policy. | Started | The City's EBO policy is a duplication of the State of California's Equal Benefits Ordinance, which was adopted in 2007. The Procurement Division will be working with the City Attorney's Office to determine how to reduce redundancies between State laws and City policies. |
| Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City | 4 | Determine the City's intent regarding bid protests and update policies, templates, and other guidance for consistency. | Partly Implemented | Bid protests have been clarified and published in the Procurement Policy Manual, which is currently undergoing legal review. After review, the Procurement Policy Manual will be submitted for formal adoption as a city policy. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City | 5 | Define and publish specific roles and responsibilities of procurement stakeholders. | Partly Implemented | The role of the Department Contract Administrator, a procurement stakeholder within the City, has been clarified and published in the Procurement Policy Manual, which is currently undergoing legal review. After review, the Procurement Policy Manual will be submitted for formal adoption as a city policy. |
|---|---|---|---|---|
| Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City | 12 | Determine the intent and purpose of purchase orders, and clarify their requirements and use in City guidance and templates. | Partly Implemented | Purchase orders have been clarified and published in the Procurement Policy Manual, which is currently undergoing legal review. After review, the Procurement Policy Manual will be submitted for formal adoption as a city policy. |

## Audit of YPCE's Strategic Planning and Part-time Employee Benefits Management

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| The Department of Parks and Recreation Has Not Updated Key Strategic Planning Guidance | 1 | Update the Parks and Recreation Master Plan. | Started | The "Parks Plan 2040" is on scheduled to be completed by Spring of 2023. The Parks Plan 2040 team is currently in the Needs Assessment phase of the process. Chapters in this section of the document will cover park equity and access, facilities and programs, and updated level of service goals for park facilities and recreation programming. |
| The Department of Parks and Recreation Has Not Updated Key Strategic Planning Guidance | 6 | Define when it is appropriate to use the "General Info" or "Other" call categories. | Partly Implemented | YPCE continues to work with 311 on the appropriate use of the 'General' and 'Other' categories. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| | | | | |
|---|---|---|---|---|
| Developing a Formal Cost Recovery Philosophy May Help the Department of Parks and Recreation Better Align Its Pricing Practices with Its Mission and Core Values | 9 | Develop department-specific policies and procedures. | Started | YPCE continues to work on drafting department specific policies and procedures, to be reviewed and approved by respective labor bargaining units and the Department of Human Resources. |
| Developing a Formal Cost Recovery Philosophy May Help the Department of Parks and Recreation Better Align Its Pricing Practices with Its Mission and Core Values | 10 | Define the department's cost recovery goals and objectives. | Started | YPCE is continuing to develop a comprehensive scope of work for a fees and charges study. One of the objectives in the scope of work is to formulate cost recovery objectives. |
| Developing a Formal Cost Recovery Philosophy May Help the Department of Parks and Recreation Better Align Its Pricing Practices with Its Mission and Core Values | 11 | Evaluate the department's fees and charges to determine if they are in alignment with the department's mission, vision, and cost recovery goals. | Started | YPCE still working on the finalized draft of a comprehensive fees and charges study. The Fees and Charges study will allow YPCE to align updated fee schedules to mission, vision, and set cost recovery goals. |
| Developing a Formal Cost Recovery Philosophy May Help the Department of Parks and Recreation Better Align Its Pricing Practices with Its Mission and Core Values | 12 | Comply with the Citywide Fees and Charges Policy by establishing cost recovery goals and identifying cost recovery levels. | Started | YPCE still working on the finalized draft of a comprehensive fees and charges study. The Fees and Charges study will allow YPCE to align updated fee schedules to mission, vision, and set cost recovery goals. |
| Developing a Formal Cost Recovery Philosophy May Help the Department of Parks and Recreation Better Align Its Pricing Practices with Its Mission and Core Values | 14 | Consider updating the fee structure for some programs and services to include a non-resident fee. | Started | YPCE is working on drafting a comprehensive fees and charges study. The Fees and Charges study will allow YPCE to align updated fee schedules to mission, vision, and set cost recovery goals. |

| Finding | # | Recommendation | Status | Update |
|---------|---|----------------|--------|--------|
| Nearly Half of the Supervisors Responsible for Administering and Monitoring Part-Time Employee Hours and Benefits Have Not Received Labor Relations Training | 18 | Develop policies and procedures on part-time employee reporting, responsibility, and training. | Partly Implemented | YPCE continues to work with Human Resources to strategize and develop procedures surrounding part time employees. YPCE is working with Human Resources to ensure the onboarding of seasonal part time employees is comprehensive. YPCE is using the City's Acumen software system to coordinate onboarding training. |

## Audit of the Department of Utilities Workplace Safety

| Finding | # | Recommendation | Status | Update |
|---------|---|----------------|--------|--------|
| The Department of Utilities Lacks Sufficient Controls Over the Administration and Use of Safety and Personal Protective Equipment | 1 | Review and update existing policies and procedures concerning safety and personal protective equipment to fill in gaps and clarify its appropriate use. | Partly Implemented | The Department of Utilities completed a formal Request for Qualifications process to hire a consultant to ass in the 170 remaining Standard Operating Procedures that still need review. The department anticipates a contract will be in place and work will begin in fiscal year 2023. |
| The Department of Utilities Lacks Sufficient Controls Over the Administration and Use of Safety and Personal Protective Equipment | 2 | Establish policies and procedures concerning safety and personal protective equipment where none currently exist. | Implemented | While there remain glitches with the City's Learning Management System, we verified the Department of Utilities has established training protocols for employees and that employees are being trained on requirements and appropriate use of personal protective equipment. |

| | | | | |
|---|---|---|---|---|
| The Department of Utilities Lacks Sufficient Controls Over the Administration and Use of Safety and Personal Protective Equipment | 4 | Consider negotiating a more restrictive and thorough reimbursement or other process for providing PPE in all of the City's labor agreements. | Dropped | While the City negotiated a more restrictive and thorough reimbursement process for PPE with most unions, after implementation, it became apparent that the process introduced new risks that management believed outweighed the benefits. Therefore, the City will revert to the old PPE reimbursement process; this will happen over time as the City negotiates with the various unions. |
| The Department of Utilities Lacks Sufficient Controls Over the Administration and Use of Safety and Personal Protective Equipment | 8 | Perform periodic audits of gas monitoring data to ensure employees use gas monitors in accordance with departmental policies. | Partly Implemented | The Department of Utilities' Safety Specialist is working with the vendor to understand device operation to minimize recurring alerts and alarms. The department is currently reviewing iNET reports to refine frequency of reports and to define report review responsibilities that will be updated in the standard operating procedures. |
| The Department of Utilities Should Implement Health and Safety Best Practices to Reduce Risks and Improve Accountability | 21 | Develop a formal management of change process. | Partly Implemented | A draft Management of Change procedure was completed and sent to Labor Relations for review. |
| The Department of Utilities Should Implement Health and Safety Best Practices to Reduce Risks and Improve Accountability | 22 | Review and update departmental safety policies and procedures. | Partly Implemented | The Department of Utilities is in the process of reviewing and updating policies and procedures. According to the department, this work is expected to be completed in the next 2-3 years. |

# Audit of On-Street Parking Meters

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| Improving Vehicle-Detection Sensor Accuracy Rates and Meter Battery Life Could Reduce the Potential for Erroneous Citations and Slow the Rate of Incoming Citation Disputes | 1 | Continue to work with the vendor to achieve contracted vehicle-detection sensor accuracy rates or consider switching to a vendor that will meet the desired standard. | Started | The parking meter shop is focused on battery replacement and plans to resume accuracy testing once the batteries are replaced. |
| Improving Vehicle-Detection Sensor Accuracy Rates and Meter Battery Life Could Reduce the Potential for Erroneous Citations and Slow the Rate of Incoming Citation Disputes | 3 | Address deficiencies identified with parking meter sensor-accuracy and battery life to improve the customer service experience and reduce the number of incoming citation disputes. | Partly Implemented | The parking meter shop is focused on battery replacement and plans to resume accuracy testing once the batteries are replaced. |

# Audit of Retiree Health Benefits

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| Recordkeeping of Retiree Benefit Eligibility and Elections Could be Strengthened | 3 | Work with the IT department to identify and resolve eCAPS health benefit report errors for retirees. | Started | Department did not provide a response. |
| Performing Dependent Verifications Ensures Qualified Dependents are Enrolled in City-Sponsored Health Plans and Could Save the City up to $600,000 Annually | 6 | Establish a process to perform regular dependent eligibility verification reviews that includes procedures on how to address instances of non-compliance with verification requests. | Not Started | No progress on this item during the reporting period. |
| Performing Dependent Verifications Ensures Qualified Dependents are Enrolled in City-Sponsored Health Plans and Could Save the City up to $600,000 Annually | 7 | Review and address HMS' active employee dependent eligibility verification results. | Not Started | No progress on this item during the reporting period. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| Performing Dependent Verifications Ensures Qualified Dependents are Enrolled in City-Sponsored Health Plans and Could Save the City up to $600,000 Annually | 8 | Perform a retiree dependent verification review for participants of City-sponsored plans. | Started | No progress on this item during the reporting period. |

## Audit of the 911 Emergency Communications Center

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| Call Answer Times Have Improved and Are Exceeding State Standards | 2 | Consider improving the supervisor-to-dispatcher ratio to provide better supervisory coverage. | Started | Improving the supervisor-to-dispatcher ratio remains a priority of the 911 Communication Center. The 911 Communications Center will continue to request additional Dispatcher III (Supervisor) positions in the future. |
| Quality Assurance and Disaster Preparedness Could Be Improved by Adopting Industry Best Practices | 7 | Develop and document a continuous quality assurance program based on industry standards that includes reviewing a percentage of all calls and incorporates an evaluator calibration process. | Started | Progress remains slow in this area due to the 911 Communication Center's ability to commit the two supervisors working on this program full time. The 911 Communication Center will continue to seek additional supervisor positions. |
| Quality Assurance and Disaster Preparedness Could Be Improved by Adopting Industry Best Practices | 10 | Establish the 911 Center as a Critical Facility on Sacramento County's Local Hazard Mitigation Plan. | Partly Implemented | The City Council passed a critical infrastructure list in July 2021 that included Police Communications Facilities. Sacramento County is still in the process of updating their 2021 critical infrastructure list. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Audit of the Department of Utilities Vehicle Fleet

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| The Department of Utilities Can Realize Cost Savings Through Improved Management of Their Vehicle Fleet | 6 | Work with the Civil Service Board to review an update Section 13.3 of the City of Sacramento's Rules and Regulations of the Civil Service Board. Specifically, determine the appropriate radius to ensure 'effective response capability to emergencies' in statute miles. | Dropped | The Human Resources Department believes reducing the allowable distance for assigning a take-home vehicle would negatively impact the City's recruitment and retention of employees and that this would overshadow any benefits derived from implementing this recommendation. |
| The Department of Utilities Can Realize Cost Savings Through Improved Management of Their Vehicle Fleet | 8 | Formalize the Fleet Engine Idling Limit Policy and post the policy on the City's Policies and Procedures webpage. | Started | No progress was made during this period. The policy is still in the approval process. |
| Excessive Access to the City's Fueling Islands Created Data Integrity Issues and May Have Allowed for Fraud | 10 | Work with AssetWorks to identify and resolve or minimize system issues related to fuel transactions. | Implemented | The Fleet Management Division implemented processes to review and correct fueling transactions. We estimate these processes correct approximately $47,000 in fueling transactions per year. |
| Excessive Access to the City's Fueling Islands Created Data Integrity Issues and May Have Allowed for Fraud | 15 | Limit the number of active badges each employee can use to access the fueling islands. | Started | Due to COVID-19, no progress was made during this period. |
| System Access and Data Quality Could Be Improved to Better Enable Management to Perform Analyses and Identify Trends | 19 | Review the data captured by the M5 system, determine key data fields, and implement controls to ensure these fields contain accurate and complete information. | Partly Implemented | No progress was made during this period. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| System Access and Data Quality Could Be Improved to Better Enable Management to Perform Analyses and Identify Trends | 20 | Establish a process to verify the accuracy of vehicle and GPS unit device ID assignments in the GPS tracking systems. | Partly Implemented | According to the Fleet Management Division, there are roughly 200 remaining vehicles with Zonar installed. The Zonar instruments are being removed and replaced with Samsara units. |
| The City Can Mitigate Risk by Better Documenting and Tracking Employee Licensure, Certifications, and Insurance Information | 24 | Revise the City Employee's Transportation Policy and Procedures to require employees to provide proof of licensure when using pool vehicles. | Partly Implemented | No progress was made during this period. The Transportation Policy is still in the approval process. |
| The City Can Mitigate Risk by Better Documenting and Tracking Employee Licensure, Certifications, and Insurance Information | 26 | Develop a detailed insurance verification process for employees receiving a vehicle allowance. | Started | No progress was made during this period. The Transportation Policy is still in the approval process. |

## Audit of City-Owned and Leased Real Property

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| The City Has Potential Surplus and Remnant Parcels That Could Be Leveraged to Achieve A Variety of City Goals | 1 | Review all City-owned property and work with the City's asset-managing departments and divisions to identify and track the City's surplus property. | Not Started | According to the Real Estate Services Section, progress on this recommendation has not started due to staffing and project load. The Section is taking steps to fill the vacancy and expect to fill the position in Q3 2022. |
| The City Has Potential Surplus and Remnant Parcels That Could Be Leveraged to Achieve A Variety of City Goals | 2 | Develop policies and procedures to provide guidance on how asset-managing departments should ensure all City-owned properties are appropriately secured and maintained. | Not Started | According to the Real Estate Services Section, progress on this recommendation has not yet started due to staffing and project load. However, the prior hiring freeze has ended and the Section is taking steps to fill an outstanding vacancy. The Section expects to fill the vacancy in Q3 2022. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| | | | | |
|---|---|---|---|---|
| The City Has Potential Surplus and Remnant Parcels That Could Be Leveraged to Achieve A Variety of City Goals | 3 | Identify City-owned surplus and remnant parcels and consider selling, disposing, or re-purposing the parcels to reduce liability and utility and weed abatement costs. | Started | The Sacramento City Council approved an amendment to sale agreement for the property located at 3625 Fong Ranch Road on June 28 2022. The sale will be for a 17.39 acre portion of the 22.81 acre property for $4m in cash. The Real Estate Services Section anticipates it will close escrow in approximately 6 months. |
| The City Has Potential Surplus and Remnant Parcels That Could Be Leveraged to Achieve A Variety of City Goals | 4 | Work with the City's asset-managing departments to identify alternative uses for the City's undesirable or unsellable surplus property. | Not Started | According to the Real Estate Services Section, progress on this recommendation has not yet started due to staffing and project load. However, the prior hiring freeze has ended and the Section is taking steps to fill an outstanding vacancy. The Section expects to fill the vacancy in Q3 2022. |
| The City Has Potential Surplus and Remnant Parcels That Could Be Leveraged to Achieve A Variety of City Goals | 5 | Consider selling some of the City's surplus property to generate onetime revenue to achieve other City goals | Started | According to the Real Estate Services Section, the City is evaluating three parcels to be declared surplus by the City Council. RESS anticipates bringing these parcels to council in late Q3 or early Q4 2022. |
| The City Has Potential Surplus and Remnant Parcels That Could Be Leveraged to Achieve A Variety of City Goals | 6 | Conduct a staffing analysis to determine whether resources need to be added to the Real Estate Services Section to implement the recommendations made in this report. | Not Started | According to the Real Estate Services Section, no progress has been made during this reporting period |
| The City's Real Property Management Is Decentralized and Would Benefit from Detailed Policy Development | 7 | Review the Lease Centralization Plan and determine whether the Real Estate Services Section should manage all real property lease management as outlined in the Lease Centralization Plan. | Started | According to the Real Estate Services Section, no additional progress was made during this reporting period. |

| | | | | |
|---|---|---|---|---|
| The City's Real Property Management Is Decentralized and Would Benefit from Detailed Policy Development | 8 | Work with the City Attorney's Office to create lease contract templates that include key contract provisions to ensure consistency in City lease contracts. | Not Started | According to the Real Estate Services Section, progress on this recommendation has not yet started due to staffing and project load. However, the Section is taking steps to fill an outstanding vacancy and expects to fill the vacancy in Q3 2022. |
| The City's Real Property Management Is Decentralized and Would Benefit from Detailed Policy Development | 9 | Work with departments leasing non-City property to identify whether the departments can leverage City-owned property instead of leasing. | Started | According to the Real Estate Services Section, there are currently no opportunities to relocate into City owned property. RESS will continue to review leases with departments as those leases get close to the end of their terms. |
| The City's Real Property Management Is Decentralized and Would Benefit from Detailed Policy Development | 10 | Develop a process to regularly review City-leased property to determine whether it is an ongoing need and City-owned property is available to use instead. | Started | The Real Estate Services Section reviewed existing leases and determined there are currently no opportunities to relocate into City owned property. RESS will continue to review leases as those leases get close to the end of their terms. |
| The City's Real Property Management Is Decentralized and Would Benefit from Detailed Policy Development | 11 | Work with the Finance Department to establish a uniform policy that provides the process and steps required for acquisition and disposition of City-owned properties. Procedures should include details regarding compliance with Sacramento City Code and California State Law, financial reporting standards between the Real Estate Service Section and the Department of Finance, and the method of storing documents and financial records. | Started | According to the Real Estate Services Section, there has been no progress on this recommendation during the reporting period. |

| | | | | |
|---|---|---|---|---|
| Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board | 15 | Work with other City departments to identify data elements that may be helpful or necessary in decision making or reporting purposes and develop a process to collect and document the new data elements in the Asset Database. | Not Started | According to the Real Estate Services Section, this recommendation has not yet started due to staffing and project load. There is an outstanding vacancy, which should be filled in Q3 2022. |
| Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board | 16 | Work with other City departments to identify real property tracking needs and utilize a Citywide software program or develop another platform to centralize the management of the City's real property | Started | A new business analyst recently joined the Information Technologies Department (IT) and is getting familiar with the city's business operation and enterprise software. IT anticipates restarting the conversation with business users on this project in the next three months. |
| Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board | 17 | Centralize City lease inventory and document clear processes for all City departments to follow to standardize maintenance of City lease inventory, including utilizing the Asset Database or new platform used for real property inventory to ensure consistent tracking and consolidation of Citywide lease inventory. | Started | According to the Real Estate Services Section, no progress has been made on this recommendation during the reporting period. |
| Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board | 18 | Work with the City's Finance Department to develop policies and procedures on lease revenue billing and collection processes | Not Started | According to the Real Estate Services Section, no progress has been made during this reporting period. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

## Audit of the City's Green Efforts

| Finding | # | Recommendation | Status | Update |
|---------|---|----------------|--------|--------|
| Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits | 1 | Evaluate whether more consistent LEED certification is beneficial to the City's reputation as a sustainability leader. | Implemented | The Facilities Division Energy Manager has provided a memorandum outlining the City's approach to pursuing LEED certification for new buildings. The current Climate Action Plan for Internal Operations directs staff to pursue LEED Silver certification (or higher) for construction of new City buildings. Staff continues to work to achieve the LEED Silver Certification as new facilities are brought on-line, though in rare occasions a facility's use is too specific to qualify for LEED accreditation. Additionally, City and State Codes have been recently updated to meet more stringent sustainability goals, including many of the LEED Silver Certification requirements. |
| Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits | 2 | Develop a process to monitor completed LEED buildings post-completion to accurately capture the benefits of building to LEED standards and to quantify their value to the City's overall sustainability objectives. | Implemented | The Facilities Division Energy Manager has provided a memorandum explaining that the Facilities Division's funding mechanisms do not provide for tracking buildings post completion. However, other energy monitoring efforts are underway using EnergyCAP and a new dashboard in development by IT with the Office of Climate Action & Sustainability. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| | | | | |
|---|---|---|---|---|
| Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits | 3 | Consider participating in the U.S. Green Building Council's LEED recertification option for certified LEED buildings. | Implemented | The Facilities Division Energy Manager has provided a memorandum evaluating LEED recertification and concluding that pursuing recertification is not something that staff can prioritize at this time. The funding mechanisms of the Facilities Division are not set up to provide support to buildings post-completion, absent of a specific request funded by a department that uses said facility. Recognizing the constraints in the City budget, no near-term relief is expected to support additional recertifications of buildings or expand LEED certification into existing buildings. As funding becomes available for energy-related work in City facilities, the implementation of cost-saving retrofits and electrification will be prioritized over project-by-project monitoring. |
| Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits | 4 | Require post-completion monitoring for all applicable sustainability projects, programs, and initiatives. | Partly Implemented | Post-completion project monitoring is underway across departments and offices. For example, DOU staff monitor water and dollars saved through water conservation projects. The Facilities Energy Manager is preparing for yearly energy benchmarking of City facilities using EnergyCAP data reports. Through the Samsara platform, Fleet tracks vehicle fuel consumption, including fuel (and dollars) wasted while idling. The draft sustainability indicators dashboard in development by the IT Department and the Office of Climate Action & Sustainability summarizes some of these themes at a high level. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| | | | | |
|---|---|---|---|---|
| Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits | 5 | Develop a procedure that ensures internal stakeholders are involved in or made aware of relevant goals and performance measures. | Partly Implemented | The Office of Climate Action & Sustainability continues to convene the Green Team to coordinate sustainability work across departments. The Green Team met six times during Q1 and Q2 of 2022. Topics included the Transportation Priorities Plan, shared GIS resources, State policy updates, and research on Sacramento's environmental justice movement. |
| Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits | 6 | Develop and track performance measures as they relate to published sustainability goals. | Partly Implemented | IT has drafted a PowerBI dashboard to display ten initial sustainability indicators selected with DOU, YPCE, Fleet, and Facilities staff. Additional indicators are planned. The Office of Climate Action & Sustainability has presented the preliminary dashboard and approach to department staff and the Green Team. |
| Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits | 7 | Ensure sustainability reports consistently track and report progress over time. | Started | The Office of Climate Action & Sustainability is developing a sustainability 'scorecard' to discuss with departments on an annual basis. The 'scorecard' will summarize departments' performance per fiscal year in terms of energy and water use, zero-emission fleet adoption, and other sustainability-related areas. Additionally, the Office continues to present quarterly reports on the Climate Implementation Work Plan and new 2022 tasks. |
| Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits | 8 | Develop a process to check for duplicated data when it is uploaded to EnergyCAP, monitor the data for discrepancies, and notify users of issues in or changes to the data in the EnergyCAP system. | Implemented | The Facilities Division Energy Manager is actively managing errors in EnergyCAP and assigning flags to staff. Any issues are communicated to the relevant departments and divisions, who are responsible for resolving the flagged issues. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| | | | | |
|---|---|---|---|---|
| Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits | 9 | Review the data captured by the GIS streetlights system, determine key data fields, implement controls to ensure these fields contain accurate and complete information, and reconcile the various internal sources of streetlight counts. | Partly Implemented | The City regularly updates its streetlight data in its GIS database. Currently, over 14,200 streetlights have been retrofitted to LED. 2,450 more streetlights have been identified for the final phase of retrofits. |
| Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits | 10 | Develop and implement a process to reconcile our internal streetlights dataset with SMUD to ensure that the City is correctly billed. | Partly Implemented | The funding for streetlight retrofits has been exhausted, with the final phase of retrofits to be completed by December 2022. Delivering the retrofits has given staff the opportunity to verify the records and crosscheck City information with SMUD's un-metered streetlight billing records. |
| Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value | 12 | Develop guidance on prioritizing Citywide sustainability goals. | Started | Work on this item is on hold, as the Office of Climate Action & Sustainability is focusing on establishing sustainability performance indicators and raising awareness of sustainability goals Citywide. |

| Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value | 13 | Establish a Citywide internal communication strategy and accountability mechanism for sustainability goals and priorities. | Partly Implemented | The Office of Climate Action & Sustainability staff continue to convene the Green Team and utilize the Microsoft Teams 'Green Team' channel to distribute internal information on sustainability goals and priorities. For example, staff set up an additional Teams channel focused on resource-sharing for racial equity and sustainability. Also in Q2 of 2022, GIS staff (with Green Team input and Office of Climate Action & Sustainability coordination) created a Sustainability Data and Resources Hub with shared mapping resources to support sustainability workflows. More work is outstanding to create additional resources, such as a Nexus webpage, or new staff report guidance for the 'Sustainability Section' of staff reports. |
| Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value | 15 | Evaluate new funding strategies and consider whether additional funding support can be provided during the City's budgeting process. | Implemented | In May 2022, the Department of Public Works staff assessed funding options for sustainability projects and presented alternatives to City Council as part of the FY2022-23 budget development process. The Office of Climate Action & Sustainability staff also contributed responses on budgeting and staffing issues. In addition, City staff are continuously evaluating funding options for sustainability projects. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| | | | | |
|---|---|---|---|---|
| Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value | 16 | Review City projects that may have immediate environmental savings and cost avoidance that currently lack funding, such as retrofitting the remaining streetlights to LED, and assist with identifying funding sources. | Partly Implemented | DOU is collaborating with YPCE and DPW on projects to save water and energy (for irrigation), as well as to reduce costs. For instance, YPCE started construction on water-saving projects at Freeport Park. YPCE will seek reimbursements from DOU and evaluate successes and opportunities for improvement. DPW created a CIP to address drought-tolerant landscaping in medians, possibly using DOU water conservation funding. Initial locations include Mack Road, Franklin Boulevard, and possibly 21st Avenue (in coordination with YPCE). |
| Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value | 17 | Implement outreach efforts and programs to City employees to improve the City's sustainability culture. | Started | The Office of Climate Action & Sustainability staff continues to facilitate coordination across departments, including with the Green Team. The Office of Climate Action & Sustainability staff also met with Human Resources staff to discuss the process for developing new sustainability trainings. |
| Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value | 18 | Assist other City departments and offices with incorporating sustainability into their department-level operations through the creation, implementation, and tracking of specific performance goals. | Partly Implemented | In coordination with Fleet, DOU, YPCE, and Facilities staff, Office of Climate Action & Sustainability staff identified ten initial indicators to internally track sustainability of municipal operations. IT staff have developed a draft dashboard to display these indicators, to be updated on a fiscal year basis |
| Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value | 19 | Evaluate whether more formalized Citywide green teams may be beneficial for supporting the City's sustainability culture, programs, and goals. | Partly Implemented | The Office of Climate Action & Sustainability has evaluated options to formalize department engagement in sustainability. In 2022, on behalf of the City Manager's Office, the Office of Climate Action & Sustainability is establishing a Climate Action Task Force with formalized expectations and responsibilities for each department. |

| | | | | |
|---|---|---|---|---|
| Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened | 20 | Develop a process for notifying City employees of changes to Citywide sustainability policies, procedures, and plans and document their acknowledgement of these changes. | Not Started | The Office of Climate Action & Sustainability staff will initiate this effort in conjunction with policy changes happening through the 2040 General Plan Update and Climate Action and Adaption Plan Update. The public drafts of both documents are delayed. As an initial step, the Green Team discussed the July 2022 release of the draft Climate Action Plan. |
| Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened | 21 | Ensure that the City website and any internal employee resources are up-to-date and accurate as they relate to sustainability policies, procedures, and plans. | Implemented | In January 2022, the Office of Climate Action & Sustainability launched a monthly newsletter. The newsletter publicizes sustainability updates from across offices and departments. The Office of Climate Action & Sustainability webpage (www.cityofsacramento.org/climateaction) is kept up-to-date in conjunction with the newsletter. Internally, GIS staff have developed a Sustainability Data Resources Hub to consolidate mapping resources for sustainability-related projects, and the Office of Climate Action & Sustainability staff continue to build out the resources shared via the Green Team's Microsoft Teams channels. |

| | | | | |
|---|---|---|---|---|
| Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened | 22 | Conduct internal outreach efforts to improve awareness of and facilitate further reductions in paper consumption. | Dropped | With a significant portion of City staff teleworking and many City processes transitioned to digital forms due to the COVID-19 pandemic, this item is now less relevant than when originally recommended. For example, in lieu of physical signatures on printed forms, IT has expanded use of Adobe Sign. In 2020, City staff made 15,440 digital signature agreements. In 2021, this ballooned to 37,071 digital signature agreements. As of mid-June, in 2022 staff have made 13,992 digital signature agreements. IT has also converted many formerly printed forms to digital. IT converted 22 forms to digital in 2020, 20 forms in 2021, and 7 forms in 2022 as of mid-June. Similarly, IT and CDD collaborated transition Residential Production Permits from a paper-based application to a digital application. With this transition to digital forms and signatures and away from paper forms and in-office printing, staff education around printing reduction is now less relevant. |
| Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened | 23 | Identify instances of non-compliance with the Fleet Engine Idling Limit Policy and hold employees accountable. | Partly Implemented | Updated idling reports are available in Samsara. Fleet generates regular reports for DOU that supervisors review with their staff. Broader use of the Samsara idling reports is pending approval of the Idling Policy language in the Transportation Policy. |

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened | 24 | Review and update the Sustainable Purchasing Policy. | Implemented | The Sustainable Purchasing Policy has been updated. Additionally, in March 2022, City Council adopted an ordinance adding 3.56.075 to the Sacramento City Code, relating to the procurement of organic mulch and paper (for compliance with state regulations). |
| Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened | 25 | Develop a process for improving accountability with the Sustainable Purchasing Policy. | Partly Implemented | The Sustainable Purchasing Policy (SPP) has been updated to include compliance with Senate Bill (SB) 1383. The K2 Pre-Requisition and eCAPS Purchase Order tracking sections are being updated to capture additional information on City purchases that may be affected by the SPP and SB 1383 requirements. Once communication from City management goes out regarding these requirements, the Procurement Division will roll out tracking and reporting procedures Citywide. |
| Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened | 26 | Consider working with applicable City vendors to implement website controls that encourage more sustainable purchases. | Started | The Procurement Division is researching ways to promote sustainable products through some of the Citywide accounts that use online platforms (such as Staples and Amazon). |

## Vendor Management

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| A Centralized Process for Receiving Grant Applications and Aggregating Funding Data Could Improve the City's Grants Management Practices | 19 | Develop a centralized process for receiving grant applications and aggregating funding data. | Started | The IT Department is working with a third-party vendor to develop and implement a grants management software solution. They are preparing to enter into Phase 2 of the project which includes building, testing, and deployment. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Vendor Audit of the Roberts Family Development Center

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| RFDC's Financial Recordkeeping System is Disorganized and Contains Significant Material Weaknesses | 4 | Document the specific source of funds for which the State's debt will be paid and ensure restricted program funds and grants are not utilized to make the debt payments. | Implemented | According to RFDC, unrestricted fundraising sources of income have been used to pay the settlement with the State of California. According to reports provided by the RFDC Finance Director, RFDC paid $112,500 in payments to the State of California and received more than $215,000 in fundraising revenue during fiscal year 2022. In July 2022, RFDC received a letter from the California Department of Justice confirming that the settlement agreement amount has been paid in full and RFDC no longer owes any money to the Department of Housing and Community Development in regards to the settlement. |
| RFDC Should Develop A Robust System of Internal Controls to Safeguard Charitable Assets, Prevent Loss, and Ensure the Reliability of Financial Records | 8 | Develop internal policies and procedures based on best practices. | Implemented | RFDC has implemented the Fiscal Policy and Procedure Manual and updated the policy to include other key functions such as fundraising and volunteers. |

# Audit of Cannabis Dispensary Permitting

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| Ownership of Cannabis Dispensary Operating Permits were Transferred Between Individuals and Corporate Entities as a result of Ambiguity in the City Code and an Evolving Regulatory Environment | 1 | Seek direction from City Council to determine whether dispensary transfers should be allowed. The Office of Cannabis Management in conjunction with the City Attorney's Office should then propose a City Code update that clearly articulates the policy and legal goals of the City Council, that are in conformance with State law. | Partly Implemented | Proposals on dispensary ownership recommended by Law & Legislation Committee were approved by the Council on May 31, 2022. OCM was directed to return to Council with ordinances for adoption. OCM is currently working with the City Attorney on development of ordinances. |
| The City Needs to Better Define Ownership if it Expects to Enforce City Code Restrictions on Ownership and Manage who is Truly Behind its Permitted Cannabis Related Businesses | 2 | In conjunction with the City Attorney's Office, seek direction from City Council to determine whether both existing and new cannabis storefront dispensary owners must comply with City Code provision 5.150.355 that states: "No person who has an ownership interest in a storefront cannabis dispensary shall obtain an ownership interest in any other storefront cannabis dispensary" and clarify the City's expectation on how the code provision will be enforced. | Implemented | Proposals on dispensary ownership recommended by Law & Legislation Committee were approved by the Council on May 31, 2022. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| The City Needs to Better Define Ownership if it Expects to Enforce City Code Restrictions on Ownership and Manage who is Truly Behind its Permitted Cannabis Related Businesses | 3 | Seek direction from City Council to determine standards and definitions of ownership of cannabis dispensaries in the City. At minimum, these discussions should include a definition of clear ownership and limits on ownership for all cannabis dispensary owners. The Office of Cannabis Management in conjunction with the City Attorney's Office should then propose a City Code update that articulates the ownership policy and goals of the City Council, that are in conformance with State law. | Partly Implemented | Proposals on dispensary ownership recommended by Law & Legislation Committee were approved by the Council on May 31, 2022. OCM was directed to return to Council with ordinances for adoption. OCM is currently working with the City Attorney on development of ordinances. |
|---|---|---|---|---|
| The City Needs to Better Define Ownership if it Expects to Enforce City Code Restrictions on Ownership and Manage who is Truly Behind its Permitted Cannabis Related Businesses | 4 | In consultation with the Attorney's Office, design and implement an internal control framework over the cannabis permit application and renewal process based on best practices. This should include establishing an organizational structure, segregate duties, and assign responsibilities for the Office of Cannabis Management to carry out the program objectives. The internal control system should also be documented and communicated to those responsible for performance and training should be provided. | Partly Implemented | OCM has developed draft policies and procedures that provide guidance for the Business Operations Permits (BOPs) processes including application and renewal. Ensuring that policies and procedures are regularly updated for internal process changes and new ordinances will be an important part of the framework. Additionally, OCM is scheduled to receive an internal controls review of its permitting processes as part of the City Auditor's continuous cannabis monitoring program. As part of this review, internal controls will be reviewed and recommendations will be made as to how to strengthen internal controls over permitting activities. |

| Determining Beneficial Ownership is Critical to Enforcing Ownership Restrictions in the City's Cannabis Regulations | 5 | Incorporate researching beneficial ownership into existing operations and provide training to staff on how to conduct this research or hire an outside consultant to conduct this work on the City's behalf. | Implemented | Proposals on dispensary ownership recommended by Law & Legislation Committee were approved by the Council on May 31, 2022. OCM was directed to return to Council with ordinances for adoption. OCM is currently working with the City Attorney on development of ordinances. |
|---|---|---|---|---|
| Measured Expansion in the Number of Dispensary Permits Would be Consistent with Municipal Best Practices | 6 | Perform an economic analysis following the addition of the 10 permits to determine local cannabis dispensary market demand and whether the 40 dispensaries is a sufficient number of permits. | Started | The ten additional storefront applicants have been selected, however the dispensaries are not yet operational. More time is needed before evaluating the impact of these new permits. |

## Continuous Cannabis Monitoring

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| The Office of Cannabis Management Could Enhance Their Policymaking Process to Ensure New Policies are Effective at Addressing Identified Issues. | 1 | Enhance the current policymaking process by standardizing and documenting the approach to policy formulation and policy implementation. | Partly Implemented | OCM has developed draft policies and procedures that provide guidance for its policymaking activities. Ensuring that policies and procedures are regularly updated for internal process changes and new ordinances is an important part of an internal controls framework. We are not aware of any updates that have been made the draft policies and procedures since February 2021, or whether these policies and procedures have been finalized. |
| The Office of Cannabis Management Could Enhance Their Policymaking Process to Ensure New Policies are Effective at Addressing Identified Issues. | 2 | Develop a formal process for policy evaluation that considers whether the policy achieved its intended objectives and identifies unintended consequences. | Not Started | OCM respectfully disagrees with this recommendation and will not be implementing it at this time. As policy is the subject of the continuing audit, OCM expects to revisit this item in the future with the Auditor. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| | | | | |
|---|---|---|---|---|
| The Office of Cannabis Management Could Better Meet Their Stated Objectives by Providing More Focused Education and Increasing Community Outreach Activities | 4 | Increase its youth education and community outreach efforts to better meet its stated objective. | Partly Implemented | OCM has partnered with the City's Youth Development Policy Office and contractors PRO Youth and Families (PRO Youth), SCCY, and the Social Changery in implementing #SacYouthWorks: Futures (#Futures), a positive youth development program that incorporates underage marijuana use prevention and education, and work-based learning. #Futures builds on the City of Sacramento's successful #SacYouthWorks program launched in July 2020 as a response to COVID-19, as well as the SCCY's Future Forward campaign - a local underage marijuana use prevention and education campaign developed and designed in partnership with our community's youth. |
| Strengthening Security of the BOT Cash Payment Process Could Help to Reduce Risk. | 5 | Ensure staff understand the importance of maintaining security for large cash transactions and adhere to the Cannabis Business Cash Tax Payment Procedures. | Implemented | All Permits and Taxes staff in the Revenue Division performing Cannabis Business Operations Tax cash deposit intake are trained in accordance with the Cannabis Business Cash Tax Payment Procedures. |
| Strengthening Security of the BOT Cash Payment Process Could Help to Reduce Risk. | 6 | Review and revise policies and procedures over vault keys and vault key assignments to ensure that vault keys are safeguarded at all times. | Partly Implemented | The Revenue Division is in the process of working with the City Hall Building Services Manager to ensure all vault keys are safeguarded at all times. |

| | | | | |
|---|---|---|---|---|
| Strengthening Security of the BOT Cash Payment Process Could Help to Reduce Risk. | 7 | Review current security badge access levels for the vault room to ensure all users are granted access based on a legitimate business need. | Implemented | The City's Revenue Division worked with the City Hall Building Services Manager to identify which City personnel had access to the vault in the secure area of the Revenue Division and updated access levels to ensure only appropriate or essential City personnel have access. It was also verified that there's no vault badge access bundled in pre-existing packages or templates when badge access is setup. |
| Strengthening Security of the BOT Cash Payment Process Could Help to Reduce Risk. | 8 | Implement a periodic review of vault access to ensure that inappropriate users are not added without management approval. | Partly Implemented | The City's Revenue Division worked with the City Hall Building Services Manager to verify who City personnel is with access to the vault in the secure area of the Revenue Division and updated access levels only to necessary and essential City personnel. It was also verified that there's no vault badge access bundled in pre-existing packages or templates when badge access is setup. The City's Revenue Division will work with the City Hall Building Services Manager to ensure vault access is periodically reviewed. |
| Strengthening Security of the BOT Cash Payment Process Could Help to Reduce Risk. | 9 | Consider implementing additional security measures identified. | Implemented | The recommendation instructed the Revenue Division to consider additional security measures identified in the audit. The Revenue Division has demonstrated that it has considered the additional security measures suggested and that they are not feasible at this time. As such, we will close this recommendation. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| | | | | |
|---|---|---|---|---|
| Four Cannabis Businesses Were Operating Without a BOT Certificate, Which Has Likely Resulted in Uncollected Tax Revenue. | 10 | The Revenue Division bring identified cannabis businesses into compliance with the City's BOT regulations and collect past due taxes. | Implemented | The Permits and Taxes Team provided an update on the cannabis businesses identified in Recommendation #10. As of 7/15/2022, all four businesses that were identified in the report as not having a BOT Certificate are now in compliance with the City's cannabis BOT requirements. |
| Four Cannabis Businesses Were Operating Without a BOT Certificate, Which Has Likely Resulted in Uncollected Tax Revenue. | 11 | The Revenue Division and the Office of Cannabis Management work collaboratively to strengthen controls in the BOT verification processes during BOP issuance and renewal. | Partly Implemented | The Permits and Taxes team in the City's Revenue Division issues Cannabis Business Operations Tax Certificates. The Office of Cannabis Management (City Manager's Office) issues the cannabis Business Operating Permits. The two teams communicate regularly across departments to share information, report non-compliant businesses, and inform one another of known new and closed businesses. The Permits and Taxes team will work with Office of Cannabis Management to setup a more streamlined and formal process to communicate overlapping business functions to strengthen BOT verification process controls. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| | | | | |
|---|---|---|---|---|
| The Revenue Division Should Expand BOT Compliance Audits to Consider All Cannabis Businesses in the City to Reduce the Risk of Noncompliance. | 12 | Develop and implement a risk-based approach to selecting cannabis businesses for BOT compliance audits. | Partly Implemented | The Permits and Taxes team in the City's Revenue Division identifies Cannabis Business Operations Tax audit subjects based on several factors that includes, but not limited to, the magnitude of taxes paid, potential problematic tax reporting history, statute of limitations status, and (sometimes) random selection. The selection of Cannabis Business Operations Tax audit subjects is also done in conjunction with the City's contracted Cannabis Business Operations Tax auditor, Avenu Insights and Analytics, who also recommends audit subjects. The selection of Cannabis Business Operations Tax audit subjects incorporates a risk based component as problematic businesses and businesses with unexplained consistent tax reporting variances have a higher probability of being selected for audit. |

| The Revenue Division Should Expand BOT Compliance Audits to Consider All Cannabis Businesses in the City to Reduce the Risk of Noncompliance. | 13 | Expand BOT compliance audits to include all cannabis business types operating in the City of Sacramento. | Partly Implemented | The Permits and Taxes team in the City's Revenue Division identifies Cannabis Business Operations Tax audit subjects based on several factors that includes, but not limited to, the magnitude of taxes paid, potential problematic tax reporting history, statute of limitations status, and (sometimes) random selection. The selection of Cannabis Business Operations Tax audit subjects is also done in conjunction with the City's contracted Cannabis Business Operations Tax auditor, Avenu Insights and Analytics, who also provides recommended audit subjects. The selection of Cannabis Business Operations Tax audit subjects is not specific to any one cannabis business type as the current practice selects audit subjects no matter the area the business operates in the cannabis industry. |

## Diversity Review of City Employment Applications, Hires, and Separations

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| Inconsistencies in How Hired Applicants are Captured in Both NeoGov and eCAPS Creates an Analytical Limitation | 1 | Establish controls that would require City departments to utilize NeoGov for all vacancies and recruitments so NeoGov contains complete recruitment, applicant, and hire information. | Partly Implemented | According to the Human Resources Department, Youth Aide recruitments in the Youth, Parks, and Community Enrichment Department still have a hybrid recruitment process. However, the number of paper applications compared to online applications in NeoGov is low. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

# Audit of the Sacramento Community Police Review Commission

| Finding | # | Recommendation | Status | Update |
|---|---|---|---|---|
| The Lack of Clearly Defined Roles and Responsibilities has Led to Confusion and Frustration | 1 | The City Council should clarify the purpose, powers, and duties of the Sacramento Community Police Review Commission and how it interacts with other City departments to achieve its objectives. The City Council should memorialize the specific purpose, powers, and duties, through resolution, ordinance, or codifying the changes in the City Code. | Not Started | No progress has been made. |
| The Sacramento Community Police Review Commission Requires Resources and Investment from the City to Effectively Achieve its Objectives. | 2 | The City Council should determine the staffing needs and responsibilities, and funding for the Sacramento Community Police Review Commission. The City Council should memorialize the specific role of staff provided, the funding source, and what City office or department will house the position, through resolution or codifying the changes in the City Code. | Not Started | No progress has been made. |
| The Sacramento Community Police Review Commission Requires Resources and Investment from the City to Effectively Achieve its Objectives. | 3 | The City Council should determine the training curriculum that SCPRC Commissioners should be required to complete and potential remedies if training is not completed. | Not Started | No progress has been made. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups

| | | | | |
|---|---|---|---|---|
| The Sacramento Community Police Review Commission Requires Resources and Investment from the City to Effectively Achieve its Objectives. | 4 | The City Council should codify the training requirements for the Sacramento Community Police Review Commission in, at minimum, City Council ordinance. The Sacramento Community Police Review Commission also should include the training requirements in its policies and procedures. | Not Started | No progress has been made. |
| The Sacramento Community Police Review Commission Requires Resources and Investment from the City to Effectively Achieve its Objectives. | 5 | Identify resources to provide the Sacramento Community Police Review Commission with an increased internet presence. | Not Started | No progress has been made. |
| The Sacramento Community Police Review Commission Requires Resources and Investment from the City to Effectively Achieve its Objectives. | 6 | Work with the Sacramento Community Police Review Commission, the City Manager's Office and City Council to develop policies and procedures for communicating with the public. | Not Started | No progress has been made. |
| The Sacramento Community Police Review Commission Requires Resources and Investment from the City to Effectively Achieve its Objectives. | 7 | Clarify whether the Sacramento Community Police Review Commission is responsible for issuing its own annual report. The clarification should specify the agency required to complete the report, the frequency of the report production and provide direction on the information that should be included in the report, such as recommendations, plans for the upcoming year, and information about public outreach. | Not Started | No progress has been made. |

| | | | | |
|---|---|---|---|---|
| The Sacramento Community Police Review Commission Requires Resources and Investment from the City to Effectively Achieve its Objectives. | 8 | Identify key performance indicators to gauge the effectiveness of the Sacramento Community Police Review Commission in meeting its purpose and objectives. | Not Started | No progress has been made. |
| The Sacramento Community Police Review Commission Requires Resources and Investment from the City to Effectively Achieve its Objectives. | 9 | Provide secure email accounts for Sacramento Community Police Review Commission Commissioners and require the use of these email addresses to conduct Commission-related business. | Not Started | No progress has been made. |
| The Sacramento Community Police Review Commission Requires Resources and Investment from the City to Effectively Achieve its Objectives. | 10 | Develop and implement policies for email use and provide training to the Sacramento Community Police Review Commissioners. | Not Started | No progress has been made. |
| The Sacramento Community Police Review Commission Requires Resources and Investment from the City to Effectively Achieve its Objectives. | 11 | Determine the level of access to information across City government needed by the Sacramento Community Police Review Commission to fulfill its City Code mandated duties. The City Council should memorialize the Sacramento Community Police Review Commission's access to information in either resolution, ordinance, or in the City Code. | Not Started | No progress has been made. |

| | | | | |
|---|---|---|---|---|
| The Sacramento Community Police Review Commission is in Need of a Recommendation and Follow-Up Process to Ensure the Recommendations are Documented, Presented to the City Council, and Recommendations that are Approved are Implemented by the Relevant Department. | 12 | Determine an agreed-upon format for Sacramento Community Police Review Commission recommendations. The format should direct the specific information to be required in each recommendation. Finally, the process should be memorialized in City Council resolution or ordinance. | Not Started | No progress has been made. |
| The Sacramento Community Police Review Commission is in Need of a Recommendation and Follow-Up Process to Ensure the Recommendations are Documented, Presented to the City Council, and Recommendations that are Approved are Implemented by the Relevant Department. | 13 | Determine whether the Sacramento Police Department should provide written responses to Sacramento Community Police Review Commission recommendations. This dialogue should identify the form the response will be provided in. Finally, the City Council should consider memorializing the process in resolution or ordinance. | Not Started | No progress has been made. |
| The Sacramento Community Police Review Commission is in Need of a Recommendation and Follow-Up Process to Ensure the Recommendations are Documented, Presented to the City Council, and Recommendations that are Approved are Implemented by the Relevant Department. | 14 | Determine whether the City Council should vote on SCPRC recommendations. This dialogue should identify a process for the presentation of the recommendations and vote. Finally, the process should be presented to City Council to be memorialized in City Council resolution or ordinance. | Not Started | No progress has been made. |

| | | | | |
|---|---|---|---|---|
| The Sacramento Community Police Review Commission is in Need of a Recommendation and Follow-Up Process to Ensure the Recommendations are Documented, Presented to the City Council, and Recommendations that are Approved are Implemented by the Relevant Department. | 15 | Determine whether the City should track and report on the implementation status of Sacramento Community Police Review Commission recommendations. The City Council should consider adopting a process to track and report on the implementation status of SCPRC recommendations that includes the department responsible. Finally, the City Council should consider whether to memorialize the requirement and process in resolution or ordinance. | Not Started | No progress has been made. |
| The Sacramento Community Police Review Commission is in Need of a Recommendation and Follow-Up Process to Ensure the Recommendations are Documented, Presented to the City Council, and Recommendations that are Approved are Implemented by the Relevant Department. | 16 | Determine whether to provide resources for making SCPRC recommendation responses and implementation status publicly available in a transparent and timely manner. The City Council should identify additional funding for the tracking process. Finally, the City Council should consider whether to memorialize the funding provision in resolution or ordinance. | Not Started | No progress has been made. |

For interactive dashboards and copies of past reports, visit our website:
https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups