



CITY OF SACRAMENTO
CALIFORNIA

Office of the City Auditor
Jorge Oseguera, City Auditor

February 26, 2016

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

Honorable Members of the Budget and Audit Committee:

The Office of the City Auditor conducts performance audits and makes recommendations to strengthen accountability and improve the efficiency and effectiveness of City programs. In many cases, this involves verifying compliance with laws and regulations, identifying internal control weaknesses and failures, and assessing whether the City has acquired and used its resources efficiently. The office monitors the implementation of all audit recommendations, and reports on the status of all open audit recommendations every six months with a semi-annual report. In accordance with the City Auditor's approved 2015/16 Audit Plan, we prepared a report of the status of open recommendations for the six months ending December 31, 2015. To prepare this report, we met with department staff, reviewed documentation provided by departments, and performed testing to determine implementation progress.

We categorized recommendations by Auditee progress:

- **Not started** – The Auditee temporarily postponed implementing the audit recommendation or did not demonstrate sufficient progress toward implementing the recommendation.
- **Started** – The Auditee began implementing the recommendation, but considerable work remains.
- **Partly Implemented** – The Auditee satisfied some elements of the audit recommendation, but additional work and testing remains.
- **Implemented** – The Auditee provided documentation and the Auditor verified the satisfactory implementation of the audit recommendation.
- **Dropped** – The auditor recommends eliminating the recommendation since a change in circumstances rendered it unnecessary.
- – A checked box¹ indicates notable new progress since the last semi-annual report towards implementing the recommendation.

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

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

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

One of the measures by which we evaluate the effectiveness of our function is by identifying more in benefit for the City than the City incurs in audit cost. The City Auditor's Office's budget for Fiscal Year 2015/16 was approximately \$582,000. Dividing the potential City benefit for 2015/16 by the adjusted Office's budget for Fiscal Year 2015/16 (assumes audit resources split at 60 percent for performance audits and 40 percent for whistleblower investigations) results in \$0.46 in identified potential benefit for every \$1 of audit cost.

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

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

Respectfully submitted,

Jorge Oseguera

Exhibit 1: Potential City Benefit and Recommendation Status

Report Title	Date Issued	Potential City Benefit	Estimated Realized Benefit	# of Rec's Made	Not Started	Started	Partly Implemented	Implemented	Dropped
2015-16 Audits									
City Master Vendor List	Dec 2015	\$160,000		19	NA	NA	NA	NA	NA
SHRA	Sep 2015	Improve Service		14	4	1	2	5	2
Sexual Harassment Policy	Sep 2015	Reduce Liability		10	1	0	3	6	0
2014-15 Audits									
311 Call Center	May 2015	Improve Service		18					
Sidewalk Repair Process	Nov 2014	\$300,000		12	0	2	4	6	0
Wireless Communications	Aug 2014	\$291,600	\$20,000	18	0	2	11	5	0
Fire Inventory and Narcotics	Aug 2014	Reduce Liability		17	4	6	2	5	0
2013-14 Audits									
City Inventory Systems	Apr 2014	\$288,000		12	0	0	7	5	0
Employee Supplemental Pay	Dec 2013	\$336,000		17	0	2	4	11	0
2012-13 Audits									
Citywide Purchase Card Use	Oct 2012	Reduce Liability		14	0	0	9	5	0
Sacramento Regional Sports Education Foundation	Sep 2012	\$400,000	\$180,000	8	0	0	0	0	8
Audit of the Fire Prevention Program	Aug 2012		\$28,000	22	0	0	6	16	0
2011-12 Audits									
Utility Billing Review	Jun 2012	\$1,300,000	\$613,000	11	0	0	1	10	0
AB 1825 Compliance	Jun 2012	Reduce Liability		9	0	0	0	9	0
Whistleblower Hotline Assessment	Feb 2012	Reduce Fraud		2	0	1	0	1	0
Fleet Management	Dec 2011	\$6,100,000	\$2,800,000	18	0	6	2	10	0
Municipal Golf Revenue and Expenditure Analysis	Sep 2011	\$500,000	\$500,000	0	0	0	0	0	0
Revenue Collections	Jul 2011	\$3,600,000	\$40,000	12	0	0	0	12	0
Citywide Policy and Procedures Assessment	Jul 2011	NA		22	0	0	20	2	0
2010-11 Audits									
DOU Operational Efficiency and Cost Savings Audit	Jun 2011	\$8,641,000	\$2,846,000	27	0	0	2	17	8
Audit of Employee Health and Pension Benefits	Apr 2011	\$16,000,000	\$7,470,000	28	0	2	7	18	1
Performance Audit of CDD	Oct 2010	\$2,300,000		40	0	0	3	36	1
Total		\$40,216,600	\$14,497,000	350	9	22	83	179	20

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Post Audit Summary of the Audit of City's Master Vendor File

The Audit of the City's Master Vendor File contained four findings and made nineteen recommendations to improve the City's Master Vendor File. The audit, which was released in December 2015, assessed the controls over the Master Vendor File and identified areas of risk.

Since the publication of the audit was a month before the recommendation follow-up period ended, we will not report on the status of the recommendations until June 2016. We have listed the audit findings and recommendations below.

Finding 1: We identified instances of prompt payment discounts not being fully realized, employees failing to identify vendor billing errors, and questionable spending decisions by City Departments

#1 Develop an ongoing monitoring process to ensure the City realizes discounts for which they are eligible.

#2 Consider the residual value of assets when determining whether it is more cost effective to rent or purchase vehicles and equipment.

#3 Develop policies that direct employees on their responsibilities for reviewing and approving invoices and provide training that reinforces the significant of these responsibilities.

Finding 2: City employees with incompatible duties had access to the Master Vendor File

#4 Enforce segregation of duties by restricting access to allow only the ability to either enter or approve changes to the Master Vendor File.

#5 Revoke system access from employees that do not require access to the Master Vendor File to perform their job duties.

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

#7 Establish a formal process for review and approval of new user access and memorialize the process in a policy.

Finding 3: The City should improve controls over the Master Vendor File to increase data integrity and prevent fraud

#8 Verify the legitimacy of new vendors before adding them to the Master Vendor File.

#9 Establish a process that records requests for additions or changes to the Master Vendor File and maintains them in an accessible format.

10 Develop an eCAPS report that records changes to the Master Vendor File, including when the change was made and by whom.

11 Review the change reports on a regular basis to detect errors.

12 Require all TIN's in the eCAPS system be limited to 9 digits.

13 Perform a TIN matching review on a regular basis to identify and correct errors.

#14 Restrict the use of special characters in vendor names.

15 Develop guidelines for a Master Vendor File standard naming convention.

16 Develop policies and procedures that guide employees and provide direction on all major aspects of maintaining and protecting the Master Vendor File.

Finding 4: Prohibited vendors with potential conflicts of interest conducted business with the City

#17 Deactivate vendors that are in violation of City Code 2.16.010 Prohibition on City Employee Interest in City Contract.

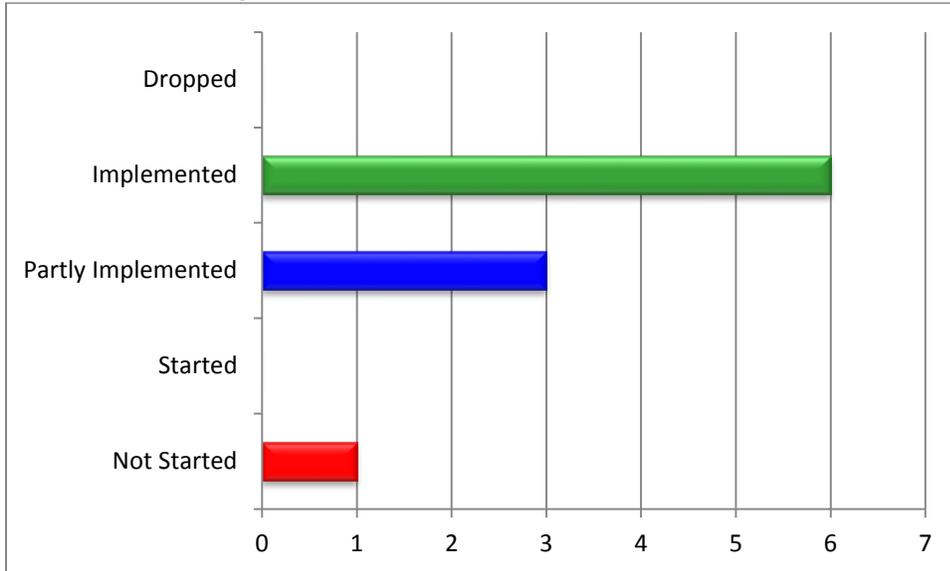
#18 Develop and document more robust and frequent methods of searching the Master Vendor File for vendors that could potentially represent conflicts of interest.

#19 Provide training on City Code 2.16.010 Prohibition on City Employee Interest in City Contract to City employees responsible for selecting vendors.

Post Audit Summary of the Audit of City’s Sexual Harassment Policy

The Audit of the City’s Sexual Harassment Policy contained one finding and made ten recommendations to strengthen the City’s Sexual Harassment Prevention practices. The audit was released in September 2015. We have listed the status of the recommendations below.

Exhibit 2: Status of Audit Recommendations



#1 Update the City’s Sexual Harassment Policy to address the observations noted in the policy review section on page one.

Partially Implemented The City’s Sexual Harassment Policy has been integrated into the City’s Equal Opportunity Policy. The policy has been reviewed and approved by the unions and is currently in final formatting at the City Clerk’s Office. We will consider this recommendation implemented once the policy is finalized by the City Clerk.

#2 Improve controls to better identify City Supervisors and track their compliance with training requirements.

Partially Implemented HR/Risk Management and IT are discussing the integration of the City’s learning management system, Target Solutions, with eCAPS. They are exploring automating the identification of new employees, promotions, and transfers.

According to HR/Risk Management, all employees in a Supervisory class will complete AB 1825 training, whether or not they currently supervise other employees.

#3 The Human Resources Department should reevaluate all job codes and job descriptions to determine which job codes are most likely to result in positions that should receive AB 1825 training.

Implemented A list of job codes and classifications that may supervise and require AB 1825 training has been completed.

#4 A) Update the Internal Discrimination Complaint Resolution Guide to specifically incorporate Sexual Harassment. B) The guide also needs to be updated to address complaints regarding appointed or elected officials.

Partially Implemented The City's Sexual Harassment Policy and Discrimination Complaint Resolution Procedure have been updated and integrated into the City's Equal Opportunity Policy. The policy has been reviewed and approved by the unions who requested to meet, and the policy will be forwarded to the City Clerk's Office for final formatting. We will consider this recommendation implemented once the policy is finalized by the City Clerk.

#5 Require the Fire Department to add employee identification numbers to the Target Solutions training data.

Implemented The Fire Department now updates all Target Solutions accounts to include eCAPS IDs.

#6 Establish a practice of reviewing and updating the Sexual Harassment Policy on an annual basis.

Implemented The Human Resources Department will review and update the policy each fiscal year.

#7 Encourage non-supervisory employees to complete Sexual Harassment prevention training.

Partially Implemented A Sexual Harassment Awareness training class is available for non-supervisory employees in Target Solutions. The City's next City U class schedule in August 2016 will contain information encouraging employees to enroll in the class.

#8 Although Council members are not required to take AB 1825 training, the Council should self-impose the requirement to complete the training on the same schedule as City Supervisors and memorialize the requirement into the Council Rules and Procedures.

Implemented The Council Rules and Procedures adopted through resolution no. 2016-0015, incorporated a requirement that all Elected Officials complete AB 1825 training every two years.

#9 Departments that absorbed parts of the Department of General Services should reevaluate employees that need to complete AB 1825 training.

Implemented IT, CDD and Public Works are all 100% compliant.

#10 The City should consider if supervisor training should be provided to individuals who temporarily or regularly assume a supervisory role.

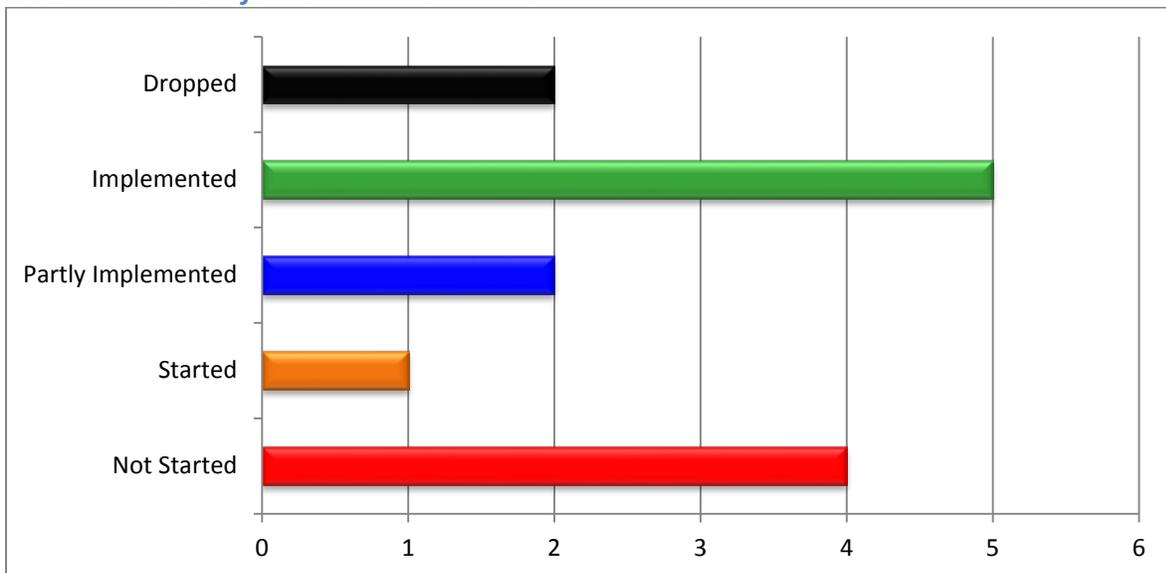
Not Started Employees temporarily or regularly assigned supervisory roles will be assigned AB 1825 training by their department. HR is developing a strategy to alert departments of this requirement.

Post Audit Summary of the Audit of The Sacramento Housing and Redevelopment Agency

The *Audit of the Sacramento Housing and Redevelopment Agency* was completed by consultant Harvey M. Rose Associates, LLC on behalf of the Auditor's Office. The audit, which was released in September 2015, assessed SHRA's funding and project selection practices. In addition, the audit reviewed the relationships between SHRA and its affiliated non-profits. The audit contains four findings and makes fourteen recommendations aimed at improving transparency and accountability. Two of the consultant's recommendations were not adopted by the City Council; however, the remaining twelve recommendations were accepted.

Since the audit's release, SHRA has made measurable progress towards implementing many of the recommendations. Most notably, SHRA has amended the bylaws of one of its non-profits (SHARP) to reduce the potential for the appearance of favoritism. In addition, SHRA published a 2016 Multi-Family Loan Application Schedule in order to increase transparency of the agency's project selection and funding practices. To date, SHRA has implemented or partly implemented seven of the recommendations. SHRA expects to have made progress on all recommendations by late 2016.

Exhibit 3: Status of Audit Recommendations



Finding 1: SHRA's Funding Practices and Project Selection Should Be More Transparent

#1 Ensure that all affordable housing funds are announced through an annual public notice, such as a Notice of Funding Availability or Request for Proposals.

Implemented SHRA published a 2016 Multi-Family Loan Application Schedule and Anticipated Funding Availability as part of the agency's 2016 Plan Action. SHRA plans to continue publishing this information annually.

#2 Request calendaring of Multifamily Lending priorities for discussion by the City Council prior to any changes.

Not Started SHRA's Multifamily Lending and Mortgage Revenue Bond Policies, adopted by the City Council in 2009, outline lending priorities and evaluation criteria. SHRA plans to begin stakeholder outreach to revise these policies in early 2016. Revised policies will then be presented to the City Council for approval by third quarter 2016.

#3 Clarify in its Multifamily Lending Policies how projects meeting the same priority status will be evaluated for funding selection.

Not Started SHRA's Multifamily Lending and Mortgage Revenue Bond Policies, adopted by the City Council in 2009, outline lending priorities and evaluation criteria. SHRA plans to begin stakeholder outreach to revise these policies in early 2016. Revised policies will then be presented to the City Council for approval by third quarter 2016.

#4 Publish project selection criteria as part of the annual public noticing process, and consider assigning a point system to evaluate competing projects.

Partly Implemented SHRA published the existing selection criteria, as approved in the SHRA's Multifamily Lending and Mortgage Revenue Bond Policies, as part of the 2016 Action Plan. SHRA plans to begin stakeholder outreach to revise the policies in early 2016. Revised policies will then be presented to the City Council for approval by third quarter 2016.

#5 Request the SHRA Executive Director to provide more detail in the annual budget presentation.

Implemented SHRA included the 2015 Affordable Housing Production Report as well as the 2016 Anticipated Funding Availability Schedule as part of the budget presentation and plans to continue including these reports in future budgets.

#6 Establish a Multifamily Lending Loan Committee to review proposed loans over a minimum threshold to be established by SHRA and make loan recommendations to the SHRA Commission.

Dropped Recommendation was not adopted by Council.

#7 Work with TCAC to identify an external Local Reviewing Agency to make recommendations on Housing Authority projects.

Started SHRA sent a letter to the Tax Credit Allocation Committee (TCAC) requesting a meeting to discuss and identify an alternative Local Reviewing Agency prior to TCAC's First Competitive Application deadline in March 2016.

#8 In collaboration with the County Board of Supervisors, review the appropriateness of SHRA's structure and scope of activities, given the agency's prioritization of publicly subsidized housing preservation in its multifamily lending strategy.

Dropped Recommendation was not adopted by Council.

Finding 2: SHRA Could Improve Reporting on Affiliated Nonprofits' Financial Information to the City Council, and Better Segregate Staff Responsibilities from their Role on the Affiliated Nonprofits' Boards

#9 Calendar SHRA's CAFR for discussion at the Budget and Audit Committee.

Not Started SHRA will not have the opportunity to implement this recommendation until July or August of 2016.

#10 Request that SHRA present detailed financial information on the nonprofit corporations during the annual CAFR presentation.

Not Started SHRA will not have the opportunity to implement this recommendation until July or August of 2016.

#11 Establish a written policy that any SHRA staff member who sits on the board of a nonprofit may not participate in funding awards for which that nonprofit is competing.

Implemented The SHARP non-profit updated their bylaws to instruct directors who are also SHRA employees not to participate in discussions or votes where an action could financially benefit SHRA. In addition, SHRA updated its policies to reflect that SHRA employees also serving on non-profit boards should recuse themselves in instances where discussions or votes could benefit them personally or benefit the SHRA department in which they work.

Finding 3: Construction Costs for SHRA-Funded Projects are Consistent with Other Low Income Housing Projects in California

#12 Continue to ensure that construction costs remain reasonable and consistent with the statewide average.

Implemented SHRA plans to continue ensuring construction costs are reasonable and consistent with the state wide average.

Finding 4: SHRA Should Consider Adopting Reporting and Budgeting Practices Similar to Those of City Departments

#13 Consider requesting the SHRA Executive Director provide midyear budget reports in a similar format as provided by the City's Finance Department for City departments. Council should also consider requesting end-of-year reports from SHRA on project funding, status, and remaining fund availability for all multifamily developments.

Partly Implemented SHRA included the 2015 Affordable Housing Production Report as well as the Anticipated Funding Availability Schedule as part of the budget presentation and plans to continue including these reports in future budgets. SHRA also plans to provide mid-year budget reports during the third quarter of 2016.

#14 Request calendaring of all items with policy or financial impact, including, but not limited to: the CAFR; lending policies; and, annual reporting of City funds, such as the Housing Trust Fund and the City's residential hotels, for discussion by the full City Council or the Budget and Audit Committee.

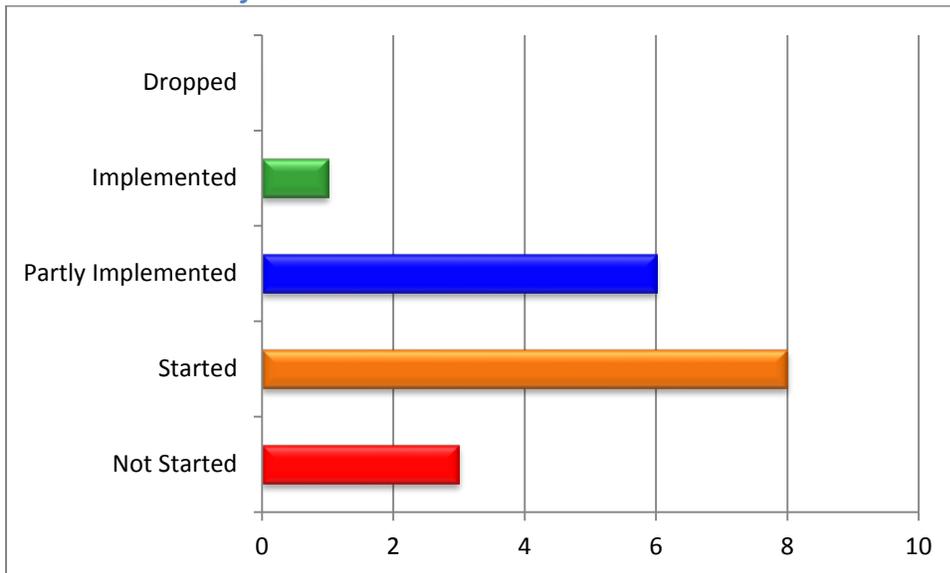
Implemented SHRA plans to continue calendaring items as described in the recommendation; however, it is important to note that the City Council and or City Manager at their discretion may change an item from discussion to consent.

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

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

Since the audit's release, the 311 Call Center has worked towards implementing the recommendations made in the audit. During the reporting period of June 2015 to December 2015, the 311 Call Center and the Information Technology Department hired additional agents, signed contracts with vendors for a new Customer Relationship Management system and knowledge base, and enhanced supervision of agents. As shown in Exhibit 4, we designated one recommendation implemented (6%), six recommendations partly implemented (33%), eight recommendations started (44%), and three recommendations not started (17%).

Exhibit 4: Status of Audit Recommendations



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

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

Partly Implemented The 311 Call Center hired two additional 311 agents and an additional 311 specialist in April 2015. These additional positions have allowed the 311 Call Center to answer an additional 2,000 calls per month compared to 2014. The 311 Call Center still believes staffing levels should be increased, and will continue to monitor and evaluate performance to assess resource needs. Improvements in efficiency and accuracy of requests will have an impact on the number of staff required to provide an even higher level of service. Resource needs will also need to be evaluated once the move from the legacy Customer Relationship Management (CRM) system to the new CRM is complete.

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

Started The Call Center completed a preliminary review of the data associated with the audit. However, more analysis is required for a formal finding on why the service levels were below the expected service levels for the audit timeframe. Based upon the preliminary results, the 311 Call Center implemented new schedules for the 2016 shift bid to better align 311 agent work time with call arrival patterns, and improve their ability to offer overtime to agents when needed.

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

Implemented In August 2015, 311 agents began receiving daily reports with their key performance indicators. These daily emails provide a way for agents to measure their performance against targets set by the 311 Call Center, and see their performance change over time. Since the implementation of these targets and reports, the 311 Call Center has seen improved results. Agents receive their average four-week results for average handle time, wrap percentage, availability percentage, calls per hour worked, and tardiness.

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

Partly Implemented The 311 Supervisor has begun meeting with agents twice each month to perform side-by-side observations, and weekly to provide feedback on remote observations and statistics.

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

Partly Implemented The 311 Call Center performs email surveys for users who request services through email. Additionally, the 311 Call Center has contracted with Verizon Wireless to perform automated phone surveys to better understand the customer experience. These automated phone surveys will be used to identify successes and opportunities, and will be included in employee feedback. The initial project kick-off meeting occurred in December 2015.

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

Partly Implemented The 311 Supervisor duties have been realigned to better allow for direct employee supervision and feedback. Beginning in December 2015, the 311 Supervisor will meet with each employee at least twice a month, including direct observation of the 311 agents as they perform their job duties. This will allow the 311 Supervisor to provide immediate feedback to the employee, identify system and procedural challenges to employee performance, and to easily discuss any areas of confusion 311 agents may have regarding processes and procedures.

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

Partly Implemented Based upon research of other 311 Call Centers and call center industry best practices, the 311 Call Center will work to add an additional 311 Supervisor position at the next fiscal cycle. The goal will be to have an agent to supervisor ratio of less than 14:1. The 311 Call Center added a 311 Specialist position during the mid-year 2015 budget cycle and reclassified a 311 agent into a 311

Specialist position at approximately the same time. This has allowed the 311 Call Center to move work previously done by the Supervisor and Analyst to these specialists, and focus their time on other tasks.

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

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

Started The City has begun work with Amberleaf Partners on the creation of a knowledge base that will be used both for internal 311 agents and will also be available on the City of Sacramento website for the general public. Work on this project formally began in December 2015 and is projected to be available to the public by the end of February 2016.

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

Not started The Sac311 app interfaces directly with the 311 CRM system. As the CRM upgrade project has been planned for the past months, major updates to the Sac311 app have been placed on hold. Once the new CRM system is completed, the City will identify a path forward for the Sac311 app, with the goal of increased information and increased self-service capabilities.

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

Started The City has begun the process of vetting an advanced Interactive Voice Response (IVR) solution to provide additional self-service options in the 311 IVR. A Request for Proposal (RFP) was released on 11/30/2015, and responses to the RFP are due January 2016.

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

Partly Implemented 311 management meets regularly with other City divisions and departments. As the CRM project progresses, there will be formal Subject Matter Experts set up within each of these divisions to ensure that the knowledge stored in the 311 knowledge base is accurate, complete and is in alignment with information available through other official channels.

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

Started Concurrent with the development of the knowledge base for the new CRM is the development of the formal update of policies and procedures for the knowledge base.

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

Started The Oracle Service Cloud CRM features a robust knowledge base that allows for easy search by 311 agents and an easy ability to share the results of that search with residents.

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

Started The City entered into a contract with Oracle to provide a next generation CRM system, and with AmberLeaf Partners for the implementation of the CRM. The project kicked off in December 2015 and is scheduled to go into production by the end of February 2016.

#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.

Not started This will occur after the CRM implementation.

#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.

Started As part of the CRM project that began in December 2015, full system integration will be included for multiple City systems (Chameleon, CIS, InforEAM, Cityworks). The new system is being designed to provide full integration for these systems, improving both the efficiency and accuracy of the 311 Call Center.

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

Not started Agent training on the new system upgrades will be completed prior to the launch of the new CRM system in February 2016.

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

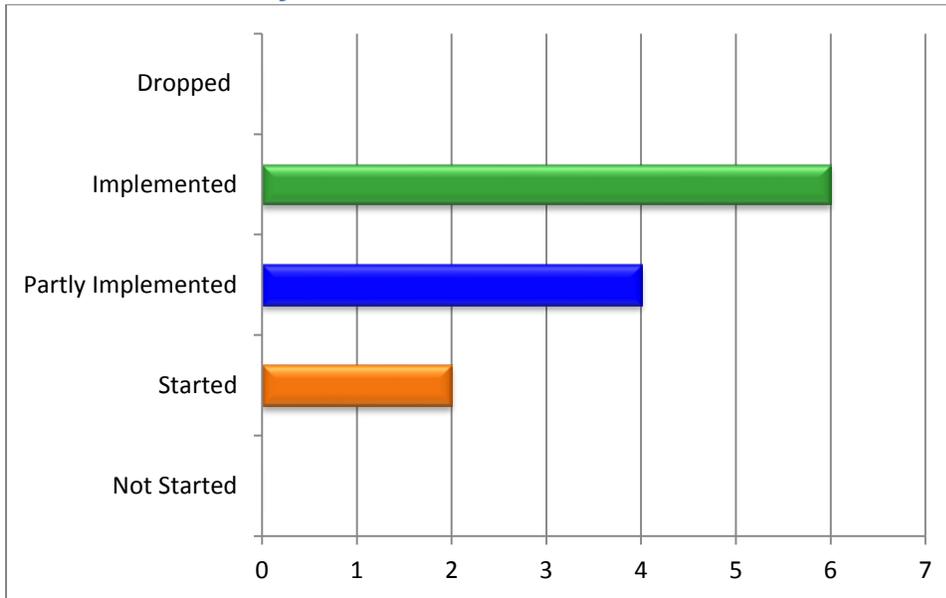
Started This will be included as part of the new CRM system that will be implemented by the end of February 2016.

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

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

Since the publication of the audit, the Department of Public Works (Public Works) has made progress towards implementing all 12 of the recommendations. The progress is shown in Exhibit 5 below.

Exhibit 5: Status of Audit Recommendations



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

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

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

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

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

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

Finding 3: Opportunities Exist to Enhance the Sidewalk Repair Process

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

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

#4 Continue to work towards reducing the backlog of sidewalk repairs to six months.

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

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

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

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

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

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

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

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

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

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

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

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

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

☑ **Partly Implemented** Public Works has worked with the Information Technology (IT) Department to create a new entry method for new sidewalk repair work order that greatly reduces the amount of time spent by employees by eliminating fields that are not relevant to the sidewalk process. Further, Public Works is also taking steps to monitor user rights. Public Works has also identified two employees as super users.

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

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

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

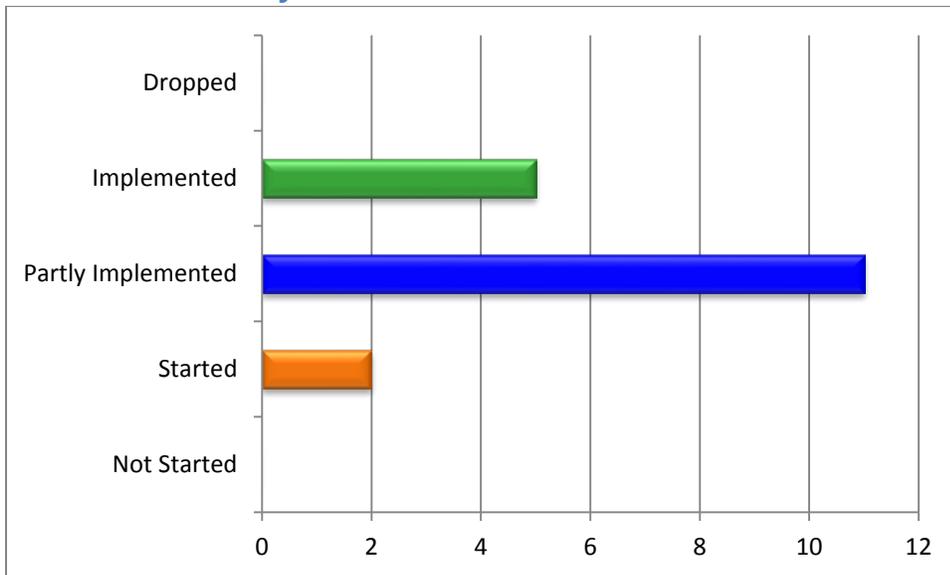
☑ **Implemented** Public Works worked with the Information Technology (IT) Department to re-implement alerts for past due work orders. Now the home screen for the employee responsible for notifications, reflects live metrics showing the number of work orders 30 days and 60 days past due. The employee can click on the metrics to easily see the detail of each invoice that is past due.

Post Audit Summary of the Audit of Citywide Wireless Communications

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

Since the audit's release in August 2014, the City's Information Technology Department has worked towards implementing the audit's recommendations. During the reporting period of June 2015 to December 2015, the Information Technology Department continued to work on implementing the recommendations made in the audit report. Implementation of the recommendations has been slow due to coordination efforts with other City departments to make appropriate changes to wireless communication devices. In addition, the Information Technology Department is awaiting finalization of its drafted Mobile Device Policy to implement many of the recommendations. As shown in Exhibit 6, we designated five recommendations implemented (28%), eleven recommendations partly implemented (61%), and two recommendations as started (11%).

Exhibit 6: Status of Audit Recommendations



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

#1 Establish controls to monitor overage charges.

Partly Implemented The Information Technology (IT) Department has assigned departmental mobile liaisons with the responsibility of reviewing monthly charges and making appropriate plan changes. In addition, IT implemented a mobility management application to monitor wireless overage charges. Departmental mobile liaisons have access to the mobility application to actively manage departmental wireless charges. The IT Department has developed a draft Mobile Device Policy assigning department heads or their designees responsibility for reviewing and approving monthly vendor charges. The IT

Department is also currently looking into a Mobile Device Management system that will provide better controls in monitoring, inventory, and securing the City's mobile devices.

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

[Partly Implemented](#) IT implemented a mobility management application to monitor monthly wireless charges. In addition, monthly wireless usage details are available for management review. The IT Department has developed a draft Mobile Device Policy assigning department heads or their designees responsibility for reviewing and approving monthly vendor charges. The IT Department is also currently looking into a Mobile Device Management system that will provide better controls in monitoring, inventory, and securing the City's mobile devices.

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

[Implemented](#) Parental controls have been activated with each carrier for applicable devices. IT currently sends monthly purchase and download reports to department liaisons. Downloads have decreased dramatically over the past four months. The drafted Mobile Device Policy prohibits employees from purchasing or downloading non-work related applications, music, or ringtones.

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

[Implemented](#) The IT Department now sends quarterly optimization reports to departmental management and mobile device liaisons. The drafted Mobile Device Policy assigns responsibility of reviewing optimization reports to Department heads or their designees.

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

[Partly Implemented](#) The IT Department is currently working with departments to review, update, and review wireless device inventory as required. The IT Department provides 'Low or No Usage' reports to departments for their review. We found there are still a significant number of devices that had no use during June 2015 and more review and cancellations need to be done before this recommendation can be implemented.

#9 Assign responsibility for monthly review of device use.

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

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

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

Finding 2: Wireless Device Policies are Insufficient

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

[Partly Implemented](#) The IT Department has developed formal policies and procedures and is currently waiting for approval to implement the Wireless Device Policy.

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

[Partly Implemented](#) The IT Department will review and update the formal policy on an annual basis once it has been finalized and implemented.

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

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

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

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

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

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

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

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

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

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

Finding 3: Inventory Records are Incomplete and Inconsistent

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

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

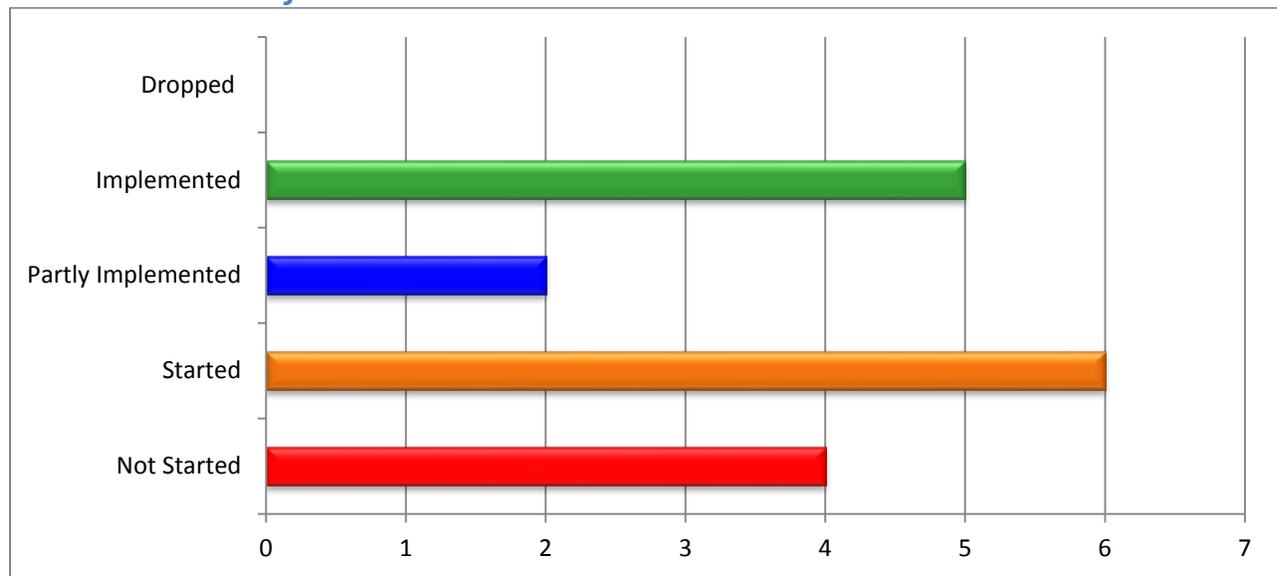
Post Audit Summary of the Audit of the Fire Department Inventory System and Narcotics

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

Since the audit’s release, the Fire Department has made some organizational changes which included separating their *Operations Division* into two divisions. These two divisions are now identified as *Emergency Operations* and *Logistical Support*. As a result of this organizational change, the managers that oversee these areas have also changed. This appears to have created some inconsistencies in regards to who is responsible for managing the various types of inventory.

The progress that had been made towards testing and implementing the Operative IQ Inventory System department-wide appears to have stalled. In addition, the Fire Department opted to use an Access database to track narcotics, instead of moving towards full implementation with the Operative IQ software that was purchased. According to the EMS Division, the Operative IQ software is not suitable for narcotics tracking. As a result of the department’s change in direction and apparent lack of progress in implementing the remaining recommendations over the reporting period, we have reverted some of the recommendation back to “Started” or “Not Started”.

Exhibit 7: Status of Audit Recommendations



Finding 1: The Fire Department should implement inventory management best practices to improve accountability and accuracy

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

Started The Fire Department has made some organizational changes and is in the process of determining how this will affect inventory management. The Department is currently working to hire a shopkeeper to help manage inventory.

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

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

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

Started The Fire Department has made some organizational changes and is in the process of determining how this will affect inventory management. The Department is currently working to hire a shopkeeper to help manage inventory.

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

Started The Fire Department has made some organizational changes and is in the process of determining how this will affect inventory management. The Department is currently working to hire a shopkeeper to help manage inventory.

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

Started The Fire Department has made some organizational changes and is in the process of determining how this will affect inventory management. The Department is currently working to hire a shopkeeper to help manage inventory.

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

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

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

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

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

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

#9 Perform ongoing reviews of system access.

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

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

Not Started According to the Fire Department, no reports are currently being run to monitor inventory.

#11 Set up automatic delivery of key reports.

Not Started According to the Fire Department, no reports are currently being run to monitor inventory.

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

#13 Perform regular reconciliations of on hand narcotics inventories.

Partly Implemented The Fire Department has begun conducting reconciliations of narcotics on hand. However, the reconciliations are not being performed on a consistent basis.

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

Partly Implemented The Fire Department has begun conducting reconciliations of the narcotics tracking sheets. However, the reconciliations are not being performed on a consistent basis.

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

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

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

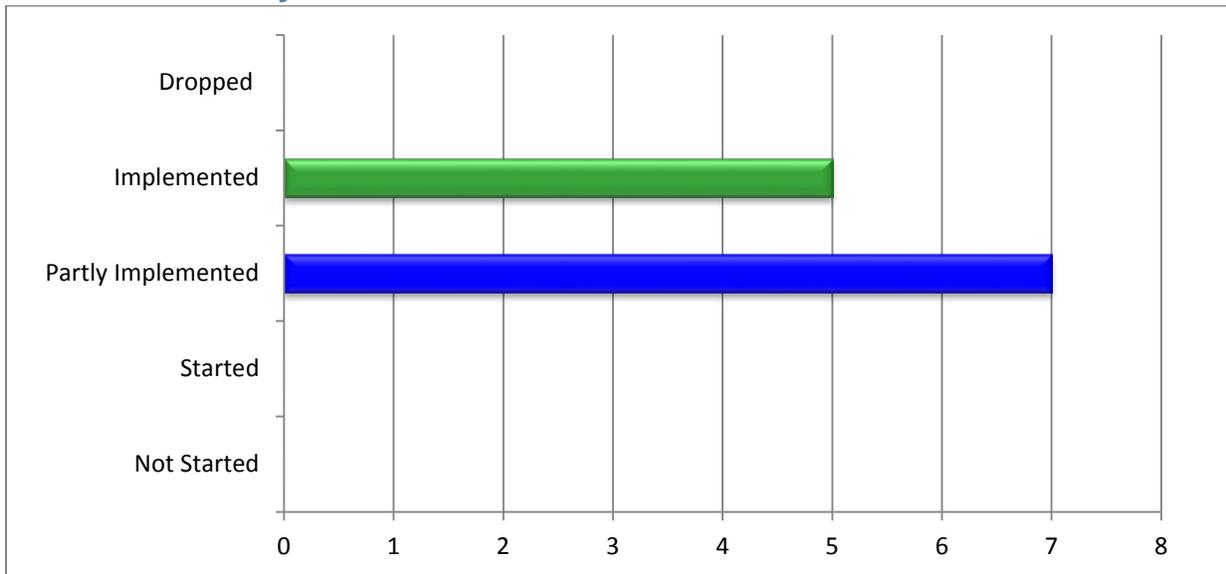
Post Audit Summary of the Audit of City Inventory Systems Part 1 of 2 Information Technology Department

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

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

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

Exhibit 8: Status of Audit Recommendations



Finding 1: The Information Technology Department's inventory system contains significant errors and omissions

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

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

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

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

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

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

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

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

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

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

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

[Partly Implemented](#) The *Information Technology Hardware Inventory Policy* addresses the updated procedures for recording new purchases including the data fields listed in Recommendation #4. In addition, quarterly self-audit are being performed to measure accuracy.

Finding 2: 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.

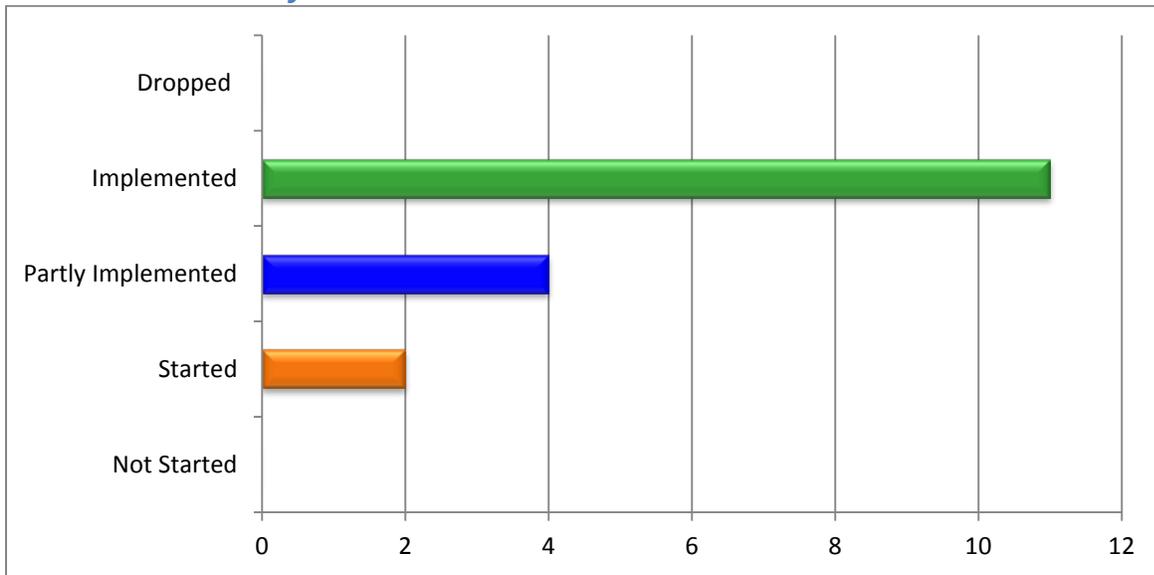
[Partly Implemented](#) IT has developed logical access in KACE system to specify the roles and the access level for each user group and perform audits and controls on an annual basis to ensure conformity. This is covered in the *Information Technology Hardware Inventory Policy*, currently in the final phases of formal adoption.

Post Audit Summary of the Audit of City Employee Supplemental Pay

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

Since the publication of the audit, the Fire, Finance, Human Resources, and Police Departments made progress towards implementing all 17 of the recommendations. The progress is shown in exhibit 9 below.

Exhibit 9: Status of Audit Recommendations



Finding 2: The City Could Reduce its Costs by an Estimated \$336 Thousand annually if it Discontinued Compounding the Paramedic Incentive

We recommend that the Human Resources Department:

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

Started Currently, the Paramedic Incentive is the only incentive that is compounded, resulting in an estimated \$336,000 per year in costs to the City. According to the Fire Department, Fire Management and Labor met on December 10, 2015 with the intent to calendar a date that included Labor Relations in the discussion regarding the recommendation. The Department is working with all parties to set a date. The labor contract term pertaining to this recommendation is four years and therefore will not be up for discussion again until 2018.

Finding 3: Controls Over Employee Time Reporting Must be Improved

We recommend that the Fire Department:

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

Partly Implemented According to the Fire Department, A newer version of Telestaff has been installed that, when fully integrated, will give the department full functionality and control of all processes. The policy addressing this recommendation currently still needs to be reviewed with staff and senior staff for approval.

#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. A formal policy is still in the development phase. The Fire Chief has created a Policy Working Group that has been tasked with, organizing existing, creating new and removal of outdated policies.

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

Started According to the Fire Department, they are in the process of upgrading their Telestaff System. They started at Version 2.4, are currently at Version 2.9, and they expect by late spring 2016 to have upgraded the system to Version 4.0. Upon reaching this goal, they expect the Department will have full functionality and control of all Telestaff processes. Since the prior follow up report, the Fire Department's Information Technology Division has been moved under a new Deputy Chief. As a result of this change they have removed the design authorities from all non-essential personnel. At the same time they have started work with Kronos (a contractor) to provide fulltime technical support of their application developer and roll call staff within Telestaff. They expect this will assist in ensuring the software is being administered as efficiently as possible. Part of this efficiency is implementing a change control policy which will be reviewed and signed by the Fire Chief. They plan to continue to update with each significant upgrade or efficiency.

We recommend that the Police Department:

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

Partly Implemented The Police Department's hardcopy overtime approval form is no longer used or required. Further, the policies and procedures were updated as recommended. The draft form of these policies with the changes is currently in the approval process. It is projected that the revisions will be assigned and completed before the next audit period.

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

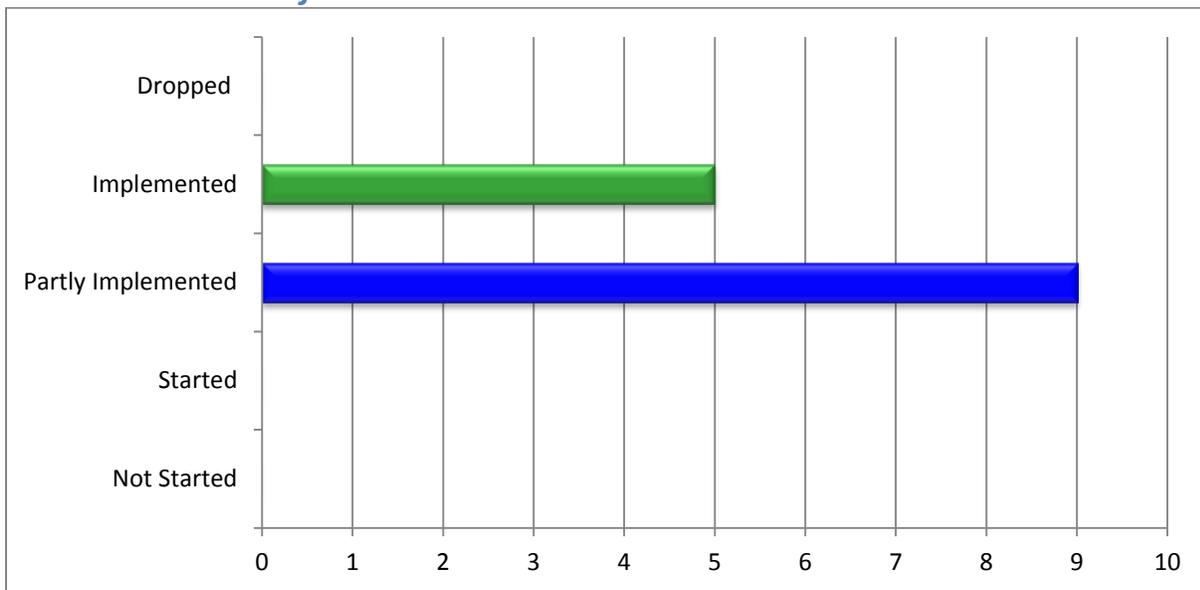
[Partly Implemented](#) The Police Department's hardcopy overtime approval form is no longer used or required. Further, the policies and procedures were updated as recommended. The draft form of these policies with the changes is currently in the approval process. It is projected that the revisions will be assigned and completed before the next audit period.

Post Audit Summary of Citywide Purchase-Card Use

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

Since the publication of the audit, Procurement Services has reduced the number of purchase cards in use and drafted a comprehensive Purchasing Card document. Of the 14 recommendations, we determined Procurement Services has implemented or partly implemented all 14 recommendations (100%). Nearly all of the recommendations are in the final stages being implemented, pending formal adoption of the revised Purchasing Card Policy and Handbook. On July 1, 2013 the Procurement Services Division began reporting to the Finance Department. Prior to this, the Procurement Services Division reported to the Department of General Services (DGS.)

Exhibit 10: Status of Purchase-Card Use Recommendations



Finding 1: While transactions reviewed did not reveal extensive personal purchases, some charges violated policy and lacked complete support

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

[Partly Implemented](#) A Missing Receipt form is available to City employees via the Procurement Department's intranet. The City's Purchasing Card Policy has been revised to include instructions on reporting missing receipts and the policy is expected to be finalized in 2016.

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

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

[Partly Implemented](#) The Purchasing Card document is in draft form and is expected to be distributed in 2016.

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

[Partly Implemented](#) The Purchasing Card document, which is expected to be distributed in 2016 will serve as the authoritative document.

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

[Partly Implemented](#) The Purchasing Card Policy is in draft form and is expected to be distributed in 2016. The policy will be set up for annual review in the City's Automated Policy and Procedure System (APPS).

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

[Partly Implemented](#) The draft Purchasing Card document, which is expected to be finalized in 2016, sets annual training requirements and includes a form that cardholders sign to acknowledge their responsibilities. Purchase Card training started in 2014 through the City's CityYou program. Training for new cardholders is now part of the process when a new card is issued. Procurement is working towards incorporating purchasing card training into the City's computer-based training system later this year.

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

[Partly Implemented](#) The draft Purchasing Card document, which is expected to be finalized in 2016 will set annual training requirements. Purchase Card training started in 2014 through the City's CityYou

program. A standard form acknowledging Approving Official program responsibilities will be developed in conjunction with training specific to approvers.

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

[Partly Implemented](#) Procurement staff performed two transaction reviews in 2015. Questionable items were identified and forwarded to the Finance Operations Manager for review. According to the Finance Department, the Purchase Card policy will require all receipts to be submitted to Finance for storage in CCM. Access to all receipts will allow for more efficient reviews of cardholder activity.

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

[Partly Implemented](#) The draft Purchasing Card document specifies strengthened controls. Staff has begun conducting regular reviews of purchase transactions and forwarding questionable transactions to the Finance Operations Manager. The Purchase Card policy is expected to be issued in 2016

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

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

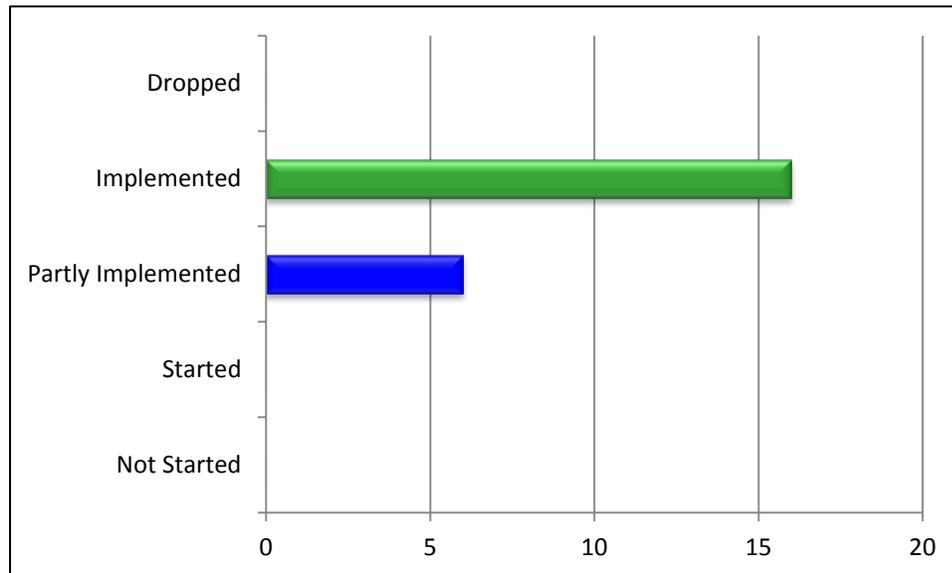
[Partly Implemented](#) In 2016, Procurement Services expects to begin blocking merchant categories not used by cardholders in the past three years. Procurement staff will also review the list of merchant categories to determine if any should be blocked at this time.

Post Audit Summary of the Audit of the Fire Prevention Program

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

Since the audit's release in August 2012, we have been working with the Acting Fire Marshal to assess adequate implementation of the adopted recommendations. Steps taken toward implementation of the recommendations since the release of the audit include working with City IT and the software vendor to improve the database, working with Citygate Associates for assistance in developing policies and procedures, and creating a Memorandum of Agreement (MOA) with other City Departments. During the reporting period of June 2015 to December 2015, the Fire Department finalized a new method for capturing and integrating new businesses into its FDM database and completed the move of all invoicing and collections to the Revenue Division of the Finance Department. As shown in Exhibit 11, we designated 16 recommendations as implemented (73%) and six recommendations as partly implemented (27%).

Exhibit 11: Status of Fire Prevention Audit Recommendations



Finding 1: The Fire Department Needs to Formalize its Processes in order to Improve its Fire Prevention Program

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

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

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

Implemented Fire Prevention implemented a process that ensures operational permits are issued securely, which negates the need for each permit to be signed by the fire code official. The process includes using unique high quality security paper from a specialized vendor that prevents unauthorized duplication of the operational permits. Fire Prevention instituted processes for purchasing, inventory, and secure storage of the security paper. Fire Prevention implemented internal security procedures that prohibit unauthorized issuance. A memorandum of Agreement (MOA) between the Community Development Department (CDD) and Fire Prevention was signed and implemented. For fire development services inspections, the Fire Department tracks the inspections completed in Accela and also issues a Fire Department inspection folder that lists all of the required fire inspections for the project, in a checklist format that is issued to the customer, once the building permit is issued by CDD.

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

Partly implemented Fire Prevention has scanned most their documents with the help of the City Clerk's Office. Records located at the Fire Prevention's office at the Richards Blvd location need to be scanned into a digital record. The funding source needs to be secured to complete this task. Fire Prevention is working to ensure that all required records are meeting the retention schedule set by the City Clerk's Office.

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

Partly implemented The Audit Team conducted a meeting on October 30, 2013, with Citygate and CDD staff members and gathered information on the feasibility and use of Accela software in place of the current FDM software. The Fire Prevention Audit Team received positive input from CDD staff to support moving forward with the project. Citygate has encouraged additional meetings to further

evaluate Accela and its capabilities. Citygate and Fire Prevention staff also met with the Roseville Fire Marshal to review the City's use of Accela. The inclusion of Accela as a Management Information System (MIS) within SOGs has begun. The Fire Prevention Bureau and the FPOs are currently using Accela for all plan review and field inspection and permitting with CDD for tenant improvements and all new construction projects. Migration to Accela by the Fire Prevention Bureau for other comprehensive MIS functions will be a longer-term project. No significant progress on this recommendation has been made during this reporting period.

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

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

Implemented Fire Prevention currently utilizes the Revenue Division for all invoicing and collections. An agreed upon MOA between the City Revenue Department and the Fire Department's Fire Prevention Bureau has been developed. Fire Prevention has completed the move for all invoicing to the Revenue Division. During this reporting period Fire Prevention has finalized an agreement with the Revenue Division to have all past due invoices sent to a third-party for collections.

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

Implemented Fire Prevention implemented a self-certification inspection program which require the fees to be paid prior to issuing the fire permit. All other permits are issued after the inspection is completed, but Fire Prevention does not issue the fire permit until all fees are paid. The fire permitting process clearly defines that no fire permit is issued until full payment is received by City Revenue, the payment transaction is reconciled in the FDM, and the inspection is completed in the satisfactory status. Once all components are complete, Fire Prevention prints and mails the fire permit to the property owner. The Fire Department is also in the process of completing a fee study to recommend to the City Manager and City Council establishment of a revised fee schedule.

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

Implemented Fire Prevention transferred all invoicing and collection to the Revenue Division who enforces the City's standard invoicing and collections procedures. Fire Prevention implemented an agreement with the Revenue Division to send outstanding unpaid invoices to third-party collections. The identified invoices will be automatically submitted to collections after Fire Prevention reviews and approves the invoices.

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

Implemented Fire Prevention transferred all invoicing and collection to the Revenue Division who enforces the City's standard invoicing and collections procedures. Fire Prevention has implemented an agreement with the Revenue Division to send outstanding unpaid invoices to third-party collections. The

identified invoices will be automatically submitted to collections after Fire Prevention reviews and approves the invoices.

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

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

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

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

[Partly implemented](#) Fire Prevention has been working continuously with PSIT to purge the FDM database of all erroneous data and to verify the validity of the remaining data. PSIT was successful in eliminating approximately 174,000 properties in the database that contained no useful data. Of the remaining 48,000 plus properties currently in the database, nearly 35,000 require additional data analysis. Given current Fire Prevention staffing levels, analysis of the questionable data will be a challenge to complete in a timely manner. Fire Prevention is currently working to memorialize this process with an SOG. In 2014, an application developer was hired for Fire IT systems to assist in this process and work within FDM. Fire Prevention is working with PSIT to establish a protocol for testing the FDM database for accuracy.

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

[Partly implemented](#) Fire Prevention has been working continuously with PSIT to purge the FDM database of all erroneous data and to verify the validity of the remaining data. Fire Prevention has also implemented workflow processes that removed FPOs from the data entry responsibilities which led to the data irregularities. Fire Prevention is working on standardized practices of how data is entered or updated in FDM. Fire Prevention is currently working to memorialize this process with an SOG. Fire Prevention is working with PSIT to establish an electronic method of inputting information from the FPO completing the inspection to FDM via a standardized checklist interface.

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

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

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

Implemented Fire Prevention is prepared to reinstitute the former fire company inspections (CIS) program as a self-certification program. The Self-Cert Apartments Step-by-Step procedures were developed and are currently being implemented. Fire Prevention has developed a new process for the Self-Cert Apartment Program. Fire Prevention has evaluated the program and determined the Self-Cert program should remain solely on the state mandated apartment inspection program due to staffing considerations.

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

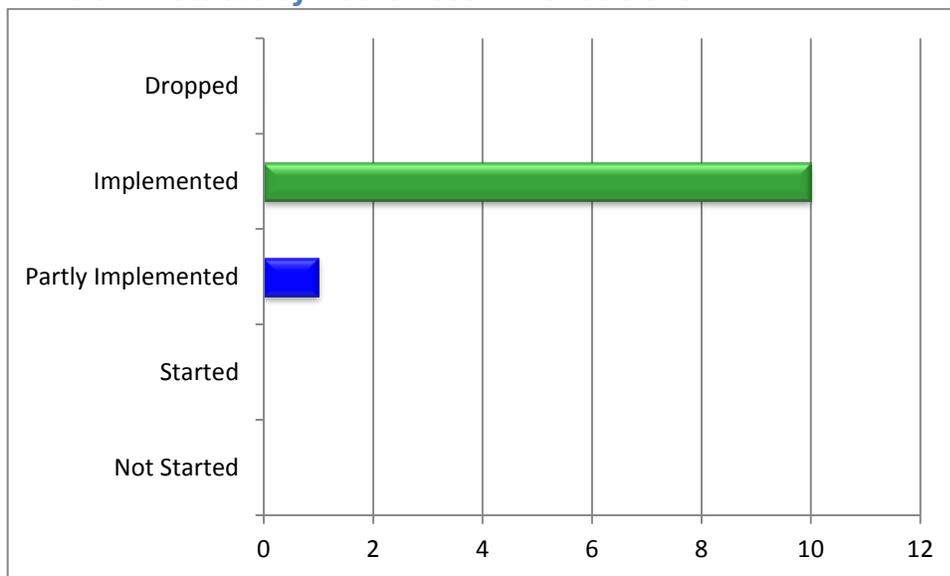
Implemented Fire Prevention implemented a workflow process that tracks all self-certification fire permits in the FDM database. Fire Prevention discontinued the practice of tracking entities with other software applications. The FDM database tracks all self-certification entities from the time the property/business is established through issuing of the fire permit. Invoicing for self-certification fire permits, like all fire permits, is now processed through City Revenue and tracked in FDM. Fire Prevention has assessed the self-certification program and has implemented new procedures to enhance the program's effectiveness and compliance. A software program is in place to identify new self-certification apartments in the City. These properties are evaluated to ensure that they meet the criteria for the self-certification program or if they should be inspected by an FPO annually.

Post Audit Summary of the Audit of Utility Billing

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

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

Exhibit 12: Status of Audit Recommendations



Finding 1: Preparation of Residential Commercial Bills are Highly Accurate, but Improvements are Needed to Ensure All Eligible Parcels are Properly Billed for Storm Drainage

#2 Review parcels without CIS accounts, determine which are the same street address as an existing account and receiving City services, and set up accounts for those parcels.

Partly Implemented Approximately 14,000 parcels have been identified as being in the County's parcel database, and not having a unique account reflected in the City's billing system. Of those parcels identified, 9,829 have been physically inspected since August 2012, and approximately 51% of the inspected parcels have either had accounts set-up for billing or the parcels have been documented as not having any valid services to bill. Over 6,600 (or 46%) of the total parcels have been worked to date via the audit or via normal day to day processes.

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

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

Implemented DOU has identified and created a number of valuable reports and began running the reports in December 2014, in accordance with the report schedule created in 2013. The report schedule has been expanded to include program reporting, in addition to monitoring performance and trends in a variety of areas. A billing scorecard was also created and finalized in June 2015. The DOU began reporting on the scorecard as of FY2016.

This data will be compared against DOU's strategic goals to align business activities with the vision and strategy of the organization, and improve internal and external processes and communications.

Finding 6: General and Application Controls on IT Systems Could be Improved

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

Implemented DOU implemented a Privileged Users Access Monitoring Policy document after conducting a review of the security and access rights of CIS super users and surveying other agencies practices relating security rights of similar billing systems. This document was approved in FY2014 and has been fully implemented.

Post Audit Summary of the Assessment for Establishing a Whistleblower Hotline

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

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

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

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

#2 Direct the City Attorney and City Manager to establish a Citywide Code of Ethics.

Started Staff from both offices have discussed parameters for moving forward and plan additional meetings. The Good Governance Ad Hoc Committee presented their final report and recommendations to the City Council in September 2015. Included in the good governance recommendations was direction to the City Clerk to work with the City Attorney to draft an Ethics Code, establish an Office of Compliance, and draft an ordinance implementing an Ethics Commission.

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

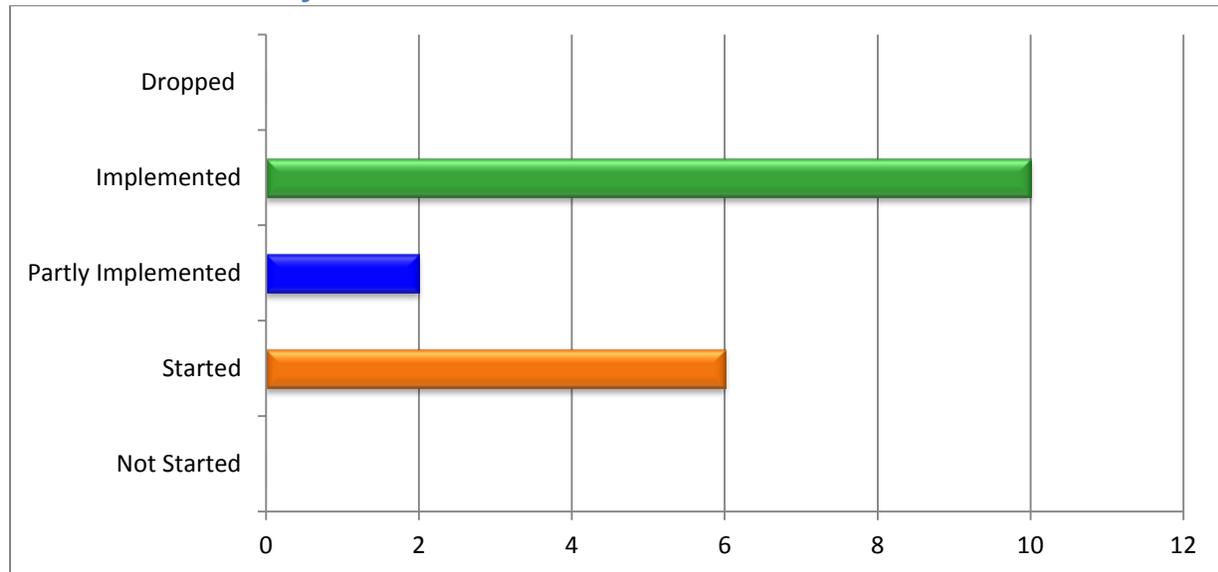
The *Audit of City Light-Duty Vehicle Use* contained three findings and identified as much as \$6.1 million in one-time and future benefits, with most of these benefits generated through avoided vehicle replacement. The audit, which was released in December 2011, included 18 recommendations and covered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

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

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

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

Exhibit 13: Status of Audit Recommendations



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

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

Partly Implemented Fleet hired a consultant to develop a Comprehensive Asset Management Replacement Solution to provide ongoing review and evaluation of equipment replacement criteria.

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

We recommend that the City Manager's Office:

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

Started The City Manager's Review Committee completed their review of the Transportation Policy. They have provided their recommendations to the Public Works Department for review. During labor negotiations, projected to begin during mid to late 2016, these recommendations will be discussed.

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

Started The City Manager's Vehicle Review Committee was expanded to include review of vehicle use. The Chair of the committee is coordinating recommendations with departments to revise the City's employee transportation policy. A draft of the Transportation Policy has been forwarded to Public Works for review.

We recommend that the City Attorney's Office:

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

Started The City Manager's Vehicle Review Committee was expanded to include review of vehicle use. The Chair of the committee is coordinating recommendations with departments to revise the City's employee transportation policy. During the next meet and confer process with the Sacramento Police Officers Association, the City will work to clearly define and provide the intent of this policy. In Addition, during labor negotiations, projected to begin during mid to late 2016, these recommendations and the City Manager and City Council priorities will be discussed.

We recommend that the City Manager's Office:

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

[Started](#) The City Manager's Vehicle Review Committee was expanded to include review of vehicle use. The Chair of the committee is coordinating recommendations with departments to revise the City's employee transportation policy. Labor negotiations, projected to begin mid to late 2016, will discuss language which covers these recommendations.

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

[Started](#) The City Manager's Vehicle Review Committee was expanded to include review of vehicle use. The Chair of the committee coordinated recommendations with departments to revise the City's employee transportation policy. The Public Works Department will vet the recommendations with the Executive Team during review of the transportation policy draft and add requirements as approved.

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

[Started](#) The City Manager's Vehicle Review Committee was expanded to include review of vehicle use. The Chair of the committee coordinated recommendations with departments to revise the City's employee transportation policy. The Public Works Department will vet the recommendations with the Executive Team during review of the transportation policy draft and add requirements as approved.

We recommend the Finance Department:

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

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

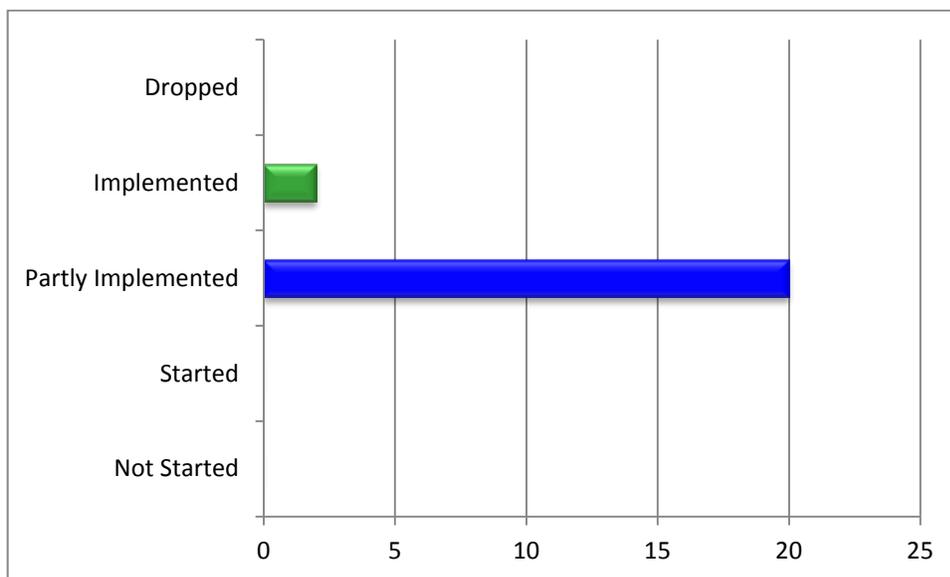
Post Audit Summary of the Audit of Citywide Policies and Procedures

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

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

Full publication of updated policies had been delayed due to requests from City labor unions to meet and confer over policies potentially impacting working conditions. Due to meetings with City labor unions, progress had stalled since June 2013. Although the status of the recommendations have not changed from the previous reporting period, from June 2015 to December 2015, the City continued to work on each recommendation made in the audit report. As shown in Exhibit 14, we designated 2 recommendations implemented (9%) and 20 recommendations partly implemented (91%).

Exhibit 14: Status of Audit Recommendations



Finding 1: While the City has a System for Establishing Policies & Procedures, It is Generally Circumvented

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

[Partly Implemented](#) The Automated Policy and Procedure System (APPS) working group has rewritten AP-1001 (renamed Automated Policy and Procedure System policy) to reflect the APPS system design. The language of the new policy document includes a statement that all e-mailed memorandums that establish or change citywide processes will be incorporated into the body of administrative policies and procedures via the APPS system. The City Manager's office is actively working with department staff to formalize policies and procedures with submission into APPS for management and delivery through the City's Learning Management System (Target Solutions) for employee review and acknowledgement. This process has many stakeholders and is expected to be an ongoing effort. The APPS manager continues to outreach to department directors and managers as emails are discovered that reflect policy or procedure statements; coaching is provided to authors regarding the process for adding the information to existing policies and procedures or the development of new ones.

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

[Partly Implemented](#) The APPS policy is updated to ensure all attachments referred to in a policy document are available, and that the Administrative Policy Coordinator will not approve a policy document unless all referenced documents are included at the time the policy is submitted. The City Manager's office is actively working with department staff to formalize policies and procedures with submission into APPS for management and to ensure all referenced documents exist and are accessible for policy users. The APPS manager continues to meet with existing and new employees to review the APPS policy and clarify the structure and the requirement for readable, complete policies and procedures.

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

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

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

[Partly Implemented](#) The Automated Policy and Procedure System policy has been updated to clearly describe the mechanism for updating policies and procedures in APPS. Consistent with the Automated Document Review System (ADRS), the City Manager's Office developed a video tutorial, which includes illustrations, to assist staff with the creation and updating of administrative policy and procedure documents. With the advent of APPS, the review process has been refined to include a two-week review and comment period for all departments and review/approval by all Charter Officers to ensure all employees understand the rules and expectations that govern their work. APPS is in the process of updating to the City's new K2 Business Process Management (BPM) tool. The APPS manager continues to assist staff in the process and will release video tutorials with the new BPM tool.

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

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

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

[Partly Implemented](#) The City is incorporating the roles and responsibilities of area experts into existing policy and procedure documents via the APPS transition while taking care to evaluate incompatibility, ensure segregation of duties, and prevent conflicts of interest. The City Manager's office has assigned an APPS Manager to collaborate with department staff on all citywide policies and procedures. The APPS Manager also facilitates the use of APPS for Departmental and Division level policies. The Automated Policy and Procedure System policy was rewritten to require the APPS Manager to ensure no subsequent policy or procedure is published without a review for these same issues. The APPS manager continues to review updated policies and procedures for conflict and collaborates with department contacts to remove redundancies with citywide, departmental and division level policies. Providing an overview to new employees of APPS and policy and procedure structure and delivery mechanisms is an ongoing APPS manager activity.

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

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

[Partly Implemented](#) The Human Resources Department is currently working on updating and developing citywide policies and procedures. The City Manager's office has assigned an APPS Manager

to continue to collaborate with all department staff to review and update/retire current citywide policies. During this collaboration, additional policy and procedure needs are identified. The APPS Manager is currently working with the Department of Utilities and the Fire Department on updating their departmental policies in APPS And continues to work with departmental staff to refine existing policy and procedures documents and identification of those that need to be written, reviewed, approved, and released to the appropriate staff. This process is expected to be an ongoing effort.

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

[Partly Implemented](#) The new APPS platform was built to facilitate, create and manage citywide, department and division policies. The Automated Policy and Procedure System policy language requires department directors to establish policies and procedures over key operational areas and to facilitate the receipt and understanding of appropriate citywide, departmental, and division level policies and procedures. In addition, the release of policies and procedures through the Learning Management System (Target Solutions) identifies clearly the responsibilities of all City staff. The APPS manager continues to work with new department directors and division managers to encourage the formalization of internal policies and procedures including worksheets and tutorials.

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

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

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

[Partly Implemented](#) The City Manager's Office evaluated the examples provided in the Audit report. Many of the policies identified have been implemented since the City Auditor's Report was issued. Other policies have been drafted and are in the process of being finalized. Additional policies will be considered per direction from the City Manager. The APPS manager continues to recommend subject matter issues that may be appropriate for a formal policy and procedure document.

We recommend that the City Manager and City Clerk:

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

[Partly Implemented](#) The City's new Automated Policy and Procedure System policy document notes that all current citywide policies and procedure documents shall be published to the CCM. CCM provides

the source documents for posting of City policies and procedures to the City's new website. All currently approved Policies (APIs) are available in CCM and on the City website or intranet. The system is in place to update newly approved policy and procedure documents in CCM. Documents identified as policies or procedures in nature are transitioned into APPS.

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

[Partly Implemented](#) The City's new Automated Policy and Procedure System policy document notes that all current citywide policies and procedure documents shall be published to CCM. CCM will provide the source documents for posting of City policies and procedures to the City's new website. The City Manager's office continues to refine the Automated Policy and Procedure System policy to accurately reflect the most current processes. The APPS policy and procedures are likely to be updated with the migration to the new BPM tool.

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

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

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

[Partly Implemented](#) The documents were reviewed and consolidated or incorporated into new policies and procedures. The APPS project team partnered with HR to convert the recently updated HR policies into the APPS format. Several draft HR policy/procedure documents have been converted to the APPS format including: Reasonable Accommodation, Employee Handbook, Educational Assistance, Wireless Communications, Health and Welfare, Leave Administration, and Employee Separation. During this collaboration, additional policy and procedure needs are identified. The APPS manager continues to work with departments in updating policy and procedure documents that are high priority such as Nepotism, Information Technology Resources, Transportation, Equal Opportunity Employment, and Social Media. This process is expected to be an ongoing effort.

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

[Partly Implemented](#) The updated Automated Policy and Procedure System policy requires the APPS Manager to archive policy and procedure documents when new documents are published to the CCM. The procedure also notes that archived policy and procedure documents are available by request via the City Clerk's Office. CityNet no longer houses any Policies and Procedures. The City's public website contains the most current policies and procedures. The APPS manager continues to add policies and procedures, such as the Council Rules of Procedure, to the website as they are identified.

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

[Partly Implemented](#) APPS provides a single point of accountability for each policy and procedure document including name, title, department, telephone number and email address. The department owners of all the current policies and procedures have been corrected. Many policies and procedures are in the process of being updated and will reflect correct owners. As the APPS manager is notified of end of city service, policies and procedures are updated with appropriate contact information.

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

[Partly Implemented](#) Policies and procedures are now compiled in APPS. CCM houses the policies and procedures and pulls the data from APPS to ensure all data in CCM are current.

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

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

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

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

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

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

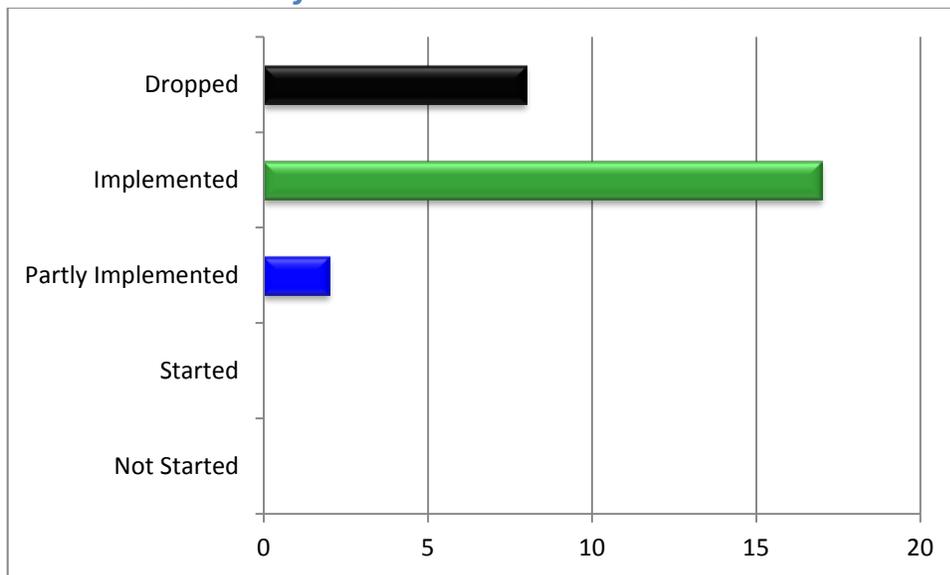
[Partly Implemented](#) APPS is intended to manage the creation, review, editing and publication of citywide, departmental, and division level policies and procedures. The City Manager's office has assigned an APPS Manager to collaborate with department staff on all citywide policies and procedures. The APPS Manager also facilitates the use of APPS for departmental and division level policies. Currently Department of Utilities and the Fire Department are actively transitioning their departmental policies and procedures into APPS. The Fire Department has successfully added over 300 departmental policies to APPS and will begin the review and update process in the new APPS system.

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

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

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

Exhibit 15: Status of Audit Recommendations



Additional Operational Efficiencies and Cost Savings

#12 Accelerate completion of the Computerized Maintenance Management Systems (CMMS).

[Partly Implemented](#) DOU completed upgrading CMMS (Cityworks) in August 2014. The contract for a consultant to start integration with eCAPS is in place and the project has begun. Our projected completion date is March 1st 2016. DOU estimates annual savings of 1,568 hours valued at approximately \$74,238. DOU will reallocate the time savings to field maintenance and repairs.

#14 Accelerate completion of the SCADA HMI software system replacement.

[Partly Implemented](#) DOU is on track to complete point-to-point testing by the end of December 2015. The SCADA system DOU manages is the largest system Trihedral currently has online. There are some hardware issues that need to be addressed to make the system work at peak efficiency. These

hardware issues are being addressed by a Dell lease that was approved by Council on November 10, 2015. There are also software issues, which were created by the water treatment plant rehabilitation project, regarding additional licenses and database points (tag counts). The rehabilitation project increased the number of user licenses needed and exceeded the tag count beyond the current 100,000 limit. These software issues are being addressed by a professional services agreement with Trihedral that was approved by Council on Tuesday, December 15, 2015. Once these issues are resolved, DOU expects to finish by March 2016.

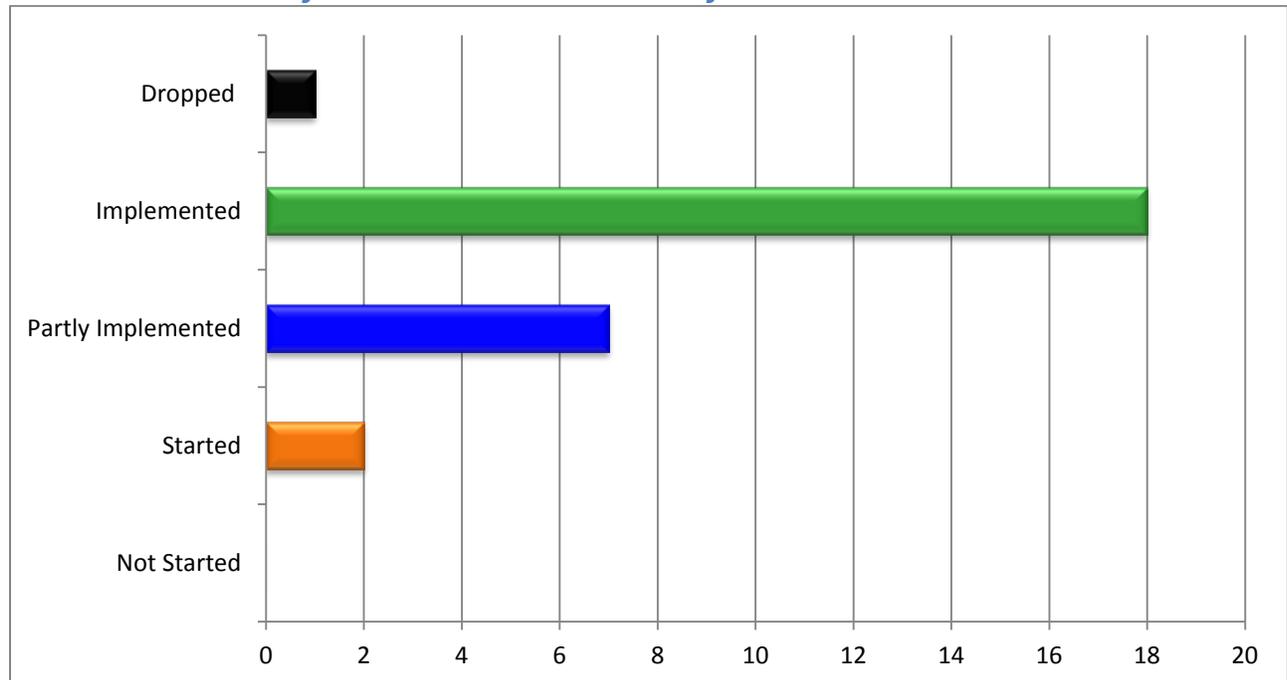
Post Audit Summary of Employee Health and Pension Benefits

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

To evaluate Human Resources' progress in implementing recommendations, we requested a self-assessment from the Department and asked for evidence to support progress. Since the publication of the audit, Human Resources has made significant progress towards implementing the recommendations. Of the 28 recommendations, we determined that the Department has implemented, or partly implemented, 25 recommendations (90%). One recommendation was dropped as it was not adopted during the most recent round of negotiations with Local 522.

Exhibit 16 summarized the implementation progress to date. While Human Resources is making progress towards implementing recommendations, we anticipate that some recommendations could take several more months to fully implement.

Exhibit 16: Status of Health and Pension Benefits Audit Recommendations



Finding 1: The Administration of Health Benefits Has Strengthened, But Areas of Concern Remain

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

Started The Human Resources Department anticipates that the eCAPS 9.2 upgrade will include this functionality. The upgrade is expected to be completed in June 2016.

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

Implemented Human Resources has incorporated many of the LOU's into labor agreements as they are renewed. They plan to continue incorporating any new LOU's into the labor agreements during future negotiations. Human Resources has made the LOU's available online and plans to continue doing so going forward.

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

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

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

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

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

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

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

#16 Consider regional trends when negotiating benefit shares.

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

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

#21 Continue pursuing options to reduce retiree health costs.

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

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

[Started](#) The Human Resources Department anticipates that the eCAPS 9.2 upgrade will include this functionality. The upgrade is expected to be completed in June 2016.

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

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

[Partly Implemented](#) The Training and Wellness Committee has implemented a wellness program that includes goals and measures. The Committee is currently working with health carriers on the City's wellness plans. In addition, two health carriers have offered to provide funding to help support the City's wellness efforts.

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

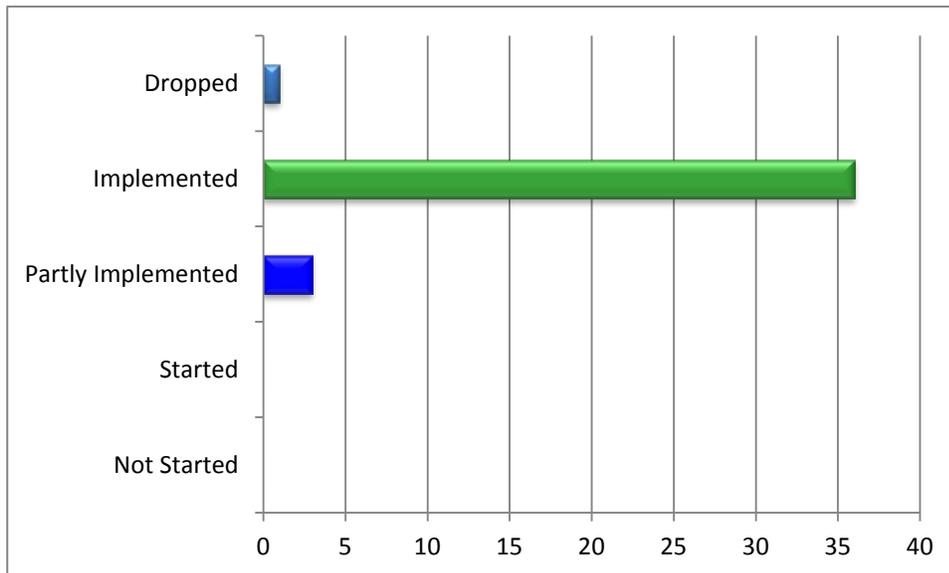
[Partly Implemented](#) The City has a strategic healthcare plan and the City Manager has outlined priorities for negotiations. The Human Resources and Finance Departments are meeting with the Benefits Consultant in March 2016 to review the current plan and revise, if necessary.

Post Audit Summary of the Audit of the Community Development Department

The Performance Audit of the Community Development Department (CDD) contained 5 chapters, identified \$2.3 million² in required permitting fees that the City did not receive, and made 40 recommendations for improving CDD's operations, controls, and management. The audit specifically reviewed the City's processes for issuing building permits and collecting requisite fees. Since the audit's release in October 2010, my office has been working closely with CDD staff to assess and insure adequate implementation of the adopted recommendations.

During the reporting period of July 2015 to December 2015, no progress was made to implement the final recommendations. As shown in Exhibit 17, we designated 36 recommendations as implemented (90%), 3 recommendations as partly implemented (7.5%), and one dropped (2.5%).

Exhibit 17: Status of Audit Recommendations



Complete List of Recommendations and Status

Performance Audit of the Community Development Department (CDD)

SECTION 1: ORGANIZATION AND POLICIES

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

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

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

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

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

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

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