City Auditor's Semi-Annual Recommendation Follow-Up Report:
January 2020 – June 2020

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City Auditor

City of
SACRAMENTO
Office of the City Auditor

September 2020

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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) 2019/20 Audit Plan, we prepared a report on the status of open recommendations for the six-month period ending June 30, 2020. To prepare this report, we met with department staff, reviewed documentation provided by departments, and performed testing to determine implementation progress. We would like to express our appreciation to the City staff members 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.

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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 vs Estimated Financial Benefit Realized Since Establishment of the Office of the City Auditor

Potential Benefit
$96.5 Million

Realized Benefit
$29.9 Million
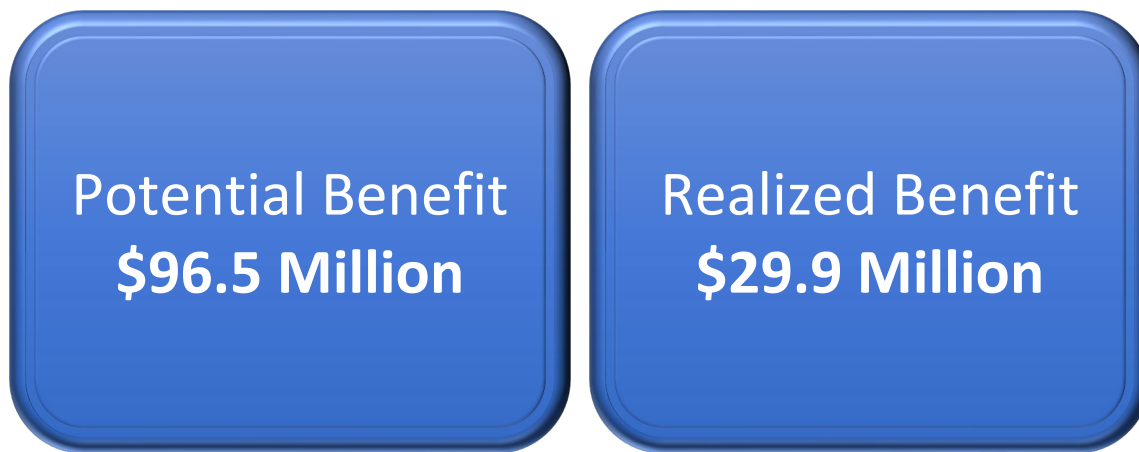
Source: Auditor generated.

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.

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Recommendations that Resulted in Cost Savings During This Follow Up Period

Figure 2 summarizes two audit recommendations that resulted in cost savings identified during this follow up period. In the *Audit of Medical Marijuana Dispensaries,* the auditor's office recommended the Revenue Division perform more frequent audits of dispensaries. This audit recommendation was implemented and has resulted in an additional $132,000 in revenue. The *Audit of the Department of Utilities Vehicle Fleet* recommended developing better monitoring to reduce excess vehicle idling. This recommendation has resulted in $7,500 in annual costs savings.

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

Recommendation	Update	
Reevaluate the frequency of MuniServices audits to ensure appropriate coverage of the medical marijuana dispensaries in a timely manner.	The Revenue Services Division has revised their contract and audit schedule with third-party vendor, Avenu Insights, so that all 30 dispensaries will be audited on an annual basis.	**Improved monitoring resulted in $132,000 of additional revenue**
Develop a process to identify instances of non-compliance with the Fleet Engine Idling Limit Policy and hold employees accountable.	Public Works Fleet is generating a monthly report that is provided to Superintendents who are responsible for reviewing with their respective teams and staff.	**Reduction in excess idling saves $7,500 annually**

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Recommendations That Would Result in Cost Savings, If Implemented

Figure 3 highlights two audit recommendations that, if implemented, would results 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. The *Audit of the Department of Utilities Labor Reporting* noted that restricting pay types to only those employees are eligible for would reduce errors and result in an estimated cost savings of $33,000 annually.

Figure 3: Implementing These 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.
Department of Utilities Labor Reporting	Review the existing employee user access to pay types and restrict access to only those pay types for which an employee is eligible.

This change could save $337,000 in annual labor costs

This change could save $33,000 in annual labor costs

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Implementation Progress of Recommendations

73 Percent of All Recommendations Have Been Closed

Since the establishment of the Office of the City Auditor in 2010, the Office has issued 43 reports and made 622 recommendations. At the close of this recommendation follow-up period, 452 (73% of) recommendations had been closed. Figure 4 illustrates the number of recommendations open compared to the number of recommendations closed as of June 30, 2020.

Figure 4: Recommendation Status

Source: Auditor generated.

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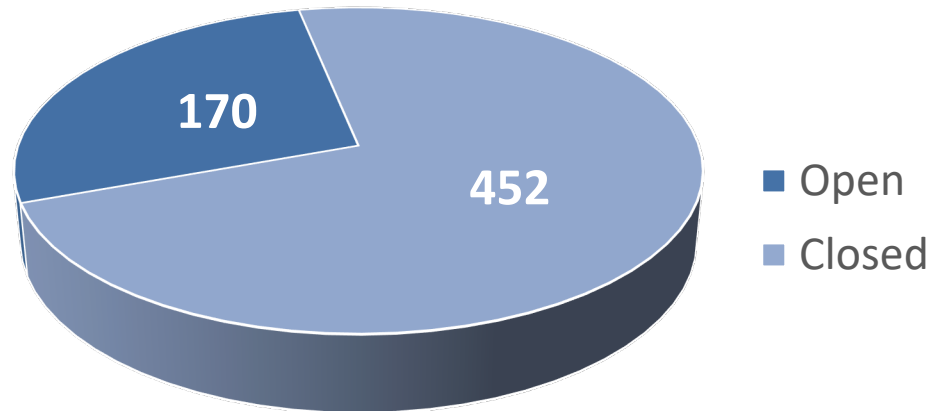
Status of Open Recommendations

Open recommendations are classified based on the responsible party's progress towards implementation. Figure 5 illustrates the progress of all open recommendations.

Figure 5: Status of Open Recommendations
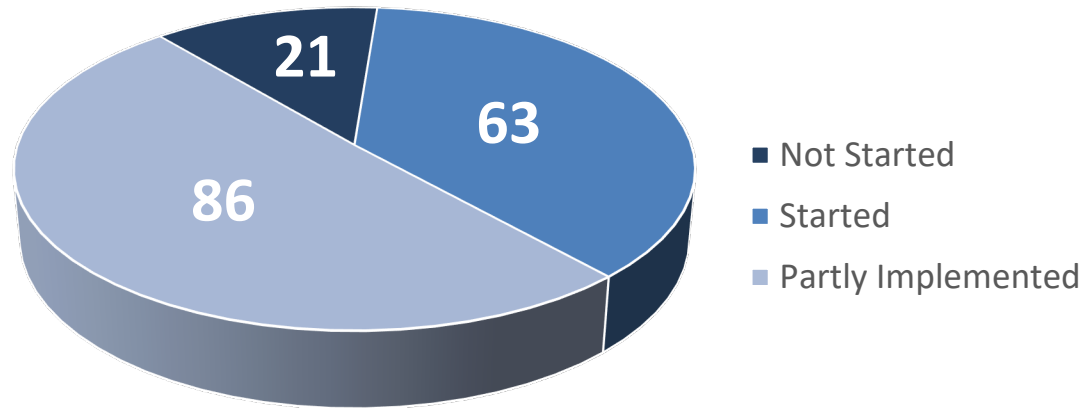
Source: Auditor generated.

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 Closed This Year Was Higher Than Average

Figure 6 illustrates the number of recommendations issued and closed in the last seven fiscal years. The average number of recommendations closed per year is 51. During the FY2019-20 fiscal year, 80 recommendations were closed. This signifies notable progress in addressing and closing audit recommendations during this fiscal year.

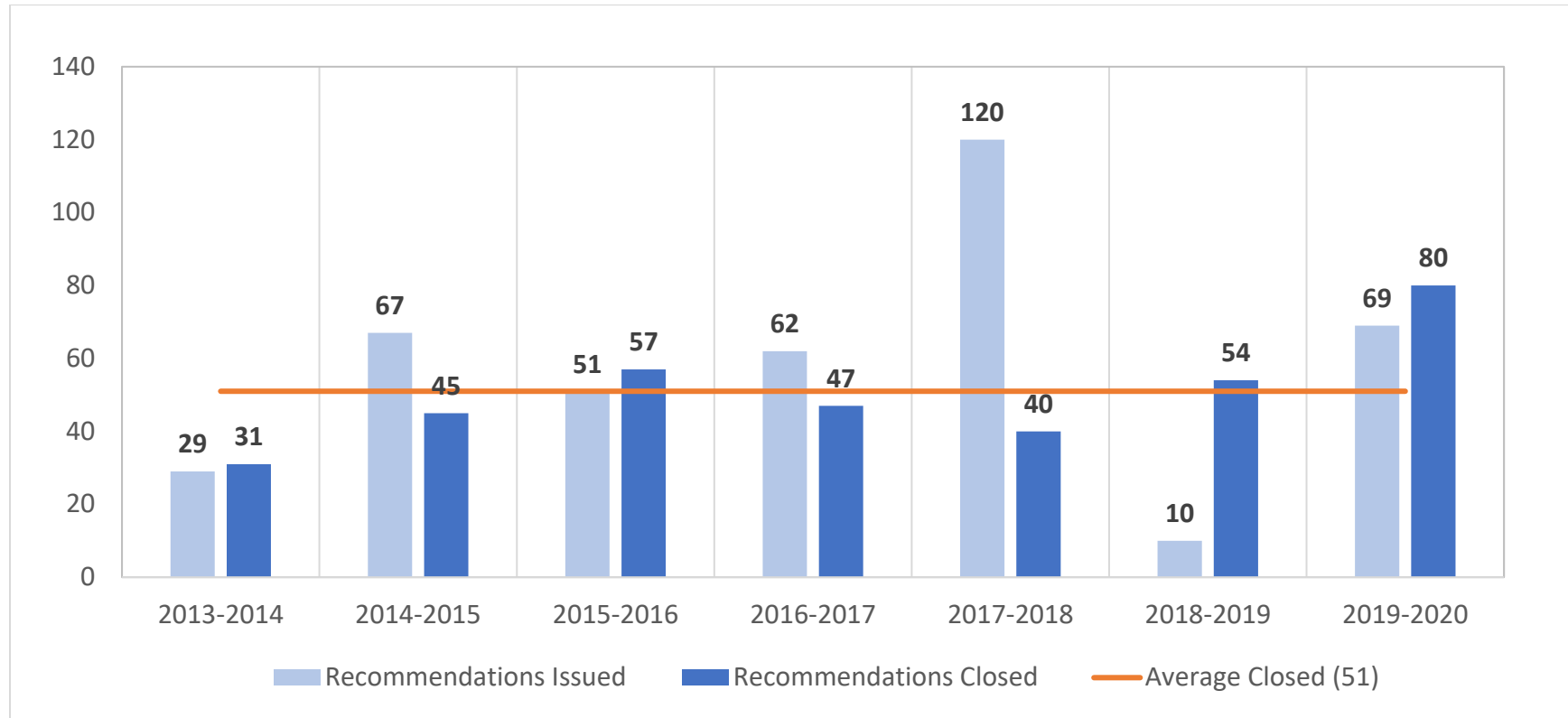### Figure 6: Recommendations Issued Compared to Recommendations Closed by Fiscal Year

Fiscal Year	Recommendations Issued	Recommendations Closed
2013-2014	29	31
2014-2015	67	45
2015-2016	51	57
2016-2017	62	47
2017-2018	120	40
2018-2019	10	54
2019-2020	69	80

Average Closed (51)

Source: Auditor generated.

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Open Recommendations by Department

Recommendations made by the Office of the City Auditor are directed towards specific offices, departments, or divisions within the City. In some cases, implementation requires extensive coordination between multiple offices, departments, or divisions. Recommendations directed towards multiple responsible parties are listed under the lead department, typically the department listed first in the report. Figure 7 illustrates the outstanding recommendations by department; for context, the number of closed and total recommendations issued to each department is also listed.

Figure 7: Recommendations by Department

Department	Open	Closed	Total	% Closed
Police	6	7	13	54%
Public Works	27	33	60	55%
Youth, Parks, and Community Enrichment	8	10	18	56%
City Manager	22	33	55	60%
Information Technology	18	30	48	63%
Finance	30	59	89	66%
Fire	18	40	58	69%
Utilities	22	82	104	79%
Human Resources	19	83	102	81%
City Attorney	0	1	1	100%
City Clerk	0	1	1	100%
City Council	0	6	6	100%
Community Development	0	40	40	100%
Non-City Organization	0	7	7	100%
Sacramento Housing and Redevelopment Agency	0	12	12	100%
Sacramento Region Sports Education Foundation	0	8	8	100%
Total	**170**	**452**	**622**	**73%**

Source: Auditor generated.

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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 Employee Health and Pension Benefits

Finding	#	Recommendation	Status	Update
Rising Benefit Costs Require The City To Evaluate Cost Containment Options Like Those That Other Governments Employee And Best Practices Recommend	25	Continue plans to implement a wellness program that includes assessing the program's impact.	Partly Implemented	Department did not provide an update for this recommendation period.
Rising Benefit Costs Require The City To Evaluate Cost Containment Options Like Those That Other Governments Employee And Best Practices Recommend	28	Create and manage a strategic health-care plan.	Partly Implemented	The Department did not provide an update during this reporting period.

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	Due to the impact of COVID-19, no progress was made during the period.

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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	Due to the impact of COVID-19, no progress was made during the 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	Due to the impact of COVID-19, no progress was made during the period.
The Inventory of Citywide Policies Could be More Complete and Organized	9	Evaluate the divisions of Support Services and determine if the policies currently in place are adequate and where additional policies are needed.	Partly Implemented	Due to the impact of COVID-19, no progress was made during the 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	Due to the impact of COVID-19, no progress was made during the period.
The Inventory of Citywide Policies Could be More Complete and Organized	11	Assess the inventory of outside policies and procedures and determine whether they should be incorporated or retired.	Started	Due to the impact of COVID-19, no progress was made during the period.

The Inventory of Citywide Policies Could be More Complete and Organized	12	Assess whether the City should develop policies to address some of the policy areas owned by other cities and noted in Exhibit 13.	Partly Implemented	Due to the impact of COVID-19, no progress was made during the 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	Due to the impact of COVID-19, no progress was made during the 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	Due to the impact of COVID-19, no progress was made during the period.
The Inventory of Citywide Policies Could be More Complete and Organized	18	Change the department owners of policies to reflect correct owners.	Partly Implemented	Due to the impact of COVID-19, no progress was made during the period.
The Inventory of Citywide Policies Could be More Complete and Organized	21	Ensure department directors and division managers regularly review the policy repository to ensure only, and all, their current policies are posted.	Partly Implemented	Due to the impact of COVID-19, no progress was made during the period.

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 this period. The Fleet Management Division continues to work with departments to revise the City's Employee Transportation Policy. Updated language regarding take-home vehicles is currently being reviewed by management. The Transportation Policy is in near-final draft stages. It will be circulated to the Executive Team and Charter Officers and then sent to Labor Relations for negotiations with all nine unions.
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	The Fleet Management Division and the Finance Department worked together to establish a new method for collecting take-home vehicle information needed to report to the IRS. Continued successful implementation of the updated method will depend on department enforcement. Additional work is required to incorporate call back logs into the 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	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	No progress was made during the period. The City continues to work with departments to revise the City's employee transportation policy. The Transportation Policy is in near-final draft stages. It will be circulated to the Executive Team and Charter Officers and then sent to Labor Relations for negotiations with all nine unions. Vehicle retention and any related policies will remain on the City Manager's list of items to negotiate during the next round of contract negotiations.

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	Due to COVID-19, this project has been delayed.
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.	Started	Due to COVID-19, this project has been delayed.
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	18	Work with the Attorney's Office to determine if the City is accurately reporting the IRS liability.	Implemented	The Fleet Management Division and the Finance Department worked together to establish a new method for collecting take-home vehicle information needed to report to the IRS. Continued successful implementation of the updated method will depend on department enforcement.

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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 P-Card Best Practices Manual to serve as 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 department continues to update the Purchasing Card Policy Manual to make it 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 Policy Manual to reflect the types of transactions that are allowable and prohibited. Once the manual 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 Manual, once formally adopted, will be reviewed annually to reflect applicable policy changes.
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.	Started	The department is creating an annual training course to be completed by all cardholders. The training will require the cardholders to acknowledge their responsibilities and agree to the purchase card program terms.

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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	Started	The department is creating an annual training course to be completed by all cardholders. The training will require the cardholders and approving officials to acknowledge their responsibilities and agree to the purchase card program terms.
The purchase card program lacked complete policy guidance and oversight	10	Perform occasional surprise audits of purchasing card transactions and present any concerns to respective departments and the City Manager's Office.	Partly Implemented	The department created a procedure addressing the review of purchasing card transactions. Staff will perform surprise audits and share the results with the Office of the City Auditor during the next recommendation follow-up period.
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	The department intends to add additional clarifications regarding prohibited uses of purchase cards and add additional controls in the Purchasing Card Policy Manual, pending updates and formal adoption.

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	According to the Fire Department, they are in the first stage of testing related to documenting supervisory approval of overtime use by transitioning administrative and salaried employees to the eCAPS system. The Department is also investigating the feasibility of transitioning sworn staff to eCAPS. At this time, the Department's work around is to capture supervisor approval via email. All overtime approved emails are maintained by rollcall in an overtime approval binder. The Department is also in the 1st phase of migrating it's administrative 40 hour staff to eCaps (began in July 2020).
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	According to the Fire Department, the practice of employees having administrative access to both the Telestaff software and server has been discontinued. Additionally, the Department currently enforces these controls through the Technical Services Deputy Chief. Full implementation is anticipated within 6 months when the TeleStaff upgrade is complete. The Department has requested assistance from City IT to develop an administrative access policy and are awaiting a Citywide policy. No progress has been made on this recommendation during this reporting period.

Finding	#	Recommendation	Status	Update
Controls Over Employee Time Reporting Must be Improved	11	Develop controls to monitor the activity of those provided with administrative rights to Telestaff.	Started	According to the Fire Department, the department has met with Kronos and is working with the vendor to implement fixes to move SFD Telestaff to version 6.o. The previous upgrade did not meet the functionality needed. Future iterations will allow a more tiered access to administrative controls. Currently the Deputy Chiefs monitor and approve user access quarterly. The Department is currently in the 1st phase of migrating some staff to eCaps. This 1st phase began the 2nd pay period of the new fiscal year and includes 40 hour administrative staff.

Audit of City Inventory Systems - Part 1 of 2

Finding	#	Recommendation	Status	Update
The Information Technology Department's inventory system contains significant errors and omissions	1	Assign responsibility for managing the IT inventory system to the Chief Information Officer.	Partly Implemented	The Chief Information Officer has assumed responsibility for the IT inventory system. However, City Department Directors are still responsible for maintaining accountability and control of IT assets located in their respective departments. A Citywide Information Technology Hardware Inventory Policy is in the process of being adopted.
The Information Technology Department's inventory system contains significant errors and omissions	2	Establish goals and performance measures to increase data accuracy to at least 95 percent	Partly Implemented	A goal of 95% accuracy has been established by the Citywide Information Technology Hardware Inventory Policy and performance toward that goal is being measured quarterly. This policy is in the process of being adopted.

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The Information Technology Department's inventory system contains significant errors and omissions	3	Develop standardized policies and procedures for inventory management and provide training to staff.	Partly Implemented	IT Hardware Inventory Procedures have been developed for internal use by the IT Department to complement the Citywide Information Technology Hardware Inventory Policy mentioned in recommendation #1. A training plan was developed and completed for all IT staff responsible for the acquisition and management of the City's IT hardware inventory. Training includes standardized procedures, performance measures, and clearly defined staff roles and responsibility.
The Information Technology Department's inventory system contains significant errors and omissions	4	Develop minimum data requirements for inventory records including model number, physical location, status, assignment, cost, and purchase date.	Partly Implemented	The following required fields for inventory have been identified in the Citywide Information Technology Hardware Inventory Policy: Asset Tag Number, Asset Type, Assigned to, Department Org Unit, Location, Manufacture, MAC Address (VOIP phones), Model Name/Number, Name, Purchase Date, Cost, Serial Number/Unique Identifier, Status, and Warranty Dates (if applicable.) This policy is in process of being adopted.
The Information Technology Department's inventory system contains significant errors and omissions	6	Determine why inventory records are not always updated when employees separate from the City and implement a solution.	Partly Implemented	According to the IT Department, procedures and workflows have been put in place to remove system access and collect/reassign city owned IT equipment to a prospective employee or departmental representative. IT has begun performing quarterly reviews of employee separations.
The Information Technology Department's inventory system contains significant errors and omissions	7	Develop a process to ensure all new IT hardware purchases are recorded in the inventory system.	Partly Implemented	The Information Technology Hardware Inventory Policy addresses the updated procedures for recording new purchases including the data fields listed in Recommendation #4. Quarterly self-audits are being performed to measure accuracy.

Finding	#	Recommendation	Status	Update
The Information Technology Department's inventory system has an excessive number of users with the ability to modify and delete inventory records	12	Formalize logical access to the inventory system in a written policy.	Partly Implemented	IT has developed logical access in KACE system to specify the roles and the access level for each user group and perform audits and controls on an annual basis to ensure conformity. This is covered in the Information Technology Hardware Inventory Policy, currently in the process of being adopted.

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	The Department has recently hired a Stores Administrator who has been tasked with drafting the policies needed to provided clear and consistent direction related to inventory management. Due to the COVID-19 response, completion of the policy has been delayed.
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	The Fire Department has been delayed in establishing performance goals due to the COVID-19 response. However, the Department has drafted a controlled medications security and procurement policy as well as established controlled medications reporting, and has random audits performed by the Fire Service Medical Director and Fire Department leadership to ensure compliance and accuracy of inventory control measures. The Department anticipates performance goal development within 6 months.

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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	Inventory reports and counts are being completed, formal processes are still being developed.
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	Inventory processes are still being developed and tested. An Inventory Change Log has been developed in the inventory system to identify adjustments or edits made by staff. In December, the Department hired a new Stores Administrator who is finalizing the Department's draft policy on Controlled Medications Security which also addresses requiring supervisory approval of inventory count adjustments and documentation with cause for count variances. A sudden shift in Department priorities during COVID-19 has delayed completion.
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	Expiration dates for some supplies are being recorded in the electronic inventory system. Policies are still being drafted.
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	The Department has fully implemented a process to track the actual usage of narcotics, but other supply tracking has been only partially implemented due to lack of staffing and the department's COVID-19 response.
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	A formal access policy has not yet been established. Staff is actively working with the IT Department on how best to implement this recommendation. The Department anticipates completion in late 2020.

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	A formal access policy has not yet been established. Staff is actively working with the IT Department on how best to implement this recommendation. The Department anticipates completion in late 2020.
The Fire Department should implement inventory management best practices to improve accountability and accuracy	9	Perform ongoing reviews of system access.	Partly Implemented	A formal access policy has not yet been established. Staff is actively working with the IT Department on how best to implement this recommendation. The Department anticipates completion in late 2020.

Audit of Citywide Wireless Communications

Finding	#	Recommendation	Status	Update
Improving How the City's Wireless Device Program is Administered Could Potentially Save the City $291,600 and Decrease the Risk of Abuse	1	Establish controls to monitor overage charges.	Partly Implemented	According to the Information Technology Department, the Mobile Communication Device Policy is currently with the City Clerk's Office for final review and adoption.
Improving How the City's Wireless Device Program is Administered Could Potentially Save the City $291,600 and Decrease the Risk of Abuse	2	Develop testing mechanisms and protocols for detecting and eliminating excessive personal use.	Partly Implemented	According to the Information Technology Department, the Mobile Communication Device Policy is currently with the City Clerk's Office for final review and adoption.
Wireless Device Policies are Insufficient	11	Continue to develop and implement formal policies and procedures to reflect operational changes and advances in wireless device technology and security.	Partly Implemented	According to the Information Technology Department, the Mobile Communication Device and IT Hardware Asset Management Policies are currently with the City Clerk's Office for final review and adoption.

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Wireless Device Policies are Insufficient	12	Develop a process to review policies on an ongoing basis so they remain up-to-date.	Partly Implemented	The IT Department will review and update the formal policy on an annual basis once it has been finalized and implemented. The Mobile Communication Device Policy is currently with the City Clerk's Office for final review and adoption.
Wireless Device Policies are Insufficient	13	Establish how best to exercise authority over the City's wireless communication devices.	Partly Implemented	According to the Information Technology Department, the Mobile Communication Device Policy is currently with the City Clerk's Office for final review and adoption.
Wireless Device Policies are Insufficient	14	Update and utilize the wireless communication device request form for all employees issued City devices. The request form should include a written justification for the device, anticipated use, and plan type with supervisory approval and stored for as long as the employee is assigned the device	Partly Implemented	According to the Information Technology Department, the Mobile Communication Device Policy is currently with the City Clerk's Office for final review and adoption.
Wireless Device Policies are Insufficient	15	Submit a new wireless communication device request form for all existing employees with City-issued devices.	Started	According to the Information Technology Department, the Mobile Communication Device Policy is currently with the City Clerk's Office for final review and adoption.
Wireless Device Policies are Insufficient	16	Define responsibilities and develop policies to govern telecom liaisons.	Partly Implemented	According to the Information Technology Department, the Mobile Communication Device Policy is currently with the City Clerk's Office for final review and adoption.
Wireless Device Policies are Insufficient	17	Department management should review changes made by telecom liaisons to ensure they are appropriate.	Partly Implemented	According to the Information Technology Department, the Mobile Communication Device Policy is currently with the City Clerk's Office for final review and adoption.

Finding	#	Recommendation	Status	Update
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 Kace system has been retired and as of June 2020, IT hardware assets were migrated to Servicenow, the department's new IT Service Management system. The department is currently performing an audit for the second quarter of 2020 that is expected to be completed on September 1.

Audit of the City's 311 Call Center

Finding	#	Recommendation	Status	Update
Additional Technological Enhancements May Help the 311 Call Center Improve Performance	9	Enhance the City's mobile application to provide additional services and information for citizens to utilize.	Implemented	In early 2020, the City of Sacramento introduced a redesigned and modernized 311 Customer Service mobile app and web portal. The update makes it easier for residents to access City services. The new feature allows users to track the status of their request using a service request number, register and log in, view pending requests by geographic area using the 'Explore' map, and track open requests created by other users.
Additional Technological Enhancements May Help the 311 Call Center Improve Performance	15	Integrate data from Cisco, Siebel or new CRM system, and Witness to better analyze 311 Call Center data and develop processes to improve customer service.	Partly Implemented	Due to Covid-19, progress was slowed on this recommendation. Cisco has been upgraded and Salesforce post-production development is approaching completion. The 311 Call Center is exploring the best solution to bring these systems together and should have the solution implemented by the next recommendation follow-up period or mid fiscal year.

Finding	#	Recommendation	Status	Update
Additional Technological Enhancements May Help the 311 Call Center Improve Performance	18	Develop a process with City departments utilizing escalation forms that allows the 311 Call Center to follow up on previous requests.	Implemented	Salesforce Service Cloud no longer has escalation forms. Animal Care and Parking were previously receiving Escalation Forms, these departments now have Salesforce licenses and are able to receive Cases created by 311 in a queue specific to their department. This allows for 311 to see what the outcome of the case was once it has been resolved by the respective departments.

Audit of the City's Master Vendor File

Finding	#	Recommendation	Status	Update
The City should improve controls over the Master Vendor File to increase data integrity and prevent fraud	16	Develop policies and procedures that guide employees and provide direction on all major aspects of maintaining and protecting the Master Vendor File.	Implemented	Finance has developed and approved accounts payable procedures that identify how the department will address risks associated with prompt payment, segregation of duties, and conflicts of interest.
Prohibited vendors with potential conflicts of interest conducted business with the City	18	Develop and document more robust and frequent methods of searching the Master Vendor File for vendors that could potentially represent conflicts of interest.	Implemented	Finance has developed and approved accounts payable procedures that identify how the department will address risks associated with prompt payment, segregation of duties, and conflicts of interest.
Prohibited vendors with potential conflicts of interest conducted business with the City	19	Provide training on City Code 2.16.010 Prohibition on City Employee Interest in City Contract to City employees responsible for selecting vendors.	Started	Procurement is working on developing training for City employees responsible for vendor selection.

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	Due to COVID-19, no progress was made during the period. A meeting between the Auditor's Office and the Payroll Division is scheduled for September 2020 to discuss open recommendations.
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	Due to COVID-19 progress of completing this recommendation has been delayed to December 2020. Department of Utilities (DOU) Division leaders are reviewing policies and updating Policy and Procedures manuals. Because these are lengthy documents and require vetting with staff, City Attorney, and Human Resources, this process will take some time. Work is expected to continue through December 2020.
There are System Users with Unnecessary or Excessive Levels of Access to Department of Utilities Systems that May Create Potential Conflicts of Interest or Inconsistencies in the Timesheet Approval Process	20	Enforce segregation of duties so that timesheet approvers either enter or approve timesheets.	Partly Implemented	Due to COVID-19, the implementation of this recommendation has been delayed. The Auditor's Office has a meeting scheduled with the Payroll Division to discuss outstanding recommendations in September 2020, including this one.

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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.	Started	Due to COVID-19, no progress was made during the period. A meeting between the Auditor's Office and the Payroll Division is scheduled for September 2020 to discuss open recommendations.
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.	Started	Due to COVID-19, no progress was made during the period. A meeting between the Auditor's Office and the Payroll Division is scheduled for September 2020 to discuss open recommendations.
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.	Started	Due to COVID-19, no progress was made during the period. A meeting between the Auditor's Office and the Payroll Division is scheduled for September 2020 to discuss open recommendations.

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	The HR Risk Management Division will implement pull notice monitoring for non-commercial drivers upon adoption of the Transportation Policy. As of the end of this reporting period, the Transportation Policy had not been implemented by the Department of Public Works' Fleet Management Division and no progress had been made on this recommendation.
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	HR will continue to work towards implementing the updated draft of the Transportation Policy. As of the end of this reporting period, the Transportation Policy had not been implemented by the Department of Public Works' Fleet Management Division and no progress had been made on this recommendation.
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	The Risk Management Division is working on an assignment that will require those with car allowances to review and sign digitally that they have the minimum insurance requirements. During the next reporting period, it should be ready to be assigned via the City's new learning management system.

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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	This item will likely need to be negotiated as part of the meet and confer process between management and labor. No progress has been made on this recommendation
The Fire Department Lacks Sufficient Controls Over the Administration and Use of Overtime	7	Establish policies on the administration and use of overtime.	Started	According to the Fire Department, a policy has been drafted. However, its implementation has been delayed due to the department's COVID-19 response. The department anticipates completion within the next 6 months.
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.	Not Started	The Fire Department has begun a migration to eCAPs for administrative and salaried staff and is also in the process of upgrading TeleStaff software, which is anticipated to improve reporting capabilities. The timeframe to transition some additional groups of staff to eCAPs and upgrade TeleStaff is 6 months.
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	The Fire Department is developing a plan to document supervisory approval of overtime use by transitioning administrative and salaried employees to the eCAPS system. The Department is also investigating the feasibility of transitioning sworn staff to eCAPS. Currently, the Department maintains overtime approvals using the City's email system, which is not linked to the payroll system.

Finding	#	Recommendation	Status	Update
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	The TeleStaff system is in the process of being upgraded. The new system will allow for enhanced access controls to document and enforce system access. As an interim safeguard, the Deputy Chiefs monitor and approve user access quarterly. The Department expects completion of the upgrade within 6 months.
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	Telestaff is in the process of being upgraded and the Fire Department expects the newer version will have enhanced capabilities. In addition, the Fire Department is migrating some staff payroll approval to eCAPS. The Department expects the completion of the upgrade within 6 months.
Implementing Alternative Staffing Methods Could Reduce Costs and Improve Service Delivery	17	Consider incorporating peak-demand ambulance units into the current staffing model.	Partly Implemented	The Fire Department currently staffs some peak-demand ambulance units, when staff are available. The Department continues to work towards a more permanent deployment model. The department's COVID-19 response has delayed additional progress towards this recommendation.

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	Due to COVID-19, the project of installing pallet racking in Building 18 and relocating inventory items from Yard 22 to Building 18 has been delayed. It is unknown at this time when work will resume and the department now anticipates completion by Spring of 2021.

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Strengthening the Physical Security of Department of Utilities Inventory Could Reduce the Risk of Fraud, Waste, and Abuse	4	Establish and implement consistent procedures for the tracking of tools and equipment, including establishing and applying clear criteria for assigning asset identification numbers.	Partly Implemented	Logistics has established procedures for the tracking of tools and equipment and assigning asset IDs in a tracking system. Inventory will be completed on 5 sites to complete this recommendation. Two water plants are remaining and expected to be completed in Fall 2020.
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 Tool Policy remains with Labor Relations and the unions for review and approval.
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 and the unions for review and approval.
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 and the unions for review and approval.
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 and the unions for review and approval.
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 and the unions for review and approval.

	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 and the unions for review and approval.
While the Department of Utilities' Inventory Count Procedures Appear Robust, the Execution Breaks Down				
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 and the unions for review and approval.

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 posted in the Procurement Policy Manual, which is available on the City's intranet site. After review, the Procurement Policy Manual will be submitted for formal adoption as a city policy.

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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 available on the City's intranet site. 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	7	Review and revise the routing cover sheet to ensure it accurately reflects value-added reviews and incorporate the routing requirements in City policy.	Partly Implemented	The routing sheet is obsolete for contracts uploaded through eCAPS and/or routed for signature via Adobe Sign. The IT Department has implemented fields within Adobe Sign to capture critical data needed to identify contracts and establish search criteria that is pushed to CARA upon execution of the contract. The current routing sheet, which was developed by the City Clerk's office with input from all departments, is still valid for any legacy contracts that are routed outside of eCAPS and/or Adobe Sign.
Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City	8	Develop information system controls to ensure contracts and supplements are correctly routed and reviewed before execution.	Partly Implemented	Adobe Sign contains fields for required personnel. However, entering in email addresses to request signatures is still a manual process. All contracts that are signed with wet signatures are reviewed by the City Clerk's office prior to execution.
Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City	10	Consider requiring City employees with procurement responsibilities to complete applicable training before engaging in procurement activities.	Partly Implemented	Role-based access is established and the Procurement Division grants access to individual employees after they have completed applicable training. Currently, training is required for Purchase Requisitions, Strategic Sourcing, and Procurement Contract modules. The Procurement Division currently manually requests access from IT upon completion of training.

Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City	11	Develop information system controls to ensure contracts are not developed, executed, or managed by employees who have not received applicable training.	Partly Implemented	Role-based access is established and the Procurement Division grants access to individual employees after they have completed applicable training. Currently, training is required for Purchase Requisitions, Strategic Sourcing, and Procurement Contract modules. The Procurement Division currently manually requests access from IT upon completion of training.
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 available on the City's intranet site. After review, the Procurement Policy Manual will be submitted for formal adoption as a city policy.
City Departments Did Not Ensure Contracts were Awarded and Executed in Accordance with City Code and City Policy	18	Develop controls to ensure all contract signatories are authorized to sign contracts and supplements on behalf of the City.	Partly Implemented	This is incorporated into the Adobe E-sign process. Enhancements may be made in the ContractWorks technical solution currently in development with IT. Any contracts signed manually are still verified and signed by the Clerk's office prior to final execution.
City Departments Did Not Ensure Contracts were Awarded and Executed in Accordance with City Code and City Policy	19	Consider conducting a review of active City contractors' tax certificate status to recover overdue taxes and penalties.	Partly Implemented	The Finance Department is working with the IT Department to create a query of the financial system to produce a list of contract vendors and match that list with the BOT database to identify contract vendors who have no BOT. An initial iteration of the query was reviewed and needed modification to provide meaningful data. The Finance Department is also contracting with its sales tax consultant to identify possible non-compliance businesses. The revision is in progress.
City Departments Did Not Ensure Contracts were Awarded and Executed in Accordance with City Code and City Policy	21	Develop controls to monitor Business Operation Tax Certificates for expiration throughout the contract period.	Partly Implemented	The Business Operation Tax system tracks Business Operation Tax Certificates for expiration. Upon expiration, vendors receive non-compliance letters and warnings of violation from the City informing them of the expiration, requesting payment that is due, and asking for renewal if applicable.

City Departments Failed to Ensure Contracts were Managed in Accordance with City Code and City Policy	23	Review the selection and approval thresholds to determine if they meet the City's procurement intent, and adjust thresholds if necessary.	Implemented	Approval thresholds for the City Manager increased from $100,000 to $250,000. Four procurement policies, which are available on the City's intranet site, and City Code 3.56 have been updated to reflect this change.
City Departments Failed to Ensure Contracts were Managed in Accordance with City Code and City Policy	24	Develop information system controls to ensure bids and contracts are initially written to the appropriate thresholds.	Partly Implemented	With the rollback of ABCDs, the Procurement Division has reverted back to conducting manual reviews of contracts and compliance with bidding/approval thresholds prior to approving a pre-requisition for a purchase order.
City Departments Failed to Ensure Contracts were Managed in Accordance with City Code and City Policy	28	Develop information system controls to ensure contracts are fully executed prior to any service performance.	Partly Implemented	No system control can currently fully prevent a City Employee from authorizing work (i.e. verbally or through email) outside the system. However, City Code mandates suppliers may not render goods or services until they have received an authorized purchase order. System controls within eCAPS will not allow a requisition to be linked to a procurement contract until it is fully executed and approved. In addition, the Procurement Division offers training to inform contract managers of contracting and procurement compliance, policies, and best practices.
Internal Controls were Insufficient to Prevent Inappropriate Payments to Contractors	29	Develop information system controls to ensure purchase orders are only authorized with a valid contract in place.	Partly Implemented	Section 10.11 of the Procurement Division's Best Practice Manual details when contracts are required as there may be legitimate reasons as to why a purchase order is authorized without a contract in place. Additionally, the Procurement Division reviews all pre-requisitions in K2 prior to purchase orders being executed. If a purchase requires a contract to be in place, the pre-requisition will be sent back to the requester with instructions.

Finding	#	Recommendation	Status	Update
Internal Controls were Insufficient to Prevent Inappropriate Payments to Contractors	30	Develop information system controls to ensure invoices are not paid without a contract in place.	Partly Implemented	The current K2 review process ensures that the Procurement Division is reviewing requisitions prior to a purchase order being dispatched. Coordination with the Accounts Payable Division remains in order to determine controls for the invoice payment process.

Audit of the City's Medical Marijuana Dispensaries

Finding	#	Recommendation	Status	Update
The Revenue Division Could Improve Its Monitoring of the Business Operations Tax (BOT) Collection Process to Better Detect Underreporting	4	Perform observation tests of dispensaries to identify underreporting of gross receipts.	Partly Implemented	Revenue Services contracts with Avenu Insights to perform annual financial audits of all dispensaries in the city. Based on the recommendation, Revenue Services has worked with Avenu Insights to include observation testing in the annual audit for each dispensary, beginning with the 2021 cycle. The time-frame was delayed until 2021 due to the current COVID related concerns.
The Revenue Division Could Improve Its Monitoring of the Business Operations Tax (BOT) Collection Process to Better Detect Underreporting	10	Reevaluate the frequency of MuniServices audits to ensure appropriate coverage of the medical marijuana dispensaries in a timely manner.	Implemented	The Revenue Services Division has revised their contract and audit schedule with third-party vendor, Avenu Insights, so that all 30 dispensaries will be audited on an annual basis.
Medical Marijuana Dispensaries Are Not Complying with the City's Operating Requirements	12	Develop and memorialize, in a policy, a risk-based enforcement program that identifies high risk violations and implement a follow-up process to ensure violations are resolved in a timely manner.	Partly Implemented	The Community Development's Code Enforcement Cannabis Team is in the process of identifying high risk violations for all cannabis facility types and developing a follow up policy that ensures high risk violations are addressed in a timely manner. The policy will preserve the right of due process while staying consistent with Code Enforcement procedures.

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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	YPCE is currently working with a third-party vendor (MIG, Inc) on developing a community outreach strategy for the Master Plan. A Technical Advisory Committee Meeting was held on June 18, 2020 by MIG with over 60 participants throughout the City to solicit community outreach ideas.
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 has defined an appropriate use of the 'General Info' call category and has bi-monthly check-ins with the 311 Manager. Call-taker staff at 311 will be trained on categorizing calls rather than choosing 'General Info' as a catch all category. 311 is undergoing a transition to a new system (Salesforce) and staff will be trained with the new system and training will also reiterate appropriately categorizing calls. Due to COVID-19, 311's transition to Salesforce has been delayed and new system data and staff training has not started. There has not been an identified date of when Salesforce will be fully implemented due to the pandemic.

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 is currently developing draft, department-specific policies and procedures to be reviewed and approved by respective labor bargaining units and the Department of Human Resources for compliance with labor agreements and citywide policy. Additionally, the Department will use the APPS program to ensure policies and procedures are vetted by the City's Budget Division. However, policy development has been delayed due to the COVID-19 pandemic.
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 in the process of evaluating fees and charges which will assist in better defining cost recovery goals and objectives and will align service delivery accordingly after analysis is complete. Due to COVID-19 creating competing priorities and limited staff resources, policy development has been delayed.
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 is in the process of evaluating fees and charges. This is a two-phase process in which YPCE will first identify all actual revenues and expenditures for programs and services to determine the status quo. The Department will then begin to align service delivery fees and charges with the mission, vision, and cost recovery goals. Due to COVID-19 creating competing priorities and limited staff resources, policy development has been delayed.

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	The Department is in the process of establishing cost recovery goals. The Department will adopt and use the cost recovery model provided in the Audit as a guide to ensure compliance with the Citywide Fees and Charges Policy. In so doing, YPCE will first need to analyze current fee structures, identify the cost recovery goals and work to ensure that the fee structure comes into alignment with those goals. Due to COVID-19 creating competing priorities and limited staff resources, policy development has been delayed.
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	The Department is currently researching and considering updating the fee structure for programs and services that require registration and/or reservations. Due to COVID-19 creating competing priorities and limited staff resources, policy development has been delayed.
Nearly Half of the Supervisors Responsible for Administering and Monitoring Part-Time Employee Hours and Benefits Have Not Received Labor Relations Training	17	Require that the identified employees attend human resources training and determine the frequency of subsequent training to ensure they remain current.	Implemented	Annual trainings have been established and include Season Opener trainings (inclusive of training on employee separations and creating hiring requisitions) for hiring refreshers and Timesheet Approval. Standing Quarterly meetings with Division Managers are scheduled to review Hours report. Hours report training are provided to supervisors at the request of Division Managers at Division specific staff meetings.
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.	Started	YPCE has developed procedures for part-time employee reporting and is currently refining an accompanying policy. The Department is also working with Department of Human Resources to develop and implement formal training for responsible supervisory staff. Due to COVID-19, competing priorities have delayed the policy work around this recommendation.

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 Personal Protective Equipment (PPE) and gas detector policy have been finalized. Job specific standard operating procedures (SOPs) are being reviewed and updated with more detail on Personal Protective Equipment (PPE) required usage. The Wastewater and Drainage Division reviewed and updated many SOPS during the six month period. The Water Division will be revising and updating their SOPs the next 12 months. This item is expected to be completed by June 2021.
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.	Started	This recommendation is on-going in conjunction with recommendation #1. As a result of reviewing the SOPs for recommendation #1, 3 new procedures were identified and will be completed over the next 1-2 months. These are homeless encampment clean-up (including new security protocols), Water Rescue, and Levee Maintenance. Further review of SOPs for recommendation #1 will identify additional new procedures required. Additionally, policies and procedures for the Engineering Division will need to be established.
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.	Started	While boot reimbursement had previously been negotiated with many of the unions, some concerns exist regarding the implementation and the potential for the new process to work moving forward. We will continue to monitor the City's process regarding PPE reimbursement until a long-term solution can be reached.

The Department of Utilities Lacks Sufficient Controls Over the Administration and Use of Safety and Personal Protective Equipment	7	Develop departmental policies and procedures for the administration and use of gas monitoring equipment.	Partly Implemented	No progress was made during the period. The draft Gas Monitoring Policy and SOPs remains with Labor Relations and the unions for review and approval.
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 (DOU) staff was trained on gas monitoring policy and appropriate use In January 2020. The DOU is going to be leasing new gas monitoring equipment that will have increased capability. Additional training for the new equipment is in process. The Atmospheric Testing standard operating procedure is completed and is being shared with labor relations.
The Department of Utilities Can Strengthen Compliance with Vehicle Safety Requirements	13	Provide additional driver safety training to employees who frequently travel for City business.	Implemented	The Department of Utilities provided additional driver training to employees who frequently travel for City business. Additionally, the department is using the Driver Training Plan developed by the Risk Management Division to ensure employees are trained appropriately in safe driving tactics.
The Department of Utilities Can Enhance Compliance with City Safety Policies, State Laws, and Federal Regulations	14	Establish written procedures for the control of hazardous energy (lockout/tagout).	Partly Implemented	The written procedure for documenting the Control of Hazardous Energy has been completed. A template is being used and uploaded to the work order system. According to the Department, 800 procedures are currently completed. The department is working to complete the remainder of the procedures they estimate to be in the hundreds. The department estimates this will be completed in 2024 unless they can hire additional temporary staff to help complete it sooner.
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	The Department of Utilities (DOU) has collaboratively developed a draft Management of Change Policy. The policy is currently awaiting the meet and confer process with the unions.

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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	Between Jan-June each DOU division gathered complete lists of all policies and procedures and developed a plan to review and update their respective documents. Department wide documents are also being created to ensure consistent procedures are followed by all staff members. i.e., Driver Training Plan. GAPS are being identified and new documents are being created such as homeless encampment clean-up and Water Rescue. The Safety Committee continues to meet monthly to determine a formal SOP template and review process. Expected to be completed by July 2021.

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	Vendor and City efforts have been impacted by COVID-19.
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.	Started	Vendor has deployed new firmware in the meters that appears to have extended battery life. Parking Services is assessing the results, but the assessment has been impacted by COVID-19.

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Finding	#	Recommendation	Status	Update
Mobile Payments Made in Event Zone B are Not Reflected on Parking Meters	4	Continue to work with the vendor to ensure a consistent customer experience across all meters	Implemented	As of July 2020, payments made through the mobile app for on-street parking meters are no longer pushed to the parking meters, to provided a consistent customer experience. The vendor sent an email to all customers who have used the system in the previous 12 months to reset their expectations, as well as including an in-app pop-up to alert customers.
Mobile Payments Made in Event Zone B are Not Reflected on Parking Meters	5	Evaluate parking meters that experience a significant delay in receiving mobile payments to see if the delay can be reduced.	Implemented	As of July 2020, payments made through the mobile app for on-street parking meters are no longer pushed to the parking meters, to provided a consistent customer experience. The vendor sent an email to all customers who have used the system in the previous 12 months to reset their expectations, as well as including an in-app pop-up to alert customers.
Some Meter Configurations in the Data Management System User Interface Are Not Reliable	6	Require that the information in the data management system user interface be the most accurate and up-to-date information.	Started	Parking Services is working with vendor to develop a timeline. Vendor efforts have been impacted by COVID-19.

Audit of the 911 Communications Center

Finding	#	Recommendation	Status	Update
Finding 1: Call Answer Times Have Improved and Are Exceeding State Standards	2	Consider improving the supervisor-to-dispatcher ratio to provide better supervisory coverage.	Started	The Police Department will be requesting to increase the Dispatcher III (first line supervisor) positions by two.
Finding 1: Call Answer Times Have Improved and Are Exceeding State Standards	4	Develop a process to prevent multiple training officer codes from being applied to one employee at the same time.	Partly Implemented	A query is being developed by IT to identify these instances, however it has not yet been deployed.

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Finding 1: Call Answer Times Have Improved and Are Exceeding State Standards	5	Develop a process to prevent duplicate incentive codes from being applied to one employee at the same time.	Started	A query was developed to identify employees that have been assigned duplicate paycodes. However, based on our testing, the query was not run in the prior period.
Finding 2: 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	Upon increases to the Dispatcher III (first line supervisor) staffing, the 911 Communications Center plans to expand the current quality assurance system to ensure best practices are followed.
Finding 2: Quality Assurance and Disaster Preparedness Could Be Improved by Adopting Industry Best Practices	8	Develop a current, comprehensive, and effective Emergency Action Plan.	Implemented	The evacuation plan was updated and an evacuation drill was exercised in November 2019. Staff practiced working at the alternate site.
Finding 2: Quality Assurance and Disaster Preparedness Could Be Improved by Adopting Industry Best Practices	9	Consider modeling the emergency action plan after the NENA Communications Center/PSAP Disaster and Contingency Plans Model.	Implemented	The evacuation plan was updated and an evacuation drill was exercised in November 2019. Staff practiced working at the alternate site.
Finding 2: 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.	Started	According to the Office of Emergency Services, the 911 Communications Center has been identified for inclusion in the next plan update.

Finding	#	Recommendation	Status	Update
Finding 2: Quality Assurance and Disaster Preparedness Could Be Improved by Adopting Industry Best Practices	11	Develop and implement a succession plan that will reduce the impact on the 911 Center when key personnel separate from City employment.	Partly Implemented	The Police Department hired a new Communications Center manager on July 8, 2020 and a new Supervising Dispatcher (first line manager) on August 5, 2020. The Center anticipates that in the next 15 months one of the two Supervising Dispatchers will retire. In planning for this retirement, additional promotional processes will occur to plan for promoting a successor to the Supervising Dispatcher position. Adding a third Supervising Dispatcher would ensure experienced and capable leaders within the organization have been adequately developed to assume management of the Communications Center.

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	3	Perform an analysis to determine which, if any, of the identified potentially underutilized vehicles should be kept as part of the department's vehicle fleet. Consider mileage reimbursements, vehicle allowances, and shared vehicles as alternatives.	Started	Public Works Fleet has established criteria for all vehicle categories. DOU Fleet Logistics team is analyzing criteria to the meet the new standards.

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The Department of Utilities Can Realize Cost Savings Through Improved Management of Their Vehicle Fleet	4	Develop a process to evaluate operational needs and costs to determine when take-home vehicles are necessary and when vehicle allowances are a more cost-effective option.	Started	Due to COVID-19, the implementation of this recommendation has been delayed. The transportation policy outlines the process for vehicle justifications. DOU Fleet logistics team has gathered a list of vehicle assignments and met with DOU leadership to discuss vehicle operational needs for each division. Additionally, DOU is developing a formal process evaluate the operational needs with the most cost effective options.
The Department of Utilities Can Realize Cost Savings Through Improved Management of Their Vehicle Fleet	5	Develop a process to periodically review vehicle usage for take-home vehicles to ensure operational utilization meets the City's utilization criteria.	Started	Due to COVID-19, the implementation of this recommendation has been delayed. DOU is developing a formal process evaluate the operational needs with the most cost effective options. They have begun gathering vehicle information for all take-home assignments, obtained business needs from each division, and met with the auditor's office to gather cost information and data used in the audit report.
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.	Started	Due to COVID-19, this project has been delayed.

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The Department of Utilities Can Realize Cost Savings Through Improved Management of Their Vehicle Fleet	7	Work with the Fleet Management Division to develop a more robust process for identifying employee personal use of City-owned vehicles that should be reported as taxable income.	Implemented	The Fleet Management Division and the Finance Department worked together to establish a new method for collecting take-home vehicle information needed to report to the IRS. Continued successful implementation of the updated method will depend on department enforcement.
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 the period. The Fleet Engine Idling Limit Policy was submitted to the City Clerk's Office in November 2019 to initiate the City's policy review process.
The Department of Utilities Can Realize Cost Savings Through Improved Management of Their Vehicle Fleet	9	Develop a process to identify instances of non-compliance with the Fleet Engine Idling Limit Policy and hold employees accountable.	Implemented	Public Works Fleet is generating a monthly report that is provided to Superintendents who are responsible for reviewing with their respective teams and staff.
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.	Started	Due to COVID-19, no progress was made during the period.
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, the review of the written procedure has been delayed.
Excessive Access to the City's Fueling Islands Created Data Integrity Issues and May Have Allowed for Fraud	16	Consider installing security cameras at the City's fueling islands.	Partly Implemented	Camera systems have been installed in all locations except one. It is anticipated that this project will be completed by the end of third quarter of this calendar year.

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Excessive Access to the City's Fueling Islands Created Data Integrity Issues and May Have Allowed for Fraud	17	Develop a process to periodically review fueling records to ensure employees are fueling authorized assets and the department is being charged appropriately.	Implemented	The Fleet Management Division has established a process to periodically review fueling records to ensure employees are fueling authorized assets and departments are being charged appropriately.
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	Due to COVID-19, the implementation of this recommendation has been delayed.
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.	Started	Fleet is currently underway in replacing the old RVA GPS system with Samsara, a new and more robust telematics system. Units are currently being installed and training for all staff is setup for next week. Plans are to have the telematic devices installed by the end of August and the system will be available for use.
System Access and Data Quality Could Be Improved to Better Enable Management to Perform Analyses and Identify Trends	21	Work with the Fleet Management Division to develop well defined regulatory compliance oversight roles.	Partly Implemented	An MOU with DOU and Facilities is currently completed, with signatures, for stationary generators. A separate MOU for portable generators is currently being developed and expected to be complete by December 2020.
System Access and Data Quality Could Be Improved to Better Enable Management to Perform Analyses and Identify Trends	22	Work with the Department of Utilities to identify generators that do not meet the definition of a fleet asset, such as stationary generators, and remove them from the M5 system.	Partly Implemented	An MOU with DOU and Facilities is currently completed, with signatures, for stationary generators. A separate MOU for portable generators is currently being developed and expected to be complete by December 2020. Upon completion of the MOU for portable generators, any generators that do not meet the definition of a fleet asset will be removed from the M5 system.

Finding	#	Recommendation	Status	Update
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 the period. The Fleet Management Division continues to work with departments to revise the City's Employee Transportation Policy. The Transportation Policy is in near-final draft stages. It will be circulated to the Executive Team and Charter Officers and then sent to Labor Relations for negotiations with all nine unions.
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 this period because the employee assigned to this project left City service. The Risk Management Division will assign a new staff person to resume this project soon.

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 yet started due to staffing and project load.
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.

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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	Real Estate Services Section has researched and compiled a list of develop-able parcels that are recommended to be declared surplus to the City's needs. During this reporting period, an additional seven properties have been researched to be brought before Council to declare as surplus. The Real Estate Services section is working with the City Housing Manager to bring a total of 15 properties before Council. No date for Council has been set due to Covid-19 issues. According to the Real Estate Services Section,16 properties have been identified requiring further research to determine if they are potential surplus properties. In addition, 65 properties have been identified as remnant parcels (without development potential) and will require further research to determine if they are potential surplus properties.
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.

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	Real Estate Services Section has researched and compiled a list of develop-able parcels that are recommended to be declared surplus to the City's needs. During this reporting period, an additional seven properties have been researched to be brought before Council to declare as surplus. The Real Estate Services section is working with the City Housing Manager to bring a total of 15 properties before Council. No date for Council has been set due to Covid-19 issues. According to the Real Estate Services Section,16 properties have been identified requiring further research to determine if they are potential surplus properties. In addition, 65 properties have been identified as remnant parcels (without development potential) and will require further research to determine if they are potential surplus properties.
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	The City Manager's Office along with Public Works will assess whether Real Estate Services is adequately staffed to meet the needs of the recommendations of this report. No progress has been made on this recommendation 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.	Not Started	The Department of Public Works, Real Estate Division and the City Manager's Office will review the Lease Centralization Plan and assess where real property lease management should exist in the organization. No progress has been made on this recommendation during this reporting period.

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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.
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	During this reporting period, the Real Estate Services section met with Utilities and Public Works department managers and staff to discuss possible City locations to house the material currently stored at the leased warehouse on 27th Street. Consensus from the managers was that there is not currently a City owned location suitable for storing the material, and a term lease with the owner of the warehouse should be negotiated (lease is currently month-to-month which presents risk to City). The lease for the Fire department's Urban Search and Rescue warehouse at McClellan was recently renewed. Other options were explored but no other locations were suitable or met the requirements. The cost for the lease is paid by Department of Homeland Security/Federal Emergency Management Agency grant, so if grant funding is terminated, the lease options will not be exercised.
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.	Not Started	According to the Real Estate Services Section, progress on this recommendation has not yet started but they plan to meet with other departments to discuss this recommendation and recommendation 9.

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	The Real Estate Services Section and Finance Department met during this reporting period and created a draft process document on information that should be provided to the Finance Department regarding disposition and acquisition of real property.
Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board	12	Work with the City's Finance Department to develop policies and procedures to ensure changes to City-owned real property are communicated to the Finance Department to ensure land assets are appropriately reported in financial statements.	Started	The Real Estate Services Section and Finance Department met during this reporting period and created a draft process document on information that should be provided to the Finance Department regarding disposition and acquisition of real property.

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Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board	13	Work with the Real Estate Services Section to reconcile the Asset Database with its schedules to ensure all appropriate City-owned real property are captured in the schedules and determine the acquisition cost or value (if originally donated) of real property missing from the schedules.	Started	According to the Finance Department, the Accounting Division has worked with Real Estate to obtain any available information related to Capital Assets for its acquisition price. However, there is not much information and it is not possible to find the information for all the missing records. For the information that has been obtained, they will analyze to determine whether capital assets need to be recorded based on the acquisition price.
Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board	14	Work with the City's external auditors to determine whether a restatement of the financial statements is required after updating schedules to include all appropriate City-owned real property.	Not Started	Progress on this recommendation has not yet started as some of the other recommendations need to be implemented first to know the impact on the financial statements. Once the amount of City-owned real property not currently reported on the financial statements is determined, the Finance Department will work with the external auditors to discuss whether a restatement of the financial statements is required.
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, progress on this recommendation has not yet started due to staffing and project load.

	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	Not Started	According to the Information Technology Department, as part of fiscal year 2020-21 budget, a Program Specialist position was approved for this group. With the hiring freeze in place, they are currently not able to move forward with the hiring at this time.
Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board				
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	No progress has been made on this recommendation during this 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	No progress has been made on this recommendation during this reporting period.

Audit of Retiree Health Benefits

Finding	#	Recommendation	Status	Update
Recordkeeping of Retiree Benefit Eligibility and Elections Could be Strengthened	1	Develop a process to ensure compliance with the City's Records Management Policy that maintains complete personnel information for all retirees.	Not Started	Department did not provide a response.
Recordkeeping of Retiree Benefit Eligibility and Elections Could be Strengthened	2	Establish a process to validate that health benefit enrollment forms and confirmation letters are being retained, as applicable.	Started	According to Human Resources, returned forms are scanned into CARA. However, due to a late response, we did not have time to test this for completeness.
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.	Not Started	Department did not provide a response.
Recordkeeping of Retiree Benefit Eligibility and Elections Could be Strengthened	4	Work with the IT Department to migrate CalPERS retiree health benefit data into eCAPS.	Implemented	Human Resources worked with the IT Department to migrate CalPERS retiree health benefit data into eCAPS.
Performing Dependent Verifications Ensures Qualified Dependents are Enrolled in City-Sponsored Health Plans and Could Save the City up to $600,000 Annually	5	Retain sufficient documentation to substantiate dependent eligibility before enrolling dependents in retiree health benefits.	Started	According to Human Resources, staff use checklists when meeting with employees for their retirement which include documentation substantiation. However, due to a late response, we did not have time to test this for completeness.

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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	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	7	Review and address HMS' active employee dependent eligibility verification results.	Not 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	8	Perform a retiree dependent verification review for participants of City-sponsored plans.	Not Started	Department did not provide a response.
Reconciliation of Retiree Health Benefit Payments Can Help to Increase Accuracy and Reduce Costs	9	Continue to improve processes for terminating coverage for deceased retirees timely from City-sponsored health plans.	Not Started	Department did not provide a response.
Reconciliation of Retiree Health Benefit Payments Can Help to Increase Accuracy and Reduce Costs	10	Implement a process to self-bill dental and vision providers	Started	According to Human Resources, a process has been implement a process to self-bill dental and vision providers. However, due to a late response, we did not have time to test this for completeness.

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Reconciliation of Retiree Health Benefit Payments Can Help to Increase Accuracy and Reduce Costs	11	Continue to ensure that health care premiums are updated timely and accurately.	Started	According to Human Resources, health care premium rate sheets are checked by multiple employees and premium spreadsheet is then checked by multiple employees. However, due to a late response, we did not have time to test this for completeness.
Reconciliation of Retiree Health Benefit Payments Can Help to Increase Accuracy and Reduce Costs	12	Reconcile health care deductions and refund (or invoice) retirees for any difference between the amount owed to the amount paid.	Not Started	Department did not provide a response.
Reconciliation of Retiree Health Benefit Payments Can Help to Increase Accuracy and Reduce Costs	13	Develop a process to reconcile retiree health benefit transactions in the Risk Management Fund.	Not Started	Department did not provide a response.