

# City Auditor's Semi-Annual Recommendation Follow-Up Report: July 2019 – December 2019

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*City of*  
**SACRAMENTO**  
Office of the City Auditor  
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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 of the status of open recommendations for the six-month period ending December 31, 2019. 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.

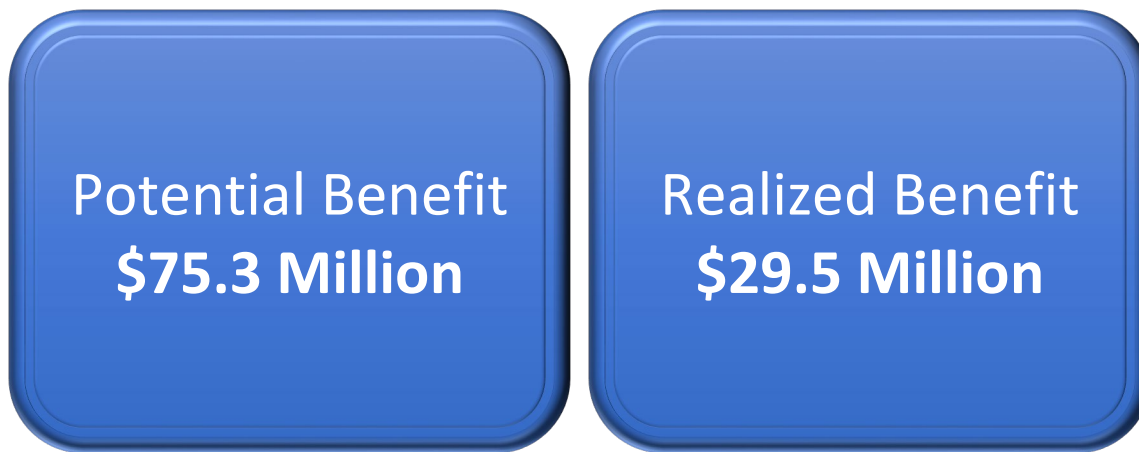
While much of our work aims to identify financial benefits, recommendations are not solely focused on identifying savings. Sometimes they focus on areas that identify key benefits that are not easily quantifiable. For example, it could be difficult to quantify the value of increased residents' satisfaction 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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<https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups>

We expect that most of our work will yield both financial and non-financial benefits. Some examples of benefits captured include identifying revenue the City should have collected, errors that led the City to overpay expenses, and potential savings by modifying practices or agreements. Figure 1 illustrates the potential financial benefits identified in our reports as well as the estimated realized financial benefits resulting from the implementation of all recommendations made by the Office of the City Auditor.

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



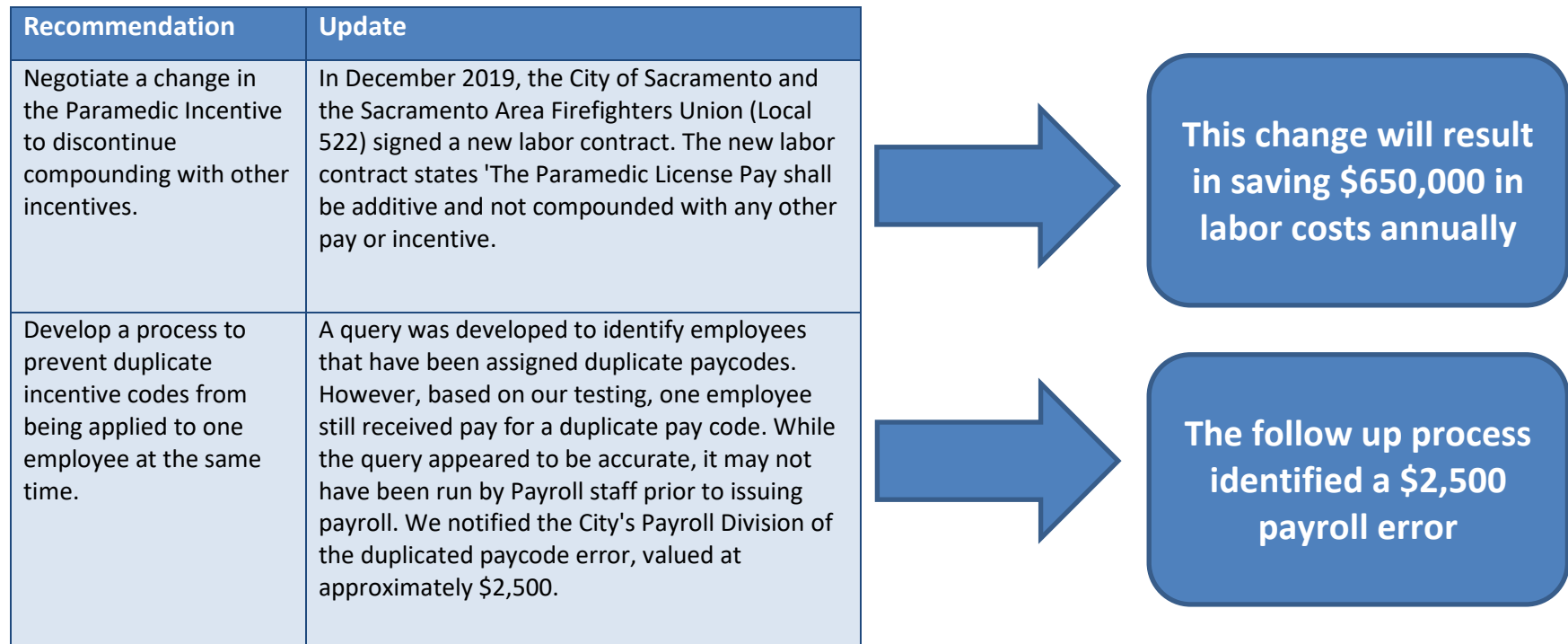
Source: Auditor generated.

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.

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

Figure 2 summarizes two audit recommendations that resulted in cost savings that were identified during this follow up period. The first recommendation resulted in a change to how paramedic incentives are calculated, which is expected to reduce labor costs by \$650,000 annually. The second item was discovered during the follow up process. Our testing procedures identified an employee that was paid for the same incentive twice in one pay period. The total cost savings identified during this follow up period was \$652,500.

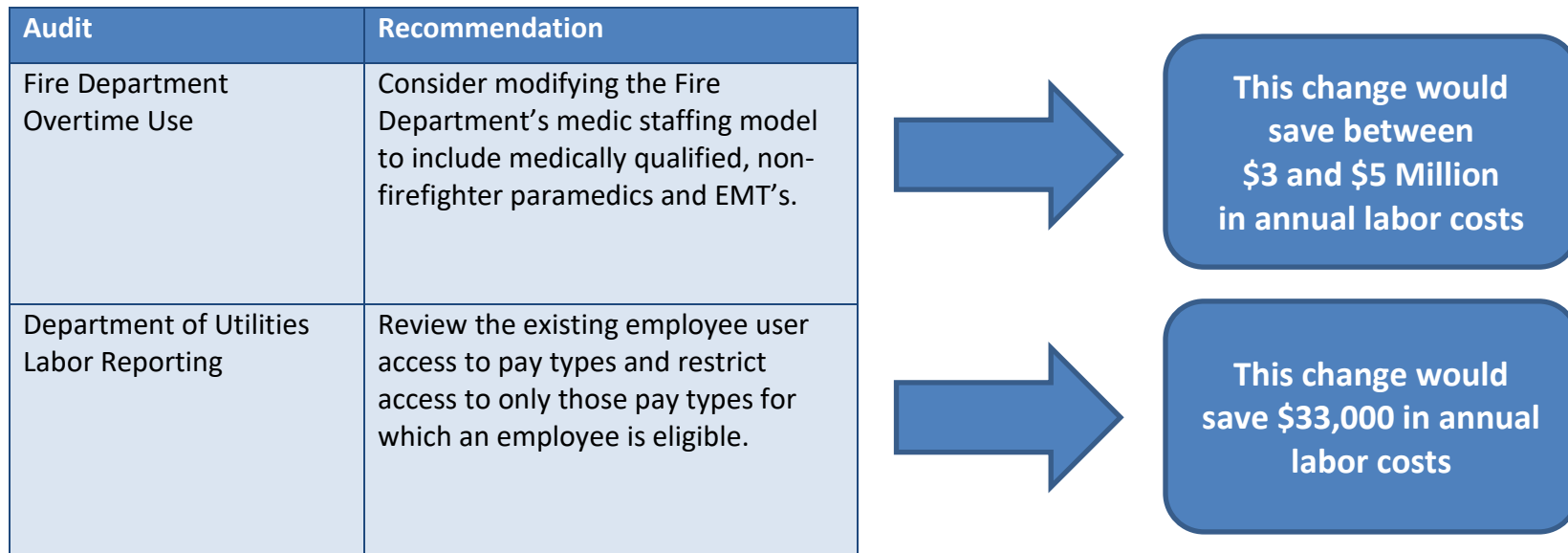
**Figure 2: Summary of Cost Savings Identified During this Follow Up Period**



## Recommendations That Would Result in Cost Savings, if Implemented

Figure 3 highlights some three recommendations that, if implemented, would result in cost savings for the City. The Audit of Fire Department Overtime Use identified between \$3 and \$5 million in labor costs could be saved by staffing the City’s ambulances with non-firefighter paramedics. 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**

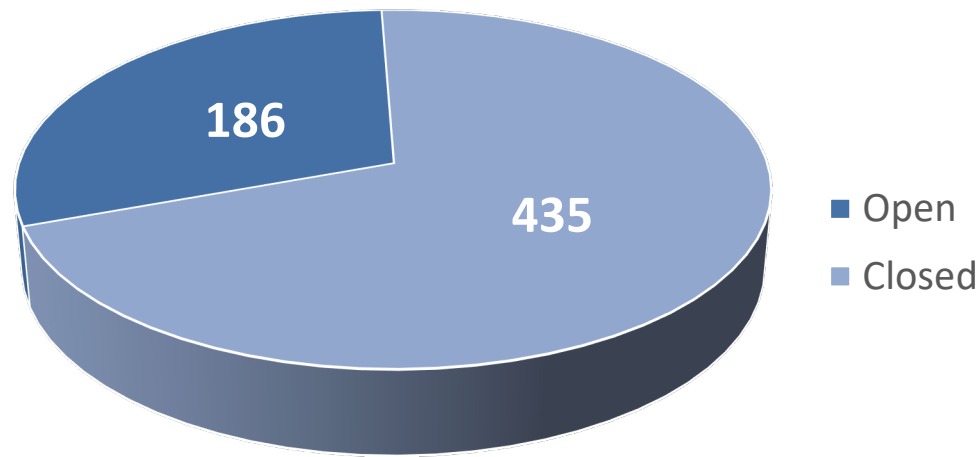


# Implementation Progress of Recommendations

## 70 Percent of All Recommendations Have Been Closed

Since the establishment of the Office of the City Auditor in 2010, the Office has issued 46 reports and made 621 recommendations. At the close of this recommendation follow-up period, 435 (70 %) of recommendations had been closed. Figure 4 illustrates the number of recommendations open compared to the number of recommendations closed as of December 31, 2019.

Figure 4: Recommendation Status



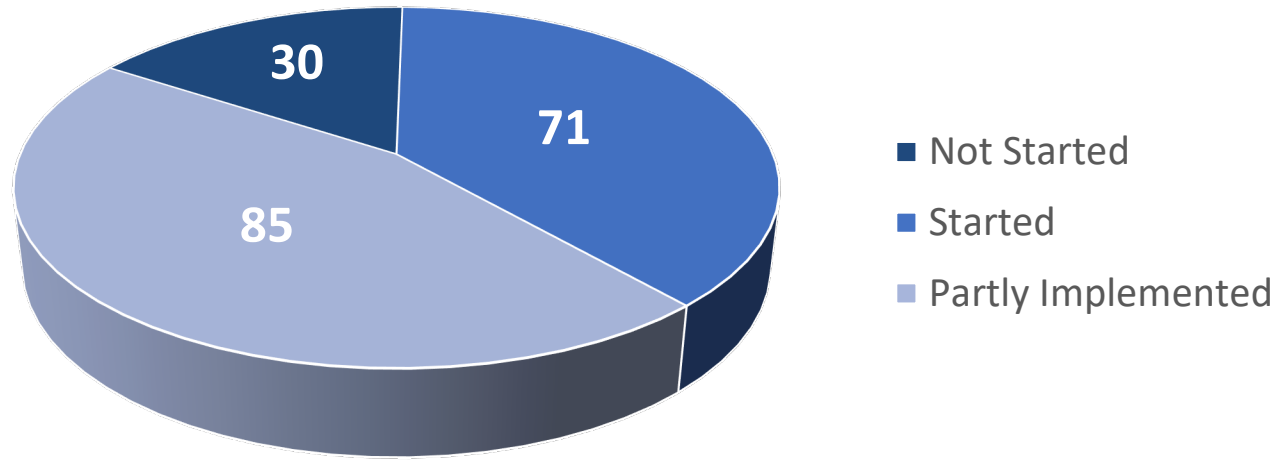
Source: Auditor generated.



## Status of Open Recommendations

As described previously, recommendations are classified based on the responsible party's progress and assigned categories based on the fundamental intent of the recommendation. Figure 5 illustrates the progress of all open recommendations.

**Figure 5: Status of Open Recommendations**



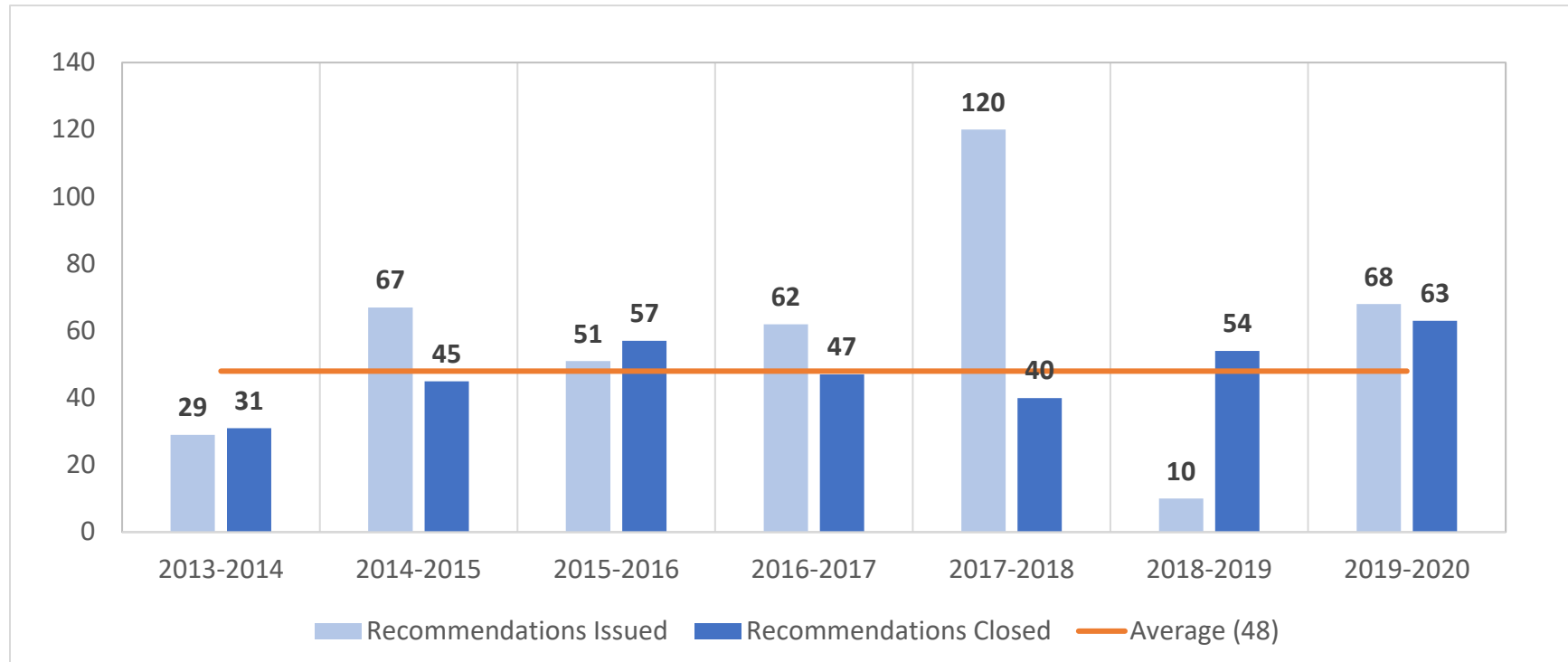
Source: Auditor generated.

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 Period Was Higher Than Average

Figure 6 illustrates the number of recommendations issued and closed over the last seven fiscal years. During this period, the average number of recommendations closed per year is 48. During the first half of this fiscal year, 63 recommendations were closed. This signifies notable progress in addressing and closing audit recommendations during this follow up period.

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



Source: Auditor generated.

## 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  | 8          | 5          | 13         | 38%        |
| Public Works                                  | 29         | 31         | 60         | 52%        |
| Youth, Parks, and Community Enrichment        | 7          | 9          | 16         | 56%        |
| City Manager                                  | 23         | 32         | 55         | 58%        |
| Information Technology                        | 20         | 28         | 48         | 58%        |
| Finance                                       | 34         | 53         | 87         | 61%        |
| Fire  | 18         | 41         | 59         | 69%        |
| Utilities                                     | 25         | 79         | 104        | 76%        |
| Human Resources                               | 22         | 82         | 104        | 79%        |
| City Attorney                                 |            | 1          | 1          | 100%       |
| City Clerk                                    |            | 1          | 1          | 100%       |
| City Council                                  |            | 6          | 6          | 100%       |
| Community Development                         |            | 40         | 40         | 100%       |
| Non-City Organization                         |            | 7          | 7          | 100%       |
| Sacramento Housing and Redevelopment Agency   |            | 12         | 12         | 100%       |
| Sacramento Region Sports Education Foundation |            | 8          | 8          | 100%       |
| <b>Total</b>                                  | <b>186</b> | <b>435</b> | <b>621</b> | <b>70%</b> |

Source: Auditor generated.

# 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   |
|--|----|--|--------------------|--|
| The City’s Current Methods For Determining Premium Amounts and Shares Need Improvement   | 13 | Report to City Council how the City’s premium amounts compare with those paid by area governments. | Implemented        | According to Human Resources, department staff periodically present a health care premium comparison report to City Council. Based on the information presented, Council approved increases in City contributions for employees enrolled in City-sponsored medical plans in December 2019.   |
| City Payments Towards Retiree-Health Costs Are Growing and The Way the City Pays for These Benefits Could Result in Overpayments                   | 23 | Continue work to implement the self-billing method for retiree health benefits.                    | Implemented        | Human Resources has implemented self-billing for Delta Dental and Vision Services Plan.  |
| 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 | HR has implemented a wellness program that includes a monthly newsletter, health club discounts for City employees, Weight Watchers at work program, blood drives, and CityYou classes focused on financial wellness. Also, the department partnered with health carriers to provide wellness classes, health screenings, and fitness discounts to their plan subscribers. HR can benefit by implementing a process to assess the wellness program's impact. |
| 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 | According to the department, the City works with Recognized Employee Organizations and its benefits consultant to ensure health plans are in line with the market and the needs of City employees and retirees. The department can benefit from creating a strategic health-care plan to manage costs and improve participant wellness.  |

## Audit of City Policies and Procedures

| Finding  | # | Recommendation  | Status             | Update  |
|--|---|---|--------------------|---|
| While the City has a System for Establishing Policies & Procedures, it is Generally Circumvented | 2 | Develop a control to ensure that documents referred to in Administrative Policies exist and are accessible for policy users before approving the policy                       | Implemented        | City employees can access archived policies on CCM and City of Sacramento website. Additionally, City employees can access PolicyStar through K2 BPM. K2 BPM can be found on the Nexus site under Tools. PolicyStar allows City employees to create or revise policies and procedures, review the Dashboard that lists the progress of policies and procedures, and use a template to create a new policy or procedure. |
| 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 | AP-1001 was retired in 2016 and a new policy will replace AP-1001. The new policy, which documents the policy process, has been drafted and will be submitted for review.   |
| While the City has a System for Establishing Policies & Procedures, it is Generally Circumvented | 7 | Formally document the roles, responsibilities and processes of area experts.  | Partly Implemented | The determination of the roles, responsibilities, and identification of subject matter experts have been identified but are in the process of being documented.   |
| 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 | PolicyStar has designated and defined roles such as Policy Coordinator, Policy Authors, and others. The new policy will define roles and access privileges.   |
| 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 | Policy Coordinator is working with department managers to identify any policies that might be missing from the policy library or areas where new best practices or statutory regulations may require the revision of policies.  |

|   |    |   |                    |   |
|---|----|---|--------------------|---|
| 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 | A policy has been drafted to replace AP-1001. The new policy will require department directors and division managers to establish basic principles or rules over key operational areas.   |
| 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            | A staff person has been assigned to complete this research and it is currently underway. The research and findings complete by early September.   |
| 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 | Once the research from recommendation #11 is complete the findings will be compared to the City's existing policies to identify if the city is missing any essential policies and a workplan will be developed if necessary.  |
| 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 | A policy has been drafted to replace AP-1001. The new policy will provide a clear description of how to process, integrate, and access policies and procedures.   |
| 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 | Policies that were previously stored on Nexus (previously CityNet) have been removed. Policies can be accessed on Nexus or the City's website, but only via a link to the repository which displays on the current version. As the new software is established, the Policy Coordinator will facilitate the review and the Department Director will perform the review of the outdated policy. |
| The Inventory of Citywide Policies Could be More Complete and Organized | 18 | Change the department owners of policies to reflect correct owners.   | Partly Implemented | A policy has been drafted that defines the duties of a Policy Coordinator. Their duties include submitting policies and procedures for review using the City's approved Policy and Procedure workflow and requesting appropriate feedback from the policy review team.  |

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|---|----|--|--------------------|---|
| 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 | The new software will have automated reminders sent once a policy is ready for review. All policies and procedures to be reviewed no less than every two years. The automated reminder will notify the Policy Coordinator and the original author of the policy. Department Heads will receive a list of all the policies and procedures attributed to their department for review. |
|---|----|--|--------------------|---|

## Audit of City Light-Duty Vehicle Use

| Finding   | #  | Recommendation   | Status      | Update   |
|---|----|--|-------------|--|
| Removing and not replacing the City's light-duty vehicles that were driven less than 6,000 miles per year could yield more than \$5 million in onetime and future benefits, with most of these benefits generated through avoided vehicle replacement | 2  | Conduct a review of replacement standards in order to ensure that the time and mileage requirements are realistic and set efficient targets. | Implemented | The CAM module is being utilized to generate replacement schedules and budgets.  |
| 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     | 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.   | Started     | 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 | 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 new progress was made for this recommendation during the July to December 2019 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            | During the reporting period, the Human Resources Department requested our office perform additional analysis relating to this recommendation. The results of this analysis can be found in Appendix A of this report.  |
| 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            | During the reporting period, the Human Resources Department requested our office perform additional analysis relating to this recommendation. The results of this analysis can be found in Appendix A of this report.  |
| 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.   | Partly Implemented | The Fleet Management Division and Finance Department are working together to determine an efficient and accurate process for determining IRS liability.  |



## 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.                   | Partly Implemented | 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.                       |

|   |    |   |                    |  |
|---|----|---|--------------------|--|
| The purchase card program lacked complete policy guidance and oversight | 9  | Provide mandatory annual purchasing card-approval training for approving officials and require them to sign a form agreeing to program terms and acknowledging their responsibilities | Partly Implemented | 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   |
|--|----|---|--------------------|--|
| The City Could Reduce its Costs by an Estimated \$336 Thousand Annually if it Discontinued Compounding the Paramedic Incentive | 8  | Negotiate a change in the Paramedic Incentive to discontinue compounding with other incentives.   | Implemented        | In December 2019, the City of Sacramento and the Sacramento Area Firefighters Union (Local 522) signed a new labor contract to address this issue. The new labor contract states 'The Paramedic License Pay shall be additive and not compounded with any other pay or incentive.' The City estimates the elimination of compounding the Paramedic incentive will result in \$650,000 savings in fiscal year 2019/2020. This will be an ongoing savings in future years as well.   |
| 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, City IT has met with Kronos and is currently implementing fixes to move SFD Telestaff to version 6.0 and the upgrade is scheduled for completion within the next 6 months. Additionally, the Department will be moving all administrative and salaried staff to eCAPS. The implementation is being phased in by division, beginning in January 2020 and will be complete within the next 6 months to coincide with the Telestaff upgrade. The Fire Department reviews weekly payroll exception reports provided by Fire Personnel staff and requires exception approvals. Once the Telestaff upgrade and eCAPS migration are complete, formal policy and procedures will be drafted. Completion of the latter is expected by mid-summer 2020. No progress has been made on this recommendation during this reporting period. |
| Controls Over Employee Time Reporting Must be Improved   | 10 | Discontinue allowing any employee to have administrative access to both Telestaff software and server, and create a policy to prevent it in the future. | Partly Implemented | The practice of employees having administrative access to both the Telestaff software and server has been discontinued. 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.   |

|  |    |   |         |  |
|--|----|---|---------|--|
| 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, City IT has met with Kronos and plans to implement fixes to move SFD Telestaff to version 6.0. The previous upgrade did not provide the functionality needed. Future iterations will allow a more tiered access to administrative controls. No progress has been made on this recommendation during this reporting period. |
|--|----|---|---------|--|

## 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.   |
| 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.   |
| 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 | Completion of the inventory management policy and procedure is expected within the next 12 months.  |
| 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 Department has drafted a controlled medications security and procurement policy as well as established controlled medications reporting, has random audits performed by the Fire Service Medical Director and Fire Department leadership to ensure compliance and accuracy of inventory control measures. |
| 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            | The Fire Department has hired some shopkeepers in the Logistics Division to help manage inventory. 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.                               |
| 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.   |

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| 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. The Department is in the process of hiring warehouse personnel and expects full inventory tracking capabilities by Summer 2020. |
| 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 | The Fire Department is working with the IT Department to reorganize some system access levels; however, additional work still needs to be completed.  |
| 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 are in discussion with the IT Department on how best to implement this recommendation.   |
| The Fire Department should implement inventory management best practices to improve accountability and accuracy | 9  | Perform ongoing reviews of system access.  | Partly Implemented | Some system access reviews have been completed. However, an ongoing process has not yet been developed for ensuring ongoing system access reviews. Logistics and IT staff are in discussions on how to implement this recommendation and plan to include the results in the access policy.                    |
| The Fire Department should implement inventory management best practices to improve accountability and accuracy | 10 | Determine which standard reports will be run by management on a regular basis to monitor and assess the overall system health, accuracy, and cost effectiveness. | Implemented        | The Department has determined which standard reports will be run by management on a regular basis to monitor and assess the overall system health, accuracy, and cost effectiveness. Deputy Chiefs or their designees pull, review, and analyze reports on a quarterly basis.                                 |
| The Fire Department should implement inventory management best practices to improve accountability and accuracy | 11 | Set up automatic delivery of key reports.  | Implemented        | The Department has set up automatic delivery of key reports, which are reviewed and analyzed on a quarterly basis.  |

## 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 | The Information Technology (IT) Department implemented a mobile management application, NexTEM, to monitor wireless overage charges. In addition, the IT Department also sends monthly bills and quarterly usage details (including zero usage and overage charges) to departments for review. Department heads or their designees are responsible for reviewing monthly charges and making appropriate plan changes as required in the Mobile Device Policy. The policy is in draft form and has yet to be implemented. No progress has been made on this recommendation during this reporting period.  |
| 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 | IT implemented a mobility management application to monitor monthly wireless charges. In addition, monthly bills and quarterly wireless usage details are available for management review. The IT Department has developed a Mobile Device Policy assigning department heads or their designees responsibility for reviewing and approving monthly vendor charges. Also, the IT Department implemented the Mobile Device Management solution that will provide better controls in monitoring, inventory, and securing the City's mobile devices. The policy is in draft form and has yet to be implemented. No progress has been made on this recommendation during this reporting period. |
| Wireless Device Policies are Insufficient   | 11 | Continue to develop and implement formal policies and procedures to reflect operational changes and advances in wireless device technology and security. | Partly Implemented | The IT Department has developed formal policies and procedures as part of the Mobile Device Policy. The policy is in draft form and has yet to be implemented. No progress has been made on this recommendation during this reporting period.  |



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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 policy is in draft form and has yet to be implemented. No progress has been made on this recommendation during this reporting period.   |
| Wireless Device Policies are Insufficient | 13 | Establish how best to exercise authority over the City's wireless communication devices.  | Partly Implemented | Roles and responsibilities of all players in the management of the City's wireless communication devices will be delineated in the formal Mobile Device Policy. The policy is in draft form and has yet to be implemented. No progress has been made on this recommendation during this reporting period.                                     |
| 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 | Started            | The IT Department developed a wireless communication request form. The request form is also addressed in the Mobile Device Policy. The policy is in draft form and has yet to be implemented. No progress has been made on this recommendation during this reporting period.  |
| Wireless Device Policies are Insufficient | 15 | Submit a new wireless communication device request form for all existing employees with City-issued devices.  | Started            | The IT Department developed a wireless communication device request form to provide to existing employees with City-issued devices. The request form is also addressed in the Mobile Device Policy. The policy is in draft form and has yet to be implemented. No progress has been made on this recommendation during this reporting period. |
| Wireless Device Policies are Insufficient | 16 | Define responsibilities and develop policies to govern telecom liaisons.  | Partly Implemented | Roles and responsibilities of all players in the management of the City's wireless communication devices will be delineated in the formal Mobile Device Policy. The policy is in draft form and has yet to be implemented. No progress has been made on this recommendation during this reporting period.                                     |

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| Wireless Device Policies are Insufficient         | 17 | Department management should review changes made by telecom liaisons to ensure they are appropriate. | Partly Implemented | Alerts are now sent to management when changes are made in the Mobile Device Management system. The wireless communication device request form will help prevent inappropriate orders. The IT Department also sends monthly charges to departments for review. Responsibility for reviewing changes and charges are assigned in the Mobile Device Policy. The policy is in draft form and has yet to be implemented. No progress has been made on this recommendation during this reporting period. |
| Inventory Records are Incomplete and Inconsistent | 18 | Update inventory records and ensure complete and up-to-date inventory is maintained.                 | Partly Implemented | The IT Department continues to utilize the KACE system to manage all IT hardware equipment inventory and is currently selecting a random sample of 400 inventory items every quarter and tracking the items down to ensure inventory information is up-to-date. No progress has been made on this recommendation during this reporting period.  |

## Audit of the City's 311 Call Center

| Finding  | #  | Recommendation  | Status             | Update   |
|--|----|---|--------------------|--|
| The Call Center is Unable to Meet Its Current Service Level Goals                      | 1  | Review 311 Call Center staffing levels and ensure it is staffed to meet service level goals.  | Implemented        | The IT Department has addressed staffing levels through the annual and midyear budget processes over the past four years that resulted in a 62% staffing increase (25 FTE to 40.5 FTE). The 311 Call Center manager conducted a staffing analysis for calendar year 2018 which identified a shortage of agents and led to an addition of 6 FTE for the Call Center. Although the Call Center is currently not meeting its service level goals of answering 80 percent of calls within 60 seconds, this does not appear to be due to a lack of FTEs but due to staff turnover. The Call Center is currently not fully staffed and when the all vacant positions are filled, we anticipate the Call Center will be able to meet its service level goals. |
| 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.                               | Partly Implemented | The Division's request for funding to replace the existing mobile application was approved as part of the FY 2019-20 budget. The 311 Call Center anticipates updating the mobile application once the new CRM system is implemented in early 2020.   |
| Additional Technological Enhancements May Help the 311 Call Center Improve Performance | 10 | Consider other technological advances that may reduce call volume and increase the number of requests processed through self-service means. | Implemented        | The IT Department has continuously reviewed and/or implemented technology investments over the years to provide more self-service options for providing City services. Most recently Salesforce was selected as the replacement for the current Customer Relationship Management (CRM) system. Salesforce will improve self-service with the new public portal that will make it easier to submit and track open requests online. Future enhancements on salesforce will include chat and omni channel capabilities.   |

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| 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 | The Division has replaced a number of systems since the release of the audit which required the integration process to start over. Specifically, Witness is no longer in use, Siebel has been replaced with Oracle Service Cloud, and soon, Oracle Service Cloud will be replaced with Salesforce Service Cloud (a customer relationship management system). In addition, Cisco is being upgraded. Once the Cisco and the Salesforce Service Cloud projects are implemented, the Division can begin to integrate data between various systems to gain insight and identify processes to improve customer service.   |
| Additional Technological Enhancements May Help the 311 Call Center Improve Performance | 16 | Address the limitations of the Customer Relationship Management system integration with the new Customer Relationship Management system and ensure agents utilize the integration while processing CIS-related service requests. | Implemented        | The IT Department has made incremental system integration upgrades since the audit began in 2015 to help agents with processing utility service requests. Some of the recent improvements include the replacement of the Utilities Customer Information System (CIS) and pending implementation of a new CRM system. CIS was replaced with Customer Care and Billing (CCB) and is currently integrated with Oracle Service Cloud (OSC). The agents have a view of CCB with OSC to enter Field Activities and Customer Contacts. This integration has negated the need for agents to leave OSC and go out to CCB to create Field Activities and Customer Contacts. |
| 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.  | Partly Implemented | With the implementation of Salesforce Service Cloud, escalation forms will no longer be needed. All City departments will either have access to Salesforce Service Cloud or will have workorder system integrations that will allow them to update Salesforce once they have reviewed, addressed, and closed-out service requests.  |

## Audit of the Sacramento Housing and Redevelopment Agency

| Finding   | # | Recommendation  | Status      | Update  |
|---|---|---|-------------|---|
| SHRA's Funding Practices and Project Selection Should Be More Transparent | 2 | Request calendaring of Multifamily Lending priorities for discussion by the City Council prior to any changes.  | Implemented | Council approved SHRA's Multifamily Lending and Mortgage Revenue Bond Policies in December 2019. The policy was agendized as a 'discussion' item and was adopted after robust Council discussion.   |
| SHRA's Funding Practices and Project Selection Should Be More Transparent | 3 | Clarify in its Multifamily Lending Policies how projects meeting the same priority status will be evaluated for funding selection.                      | Implemented | Council approved SHRA's Multifamily Lending and Mortgage Revenue Bond Policies in December 2019. The updated policy includes project priority guidelines.   |
| SHRA's Funding Practices and Project Selection Should Be More Transparent | 4 | Publish project selection criteria as part of the annual public noticing process, and consider assigning a point system to evaluate competing projects. | Implemented | Council approved SHRA's Multifamily Lending and Mortgage Revenue Bond Policies in December 2019. The updated policy includes minimum publishing timeframes and guidelines on where developers can find project selection criteria and funding priorities. |

## 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.         | Started            | Finance is in the process of developing policies and procedures to address maintenance of the Master Vendor File and expects to publish the guidance in 2020.   |
| 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. | Partly Implemented | Finance routinely checks new vendor requests for potential conflict of interest and is in the process of developing improved procedures for searching the Master Vendor File. Finance plans to have this new process documented and in place in 2020. |
| 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            | No progress was made during the period.   |
| 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 | Department of Utilities' Division leaders are reviewing policies and updating Policy and Procedures manuals. Because these are lengthy documents and require vetting with staff, City Attorney, and labor, this process will take some time. Work is expected to continue through July 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 | Dept of Utilities (DOU) is planning to run a monthly time reporting query to monitor segregation of duties for approvers. Because this recommendation involves the Payroll division, the process and query need to be vetted with the Payroll manager who is currently on leave. This recommendation is expected to be completed in early 2020. |
| 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            | We received communication from Dawn Holm that all payroll related recommendations made no progress this period. We communicated with Harinder and will meet with her when she returns from leave.   |

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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 | 25 | Review and update which pay types should have compounding pay components.  | Started | No progress was made during the period. |
| 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 | No progress was made during the period. |



## Audit of the City's Risk Management Division

| Finding  | #  | Recommendation   | Status      | Update  |
|--|----|--|-------------|---|
| Some Transactions in the Two Risk Management Funds May be Inconsistent with Proposition 218 Requirements | 1  | Continue to develop a system to reconcile health premium invoices to actual amounts deducted in payroll to ensure the General Liability and Auto Liability fund does not subsidize health benefit costs. | Implemented | All vision, dental, and health bills are paid using the self-billing method. Reports from the vendors regarding enrolled employees and retirees are reconciled against City eCAPS data. For example, reports are run from eCAPS and CalPERS to compare deduction amounts against self-billing. CalPERS deductions are reconciled back to CalPERS retiree health enrollment data each month when CalPERS makes the reports available. With the new self-billing and reconciliations processes in place by the Benefits Division, the variances between the amounts collected from employees and the amounts paid to vendors should be significantly reduced. However, the variance will not be eliminated as employee turnover and other issues may lead to the City being unable to collect the entire amounts owed from former employees.    |
| 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     | All employees who operate commercial vehicles are currently enrolled in the California Department of Motor Vehicles (CA DMV) drivers' license pull notice system. The draft Transportation Policy includes the following requirement for non-commercial drivers: "Employees who drive at least weekly on City business, with a class C license, will be enrolled in CA DMV pull notice at the time of hire or in accordance with terms of collective bargaining agreements." The HR Risk Management Division will implement pull notice monitoring for these 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. |

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| 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 | Public Works Fleet Management and HR Risk Management staff recommend conducting a 25% random sample annually to verify that requirements for maintaining automobile insurance are met by employees who receive mileage reimbursements or automobile allowances. HR Risk Management staff will implement this verification process upon adoption of the \$100,000/\$300,000/\$50,000 insurance limits recommended in the draft Transportation Policy. The policy also contains requirements to monitor employees' personal insurances. 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. |

### Audit of Fire Department Overtime Use

| Finding   | # | Recommendation  | Status      | Update  |
|---|---|---|-------------|---|
| The Fire Department Has Relied on Increasing Levels of Overtime to Meet its Operational Needs | 2 | Develop controls to ensure compliance with the 72-hour maximum work period outlined in the labor agreement. | Implemented | The labor agreement was amended to clarify that employees may be required to work up to a maximum of 72 hours, and may volunteer to work up to 96 hours, without a break in service.  |
| Negotiated Overtime and Incentive Provisions May Have Unintentionally Increased Payroll Costs | 3 | Renegotiate the requirement to fill vacancies using rank-for-rank.  | Dropped     | Local 522 and the City have completed labor negotiations for their most recent contract. The requirement to fill vacancies using rank for rank was not amended. However, this does not prevent the City from considering this item during future contract negotiations. |

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| Negotiated Overtime and Incentive Provisions May Have Unintentionally Increased Payroll Costs | 4  | Bring negotiated overtime provisions more in line with minimum FLSA requirements.   | Dropped     | Local 522 and the City have completed labor negotiations for their most recent contract. Overtime provisions were not brought into alignment with minimum FLSA standards and the recommendation is being dropped. However, this does not prevent the City from considering this item during future contract negotiations.  |
| Negotiated Overtime and Incentive Provisions May Have Unintentionally Increased Payroll Costs | 5  | Negotiate that assignment pay not be provided to employees who do not work the shift the incentive was designed for.                        | Dropped     | Local 522 and the City have completed labor negotiations for their most recent contract. The ambulance bid process outlined in the labor agreement was amended. However, the resulting language does not appear to restrict employees from receiving an incentive for a shift they are not actually working. This recommendation is being dropped, but could still be considered during future negotiations. |
| 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, the policy has not been finalized because the City is still developing its policy software system.   |
| 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 | Telestaff is in the process of being upgraded and the Fire Department expects the newer version will have enhanced capability for documenting the use and approval of overtime.  |
| 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.  |
| The Fire Department Lacks Sufficient Controls Over the Administration and Use of Overtime     | 10 | Provide guidance on the use of Special Duty pay, including the practice of providing rest time after returning from strike team deployment. | Implemented | The Department has notified employees that the practice of providing rest time after returning from strike team deployment will no longer continue.  |

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| 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            | Telestaff is in the process of being upgraded and the Fire Department expects the newer version will have enhanced access control capabilities.   |
| 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 considering transitioning some functions to eCAPS.   |
| Implementing Alternative Staffing Methods Could Reduce Costs and Improve Service Delivery | 15 | Consider modifying the Fire Department's medic staffing model to include medically qualified, non-firefighter paramedics and EMT's. | Dropped            | The Fire Department has determined that making this change would not be in the best interest of the citizens of Sacramento, as it is not supported by the bargaining unit nor administration. The Fire Department believes the current staffing model allows for the best possible emergency response coverage. |
| Implementing Alternative Staffing Methods Could Reduce Costs and Improve Service Delivery | 16 | Consider reducing staffing from four-person crews to three-person crews on select engines.  | Dropped            | The Fire Department believes that the current staffing model allows for the best possible emergency response coverage.  |
| 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 per day, when staff are available. The Department continues to work towards a more permanent deployment model.  |

## 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 | Logistics team is working with facilities to source the work to outside vendor. The project of installing pallet racking in Building 18 and relocating inventory items from Yard 22 to Building 18 is anticipated to be completed by Spring 2020.                   |
| 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 remain and expect 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 | The Department of Utilities drafted a Tool Policy and has submitted the policy to Labor Relations to meet and confer with the unions.   |
| 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 | The Department of Utilities has completed the Inventory policy and has submitted the policy to Labor Relations to meet and confer with the unions.  |
| 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 | The Inventory policy has been completed and submitted to Labor Relations to meet and confer with the unions.  |

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| 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 | The Inventory policy has been completed and submitted to Labor Relations to meet and confer with the unions.  |
| 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 | The Inventory policy has been completed and submitted to Labor Relations to meet and confer with the unions.  |
| While the Department of Utilities' Inventory Count Procedures Appear Robust, the Execution Breaks Down         | 14 | Review, update, and enforce inventory policies related to the tracking of water meters.   | Partly Implemented | The Inventory policy has been completed and submitted to Labor Relations to meet and confer with the unions.  |
| The Department of Utilities' Inventory Systems Contain Errors and Omissions                                    | 16 | Determine the key data fields for each inventory system and set minimum data requirements for inventory records.                    | Implemented        | Key data fields for each inventory system and minimum data requirements have been determined for inventory records. Cost and purchase date fields were added and now being tracked in Intellitrack, to mirror data fields tracked in Cityworks. |
| 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 | The Inventory policy has been completed and submitted to Labor Relations to meet and confer with the unions.  |

## 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 | 1 | Establish a code of conduct or other codified ethics, guidelines, and standards.                                       | Implemented        | The Procurement Policy Manual is a best practices manual that has been updated as of October 18, 2019 and posted to the City's intranet website (Nexus) under the Administrative Policies section of the Procurement webpage. It was developed to ensure that all contracting functions are performed in compliance with applicable Federal, State and City laws, regulations, ordinances, and policies, to ensure the uniform and consistent application of the contracting process, and to ensure fairness, open competition, and competitive pricing. The manual includes a chapter on ethical standards (Chapter 1). |
| 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 | The Procurement Policy Manual is a best practices manual that has been updated as of October 18, 2019 and posted to the City's intranet website (Nexus) under the Administrative Policies section of the Procurement webpage. It was developed to ensure that all contracting functions are performed in compliance with applicable Federal, State and City laws, regulations, ordinances, and policies, to ensure the uniform and consistent application of the contracting process, and to ensure fairness, open competition, and competitive pricing. The manual includes a chapter on bid protests (Chapter 7).      |

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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 Procurement Policy Manual is a best practices manual that has been updated as of October 18, 2019 and posted to the City's intranet website (Nexus) under the Administrative Policies section of the Procurement webpage. It was developed to ensure that all contracting functions are performed in compliance with applicable Federal, State and City laws, regulations, ordinances, and policies, to ensure the uniform and consistent application of the contracting process, and to ensure fairness, open competition, and competitive pricing. The manual includes a chapter on department roles and responsibilities (Chapter 2). This chapter defines the role of the Department Contract Administrator, a procurement stakeholder within the City. |
| Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City | 6 | Establish and publish contract quality control and review procedures.   | Implemented        | System-generated contracts are routed through the Procurement Division and the Risk Management Division for review and approval. The Procurement Division has established review procedures which are posted internally on their SharePoint site. Additionally, a contract review checklist for contract managers throughout the City addresses common mistakes made when creating contracts and is available on the City's intranet website (Nexus) under the ABCDs Procurement Modules section of the Procurement webpage.  |
| 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. | Started            | The IT department is recreating the Routing Cover Sheet and incorporating it into the ContractWorks (K2) process.   |
| 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 | As a result of the recent ABCDs implementation, system-generated contracts in the Procurement Contract module contain an electronic workflow that require review by the Procurement Division for contracts and amendments (supplements) before execution. In addition, the IT department is recreating the Routing Cover Sheet and incorporating it into the ContractWorks (K2) process.  |



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| Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City | 9  | Review and revise procurement training programs to ensure they are consistent with established City Code and City policy.                               | Implemented        | The Procurement Division now provides 'Introduction to Procurement' training several times a year. These trainings are consistent with established City Code and procurement best practices.   |
| 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. The divisions are working to automate this process.   |
| 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. The divisions are working to automate this process.   |
| 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 | The Procurement Policy Manual is a best practices manual that has been updated as of October 18, 2019 and posted to the City's intranet website (Nexus) under the Administrative Policies section of the Procurement webpage. It was developed to ensure that all contracting functions are performed in compliance with applicable Federal, State and City laws, regulations, ordinances, and policies, to ensure the uniform and consistent application of the contracting process, and to ensure fairness, open competition, and competitive pricing. The manual includes two chapters on purchase orders (Chapters 13 and 14). |

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| Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City | 13 | Develop information system controls to ensure purchase orders and contract templates are used appropriately.   | Implemented        | The Procurement Division is required to review and approve every procurement contract created using the new ABCDs Procurement Contract module. As part of this review, the Procurement Division reviews that the appropriate template is used for each contract. Procurement is also a mandatory approver in the pre-requisition workflow which must occur prior to the Procurement Division dispatching any purchase orders. |
| City Departments Did Not Ensure Contracts were Awarded and Executed in Accordance with City Code and City Policy         | 14 | Consider requiring the Procurement Division Manager to authorize all sole source procurement requests, in addition to those for non-professional services. | Implemented        | All sole (or single) source justifications are approved by the Procurement Manager or designee prior to awarding contracts and prior to issuing purchase orders. In addition, the Procurement Division integrated a new electronic sole/single source form into their K2 Pre-req application to help enforce this process.  |
| City Departments Did Not Ensure Contracts were Awarded and Executed in Accordance with City Code and City Policy         | 15 | Identify the authority delegated to approve sole source requests during the Procurement Division Manager's absence.  | Implemented        | The Sole Source Justification form includes a list of all approved Procurement Manager designees and the K2 system routes requests for approval to designees automatically based upon category assignments.   |
| City Departments Did Not Ensure Contracts were Awarded and Executed in Accordance with City Code and City Policy         | 16 | Develop controls to ensure all requests for sole-sourcing are approved prior to awarding a sole source contract.   | Implemented        | The Procurement Division reviews that a valid sole source justification is included for all applicable sole source contracts on system-generated contracts prior to contract approval.  |
| 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.  |

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| 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 | 20 | Develop controls to ensure contracts cannot be executed without a valid Business Operation Tax Certificate.  | Implemented        | According to the Procurement Division, there are instances in which contracts are executed but the vendor will not be required to provide immediate services. Instead, BOTC information is gathered at the pre-requisition in K2. Upon review by the Procurement Division, if a vendor's BOTC is inactive or non-existent, the pre-requisition will be forwarded to the Revenue Division for review and further action. In addition, City vendors who are subject to the BOT must have an active BOTC on record prior to the initiation of a Purchase Order. Otherwise, the system prevents Purchase Orders from being processed. |
| 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            | 22 | Develop information system controls to ensure contract supplements are only executed if they are authorized in the contract and are only executed before the contract or supplement expires. | Implemented        | The Procurement Division is required to review and approve every system-generated Procurement Contract Amendment (supplement) created using the new ABCDs contract module prior to execution.   |

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| 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.                                | Started            | The Department of Finance is reviewing procurement thresholds.  |
| 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 | For system-generated contracts, the wizard questions in the Procurement Contract module ask the contract manager questions related to their contract and their respective thresholds. During Procurement Review, it is verified that an authored Procurement Contract's NTE (not-to-exceed) amount is in alignment with threshold requirements and matches the internally tracked NTE amount. In addition, the PRC will not allow the NTE amount to be surpassed. |
| City Departments Failed to Ensure Contracts were Managed in Accordance with City Code and City Policy | 25 | Develop information system controls to ensure contracts are not supplemented beyond the established thresholds without the appropriate selection and approval process    | Implemented        | The contract manager is responsible for complying with established thresholds. The Procurement Division reviews each system-contract and supplement for compliance with these thresholds.   |
| City Departments Failed to Ensure Contracts were Managed in Accordance with City Code and City Policy | 26 | Establish clear standards regarding periods of performance and develop information system controls to ensure bids and contracts include specific periods of performance. | Implemented        | The Procurement Contract module workflow requires procurement review for all contracts and supplements. In addition, the start and end dates are required fields in the module and a blank expiration date will trigger an error code.  |
| City Departments Failed to Ensure Contracts were Managed in Accordance with City Code and City Policy | 27 | Revise contract forms to include a signature date.   | Implemented        | The digital signature solution (Adobe e-sign) automatically adds a date stamp with each digital signature. Adobe eSign is now used for all procurement contracts. Even with ABCDs rollback, all standard goods, goods & non-professional, non-professional, and professional services contracts are uploaded into the Procurement Contract Module and routed through Adobe eSign.   |

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| 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.  |
| 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.   |
| Internal Controls were Insufficient to Prevent Inappropriate Payments to Contractors                  | 31 | Develop information system controls to ensure purchase orders stay within a contract's not-to-exceed limit.       | Implemented        | At the time that the Procurement Division attempts to create a PO with a requisition would over-encumber a contract, an error occurs and the requisition goes to the Sourcing Workbench with an error message.  |

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| Internal Controls were Insufficient to Prevent Inappropriate Payments to Contractors | 32 | Develop information system controls to ensure employees do not authorize payments that exceed a contract's not-to-exceed limit. | Implemented | If an invoice that exceeds the purchase order amount is processed, the voucher will show a match exception and will not route for approval if the purchase order is overspent. As a result, either the invoice or the purchase order would need to be corrected such that the invoice is adjusted to be equal to or less than the purchase order amount before the invoice can be paid. Prior to a requisition becoming approved and ready for purchase order creation and dispatch, the Procurement Division reviews that the purchase order amount is not exceeding the allowable contract not-to-exceed amount. For any changes requested against a currently open purchase order, the Procurement Division ensures that, if the purchase order amount is increasing, it will not exceed any associated contract not-to-exceed amount. |
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### Audit of the City's Medical Marijuana Dispensaries

| Finding   | # | Recommendation   | Status      | Update   |
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| The Revenue Division Could Improve Its Monitoring of the Business Operations Tax (BOT) Collection Process to Better Detect Underreporting | 1 | Determine why dispensaries failed to produce the requested financial and membership documentation and inspect the documentation for compliance with City Code. | Implemented | On January 14, 2020, Council adopted Ordinance 2019-01861, removing the requirement for dispensaries to maintain medical cannabis records for their members/customers. |
| 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.  | Started     | The Office of Cannabis Policy & Enforcement plans to issue a Request for Proposal to find a vendor to perform observation tests of the dispensaries.                   |

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| 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.  | Partly Implemented | The Office of Cannabis Policy & Enforcement plans to issue a Request for Proposal to find a vendor to perform audits of the dispensaries. Once a vendor is selected, the Office will assess the frequency of dispensary audits. |
| 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. | Started            | The Office of Cannabis Policy & Enforcement plans to issue a Request for Proposal to find a vendor to perform audits and risk-based compliance services.  |

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

| Finding  | # | Recommendation  | Status      | Update  |
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| The Department of Parks and Recreation Has Not Updated Key Strategic Planning Guidance | 1 | Update the Parks and Recreation Master Plan.  | Started     | The Department last updated the Master Plan in April of 2009, however, the staff position and resources for this effort were eliminated during the economic downturn. The Department requested City Council approval on 09/24/19 for a professional services contract with MIG, Inc. for the preparation of an update to the Master Plan. This effort is anticipated to take 12 to 18 months. |
| The Department of Parks and Recreation Has Not Updated Key Strategic Planning Guidance | 3 | Align the department's organizational structure to suit the department's objectives as defined by its mission, vision, and goals. | Implemented | The Department has updated its organizational structure to better align with its objectives, as outlined in the Strategic Plan.   |

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| The Department of Parks and Recreation Has Not Updated Key Strategic Planning Guidance   | 4 | Conduct a needs assessment survey.   | Implemented        | The Department was included as part of the City's Community Survey, which provided information regarding resident opinions across a range of community issues and City-provided services. The report from the survey provided information on areas in which respondents see strong performance and where there are opportunities for improvement.   |
| The Department of Parks and Recreation Has Not Updated Key Strategic Planning Guidance   | 5 | Track attendance for non-fee based programs and services to evaluate attendance and program success. | Implemented        | The Department implemented a registration, payment, and data management system (ActiveNet) that allows for increased tracking for both fee-based and non-fee-based programs. The Department also uses attendance tracking methods such as participant sign-in sheets, manual participant counts by staff, and meal counts for programs offering food to program participants.   |
| 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 | The Department has defined the appropriate use of the 'General Info' call category and has bi-monthly check-ins with the 311 Manager. In discussions 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.  |
| 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            | The Department is developing human resources-related policies and will conform to adopted citywide policies established by the Department of Human Resources. 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. |



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| 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 | Using guidance from the strategic plan, the Department will be able to better define cost recovery goals and objectives and then align service delivery accordingly.  |
| 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. Once the Strategic Plan has been completed, the Department will begin to align service delivery fees and charges with the mission, vision, and cost recovery goals.  |
| Developing a Formal Cost Recovery Philosophy May Help the Department of Parks and Recreation Better Align Its Pricing Practices with Its Mission and Core Values | 12 | Comply with the Citywide Fees and Charges Policy by establishing cost recovery goals and identifying cost recovery levels.                       | Started | The Department is in the process of establishing cost recovery goals. As referenced above, the Department will adopt and utilize the cost recovery model provided in the Audit to ensure compliance with the Citywide Fees and Charges Policy. In so doing, YPCE will first need to analyze current fee structures and after completing the Strategic Plan, identify the cost recovery goals and work to ensure that the fee structure comes into alignment with those goals. |
| Developing a Formal Cost Recovery Philosophy May Help the Department of Parks and Recreation Better Align Its Pricing Practices with Its Mission and Core Values | 13 | Consider implementing an advertising and sponsorship program.  | Dropped | The Department evaluated this recommendation and determined that they do not have sufficient resources to allocate to this program.   |
| 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 to include a non-resident fee.   |

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| 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. | Partly Implemented | Training courses have been conducted, including a Timesheet Approval course completed in January 2019. Additional courses are being developed, including courses on Hiring Requisitions and Understanding Hours Reports. The Department is working on developing a training schedule for all employees performing human resources functions. |
| 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            | The Department has developed procedures for part-time employee reporting and is currently refining an accompanying policy. The Department is also working with the Department of Human Resources to develop and implement formal training for responsible supervisory staff  |
| Nearly Half of the Supervisors Responsible for Administering and Monitoring Part-Time Employee Hours and Benefits Have Not Received Labor Relations Training | 20 | Verify that all current part-time employees who are eligible for CalPERS membership are enrolled with CalPERS.  | Implemented        | Human Resources runs bi-monthly reports to capture part-time employees who have hit the CalPERS minimum hour threshold and processes CalPERS enrollments as necessary.   |

## Audit of the Department of Utilities Workplace Safety

| Finding   | # | Recommendation  | Status  | Update   |
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| 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. | Started | The Personal Protective Equipment (PPE) policy has been finalized. Job specific standard operating procedures (SOPs) are being reviewed and updated with more detail on PPE required usage. The department is evaluating expected completion date. |
| 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 reliant upon completion of work from recommendation #1; the department expects any newly identified policies and/or procedures will be completed by end of 2020.  |

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| 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 | The Gas Monitoring policy has been completed and reviewed and approved by all parties. The Gas monitoring Standard Operating Procedures (SOPs) have been completed and are awaiting the union meet and confer process.   |
| 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.                | Started            | The Department of Utilities (DOU) staff will be trained on gas monitoring policy and appropriate use. The DOU is going to be leasing new gas monitoring equipment that will have increased capability. Once the new equipment is in place, the DOU will determine process and frequency of periodic audits. 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.  | Partly Implemented | Although the department provided additional driver safety training to employees, during our testing we identified the potential risk that some employees may not be following the driver training plan. Specifically, we noted that some employees that were involved in accidents did not complete training after the incident, as required by the driver training plan. Due to this safety risk, we will leave this recommendation open and review compliance with the driver training plan during the next round of recommendation follow-up. |
| 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 workorder system. According to the Department, 800 procedures are currently going through the process of review and approval. The department is working to estimate the total number of procedures that will need to be completed.  |

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| The Department of Utilities Can Enhance Compliance with City Safety Policies, State Laws, and Federal Regulations        | 15 | Develop a process to ensure employees complete required forms for entry into confined spaces. Consider adding confined space procedures directly to work orders. | Implemented | The procedure for entry into confined spaces has been written and trained to staff. There are drop down boxes in CMMS for staff to indicate confined space or trench forms are required. Forms are now being uploaded in both work order systems.   |
| The Department of Utilities Can Enhance Compliance with City Safety Policies, State Laws, and Federal Regulations        | 16 | Develop a comprehensive implementation plan to address the Department of Utilities' fall protection concerns.  | Implemented | DOU has drafted an implementation plan that is based on a consultant report, "DOU Fall Protection site and hazard assessment", that was completed in 2019 as well as staff reported hazards. In addition, Employee Health & Safety (EHS) has provided training to staff on how to identify and report job hazards, on an ongoing basis, using job hazard analysis.  |
| The Department of Utilities Should Implement Health and Safety Best Practices to Reduce Risks and Improve Accountability | 19 | Develop a formal process for conducting incident investigations.   | Implemented | Initial Accident and Incident training was conducted in-person and was delivered to Plant supervisors in October. The training reviewed prevention in addition to conducting investigations and reporting. All of the superintendent were advised that this mandatory for their supervisor staff. A module was created in TargetSolutions for Supervisor Training and will be assigned to everyone who hasn't completed the in-person training. |
| The Department of Utilities Should Implement Health and Safety Best Practices to Reduce Risks and Improve Accountability | 20 | Develop a process for creating formal implementation plans when health and safety hazards are identified.  | Implemented | Risk Management manually tracks corrective actions in a log with input from various sources (forms, e-mails, SMS, etc.) During Supervisor Incident training, they are provided Corrective Action spreadsheets to complete and share with Risk Management. These are shared with the Safety Steering committee at their monthly meetings.  |
| 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.   | Started     | The Department of Utilities (DOU) has collaboratively developed a draft Management of Change Policy; the policy was circulated among DOU Safety Committee staff for signatures and is being reviewed with Labor Relations. Once final revisions from Labor Relations are included, it will be sent to meet and confer 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. | Started | The Safety Steering Committee has oversight of the three employee level safety committees and is responsible for review, evaluation, and adoption of safety related policies. New and existing safety policies will be uploaded into the City's new APPS system. The committee agreed to manage updates by: 1) Developing a Standardized Operating Procedures (SOP) template 2) Gather list of all policies and procedures that need to be reviewed 3) Identify GAPS 4) Develop annual review process. The department expects this recommendation to be completed by December 2020. |
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### Audit of On-Street Parking Meters

| Finding   | # | Recommendation  | Status      | Update   |
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| Improving Vehicle-Detection Sensor Accuracy Rates and Meter Battery Life Could Reduce the Potential for Erroneous Citations and Slow the Rate of Incoming Citation Disputes | 1 | Continue to work with the vendor to achieve contracted vehicle-detection sensor accuracy rates or consider switching to a vendor that will meet the desired standard. | Started     | The meter vendor has installed software updates in a selection of meters and is evaluating the effectiveness of the updated software using camera recordings.  |
| 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 | 2 | Work with the vendor to improve parking meter battery life or consider alternative products that will meet the desired standard.                                      | Implemented | The meter vendor has made hardware and software improvements to increase battery life. In addition, the vendor supplied some free replacement batteries, along with the resources to install them. Parking Services will continue to monitor meter battery life. |

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| 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            | Parking Services will continue to monitor battery performance. When the vendor has completed recommendation #1, Parking Services will evaluate and determine if further work is required.  |
| 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   | Started            | New handheld units were deployed that provide enforcement officers with real-time payment status for all zones. Customer outreach is in progress to eliminate the perception that meters will reflect time paid when using the mobile app. |
| 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.  | Partly Implemented | New handheld units were deployed that provide enforcement officers with real-time payment status for all zones. Customer outreach is in progress to eliminate the perception that meters will reflect time paid when using the mobile app. |
| 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.   |
| Usefulness of Contested Citation Data Has Improved  | 7 | Require enforcement officers enter citation data in a consistent format, to aid in data aggregation and analysis.   | Implemented        | The new citation system utilizes drop-down menus that require enforcement officers to enter citation data in a more consistent format.   |
| Usefulness of Contested Citation Data Has Improved  | 8 | Continue to optimize data fields to ensure the department is receiving the most useful data.  | Implemented        | Data fields have been improved to capture more detailed information.   |
| Usefulness of Contested Citation Data Has Improved  | 9 | Conduct regular reviews of citation data to identify trends and correct anomalies.  | Implemented        | Citation reports are generated and reviewed quarterly.   |

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| The Prevalence of Disabled Parking Placards May Have an Adverse Effect on the Availability of Disabled Parking Spaces and the City's Ability to Effectively Regulate Parking Through Demand-Based Pricing | 10 | Continue to lobby for changes to the California State Vehicle Code that improve the City's ability to effectively manage parking services and reduces incentives for placard abuse. | Implemented | Parking Services will continue to work with the California Public Parking Association to lobby the legislature for changes that improve the City's ability to effectively manage parking services and reduces incentives for placard abuse. |
|---|----|---|-------------|---|

## Audit of the 911 Communications Center

| Finding  | # | Recommendation  | Status             | Update  |
|--|---|---|--------------------|---|
| Finding 1: Call Answer Times Have Improved and Are Exceeding State Standards | 1 | Continue to monitor call volume metrics to ensure State-mandated PSAP metrics are achieved.                       | Implemented        | Call volume metrics are reviewed monthly to ensure continued compliance with State-mandated PSAP standards.   |
| 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            | Additional supervisory positions are being requested in order to improve the supervisor-to-dispatcher ratio.  |
| Finding 1: Call Answer Times Have Improved and Are Exceeding State Standards | 3 | Continue evaluating staffing needs to meet anticipated growth in call volume.                                     | Implemented        | Staffing will continue to be evaluated in relation to call volume and answer time.  |
| 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.   |
| 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, one employee still received pay for a duplicate pay code. While the query appeared to be accurate, it may not have been run by Payroll staff prior to issuing payroll. We notified the City's Payroll Division of the duplicated paycode error, valued at approximately \$2,500. |

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| Finding 1: Call Answer Times Have Improved and Are Exceeding State Standards                                 | 6  | Bring the Uniform Allowance for Supervising Dispatchers into alignment with the labor agreement.   | Implemented | The Uniform Allowance for supervising dispatchers was corrected and brought into alignment with the labor agreement.                                      |
| 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     | The current quality assurance process is being updated to incorporate these recommendations.  |
| 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.   | Started     | The evacuation plan was exercised in November 2019 and staff practiced working at the alternate site. The action plan is in the process of being updated. |
| 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.  | Started     | The action plan is in the process of being updated.   |
| 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 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.  | Started     | Additional supervisory positions are being requested in order to facilitate succession planning efforts.  |



## 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 | 1 | Establish utilization criteria for all asset types.  | Implemented | The Fleet Management Division analyzed the City's utilization data and has developed a more robust procedure for identifying underutilized assets based on newly established criteria.   |
| The Department of Utilities Can Realize Cost Savings Through Improved Management of Their Vehicle Fleet | 2 | Develop more stringent criteria for vehicle justifications.  | Implemented | The Fleet Management Division analyzed the City's utilization data and has developed a more robust procedure for identifying underutilized assets based on newly established criteria. Included in this procedure is more stringent criteria for vehicle justifications.   |
| 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. | Not Started | Public Works Fleet Management Division is currently drafting criteria for all vehicle categories. DOU Fleet Logistics team will adjust and analyze criteria to the new standards once they are established.  |
| 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     | 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. |

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| 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            | 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            | During the reporting period, the Human Resources Department requested our office perform additional analysis relating to this recommendation. The results of this analysis can be found in Appendix A of this report.  |
| 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.   | Started            | The Fleet Management Division and the Payroll Division have begun discussions to develop a more robust process for identifying employee personal use of City-owned vehicles that should be reported as taxable income.   |
| 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            | 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.  | Partly Implemented | DOU Fleet is generating a quarterly report that will be provided to Superintendents who are responsible for reviewing with their respective teams and staff.   |

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| 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     | The Fleet Management replaced the electronic devices used to process fuel transactions, which appeared to be the cause of many system issues. A written procedure to periodically monitor fuel transactions data is currently being drafted. Completion is expected to be the end of the 1st quarter of 2020.   |
| Excessive Access to the City's Fueling Islands Created Data Integrity Issues and May Have Allowed for Fraud | 11 | Continue to remove the ability to manually input employee ID numbers at fuel kiosks and implement additional controls to mitigate the use of incorrect vehicle numbers at the fuel kiosks.            | Implemented | All city PIN (Personal Identification Number) access has been removed for fuel access except for some of the Fire Department Staff. They are working toward issuing a fuel card for all Fire Department personnel. Additionally, the Fleet Management Division has developed a report to monitor the use of incorrect vehicle numbers at kiosks.  |
| Excessive Access to the City's Fueling Islands Created Data Integrity Issues and May Have Allowed for Fraud | 12 | Enhance the process of revoking access to fueling islands upon employee separation.   | Implemented | The Fleet Management Division has verified that they are now included on the Separation Team email string. This process notifies the Fleet administrative staff of any employee separations. Fleet has also been added to the monthly IT employee separation report as well as the IT employee transfer report. Additionally, the Fleet Management Division developed procedures for revoking access to Fleet systems upon employee separation. |
| Excessive Access to the City's Fueling Islands Created Data Integrity Issues and May Have Allowed for Fraud | 13 | Work with the Human Resources Department to identify when employee job duties change, revoke those employees' access to the fueling islands, and require new access forms be completed, if necessary. | Implemented | The Fleet Management Division worked with the Human Resources Department to get monthly reports of employee transfers and developed a procedure for modifying access to the fueling islands.  |
| Excessive Access to the City's Fueling Islands Created Data Integrity Issues and May Have Allowed for Fraud | 14 | Develop a process to periodically review fueling records to assess compliance with the City Employee's Transportation Policy and Procedures.  | Implemented | Public Work Fleet is sending an automated fueling report to the DOU Fleet Logistics team. DOU Fleet Logistics team is reviewing monthly reports and sending findings to Superintendents to follow-up on any corrective actions or processing.   |

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| 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            | The Fleet Management Division has implemented new procedures to verify that employees have only one active badge at any point in time. Fleet is currently working on the written procedure that identifies the process to periodically ensure this verification is completed. This will be completed by the end of the 1st quarter of 2020.  |
| 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 | The Fleet Management Division met with IT staff and a plan was created to install cameras at all fuel island facilities. The cameras have been purchased and already installed and operating in the South Area Corporate Yard. Fleet is working with the IT Department to complete this project. The estimated completion date of the project is the end of the 2nd quarter of 2020.                     |
| 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.  | Started            | Public Work Fleet is sending an automated fueling report to the DOU Fleet Logistics team. DOU Fleet Logistics team will review and compare with updated personal from DOU HR reports Monthly and send findings to Superintendents to follow-up on any corrective actions or processing. Additionally, the Fleet Management Division is working with the vendor to potentially implement system controls. |
| System Access and Data Quality Could Be Improved to Better Enable Management to Perform Analyses and Identify Trends | 18 | Establish policies and procedures for managing and monitoring user access and their privileges.  | Implemented        | Policies and procedures for managing and monitoring user access and their privileges were established and are being used.  |
| 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 | Fleet staff is currently reviewing all data fields to ensure correct data has been entered. The data fields referred to in the audit have been updated to ensure correct data. Fleet is working on a procedure for entering new vehicle data into the system to ensure all key data fields are populated.  |

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| 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 | The Fleet Management Division is currently reviewing several options to completely replace the current RVA (Remote Vehicle Analytics) devices in the light duty fleet vehicles (except Police vehicles). The new GPS/Telematic devices would replace the current devices as well as be installed in all the Police vehicles. The new technology will allow Fleet to monitor all engine operations, such as idling, fault codes, driver behavior, mileage and fuel consumption. Throughout this process, written procedures will be created to monitor and track the accuracy of the unit device ID assignments. Also installing new units in every vehicle will in essence be an audit for all light-duty vehicles. Future plans may call for replacing the Zonar systems with the new GPS/Telematic devices, but that would be reviewed once the current project is completed. Plans are to have this project complete by the end of the 2nd quarter of 2020. |
| 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.  | Started | DOU is currently working on a new MOU with the Facilities Division of Public Works for all stationary generators. When completed, Fleet will modify their MOU to capture all portable generators and the new MOU will document the separation and modify the M5 system to reflect the changes. The departments anticipate this will be completed by the end of the 2nd quarter of 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. | Started | DOU is currently working on a new MOU with the Facilities Division of Public Works for all stationary generators. When completed, Fleet will modify their MOU to capture all portable generators and the new MOU will document the separation and modify the M5 system to reflect the changes. The departments anticipate this will be completed by the end of the 2nd quarter of 2020.  |

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| The City Can Mitigate Risk by Better Documenting and Tracking Employee Licensure, Certifications, and Insurance Information | 23 | Obtain proof of crane and backhoe certifications prior to providing monetary incentives, develop a process to monitor certification expiration dates, and retain the documentation of employee certifications per the City's Record Retention Schedule.  | Implemented        | Crane and backhoe certifications are tracked by the City's Employee Health and Safety (EHS) division and Department of Utilities (DOU) individual division admins. These are published on the DOU's intranet to provide a central location and quick access for supervisors and other personnel. Publication on the intranet provides easy access for supervisors to verify certifications are active prior to approving timesheets. |
| 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 | The Transportation Policy has been updated with language requiring employees provide proof of licensure when using pool vehicles; this draft policy is awaiting approval.  |
| The City Can Mitigate Risk by Better Documenting and Tracking Employee Licensure, Certifications, and Insurance Information | 25 | Require employees currently receiving a vehicle allowance to complete the Insurance Certification form, require these forms be submitted prior to the employee receiving a vehicle allowance in the future, require employees submit updated forms regularly, and develop a process for retaining these forms. | Implemented        | DOU employee insurance certifications have been retained for employees who receive a vehicle allowance. New hires who receive an allowance are required to submit insurance verification along with their driver's license. Records are retained by DOU Employee Admin Services (EAS).   |
| 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            | The Risk Management Division is working with the Information Technology Department on an integrated Adobe form procedure.  |

## 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.  |
| 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 eight large, developable properties that are recommended to be declared surplus to the City's needs. Recent changes to the Surplus Land Act by AB1486 require the City to adhere to certain requirements in its process to declare and sell surplus properties. As of January 1, 2020 the Surplus Land Act as amended now requires the City Council to declare the parcels surplus in a regular public meeting. Staff is recommending to the City Manager that these eight properties be brought before the City Council to be declared surplus land in the first quarter of 2020. |
| 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.  |

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| 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 an initial list of developable parcels that are recommended to be declared surplus to the City's needs. These parcels are candidates for residential development, including affordable housing. Recent changes to the Surplus Land Act by AB1486 require the City to adhere to certain requirements in its process to declare and sell surplus properties. As of January 1, 2020 the Surplus Land Act as amended now requires the City Council to declare the parcels surplus in a regular public meeting. These parcels will be brought before the City Council, in the first quarter of 2020, to be declared surplus land along with a request directing staff to market for sale. |
| 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.   |
| 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.  |
| 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.  |



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|---|----|--|-------------|---|
| 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     | The Real Estate Services Section has compiled a spreadsheet of all City leases, including leases of non-City owned property (i.e. City as lessee). The next step is to meet with each department to discuss their current leases of non-City owned property and explore possibilities of utilizing City-owned property instead. |
| 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. | Not Started | According to the Real Estate Services Section, progress on this recommendation has not yet started but they plan on meeting with the Finance Department in the first quarter of 2020.   |

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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 | 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.   | Not Started | According to the Real Estate Services Section, progress on this recommendation has not yet started but they plan on meeting with the Finance Department in the first quarter of 2020.  |
| 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. | Not Started | According to the Real Estate Services Section, progress on this recommendation has not yet started but they plan on meeting with the Finance Department in the first quarter of 2020.  |
| 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 | According to the Finance Department, 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. |

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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 | 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.   |
| Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board | 16 | Work with other City departments to identify real property tracking needs and utilize a Citywide software program or develop another platform to centralize the management of the City's real property   | Not Started | According to the Information Technology Department (IT), IT staff met with the Real Estate and Facilities groups to identify the high-level scope and resource requirements to implement the recommendation from the audit. This recommendation is deemed as a multi-year IT project with extensive resource requirements. IT will request for staffing resources to support this project in the Fiscal Year 2020/21 budget. |
| 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     | The Real Estate Services Section has assembled a spreadsheet of City leases by division/department. The next step is to meet with each division/department to review and confirm each lease, adding data as necessary in order to develop a centralized database of City leases.   |
| Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board | 18 | Work with the City's Finance Department to develop policies and procedures on lease revenue billing and collection processes   | Not Started | According to the Real Estate Services Section, progress on this recommendation has not yet started but they plan on meeting with the Finance Department in the first quarter of 2020.  |

## 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. | N/A    | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |
| 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.                 | N/A    | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |
| 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.   | N/A    | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |
| 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.   | N/A    | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |
| 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.                    | N/A    | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |

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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. | N/A | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |
| Performing Dependent Verifications Ensures Qualified Dependents are Enrolled in City-Sponsored Health Plans and Could Save the City up to \$600,000 Annually | 7  | Review and address HMS' active employee dependent eligibility verification results.  | N/A | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |
| 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.  | N/A | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |
| 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.  | N/A | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |
| 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   | N/A | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |
| 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.  | N/A | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |

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| 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. | N/A | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |
| 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.                                  | N/A | This audit was issued in December 2019. We will follow up on this recommendation during the next follow up period. |

## Appendix A – Residency Compliance Testing

As part of this recommendation follow-up process, the Human Resources Department requested the Office of the City Auditor perform testing to determine Citywide compliance with Section 13.3 of the City of Sacramento’s *Rules and Regulations of the Civil Service Board* (Rules). Section 13.3 of the Rules state, “Employees in positions in the following classifications within the classified service, in addition to those employees having custody of City vehicles, must reside within thirty-five (35) air miles from the freeway interchange at W-X, 29<sup>th</sup>-30<sup>th</sup> Streets, so as to provide the citizens of this City with an effective response capability to emergencies.” As the Rules have not been updated since June 2012, but some employee classification titles have been modified more recently, figure 8 describes the relationship between the classifications listed in the Rules and the City’s current classifications; this information was provided by the Human Resources Department.

**Figure 8: Classifications Subject to Section 13.3 of the City of Sacramento’s Rules and Regulations of the Civil Service Board**

|          | Civil Service Board Rules Classification | Current Classification as Provided by the Human Resources Department | Number of Employees as of December 2019 |
|----------|--|--|---|
| <b>A</b> | Construction Inspector III               | Construction Inspector III   | 10                                      |
| <b>B</b> | Electrician                              | Electrician  | 14                                      |
| <b>C</b> | Electrician Supervisor                   | Electrician Supervisor   | 3                                       |
| <b>D</b> | Fire Investigator I                      | Fire Investigator I  | 5                                       |
| <b>E</b> | Fire Investigator II                     | Fire Investigator II   | 1                                       |
| <b>F</b> | Fire Captain                             | Fire Captain   | 19                                      |
| <b>G</b> | Fire Apparatus Operator                  | Fire Engineer  | 99                                      |
| <b>H</b> | Firefighter                              | Firefighter  | 314                                     |
| <b>I</b> | Landfill Equipment Operator              | Landfill Equipment Operator  | 0                                       |
| <b>J</b> | Machinist                                | Machinist  | 16                                      |
| <b>K</b> | Machinist Supervisor                     | Machinist Supervisor   | 4                                       |
| <b>L</b> | Plumber                                  | Plumber  | 3                                       |
| <b>M</b> | Police Lieutenant                        | Police Lieutenant  | 23                                      |
| <b>N</b> | Police Officer                           | Police Officer   | *                                       |
| <b>O</b> | Police Sergeant                          | Police Sergeant  | *                                       |
| <b>P</b> | Senior Landfill Equipment Operator       | Senior Landfill Equipment Operator                                   | 0                                       |
| <b>Q</b> | Senior Plumber                           | Senior Plumber   | 0                                       |
| <b>R</b> | Street Construction Laborer              | Street Construction Laborer  | 33                                      |
| <b>S</b> | Street Construction Equipment Operator   | Street Construction Equipment Operator                               | 7                                       |
| <b>T</b> | Street Maintenance Supervisor            | Street Maintenance Supervisor  | 7                                       |
| <b>U</b> | Lighting and Signal Supervisor           | Traffic Control & Lighting Supervisor                                | 0                                       |
| <b>V</b> | Lighting and Signal Technician I         | Traffic Control & Lighting Technician I                              | 3                                       |
| <b>W</b> | Lighting and Signal Technician II        | Traffic Control & Lighting Technician II                             | 9                                       |
| <b>X</b> | Water and Sewer Supervisor               | Utilities Operation and Maintenance Supervisor                       | 18                                      |
| <b>Y</b> | Water and Sewer Serviceworker            | Utilities Operation and Maintenance Serviceworker                    | 71                                      |
| <b>Z</b> | Water and Sewer Leadworker               | Utilities Operation and Maintenance Leadworker                       | 65                                      |

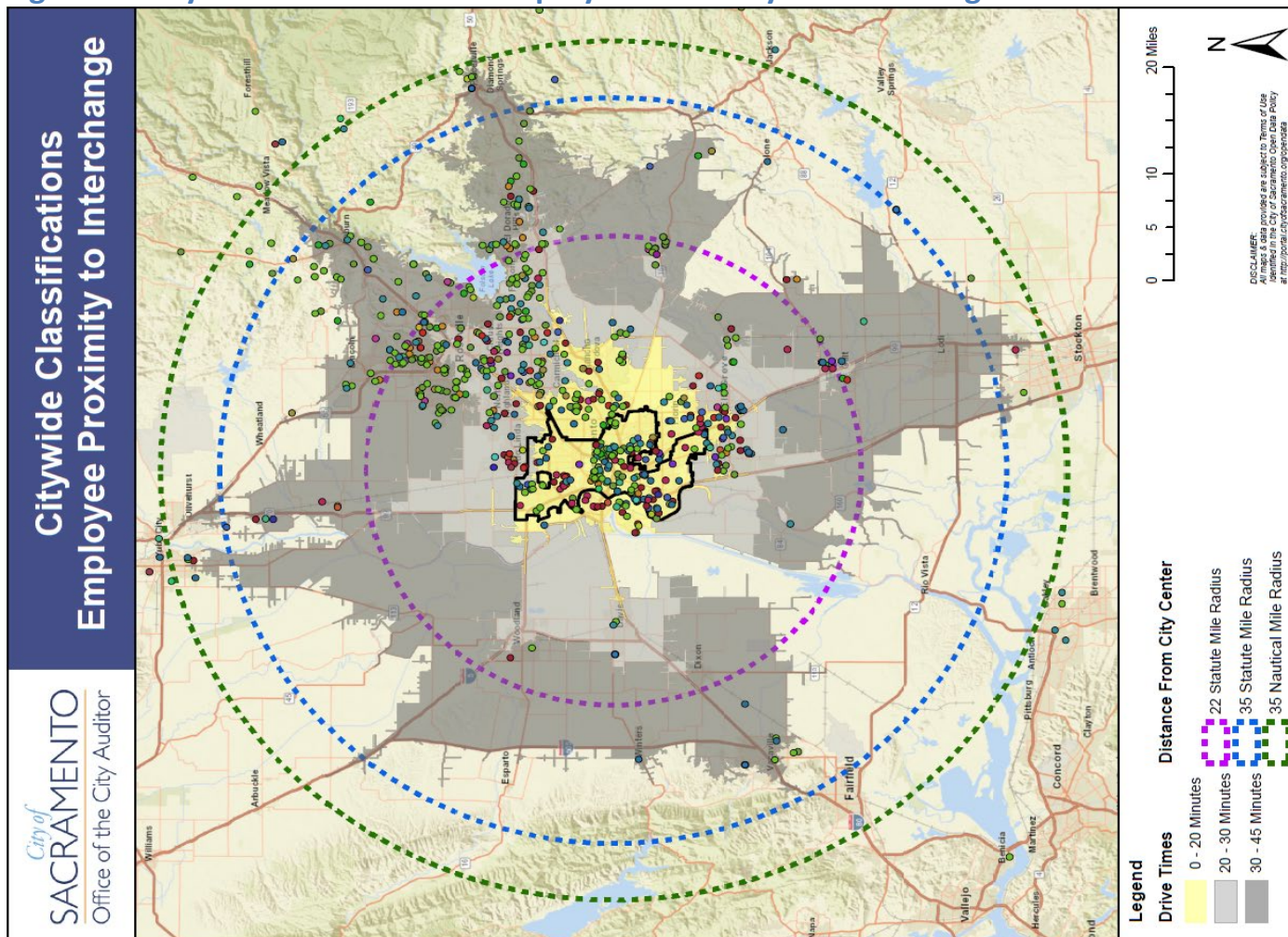
Source: Auditor generated based on City of Sacramento’s Rules and Regulations of the Civil Service Board, information provided by the Human Resources Department, and information obtained from eCAPS.

\*According to the Human Resources Department, due to a Letter of Understanding, Police Officers and Police Sergeants are no longer subject to Section 13.3 of the Rules unless they are provided a take-home vehicle.



We worked with the City’s Geographic Information Systems (GIS) team to generate figure 9. As shown in the figure, it appears that 65 employees in classifications subject to Section 13.3 of the Rules are not in compliance because they reside outside the 35 air (nautical) mile radius. Additionally, it appears that while 19 employees are within the 35 air (nautical) mile radius, their response time in an emergency situation may not be effective as it could take more than 45 minutes to respond.

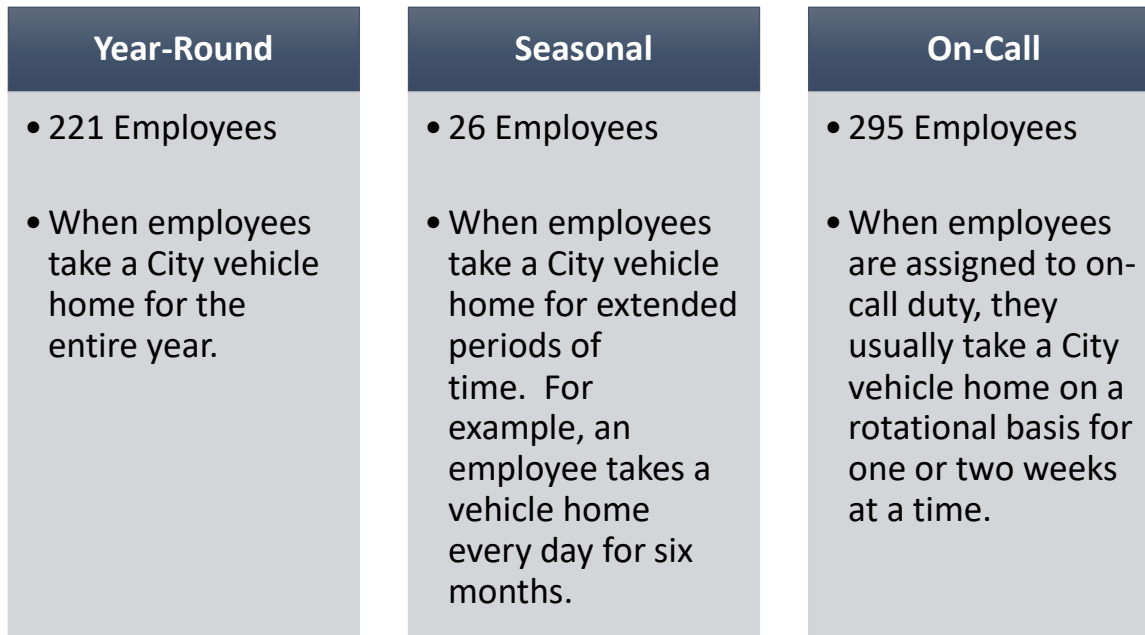
**Figure 9: Citywide Classifications Employee Proximity to Interchange**



Source: City of Sacramento Geographic Information Systems team generated with information provided by the City Auditor’s Office.

In addition to the specific employee classifications subject to Section 13.3 of the Rules, the Rules also state that employees having custody of City vehicles must also reside within the 35 air mile radius. This means that any employees assigned take-home vehicles are also subject to Section 13.3 of the Rules. Figure 10 provides context to the number of employees with take-home vehicles and the length of assignment, known as retention type.

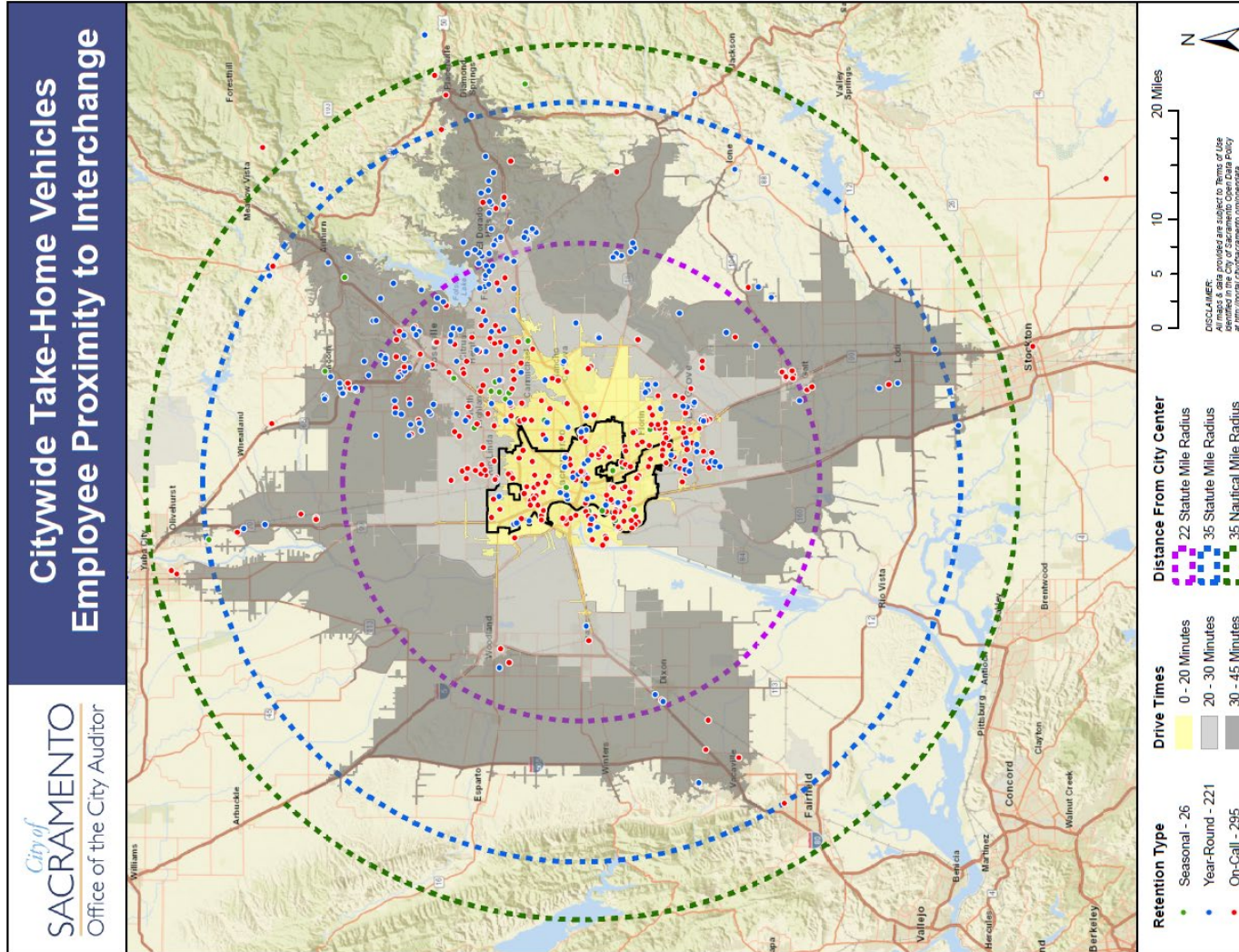
**Figure 10: Number of Employees with Take-Home Vehicles by Retention Type**



Source: Auditor generated.

We worked with the City’s Geographic Information Systems (GIS) team to generate figure 9. Based on our testing, it appears that 7 employees with take-home vehicles are not in compliance with Section 13.3 of the Rules. Additionally, it appears that 11 employees with take-home vehicles are in compliance with the 35 air mile radius, but may not reside in a location to “provide the citizens of this City with an effective response capability to emergencies” as their response time would likely be more than 45 minutes. It should be noted that employees in classifications subject to Section 13.3 of the Rules who also have take-home vehicles are included in both figure 9 and figure 11.

Figure 11: Citywide Take-Home Vehicles Employee Proximity to Interchange



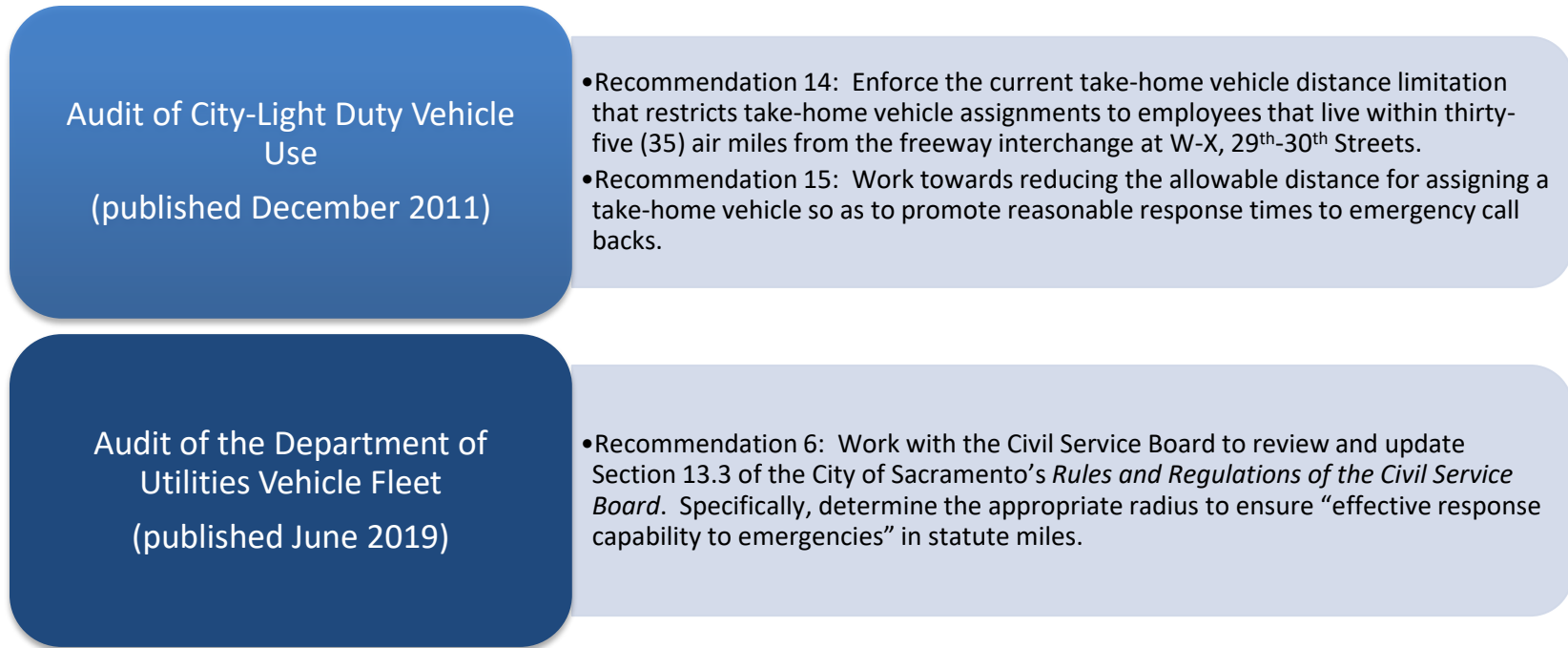
Source: City of Sacramento Geographic Information Systems team generated with information provided by the City Auditor's Office.

The Office of the City Auditor has previously performed testing for compliance and effectiveness Section 13.3 of the Rules and published our findings in the Audit of City Light-Duty Vehicle Use and the Audit of the Department of Utilities Vehicle Fleet. Based on our findings, we made

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<https://www.cityofsacramento.org/Auditor/Reports/Recommendation-Follow-Ups>

several recommendations aimed at improving the ability for the City to have “an effective response capability to emergencies.” These recommendations can be seen in figure 12.

**Figure 12: Audit Recommendations Related to Section 13.3 of the *City of Sacramento’s Rules and Regulations of the Civil Service Board***



Source: Auditor generated.

Although the City has developed an interactive map to determine compliance with Section 13.3 of the Rules and is working on updating the *City Employee’s Transportation Policy and Procedures*, as of January 2020, these recommendations remain open as the risks identified in the audit have not been sufficiently addressed. We have provided the results of our compliance testing to the Human Resources Department for next steps.