

City Auditor's Semi-Annual Recommendation Follow-Up Report: July 2020 – December 2020

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City of
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Office of the City Auditor
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Recommendation Follow-Up Process

The Office of the City Auditor (Office) makes recommendations to strengthen accountability and improve the efficiency and effectiveness of City programs. In many cases, this involves verifying compliance with laws and regulations, identifying internal control weaknesses and failures, and assessing whether the City has acquired and used its resources efficiently. The office monitors the implementation of all recommendations, and reports on the status of open recommendations every six months with a semiannual report.

In accordance with the City Auditor's approved Fiscal Year (FY) 2020/21 Audit Plan, we have prepared a report on the status of open recommendations for the six-month period ending December 30, 2020. To prepare this report, we met with department staff, reviewed documentation provided by departments, and performed testing to evaluate implementation progress. We would like to express our appreciation to City staff for their cooperation and assistance during our reviews.

Recommendation Progress

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

- **Not started** – The responsible party temporarily postponed implementing the audit recommendation or did not demonstrate sufficient progress toward implementing the recommendation.
- **Started** – The responsible party began implementing the recommendation, but considerable work remains.
- **Partly Implemented** – The responsible party satisfied some elements of the audit recommendation, but additional work and testing remains.
- **Implemented** – The responsible party provided documentation and the Auditor verified the satisfactory implementation of the audit recommendation.
- **Dropped** – The auditor recommends eliminating the recommendation since a change in circumstances rendered it unnecessary.

Benefits of Implementing Recommendations

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

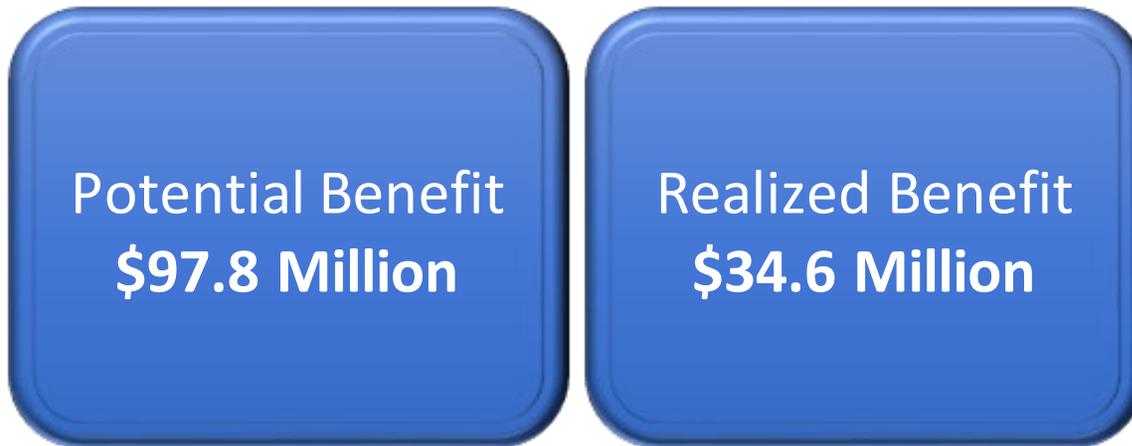
While much of our work aims to identify financial benefits, recommendations are not solely focused on identifying savings. Sometimes they focus on areas that identify key benefits that are not easily quantifiable. For example, it could be difficult to quantify the value of increased residents' satisfaction with City services due to implementation of recommendations, or the benefits of having policies in place that reduce the City's overall risk.

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

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



Source: Auditor generated.

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

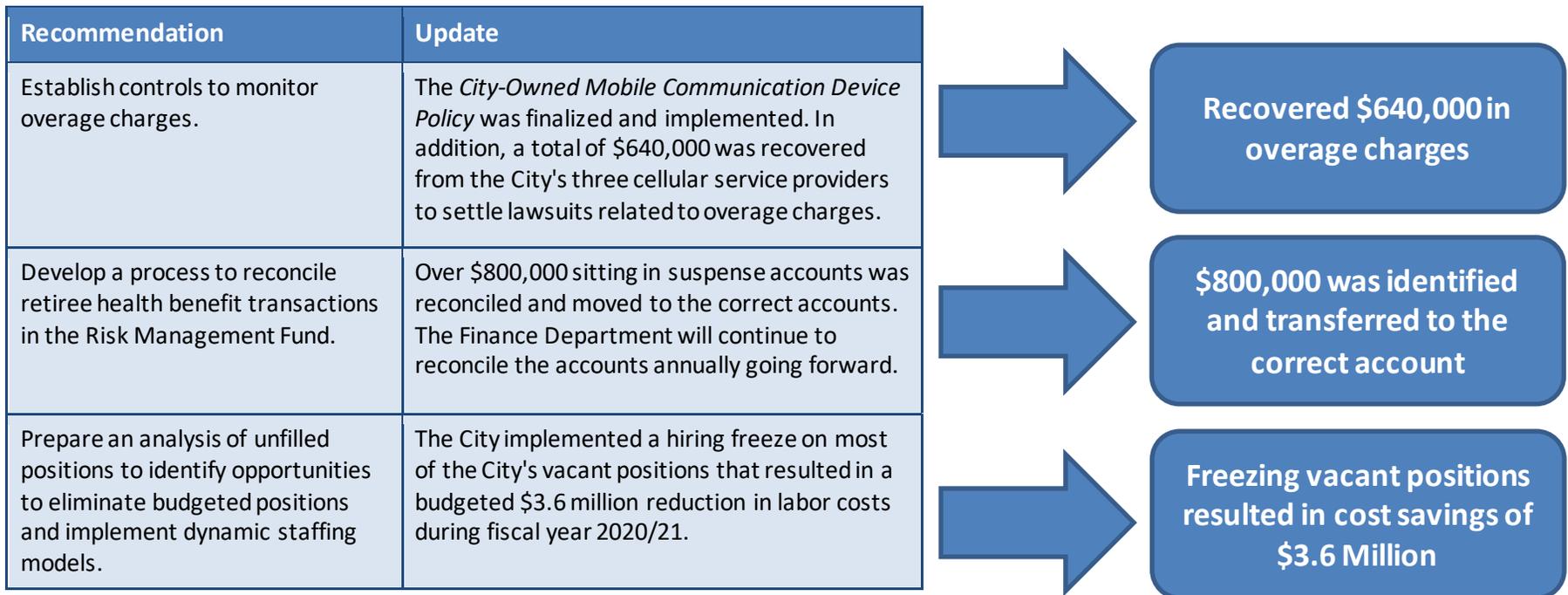
Recommendations that Resulted in Cost Savings During This Follow Up Period

Figure 2 summarizes audit recommendations that resulted in cost savings identified during this follow up period. The *Audit of Citywide Wireless Communications* identified that the City’s cellular service providers were not meeting their contractual obligations to provide quarterly optimization reports. The City was able to recover a total of \$640,000 as the result of a lawsuit that stemmed from this audit finding.

The *Audit of Retiree Health Benefits* identified \$800,000 in funds that were accumulating in suspense accounts and were not being allocated to pay for retiree benefits. After we brought this to the attention of Human Resources and Finance, the funds were reconciled and transferred to the correct accounts.

The *Citywide Innovation and Efficiency Assessment* recommended analyzing and eliminating unnecessary vacant positions. The City implemented a hiring freeze on vacant positions, resulting in \$3.6 million in cost savings for FY20/21.

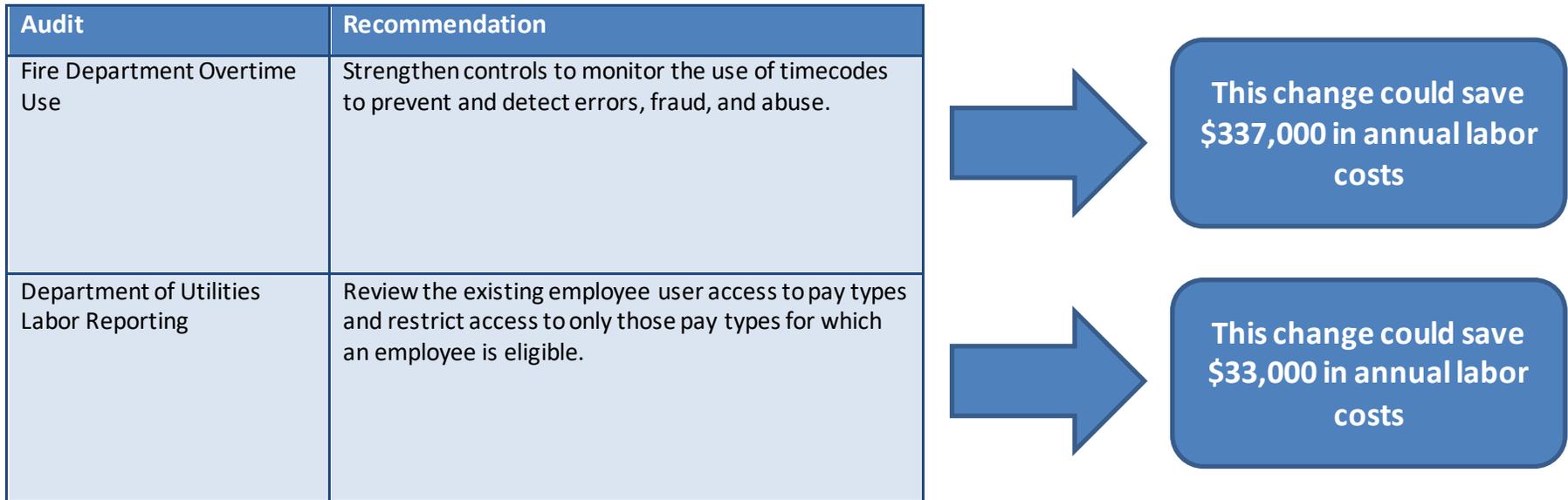
Figure 2: Summary of Cost Savings Recognized During this Follow Up Period



Recommendations that Would Result in Cost Savings, If Implemented

Figure 3 highlights two audit recommendations that, if implemented, would result in cost savings for the City. The *Audit of Fire Department Overtime Use* identified considerable weaknesses in the Fire Department's tracking and monitoring of overtime. Strengthening accountability of overtime use should result in significant cost savings. The *Audit of the Department of Utilities Labor Reporting* noted that restricting pay types would reduce errors and result in an estimated cost savings of \$33,000 annually.

Figure 3: Implementing These Recommendation Would Result in Cost Savings

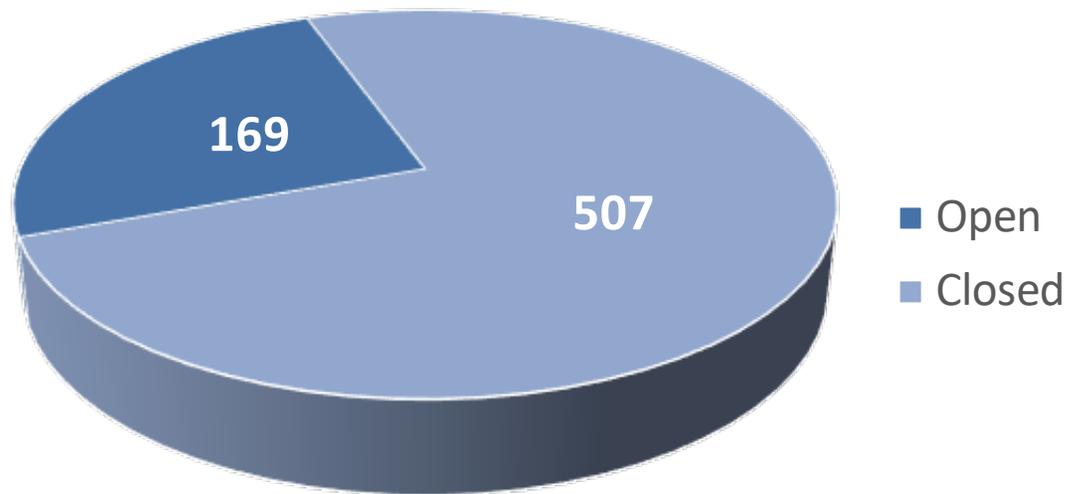


Implementation Progress of Recommendations

75% of All Recommendations Have Been Closed

Since the establishment of the Office of the City Auditor in 2010, the Office has issued 60 reports and made 676 recommendations. At the close of this recommendation follow-up period, 507 (75% of) recommendations had been closed. Figure 4 illustrates the number of recommendations open compared to the number of recommendations closed as of December 30, 2020.

Figure 4: Recommendation Status

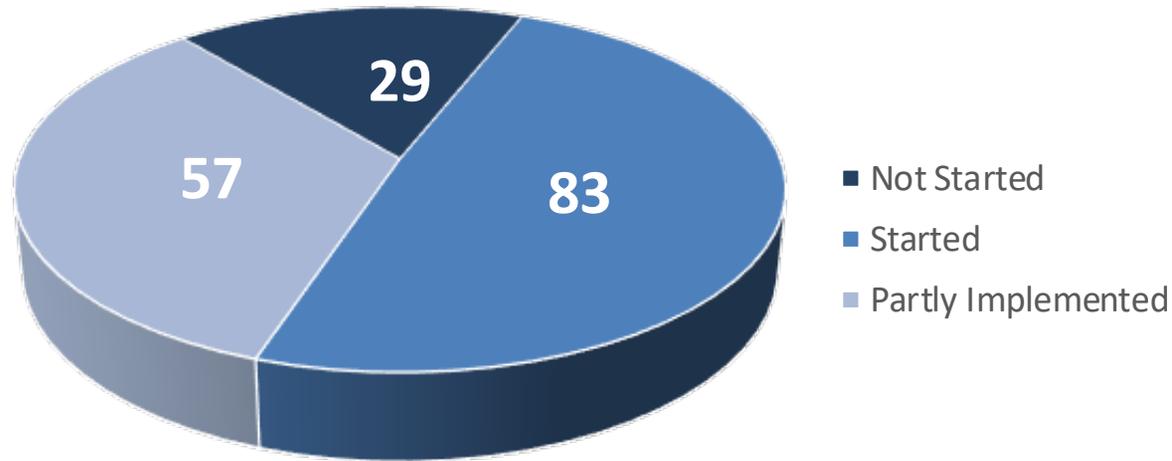


Source: Auditor generated.

Status of Open Recommendations

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

Figure 5: Status of Open Recommendations



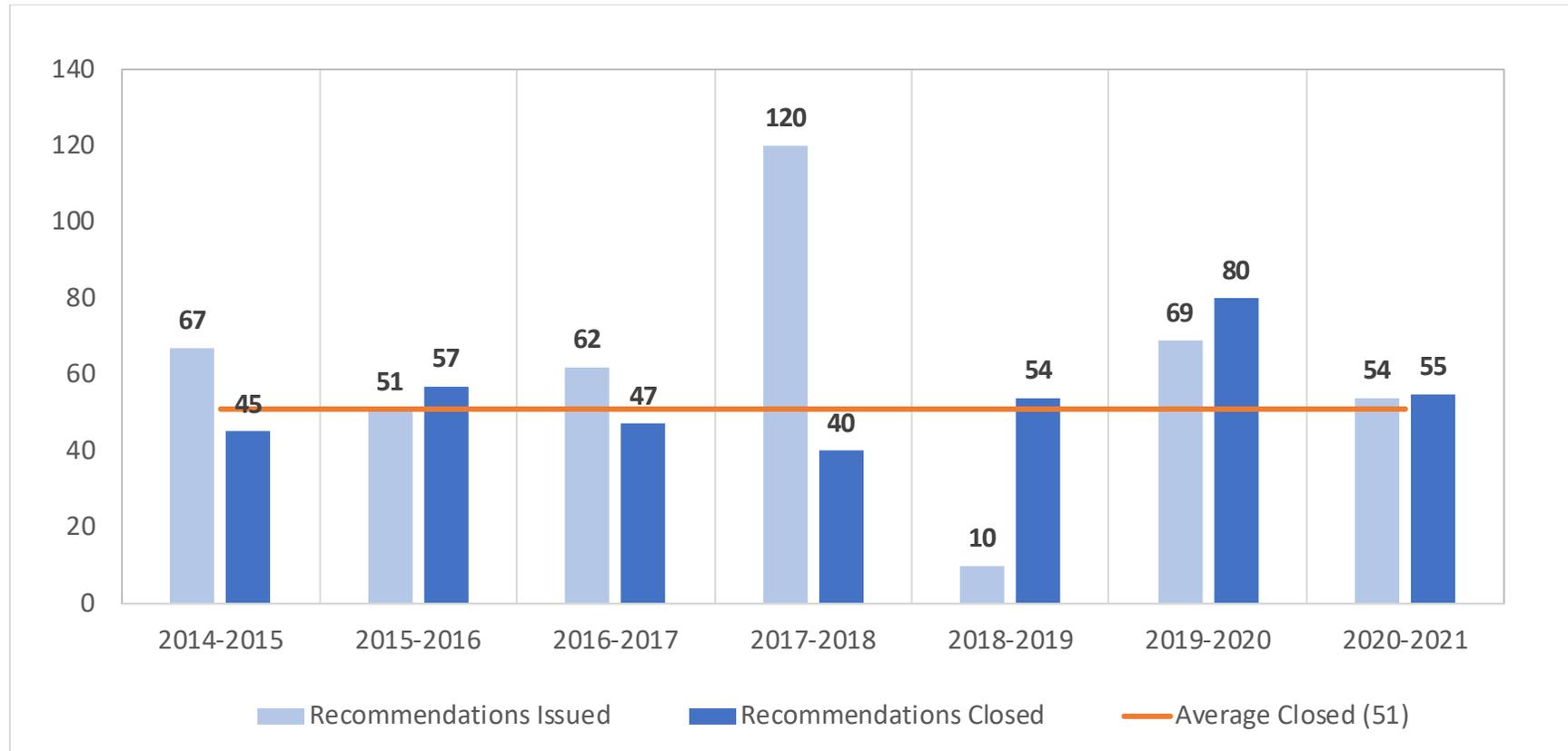
Source: Auditor generated.

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

The Number of Recommendations Issued and Closed Per Year

Figure 6 illustrates the number of recommendations issued and closed in the last seven fiscal years. The average number of recommendations closed per year is 51. It is commendable that in FY20/21 City Departments managed to close 55 audit recommendations, despite the ongoing COVID-19 pandemic.

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



Source: Auditor generated.

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Open Recommendations by Department

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

Figure 7: Recommendations by Department

Department/Entity	Open	Closed	Total	% Closed
Roberts Family Development Center*	12	1	13	8%
Downtown Streets Team, Inc.*	3	2	5	40%
Public Works	31	35	66	53%
City Manager	36	45	81	56%
Youth, Parks, and Community Enrichment	8	11	19	58%
Police	5	8	13	62%
Fire	18	40	58	69%
Finance	22	70	92	76%
Utilities	19	85	104	82%
Information Technology	5	43	48	90%
Human Resources	10	92	102	90%
Golden 1 Center*	0	7	7	100%
City Attorney	0	1	1	100%
City Clerk	0	1	1	100%
City Council	0	6	6	100%
Community Development	0	40	40	100%
Sacramento Housing and Redevelopment Agency	0	12	12	100%
Sacramento Region Sports Education Foundation*	0	8	8	100%
Total	169	507	676	75%

Source: Auditor generated.

*Not a City Department or Division

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Post Audit Recommendation Follow Up Status by Audit

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

Audit of Employee Health and Pension Benefits

Finding	#	Recommendation	Status	Update
Rising Benefit Costs Require The City To Evaluate Cost Containment Options Like Those That Other Governments Employee And Best Practices Recommend	25	Continue plans to implement a wellness program that includes assessing the program's impact.	Implemented	A monthly wellness newsletter is emailed to employees and posted on the City's wellness webpage. Discounts are offered at local health fitness facilities. HR also offers blood drives and Weight Watchers at work. All City health carriers provide wellness benefits including but not limited to education classes, health screenings, and fitness discounts. HR also offers classes through CityYOU focused on financial wellness.
Rising Benefit Costs Require The City To Evaluate Cost Containment Options Like Those That Other Governments Employee And Best Practices Recommend	28	Create and manage a strategic health-care plan.	Implemented	The City works with the Recognized Employee Organizations and its benefits consultant to ensure health plans are in line with the market and the needs of City employees and retirees.

Audit of City Policies and Procedures

Finding	#	Recommendation	Status	Update
While the City has a System for Establishing Policies & Procedures, it is Generally Circumvented	5	Update AP-1001 to clearly describe the mechanism for updating Administrative Policies	Partly Implemented	AP-1001 was retired in 2016 and a new policy will replace AP-1001. The new policy is currently under review by Labor Relations in PolicyStar.

While the City has a System for Establishing Policies & Procedures, it is Generally Circumvented	7	Formally document the roles, responsibilities and processes of area experts.	Partly Implemented	The determination of the roles, responsibilities, and identification of subject matter experts have been redefined in the new policy. The new policy is currently under review by Labor Relations in PolicyStar.
While the City has a System for Establishing Policies & Procedures, it is Generally Circumvented	8	Analyze roles and access privileges of area experts to determine whether any are incompatible with others, to ensure segregation of duties and prevent conflicts of interest.	Partly Implemented	PolicyStar has designated and defined roles such as Policy Coordinator, Policy Authors, and others. The new policy will define roles and access privileges. The policy is currently under final review by Labor Relations in PolicyStar.
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.	Dropped	The Support Services divisions no longer exists. Department directors are currently reviewing and determining the status of the policies in the current repository.
The Inventory of Citywide Policies Could be More Complete and Organized	10	Strengthen the language in AP-1001 to require department directors and division managers who manage citywide processes to establish Administrative Policies over key operational areas.	Partly Implemented	A policy has been drafted to replace AP-1001. The policy has been routed through PolicyStar and is at the Labor Relations review for possible meet and confer.

The Inventory of Citywide Policies Could be More Complete and Organized	11	Assess the inventory of outside policies and procedures and determine whether they should be incorporated or retired.	Implemented	Many policies have been implemented since the audit was conducted. The City has implemented policies similar to outside policies and procedures. Additionally, various controls have been put in place so that department directors can review and add new policies when necessary.
The Inventory of Citywide Policies Could be More Complete and Organized	12	Assess whether the City should develop policies to address some of the policy areas owned by other cities and noted in Exhibit 13.	Implemented	Many policies have been implemented since the audit was conducted. The City has implemented policies similar to outside policies and procedures. Additionally, various controls have been put in place so that department directors can review and add new policies when necessary.
The Inventory of Citywide Policies Could be More Complete and Organized	14	Update PR-1001-01 to include a clear description of how Administrative Policies and Procedures are integrated and accessed in CCM.	Partly Implemented	A policy has been drafted to replace PR-1001-01 and has been routed in PolicyStar. The new policy provides a clear description of how to process, integrate, and access policies and procedures. The policy is currently under final review by Labor Relations in PolicyStar.
The Inventory of Citywide Policies Could be More Complete and Organized	17	Design a control to ensure outdated policies and procedures are removed from CityNet and the City's public website.	Partly Implemented	Due to the impact of COVID-19, no progress was made during the period.
The Inventory of Citywide Policies Could be More Complete and Organized	18	Change the department owners of policies to reflect correct owners.	Implemented	A process has been implemented in PolicyStar that designates and defines the role of a Policy Coordinator. The duties include submitting policies and procedures for review using the City's approved Policy and Procedure workflow and requesting appropriate feedback from the policy review team.

The Inventory of Citywide Policies Could be More Complete and Organized	21	Ensure department directors and division managers regularly review the policy repository to ensure only, and all, their current policies are posted.	Implemented	Policies have completed the review cycle and have been set for 2 year review. At the two year mark the original author and the policy coordinator will be notified for review. This is important because if the author is no longer the correct staff person or employed with the city the policy coordinator is responsible for contracting the department to identify the 'new' author.
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Audit of City Light-Duty Vehicle Use

Finding	#	Recommendation	Status	Update
The lack of a detailed City take-home vehicle policy has allowed the City to approve almost 250 take-home vehicles, resulting in a substantial cost	10	Revise the City's transportation policy to consolidate City direction and enhance criteria for allocating take-home vehicles.	Started	The Fleet Management Division is working with the City Clerk's Office to enter this policy into the City's policy approval workflow system. Suggested changes and recommendations made by the City Clerk's Office are currently being reviewed by the Fleet Management Division.
The lack of a detailed City take-home vehicle policy has allowed the City to approve almost 250 take-home vehicles, resulting in a substantial cost	11	Require employees who receive a take-home vehicle to maintain a log of call back events.	Partly Implemented	No progress was made during the period.
The lack of a detailed City take-home vehicle policy has allowed the City to approve almost 250 take-home vehicles, resulting in a substantial cost	13	Work towards incorporating into all City labor agreements language that clearly states the City's rights and authority over vehicle assignments and removals.	Started	The Labor Relations Division did not respond with a status update for this recommendation.

The lack of a detailed City take-home vehicle policy has allowed the City to approve almost 250 take-home vehicles, resulting in a substantial cost	14	Enforce the current take-home vehicle distance limitation that restricts take-home vehicle assignments to employees that live within thirty-five (35) air miles from the freeway interchange at W-X, 29th-30th Streets.	Started	The Labor Relations Division did not respond with a status update for this recommendation.
The lack of a detailed City take-home vehicle policy has allowed the City to approve almost 250 take-home vehicles, resulting in a substantial cost	15	Work towards reducing the allowable distance for assigning a take-home vehicle so as to promote reasonable response times to emergency call backs.	Started	The Labor Relations Division did not respond with a status update for this recommendation.

Audit of Citywide Purchase-Card Use

Finding	#	Recommendation	Status	Update
While transactions reviewed did not reveal extensive personal purchases, some charges violated policy and lacked complete support	3	Establish a consistent form and guidance to departments for processing lost receipt justifications.	Partly Implemented	The department is developing a P-Card Best Practices Manual to serve as guidance for processing lost receipt justifications.
The purchase card program lacked complete policy guidance and oversight	5	Update the Purchasing Card Policy to make it consistent with other City policies.	Partly Implemented	The department continues to update the Purchasing Card Policy Manual to make it consistent with other City policies.

The purchase card program lacked complete policy guidance and oversight	6	Create an authoritative document that clearly states what types of purchasing card transactions are allowable and prohibited, and distribute it to all cardholders and approving officials.	Partly Implemented	The department is updating the Purchasing Card Policy Manual to reflect the types of transactions that are allowable and prohibited. Once the manual is formally adopted, it will be distributed to all cardholders and approving officials.
The purchase card program lacked complete policy guidance and oversight	7	Ensure that the document is updated annually to reflect policy changes.	Partly Implemented	The Purchasing Card Policy Manual, once formally adopted, will be reviewed annually to reflect applicable policy changes.
The purchase card program lacked complete policy guidance and oversight	8	Provide mandatory annual purchasing card-use training for cardholders and require them to sign a form agreeing to program terms and acknowledging their responsibilities.	Started	The department is creating an annual training course to be completed by all cardholders. The training will require the cardholders to acknowledge their responsibilities and agree to the purchase card program terms.
The purchase card program lacked complete policy guidance and oversight	9	Provide mandatory annual purchasing card-approval training for approving officials and require them to sign a form agreeing to program terms and acknowledging their responsibilities	Started	The department is creating an annual training course to be completed by all cardholders. The training will require the cardholders and approving officials to acknowledge their responsibilities and agree to the purchase card program terms.
The purchase card program lacked complete policy guidance and oversight	10	Perform occasional surprise audits of purchasing card transactions and present any concerns to respective departments and the City Manager's Office.	Implemented	Audit procedures have been established and documented. As part of the audit process, the division reaches out to respective cardholders to reconcile missing receipts.

The purchase card program lacked complete policy guidance and oversight	12	Strengthen controls that are already in place and consider adding controls that are in line with best practices.	Partly Implemented	The department intends to add additional clarifications regarding prohibited uses of purchase cards and add additional controls in the Purchasing Card Policy Manual, pending updates and formal adoption.
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Audit of City Employee Supplemental Pay

Finding	#	Recommendation	Status	Update
Controls Over Employee Time Reporting Must be Improved	9	Create a policy and procedure for recording supervisor approval of individual employee time.	Partly Implemented	The Fire Department anticipates the Telestaff upgrade should be completed in February 2021. This upgrade should allow for enhanced functionality that will help to address this recommendation. In addition, the Fire Department has transitioned some staff to eCAPS timekeeping, which facilitates supervisory approval.
Controls Over Employee Time Reporting Must be Improved	10	Discontinue allowing any employee to have administrative access to both Telestaff software and server, and create a policy to prevent it in the future.	Partly Implemented	The Fire Department anticipates the Telestaff upgrade should be completed in February 2021. This upgrade should allow for enhanced functionality that will help to address this recommendation.
Controls Over Employee Time Reporting Must be Improved	11	Develop controls to monitor the activity of those provided with administrative rights to Telestaff.	Started	The Fire Department anticipates the Telestaff upgrade should be completed in February 2021. This upgrade should allow for enhanced functionality that will help to address this recommendation.

Audit of City Inventory Systems - Part 1 of 2

Finding	#	Recommendation	Status	Update
The Information Technology Department's inventory system contains significant errors and omissions	1	Assign responsibility for managing the IT inventory system to the Chief Information Officer.	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 Asset Policy was adopted in January 2021.
The Information Technology Department's inventory system contains significant errors and omissions	2	Establish goals and performance measures to increase data accuracy to at least 95 percent	Implemented	A goal of 95% accuracy has been established by the Citywide Information Technology Hardware Asset Policy and performance toward that goal is being measured quarterly. The policy was formally adopted in January 2021.
The Information Technology Department's inventory system contains significant errors and omissions	3	Develop standardized policies and procedures for inventory management and provide training to staff.	Implemented	IT Hardware Inventory Procedures have been developed for internal use by the IT Department to complement the Citywide IT Hardware Asset Policy. A training plan was developed and completed for all IT staff responsible for the acquisition and management of the City's IT hardware inventory.
The Information Technology Department's inventory system contains significant errors and omissions	4	Develop minimum data requirements for inventory records including model number, physical location, status, assignment, cost, and purchase date.	Implemented	The following required fields for inventory have been identified in the Citywide IT Hardware Asset Policy: Asset Tag Number, Asset Type, Assigned to, Department Org Unit, Location, Manufacturer, MAC Address (VOIP phones), Model Name/Number, Name, Purchase Date, Cost, Serial Number/Unique Identifier, Status, and Warranty Dates (if applicable.) The policy was formally adopted in January 2021.

The Information Technology Department's inventory system contains significant errors and omissions	6	Determine why inventory records are not always updated when employees separate from the City and implement a solution.	Implemented	Procedures and workflows have been put in place to remove system access and collect/reassign city owned IT equipment to a prospective employee or departmental representative. IT has begun performing quarterly reviews of employee separations and an IT Hardware Asset Policy was adopted in January 2021.
The Information Technology Department's inventory system contains significant errors and omissions	7	Develop a process to ensure all new IT hardware purchases are recorded in the inventory system.	Implemented	The Information Technology Hardware Asset Policy addresses the updated procedures for recording new purchases including the data fields listed in Recommendation #4. Quarterly self-audits are being performed to measure accuracy.
The Information Technology Department's inventory system has an excessive number of users with the ability to modify and delete inventory records	12	Formalize logical access to the inventory system in a written policy.	Implemented	IT has developed logical access in the inventory system to specify the role and access level for each user group and performs audits on an annual basis to ensure conformity. The IT Hardware Asset Management Policy was formally adopted in January 2021.

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

Finding	#	Recommendation	Status	Update
The Fire Department should implement inventory management best practices to improve accountability and accuracy	1	Assign responsibility for managing inventory and develop policies to provide clear and consistent direction.	Partly Implemented	The Department has recently hired a Stores Administrator who has been tasked with drafting the policies needed to provide clear and consistent direction related to inventory management. Due to the COVID-19 response, completion of the policy has been delayed.
The Fire Department should implement inventory management best practices to improve accountability and accuracy	2	Establish performance goals to determine if the system is functioning properly.	Started	The Fire Department has been delayed in establishing performance goals due to the COVID-19 response. However, the Department has drafted a controlled medications security and procurement policy as well as established controlled medications reporting, and has random audits performed by the Fire Service Medical Director and Fire Department leadership to ensure compliance and accuracy of inventory control measures.
The Fire Department should implement inventory management best practices to improve accountability and accuracy	3	Determine a schedule for regular and random inventory counts to ensure accuracy and identify outages.	Partly Implemented	Inventory reports and counts are being completed, formal processes are still being developed.
The Fire Department should implement inventory management best practices to improve accountability and accuracy	4	Require supervisory approval of inventory count adjustments and document the cause of the variance.	Started	Inventory processes are still being developed and tested. An Inventory Change Log has been developed in the inventory system to identify adjustments or edits made by staff. However, a sudden shift in Department priorities during COVID-19 has delayed completion.

The Fire Department should implement inventory management best practices to improve accountability and accuracy	5	Develop a mechanism to track discarded or expired medication.	Partly Implemented	Expiration dates for some supplies are being recorded in the electronic inventory system. Policies and reporting mechanisms are still being developed.
The Fire Department should implement inventory management best practices to improve accountability and accuracy	6	Develop a process to track actual usage of supplies.	Partly Implemented	The Department has fully implemented a process to track the actual usage of narcotics, but other supply tracking has been only partially implemented due to lack of staffing and the department's COVID-19 response.
The Fire Department should implement inventory management best practices to improve accountability and accuracy	7	Work with the IT Department to implement system access best practices, including the concept of “least privileges.”	Partly Implemented	A formal access policy has not yet been established. Staff is actively working with the IT Department on how best to implement this recommendation.
The Fire Department should implement inventory management best practices to improve accountability and accuracy	8	Develop a formal process for approving new user access and changes to access levels.	Started	A formal access policy has not yet been established. Staff is actively working with the IT Department on how best to implement this recommendation.
The Fire Department should implement inventory management best practices to improve accountability and accuracy	9	Perform ongoing reviews of system access.	Partly Implemented	A formal access policy has not yet been established. Staff is actively working with the IT Department on how best to implement this recommendation. We performed testing of physical access to medical supplies and found that some prior employees still had badge access to the facilities.

Audit of Citywide Wireless Communications

Finding	#	Recommendation	Status	Update
Improving How the City's Wireless Device Program is Administered Could Potentially Save the City \$291,600 and Decrease the Risk of Abuse	1	Establish controls to monitor overage charges.	Implemented	The Information Technology (IT) Department implemented a mobile management application, NexTEM, to monitor wireless overage charges. The IT Department also sends monthly bills and quarterly usage details (including zero usage and overage charges) to departments for review. Department heads or their designees are responsible for reviewing monthly charges and making appropriate plan changes as required in the City-Owned Mobile Communication Device Policy. During this reporting period, the City-Owned Mobile Communication Device Policy was finalized and implemented. In addition, during calendar year 2020, the Information Technology Department received nearly \$640,000 from the City's three vendors to settle lawsuits in which the City was involved.
Improving How the City's Wireless Device Program is Administered Could Potentially Save the City \$291,600 and Decrease the Risk of Abuse	2	Develop testing mechanisms and protocols for detecting and eliminating excessive personal use.	Implemented	IT implemented a mobility management application to monitor monthly wireless charges. In addition, monthly bills and quarterly wireless usage details are available for management review. The IT Department has developed a City-Owned Mobile Communication Device Policy assigning department heads or their designees responsibility for reviewing and approving monthly vendor charges and usage reports. Also, the IT Department implemented the Mobile Device Management solution that will provide better controls in monitoring, inventory, and securing the City's mobile devices. During this reporting period, the City-Owned Mobile Communication Device Policy was finalized and implemented.

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.	Implemented	During this reporting period, both the City-Owned Mobile Communication Device Policy and the Information Technology Hardware Asset Management Policy were finalized and implemented.
Wireless Device Policies are Insufficient	12	Develop a process to review policies on an ongoing basis so they remain up-to-date.	Implemented	The City's policy management system, PolicyStar, has the ability to assign regular reviews of policies. According to the City Clerk's Office, the default for policies is a two-year policy review. We confirmed the new City-Owned Mobile Communication Device Policy has a two-year revision frequency.
Wireless Device Policies are Insufficient	13	Establish how best to exercise authority over the City's wireless communication devices.	Implemented	Roles and responsibilities of all players in the management of the City's wireless communication devices are delineated in the formal City-Owned Mobile Communication Device Policy which was finalized and implemented during this reporting period.
Wireless Device Policies are Insufficient	14	Update and utilize the wireless communication device request form for all employees issued City devices. The request form should include a written justification for the device, anticipated use, and plan type with supervisory approval and stored for as long as the employee is assigned the device.	Partly Implemented	The Information Technology Department is working on updating the Mobile Device Request Form to include fields for a written justification for the device, anticipated use, plan type, and supervisory approval. In addition the links to the request form will be updated in the Mobile Communication Device Policy.

Wireless Device Policies are Insufficient	15	Submit a new wireless communication device request form for all existing employees with City-issued devices.	Partly Implemented	The IT Department recently finalized and implemented the City-Owned Mobile Communication Device Policy. The IT Department will begin requiring new wireless communication device request forms for all existing employees with City-issued devices after updating the current mobile device request form.
Wireless Device Policies are Insufficient	16	Define responsibilities and develop policies to govern telecom liaisons.	Implemented	Roles and responsibilities of all players in the management of the City's wireless communication devices is delineated in the formal City-Owned Mobile Communication Device Policy which was finalized and implemented during this reporting period.
Wireless Device Policies are Insufficient	17	Department management should review changes made by telecom liaisons to ensure they are appropriate.	Implemented	Alerts are now sent to management when changes are made in the Mobile Device Management system. Wireless communication device request forms will help prevent inappropriate orders. The IT Department also sends monthly charges to departments for review. Responsibility for reviewing changes and charges are assigned in the City-Owned Mobile Communication Device Policy that was finalized and implemented during this reporting period.

Inventory Records are Incomplete and Inconsistent	18	Update inventory records and ensure complete and up-to-date inventory is maintained.	Partly Implemented	The City-Owned Mobile Communication Device Policy and IT Hardware Asset Management Policy were finalized and implemented during this reporting period. The IT Department also completed its internal Second Quarter 2020 inventory audit. However, the Auditor's Office review of the IT Department's Servicenow inventory records found that 32 percent of mobile devices the City currently pays monthly service fees for were not included in the Servicenow inventory records. Therefore, mobile device inventory records are not yet complete and up-to-date and some additional work is necessary to implement this recommendation.
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Audit of the City's 311 Call Center

Finding	#	Recommendation	Status	Update
Additional Technological Enhancements May Help the 311 Call Center Improve Performance	15	Integrate data from Cisco, Siebel or new CRM system, and Witness to better analyze 311 Call Center data and develop processes to improve customer service.	Partly Implemented	According to the 311 Call Center, due to impacts of Covid-19 progress was slowed on this recommendation. Salesforce post-production development has been completed and the 311 Call Center has identified a solution for Workforce Management/Quality Management that would help integrate data. They are in the contracting phase and should have the new solution implemented by the end of the 2020/21 fiscal year.

Audit of the City's Master Vendor File

Finding	#	Recommendation	Status	Update
Prohibited vendors with potential conflicts of interest conducted business with the City	19	Provide training on City Code 2.16.010 Prohibition on City Employee Interest in City Contract to City employees responsible for selecting vendors.	Implemented	Procurement has incorporated ethics training into their workshops that remind employees they are not eligible to contract with the City.

Audit of the Department of Utilities Labor Reporting

Finding	#	Recommendation	Status	Update
Policies Can Be Improved and Opportunities for Cost Savings Through Renegotiation Exist	8	Review the existing employee user access to pay types and restrict access to only those pay types for which an employee is eligible.	Started	Due to COVID-19, no progress was made during this period. The Auditor's Office met with the Payroll Division to discuss open audit recommendations in September 2020.
Policies Can Be Improved and Opportunities for Cost Savings Through Renegotiation Exist	14	Review and update all Department of Utilities internal policies related to labor reporting.	Partly Implemented	Due to COVID-19, progress of completing this recommendation has been delayed through 2021. DOU Division leaders have reviewed policies and updated Policy and Procedures Manuals, and the chapters are ready for Labor Relations review. These are lengthy documents and require vetting with Unions, Labor Relations, City Attorney, and Human Resources, and this process will take some time. The department expects work to be completed by Dec 2021.

There are System Users with Unnecessary or Excessive Levels of Access to Department of Utilities Systems that May Create Potential Conflicts of Interest or Inconsistencies in the Timesheet Approval Process	20	Enforce segregation of duties so that timesheet approvers either enter or approve timesheets.	Implemented	A query was developed to identify instances where segregation of duties was not exercised. The Department of Utilities' Employee & Administrative Services (EAS) will run and disseminate the report on an annual basis.
The Finance Department Uses an Excessive Number of Time Reporting Codes and Earn Codes as well as Complex Calculation Methodologies and Distribution Methods for Supplemental Pay that May Not Align with Labor Agreements or Tax Laws	24	Review the labor agreements and update the calculation methodology for the appropriate supplemental pay types so that they are compounded correctly, if necessary.	Started	Due to COVID-19, no progress was made during this period. The Auditor's Office met with the Payroll Division to discuss open audit recommendations in September 2020.
The Finance Department Uses an Excessive Number of Time Reporting Codes and Earn Codes as well as Complex Calculation Methodologies and Distribution Methods for Supplemental Pay that May Not Align with Labor Agreements or Tax Laws	25	Review and update which pay types should have compounding pay components.	Started	Due to COVID-19, no progress was made during this period. The Auditor's Office met with the Payroll Division to discuss open audit recommendations in September 2020.
The Finance Department Uses an Excessive Number of Time Reporting Codes and Earn Codes as well as Complex Calculation Methodologies and Distribution Methods for Supplemental Pay that May Not Align with Labor Agreements or Tax Laws	26	Establish written policies and procedures for periodically reviewing and updating the earn codes and time reporting codes, checking for duplicates and active earn codes that should be deactivated.	Partly Implemented	Written procedures were developed for a semi-annual review of active time reporting and earnings codes. The goal is to capture duplicate, invalid, and no longer in use codes to inactivate them. The Auditor's Office will verify the procedures are being followed during the next recommendation follow-up period.

Audit of the City's Risk Management Division

Finding	#	Recommendation	Status	Update
The City May Reduce Risk and Liability by Making Improvements to Some Programs and Policies	13	Consider monitoring the drivers' licenses of all employees that drive City vehicles or receive City vehicle allowances.	Started	The HR Risk Management Division will implement pull notice monitoring for non-commercial drivers upon adoption of the Transportation Policy. As of the end of this reporting period, the Transportation Policy had not been implemented by the Department of Public Works' Fleet Management Division and no progress had been made on this recommendation.
The City May Reduce Risk and Liability by Making Improvements to Some Programs and Policies	16	Continue to work towards implementing the updated draft of the Transportation Policy to increase the insurance requirement of employees driving their personal vehicles for City business.	Started	HR will continue to work towards implementing the updated draft of the Transportation Policy. As of the end of this reporting period, the Transportation Policy had not been implemented by the Department of Public Works' Fleet Management Division and no progress had been made on this recommendation.
The City May Reduce Risk and Liability by Making Improvements to Some Programs and Policies	17	Work together to develop a monitoring mechanism to ensure employees maintain the required minimum insurance coverage when receiving a vehicle allowance.	Started	According to Risk Management Division staff, they are working on a Citywide assignment that will ask employees who may drive their personal vehicle for work to review and acknowledge they have read the City Transportation Policy and that they have the insurance that meets the minimum state requirements. This will be rolled out through the City's new learning management system. When the Transportation Policy is updated with new minimum insurance requirements, employees will need to review and acknowledge the increased insurance requirements.

Audit of Fire Department Overtime Use

Finding	#	Recommendation	Status	Update
Negotiated Overtime and Incentive Provisions May Have Unintentionally Increased Payroll Costs	6	Evaluate the necessity of Primary Paramedic Pay.	Not Started	This item will likely need to be negotiated as part of the meet and confer process between management and labor. No progress has been made on this recommendation. However, Human Resources is aware of this item for future labor negotiations.
The Fire Department Lacks Sufficient Controls Over the Administration and Use of Overtime	7	Establish policies on the administration and use of overtime.	Started	According to the Fire Department, a policy has been drafted. However, its implementation has been delayed due to the department's COVID-19 response.
The Fire Department Lacks Sufficient Controls Over the Administration and Use of Overtime	8	Document the purpose for overtime use in a consistent and retrievable format.	Started	The Fire Department has migrated some administrative and salaried staff to eCAPS and is also in the process of upgrading TeleStaff software, which is anticipated to improve reporting capabilities. The Telestaff upgrade is expected to be completed in February 2021. The Fire Department expects the newer version will have enhanced capability for documenting the use and approval of overtime.
The Fire Department Lacks Sufficient Controls Over the Administration and Use of Overtime	9	Document supervisory approval of overtime use in a consistent and retrievable format.	Started	The Fire Department has migrated some administrative and salaried staff to eCAPS and is also in the process of upgrading TeleStaff software, which is anticipated to improve reporting capabilities. The Telestaff upgrade is expected to be completed in February 2021. The Fire Department expects the newer version will have enhanced capability for documenting the use and approval of overtime.
The Fire Department Lacks Sufficient Controls Over the Administration and Use of Overtime	11	Develop, document, and enforce system access controls for Telestaff users.	Started	The Fire Department is in the process of upgrading TeleStaff software, which is anticipated to improve system access capabilities. The Telestaff upgrade is expected to be completed in February 2021.

The Fire Department Lacks Sufficient Controls Over the Administration and Use of Overtime	12	Strengthen controls to monitor the use of timecodes to prevent and detect errors, fraud, and abuse.	Started	The Fire Department has migrated some administrative and salaried staff to eCAPS and is also in the process of upgrading TeleStaff software, which is anticipated to improve reporting capabilities. The Telestaff upgrade is expected to be completed in February 2021. The Fire Department expects the newer version will have enhanced capability for documenting the use and approval of overtime.
Implementing Alternative Staffing Methods Could Reduce Costs and Improve Service Delivery	17	Consider incorporating peak-demand ambulance units into the current staffing model.	Partly Implemented	The Fire Department currently staffs some peak-demand ambulance units, when staff are available. The Department continues to work towards a more permanent deployment model. The department's COVID-19 response has delayed additional progress towards this recommendation.

Audit of the Department of Utilities Inventory

Finding	#	Recommendation	Status	Update
Strengthening the Physical Security of Department of Utilities Inventory Could Reduce the Risk of Fraud, Waste, and Abuse	3	Review the number and appropriateness of employees with access to the inventory warehouse and formalize which positions can be granted access to each warehouse in the inventory policies.	Partly Implemented	The Department of Utilities (DOU) received approval from Public Works Facilities to reach out to vendors to obtain quotes to implement the project of installing pallet racking in Building 18 and relocating inventory items from Yard 22 to Building 18. DOU will obtain vendor quotes by Spring 2021 with the goal of completing the project by July 2021.
Strengthening the Physical Security of Department of Utilities Inventory Could Reduce the Risk of Fraud, Waste, and Abuse	4	Establish and implement consistent procedures for the tracking of tools and equipment, including establishing and applying clear criteria for assigning asset identification numbers.	Partly Implemented	Logistics Stores Administrator scheduled the remaining two water plant inventory audits, this is expected to occur once the preventative maintenance is completed at both locations this fall. Remaining two water plant audits are targeted for completion by Fall 2021.

Strengthening the Physical Security of Department of Utilities Inventory Could Reduce the Risk of Fraud, Waste, and Abuse	5	Establish a policy that prohibits employees from borrowing City-owned tools and equipment for personal use and document employee acknowledgement.	Partly Implemented	No progress was made during the period. The draft Tool Policy remains with Labor Relations and the unions for meet and confer.
While the Department of Utilities' Inventory Count Procedures Appear Robust, the Execution Breaks Down	7	Develop a process to ensure all warehouses are included in the inventory counts.	Partly Implemented	No progress was made during the period. The draft Inventory Policy remains with Labor Relations and the unions for meet and confer.
While the Department of Utilities' Inventory Count Procedures Appear Robust, the Execution Breaks Down	9	Formalize specific count methodologies in a written policy.	Partly Implemented	No progress was made during the period. The draft Inventory Policy remains with Labor Relations and the unions for meet and confer.
While the Department of Utilities' Inventory Count Procedures Appear Robust, the Execution Breaks Down	11	Formalize a procedure for accurately recording inventory count adjustments in a written policy.	Partly Implemented	No progress was made during the period. The draft Inventory Policy remains with Labor Relations and the unions for meet and confer.
While the Department of Utilities' Inventory Count Procedures Appear Robust, the Execution Breaks Down	13	Add an additional step to the water meter serial number count that reconciles the Water Meter Receipt and Issue Log with Cityworks.	Partly Implemented	No progress was made during the period. The draft Inventory Policy remains with Labor Relations and the unions for meet and confer.
While the Department of Utilities' Inventory Count Procedures Appear Robust, the Execution Breaks Down	14	Review, update, and enforce inventory policies related to the tracking of water meters.	Partly Implemented	No progress was made during the period. The draft Inventory Policy remains with Labor Relations and the unions for meet and confer.
The Department of Utilities Lacks Formal User Access Policies and Procedures Regarding Their Inventory Systems	22	Formalize logical access to the inventory systems in a written policy.	Partly Implemented	No progress was made during the period. The draft Inventory Policy remains with Labor Relations and the unions for meet and confer.

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

Finding	#	Recommendation	Status	Update
Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City	2	Update EBO policies, templates, and other guidance for accuracy and consistency.	Started	The City's EBO policy is a duplication of the State of California's Equal Benefits Ordinance, which was adopted in 2007. The Procurement Division will be working with the City Attorney's Office to determine how to reduce redundancies between State laws and City policies.
Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City	3	Develop processes to ensure EBO analysis and reports are completed as required by City policy.	Started	The City's EBO policy is a duplication of the State of California's Equal Benefits Ordinance, which was adopted in 2007. The Procurement Division will be working with the City Attorney's Office to determine how to reduce redundancies between State laws and City policies.
Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City	4	Determine the City's intent regarding bid protests and update policies, templates, and other guidance for consistency.	Partly Implemented	Bid protests have been clarified and posted in the Procurement Policy Manual, which is currently undergoing legal review. After review, the Procurement Policy Manual will be submitted for formal adoption as a city policy.
Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City	5	Define and publish specific roles and responsibilities of procurement stakeholders.	Partly Implemented	The role of the Department Contract Administrator, a procurement stakeholder within the City, has been clarified and published in the Procurement Policy Manual, which is currently undergoing legal review. After review, the Procurement Policy Manual will be submitted for formal adoption as a city policy.

Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City	7	Review and revise the routing cover sheet to ensure it accurately reflects value-added reviews and incorporate the routing requirements in City policy.	Implemented	Standard procurement contracts (Professional services, Non-Professional services, Non-Professional services and Goods, and Goods Only) contracts are currently electronically routed through eCAPS, with review completed by the Procurement Division and the Risk Management Division. All other non-standard contracts are routed outside of eCAPS and manually reviewed by the Clerk's Office. This decision was made based upon the contract types that eCAPS housed when it was live. The Clerk's Office has since updated the physical contract routing sheet.
Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City	8	Develop information system controls to ensure contracts and supplements are correctly routed and reviewed before execution.	Implemented	Adobe E-Sign contains fields for required personnel to sign. Although entering in email addresses to request signatures is still a manual process, all contracts routed through Adobe E-Sign are attested to and signed by the Contract Administrator to state that all signatories have the authority to sign the contract. All contracts that are signed with wet signatures are reviewed and attested by the City Clerk's office prior to execution.
Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City	10	Consider requiring City employees with procurement responsibilities to complete applicable training before engaging in procurement activities.	Implemented	Role-based access is established and the Procurement Division grants access to individual employees after they have completed applicable training. Currently, training is required for Purchase Requisitions, Strategic Sourcing, and Procurement Contract modules and completion is tracked internally. The Procurement Division currently manually requests access from IT upon completion of training.

Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City	11	Develop information system controls to ensure contracts are not developed, executed, or managed by employees who have not received applicable training.	Implemented	Role-based access is established and the Procurement Division grants access to individual employees after they have completed applicable training. Currently, training is required for Purchase Requisitions, Strategic Sourcing, and Procurement Contract modules and completion is tracked internally. The Procurement Division currently manually requests access from IT upon completion of training.
Procurement Guidance and Training were Insufficient to Ensure Employees Properly Procured Services on Behalf of the City	12	Determine the intent and purpose of purchase orders, and clarify their requirements and use in City guidance and templates.	Partly Implemented	Purchase orders have been clarified and published in the Procurement Policy Manual, which is currently undergoing legal review. After review, the Procurement Policy Manual will be submitted for formal adoption as a city policy.
City Departments Did Not Ensure Contracts were Awarded and Executed in Accordance with City Code and City Policy	18	Develop controls to ensure all contract signatories are authorized to sign contracts and supplements on behalf of the City.	Implemented	Adobe E-Sign contains fields for required personnel to sign. All contracts routed through Adobe Sign are attested to and signed by the Contract Administrator to state that all signatories have the authority to sign the contract. All contracts that are signed with wet signatures are reviewed and attested by the City Clerk's office prior to execution.
City Departments Did Not Ensure Contracts were Awarded and Executed in Accordance with City Code and City Policy	19	Consider conducting a review of active City contractors' tax certificate status to recover overdue taxes and penalties.	Partly Implemented	Controls are in place to ensure any business who contracts with the City that receives monetary remuneration must have a valid BOTC. This control lies both in the contract and purchase order workflows. These controls put contractors and vendors in compliance going forward from 2020. The Revenue Division has conducted and is finalizing a review of contractors with overdue taxes and penalties.

City Departments Did Not Ensure Contracts were Awarded and Executed in Accordance with City Code and City Policy	21	Develop controls to monitor Business Operation Tax Certificates for expiration throughout the contract period.	Implemented	The Procurement Division collects Business Operation Tax information during Pre-Requisition process and does not approve or dispatch any purchase orders for vendors without valid Business Operation Tax information unless an exception is provided by the Revenue Division. The Revenue Division also downloads a report from the K2 system to identify vendors without Business Operation Tax information to help bring them into compliance.
City Departments Failed to Ensure Contracts were Managed in Accordance with City Code and City Policy	24	Develop information system controls to ensure bids and contracts are initially written to the appropriate thresholds.	Partly Implemented	With the rollback of ABCDs, Procurement has reverted back to conducting manual reviews of contracts and compliance with bidding/approval thresholds prior to approving a pre-requisition for a purchase order.
City Departments Failed to Ensure Contracts were Managed in Accordance with City Code and City Policy	28	Develop information system controls to ensure contracts are fully executed prior to any service performance.	Implemented	City Code mandates suppliers may not render goods or services until they have received an authorized purchase order. System controls within eCAPS will not allow a requisition to be linked to a procurement contract until it is fully executed and approved and reviews are conducted by the Procurement Division during the pre-requisition process. In addition, the Procurement Division offers training to inform contract managers of contracting and procurement compliance, policies, and best practices.
Internal Controls were Insufficient to Prevent Inappropriate Payments to Contractors	29	Develop information system controls to ensure purchase orders are only authorized with a valid contract in place.	Partly Implemented	Section 10.11 of the Procurement Division's Best Practice Manual details when contracts are required as there may be legitimate reasons as to why a purchase order is authorized without a contract in place. Additionally, the Procurement Division reviews all pre-requisitions in K2 prior to purchase orders being executed and have detailed written procedures. If a purchase requires a contract to be in place, the pre-requisition will be sent back to the requester with instructions.

Internal Controls were Insufficient to Prevent Inappropriate Payments to Contractors	30	Develop information system controls to ensure invoices are not paid without a contract in place.	Implemented	The current K2 review process ensures that the Procurement Division is reviewing requisitions prior to a purchase order being dispatched. During voucher processing, the Accounts Payable Division reviews whether a purchase order is required if a purchase order is not in the system and makes inquiries if applicable, such as reviewing its purchase order exemptions list. The Accounts Payable Division also verifies that invoices with purchase orders contain consistent information.
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Audit of the City's Medical Marijuana Dispensaries

Finding	#	Recommendation	Status	Update
The Revenue Division Could Improve Its Monitoring of the Business Operations Tax (BOT) Collection Process to Better Detect Underreporting	4	Perform observation tests of dispensaries to identify underreporting of gross receipts.	Implemented	Revenue Services contracts with Avenu Insights to perform annual financial audits of all storefront dispensaries in the city. Avenu Insights has developed alternative procedures to identify underreporting of gross receipts by cannabis storefront dispensaries. These procedures address the risk of underreporting of gross receipts and are effective as of June 2020.
Medical Marijuana Dispensaries Are Not Complying with the City's Operating Requirements	12	Develop and memorialize, in a policy, a risk-based enforcement program that identifies high risk violations and implement a follow-up process to ensure violations are resolved in a timely manner.	Implemented	The Cannabis Code Enforcement Unit has developed and implemented a policy that describes a risk based cannabis code enforcement program.

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

Finding	#	Recommendation	Status	Update
The Department of Parks and Recreation Has Not Updated Key Strategic Planning Guidance	1	Update the Parks and Recreation Master Plan.	Started	YPCE is currently working with a third-party vendor (MIG, Inc) to develop a community outreach strategy for the Master Plan. A Technical Advisory Committee Meeting was held on June 18, 2020 by MIG with over 60 participants throughout the City to solicit community outreach ideas.
The Department of Parks and Recreation Has Not Updated Key Strategic Planning Guidance	6	Define when it is appropriate to use the “General Info” or “Other” call categories.	Partly Implemented	YPCE has defined an appropriate use of the 'General Info' call category and has bi-monthly check-ins with the 311 Manager. Call staff at 311 will be trained on categorizing calls rather than choosing 'General Info' as a catch all category. 311 is undergoing a transition to a new system (Salesforce) and staff will be trained with the new system and training will also reiterate appropriately categorizing calls. Due to COVID-19, 311's transition to Salesforce has been delayed and new system data and staff training has not started. There has not been an identified date of when Salesforce will be fully implemented due to the pandemic.
Developing a Formal Cost Recovery Philosophy May Help the Department of Parks and Recreation Better Align Its Pricing Practices with Its Mission and Core Values	9	Develop department-specific policies and procedures.	Started	Due to COVID-19 creating competing priorities, and the loss of a Support Services Manager policy development has been delayed.

Developing a Formal Cost Recovery Philosophy May Help the Department of Parks and Recreation Better Align Its Pricing Practices with Its Mission and Core Values	10	Define the department's cost recovery goals and objectives.	Started	Once a Support Services Manager is hired, YPCE will work on evaluating fees and charges which will assist in better defining cost recovery goals and objectives and will align service delivery accordingly after analysis is complete. Due to COVID-19 creating competing priorities and limited staff resources (hiring freeze), policy development has been delayed.
Developing a Formal Cost Recovery Philosophy May Help the Department of Parks and Recreation Better Align Its Pricing Practices with Its Mission and Core Values	11	Evaluate the department's fees and charges to determine if they are in alignment with the department's mission, vision, and cost recovery goals.	Started	YPCE had started working on aligning service delivery fees and charges with their mission, vision, and cost recovery goals. However, due to COVID-19 creating competing priorities and limited staff resources, policy development has been delayed.
Developing a Formal Cost Recovery Philosophy May Help the Department of Parks and Recreation Better Align Its Pricing Practices with Its Mission and Core Values	12	Comply with the Citywide Fees and Charges Policy by establishing cost recovery goals and identifying cost recovery levels.	Started	Due to COVID-19 creating competing priorities and limited staff resources (hiring freeze), policy development has been delayed.
Developing a Formal Cost Recovery Philosophy May Help the Department of Parks and Recreation Better Align Its Pricing Practices with Its Mission and Core Values	14	Consider updating the fee structure for some programs and services to include a non-resident fee.	Started	The Department is currently researching and considering updating the fee structure for programs and services that require registration and/or reservations. Due to COVID-19 creating competing priorities and limited staff resources (hiring freeze), policy development has been delayed.
Nearly Half of the Supervisors Responsible for Administering and Monitoring Part-Time Employee Hours and Benefits Have Not Received Labor Relations Training	18	Develop policies and procedures on part-time employee reporting, responsibility, and training.	Started	YPCE is working with Department of Human Resources to develop and implement formal training for responsible supervisory staff. Due to COVID-19, competing priorities have delayed the policy work around this recommendation.

Audit of the Department of Utilities Workplace Safety

Finding	#	Recommendation	Status	Update
The Department of Utilities Lacks Sufficient Controls Over the Administration and Use of Safety and Personal Protective Equipment	1	Review and update existing policies and procedures concerning safety and personal protective equipment to fill in gaps and clarify its appropriate use.	Partly Implemented	Due to the large number of SOPs required for the Water Distribution group, DOU is looking into bringing a consultant on board to assist with completing this effort. DOU is currently working on chlorine related SOPs first due to the safety issues surrounding chlorine. Some of these efforts were delayed due to COVID-19. DOU expects to complete this recommendation in June 2022.
The Department of Utilities Lacks Sufficient Controls Over the Administration and Use of Safety and Personal Protective Equipment	2	Establish policies and procedures concerning safety and personal protective equipment where none currently exist.	Started	Due to the large number of SOPs required for the Water Distribution group, DOU is looking into bringing a consultant on board to assist with completing this effort. DOU is currently working on chlorine related SOPs first due to the safety issues surrounding chlorine. Some of these efforts were delayed due to COVID-19. DOU expects to complete this recommendation in June 2022.
The Department of Utilities Lacks Sufficient Controls Over the Administration and Use of Safety and Personal Protective Equipment	4	Consider negotiating a more restrictive and thorough reimbursement or other process for providing PPE in all of the City's labor agreements.	Started	The Labor Relations Division did not respond with a status update for this recommendation.
The Department of Utilities Lacks Sufficient Controls Over the Administration and Use of Safety and Personal Protective Equipment	7	Develop departmental policies and procedures for the administration and use of gas monitoring equipment.	Implemented	A Gas Monitoring Use and Accountability Policy as well as Atmospheric Testing Device Standard Operating Procedures were developed and are in effect.

The Department of Utilities Lacks Sufficient Controls Over the Administration and Use of Safety and Personal Protective Equipment	8	Perform periodic audits of gas monitoring data to ensure employees use gas monitors in accordance with departmental policies.	Partly Implemented	Various issues has slowed the rollout of new gas monitoring equipment. Issues include batteries, docking stations, and mobile bump kits. Once these issues are corrected, the rollout of the new gas monitoring equipment will continue. Safety personnel will meet with Administrative staff in January 2021 to formalize the process for iNet flagged items that require Administrative, Safety, or Supervisory attention.
The Department of Utilities Can Enhance Compliance with City Safety Policies, State Laws, and Federal Regulations	14	Establish written procedures for the control of hazardous energy (lockout/tagout).	Partly Implemented	Due to COVID-19, implementation of this recommendation has been delayed.
The Department of Utilities Should Implement Health and Safety Best Practices to Reduce Risks and Improve Accountability	21	Develop a formal management of change process.	Partly Implemented	No progress was made this period. The Department of Utilities continues to work with Labor Relations to move the draft policy forward in the approval process.
The Department of Utilities Should Implement Health and Safety Best Practices to Reduce Risks and Improve Accountability	22	Review and update departmental safety policies and procedures.	Partly Implemented	A formal SOP template and review process has been established. The DOU Nexus Committee will post the information to the department's intranet site in March 2021. Departmental safety policies and procedures are being reviewed and updated using the template and review process.

Audit of On-Street Parking Meters

Finding	#	Recommendation	Status	Update
Improving Vehicle-Detection Sensor Accuracy Rates and Meter Battery Life Could Reduce the Potential for Erroneous Citations and Slow the Rate of Incoming Citation Disputes	1	Continue to work with the vendor to achieve contracted vehicle-detection sensor accuracy rates or consider switching to a vendor that will meet the desired standard.	Started	Sensor accuracy testing by both the Vendor and City have been delayed by the pandemic. Once safe to resume, City staff will continue to work with the vendor to ensure accuracy of information collected.
Improving Vehicle-Detection Sensor Accuracy Rates and Meter Battery Life Could Reduce the Potential for Erroneous Citations and Slow the Rate of Incoming Citation Disputes	3	Address deficiencies identified with parking meter sensor-accuracy and battery life to improve the customer service experience and reduce the number of incoming citation disputes.	Started	Parking Services continues to assess the battery life in the meters and has seen improvement since the audit. The assessment has been impacted by COVID-19 and will resume when safe to do so.
Some Meter Configurations in the Data Management System User Interface Are Not Reliable	6	Require that the information in the data management system user interface be the most accurate and up-to-date information.	Started	Vendor has been updating Data Management System software to provide City staff a view of the configuration data, but progress has been impacted by COVID-19.

Audit of the 911 Emergency Communications Center

Finding	#	Recommendation	Status	Update
Call Answer Times Have Improved and Are Exceeding State Standards	2	Consider improving the supervisor-to-dispatcher ratio to provide better supervisory coverage.	Started	The Police Department will be requesting to increase the Dispatcher III (first line supervisor) positions by two over the next two years.

Call Answer Times Have Improved and Are Exceeding State Standards	4	Develop a process to prevent multiple training officer codes from being applied to one employee at the same time.	Not Started	Multiple training incentive codes continue to be used for the same hours. We performed testing and identified \$162 in potential overpayments due to the use of incompatible pay incentives in 2020.
Call Answer Times Have Improved and Are Exceeding State Standards	5	Develop a process to prevent duplicate incentive codes from being applied to one employee at the same time.	Implemented	A query was designed and implemented to identify employees that have been assigned duplicate pay codes in the payroll system.
Quality Assurance and Disaster Preparedness Could Be Improved by Adopting Industry Best Practices	7	Develop and document a continuous quality assurance program based on industry standards that includes reviewing a percentage of all calls and incorporates an evaluator calibration process.	Started	The 911 Communications Center plans to expand the current quality assurance system to ensure best practices are followed and has tasked two supervisors with developing this program.
Quality Assurance and Disaster Preparedness Could Be Improved by Adopting Industry Best Practices	10	Establish the 911 Center as a Critical Facility on Sacramento County's Local Hazard Mitigation Plan.	Started	According to the Office of Emergency Services, the 911 Communications Center has been identified for inclusion in the next plan update.
Quality Assurance and Disaster Preparedness Could Be Improved by Adopting Industry Best Practices	11	Develop and implement a succession plan that will reduce the impact on the 911 Center when key personnel separate from City employment.	Partly Implemented	911 Center Management is aware of a pending retirement. In anticipation of the retirement, promotional examinations will occur to fill the vacancy and a Dispatcher III vacancy.

Audit of the Department of Utilities Vehicle Fleet

Finding	#	Recommendation	Status	Update
The Department of Utilities Can Realize Cost Savings Through Improved Management of Their Vehicle Fleet	3	Perform an analysis to determine which, if any, of the identified potentially underutilized vehicles should be kept as part of the department's vehicle fleet. Consider mileage reimbursements, vehicle allowances, and shared vehicles as alternatives.	Started	The City's Fleet Management Division did not run the underutilized report for 2020 for several reasons, the most influential being changes in operations due to COVID-19 and running the report this year would not be reflective of normal use. DOU completed a Vacon Truck analysis in Fall 2020, and the purchase was approved. DOU will reach out to the City's Fleet Management Division in spring 2021 to ensure the new underutilized reports will be ready by fall 2021.
The Department of Utilities Can Realize Cost Savings Through Improved Management of Their Vehicle Fleet	4	Develop a process to evaluate operational needs and costs to determine when take-home vehicles are necessary and when vehicle allowances are a more cost-effective option.	Implemented	The DOU Executive Team and Division Leadership reviewed data regarding take home vehicle usage in the following categories: superintendent usage, seasonal usage, and regular on-call usage. Based on the data and operational needs, DOU made changes to seasonal take home vehicles. However, due to COVID-19, these changes have not fully taken effect. DOU will review data and consider changes annually.

The Department of Utilities Can Realize Cost Savings Through Improved Management of Their Vehicle Fleet	5	Develop a process to periodically review vehicle usage for take-home vehicles to ensure operational utilization meets the City's utilization criteria.	Partly Implemented	DOU completed its first review of take-home vehicles in December 2020 and will continue to do so annually. According to DOU, as a result of this analysis, changes were made to seasonal take home vehicles that would result in approximately 50% reduction in take home vehicles. However, due to COVID-19, Labor Relations directed DOU to resume the past operational practice of all rain patrol staff taking vehicles home. Additionally, due to COVID-19, the City's utilization criteria was not part of this analysis; we will wait to implement this recommendation until the City's utilization criteria is used in the analysis.
The Department of Utilities Can Realize Cost Savings Through Improved Management of Their Vehicle Fleet	6	Work with the Civil Service Board to review an update Section 13.3 of the City of Sacramento's Rules and Regulations of the Civil Service Board. Specifically, determine the appropriate radius to ensure 'effective response capability to emergencies' in statute miles.	Started	The Labor Relations Division did not respond with a status update for this recommendation.
The Department of Utilities Can Realize Cost Savings Through Improved Management of Their Vehicle Fleet	8	Formalize the Fleet Engine Idling Limit Policy and post the policy on the City's Policies and Procedures webpage.	Started	The Fleet Management Division is currently reviewing whether this policy should be incorporated into the City's Transportation Policy and Procedures or remain a stand-alone policy.
Excessive Access to the City's Fueling Islands Created Data Integrity Issues and May Have Allowed for Fraud	10	Work with AssetWorks to identify and resolve or minimize system issues related to fuel transactions.	Started	Due to COVID-19, the implementation of this recommendation has been delayed.

Excessive Access to the City's Fueling Islands Created Data Integrity Issues and May Have Allowed for Fraud	15	Limit the number of active badges each employee can use to access the fueling islands.	Started	Due to COVID-19, the implementation of this recommendation has been delayed.
Excessive Access to the City's Fueling Islands Created Data Integrity Issues and May Have Allowed for Fraud	16	Consider installing security cameras at the City's fueling islands.	Implemented	Security cameras have now been installed in all City fueling sites.
System Access and Data Quality Could Be Improved to Better Enable Management to Perform Analyses and Identify Trends	19	Review the data captured by the M5 system, determine key data fields, and implement controls to ensure these fields contain accurate and complete information.	Partly Implemented	Due to COVID-19, the implementation of this recommendation has been delayed.
System Access and Data Quality Could Be Improved to Better Enable Management to Perform Analyses and Identify Trends	20	Establish a process to verify the accuracy of vehicle and GPS unit device ID assignments in the GPS tracking systems.	Started	Due to COVID-19, implementation of this recommendation has been delayed. Fleet Management anticipates installation of all new devices in all city assets will be completed by the end of the 1st quarter of 2021.
System Access and Data Quality Could Be Improved to Better Enable Management to Perform Analyses and Identify Trends	21	Work with the Fleet Management Division to develop well defined regulatory compliance oversight roles.	Partly Implemented	Due to COVID-19, implementation of this recommendation has been delayed.
System Access and Data Quality Could Be Improved to Better Enable Management to Perform Analyses and Identify Trends	22	Work with the Department of Utilities to identify generators that do not meet the definition of a fleet asset, such as stationary generators, and remove them from the M5 system.	Partly Implemented	Due to COVID-19, implementation of this recommendation has been delayed.

The City Can Mitigate Risk by Better Documenting and Tracking Employee Licensure, Certifications, and Insurance Information	24	Revise the City Employee's Transportation Policy and Procedures to require employees to provide proof of licensure when using pool vehicles.	Partly Implemented	The Fleet Management Division is working with the City Clerk's Office to enter this policy into the City's policy approval workflow system. Suggested changes and recommendations made by the City Clerk's Office are currently being reviewed by the Fleet Management Division.
The City Can Mitigate Risk by Better Documenting and Tracking Employee Licensure, Certifications, and Insurance Information	26	Develop a detailed insurance verification process for employees receiving a vehicle allowance.	Started	The Risk Management Division is working on a Citywide assignment through the learning management system to have employees that drive for work acknowledge the Transportation policy and verify they have the proper insurance if they drive their personal vehicle at work. This assignment will not be limited to those receiving a vehicle allowance. Once this assignment is completed we will work with departments to have the departments obtain insurance verification from those that drive their personal vehicle at work. Risk will then periodically audit insurance documents collected by the departments.

Audit of City-Owned and Leased Real Property

Finding	#	Recommendation	Status	Update
The City Has Potential Surplus and Remnant Parcels That Could Be Leveraged to Achieve A Variety of City Goals	1	Review all City-owned property and work with the City's asset-managing departments and divisions to identify and track the City's surplus property.	Not Started	According to the Real Estate Services Section, progress on this recommendation has not started due to staffing and project load.

The City Has Potential Surplus and Remnant Parcels That Could Be Leveraged to Achieve A Variety of City Goals	2	Develop policies and procedures to provide guidance on how asset-managing departments should ensure all City-owned properties are appropriately secured and maintained.	Not Started	According to the Real Estate Services Section, progress on this recommendation has not started due to staffing and project load.
The City Has Potential Surplus and Remnant Parcels That Could Be Leveraged to Achieve A Variety of City Goals	3	Identify City-owned surplus and remnant parcels and consider selling, disposing, or re-purposing the parcels to reduce liability and utility and weed abatement costs.	Started	According to the Real Estate Services Section, progress on this recommendation has not started due to staffing and project load.
The City Has Potential Surplus and Remnant Parcels That Could Be Leveraged to Achieve A Variety of City Goals	4	Work with the City's asset-managing departments to identify alternative uses for the City's undesirable or unsellable surplus property.	Not Started	According to the Real Estate Services Section, progress on this recommendation has not started due to staffing and project load.
The City Has Potential Surplus and Remnant Parcels That Could Be Leveraged to Achieve A Variety of City Goals	5	Consider selling some of the City's surplus property to generate onetime revenue to achieve other City goals	Started	According to the City Manager's Office, due to a recent announcement of a homeless siting masterplan, staff will wait to see if any City-owned properties qualify prior to finalizing any surplus list for Council. Staff will continue with research efforts related to a list of properties to bring forward to Council for surplus.
The City Has Potential Surplus and Remnant Parcels That Could Be Leveraged to Achieve A Variety of City Goals	6	Conduct a staffing analysis to determine whether resources need to be added to the Real Estate Services Section to implement the recommendations made in this report.	Not Started	According to the City Manager's Office, no progress has been made during this reporting period due to Covid-19 related priorities.

The City's Real Property Management Is Decentralized and Would Benefit from Detailed Policy Development	7	Review the Lease Centralization Plan and determine whether the Real Estate Services Section should manage all real property lease management as outlined in the Lease Centralization Plan.	Not Started	According to the City Manager's Office, no progress has been made during this reporting period due to Covid-19 related priorities.
The City's Real Property Management Is Decentralized and Would Benefit from Detailed Policy Development	8	Work with the City Attorney's Office to create lease contract templates that include key contract provisions to ensure consistency in City lease contracts.	Not Started	According to the Real Estate Services Section, progress on this recommendation has not started due to staffing and project load.
The City's Real Property Management Is Decentralized and Would Benefit from Detailed Policy Development	9	Work with departments leasing non-City property to identify whether the departments can leverage City-owned property instead of leasing.	Started	During this reporting period, the Real Estate Services Section reviewed leases that were near the end of their term but did not identify any City-owned property that could be leveraged instead of leasing those properties.
The City's Real Property Management Is Decentralized and Would Benefit from Detailed Policy Development	10	Develop a process to regularly review City-leased property to determine whether it is an ongoing need and City-owned property is available to use instead.	Started	During this reporting period the Real Estate Services Section began reviewing leases with a termination date within 9-12 months and has reviewed three leases with City departments to determine whether to extend the lease, find a new location, or find a City-owned property. However, a documented process to regularly review leases has not yet been developed.

<p>The City's Real Property Management Is Decentralized and Would Benefit from Detailed Policy Development</p>	<p>11</p>	<p>Work with the Finance Department to establish a uniform policy that provides the process and steps required for acquisition and disposition of City-owned properties. Procedures should include details regarding compliance with Sacramento City Code and California State Law, financial reporting standards between the Real Estate Service Section and the Department of Finance, and the method of storing documents and financial records.</p>	<p>Started</p>	<p>According to the Real Estate Services Section, due to COVID-19 and a vacancy in the section, the workload has not provided an opportunity to work on this recommendation during this reporting period.</p>
<p>Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board</p>	<p>12</p>	<p>Work with the City's Finance Department to develop policies and procedures to ensure changes to City-owned real property are communicated to the Finance Department to ensure land assets are appropriately reported in financial statements.</p>	<p>Implemented</p>	<p>The Real Estate Services Section and the Finance Department have developed a spreadsheet that the Real Estate Services Section uses to provide information related to acquisitions and sales of real property and easements to the Finance Department each fiscal year.</p>

<p>Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board</p>	<p>13</p>	<p>Work with the Real Estate Services Section to reconcile the Asset Database with its schedules to ensure all appropriate City-owned real property are captured in the schedules and determine the acquisition cost or value (if originally donated) of real property missing from the schedules.</p>	<p>Implemented</p>	<p>The Accounting Division of the Finance Department reviewed their capital asset lists to ensure parcels that are no longer owned by the City are properly removed from the capital assets reported in the financial statements. As a result, real property valued at nearly \$9 million was removed from the capital assets in the fiscal year 2020 financial statements. Due to the lack of historical data available regarding the purchase price of real property, the Accounting Division did not review all of the parcels identified in the Real Estate Services Section's asset database. However, a process has been implemented to ensure the Real Estate Services Section reports all real property transactions to the Accounting Division each fiscal year for proper reporting in the financial statements.</p>
<p>Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board</p>	<p>14</p>	<p>Work with the City's external auditors to determine whether a restatement of the financial statements is required after updating schedules to include all appropriate City-owned real property.</p>	<p>Implemented</p>	<p>The Accounting Division of the Finance Department reviewed their capital asset lists to ensure parcels that are no longer owned by the City are properly removed from the capital assets reported in the financial statements. As a result, real property valued at nearly \$9 million was removed from the capital assets in the fiscal year 2020 financial statements. According to the Accounting Division the adjustment to remove real property from capital assets was identified as fiscal year 2020 real property disposals and did not require a restatement of the financial statements. Due to the lack of historical data available regarding the purchase price of real property, the Accounting Division did not review all of the parcels identified in the Real Estate Services Section's asset database to identify any property that should be added to the capital assets list maintained by the Accounting Division for financial reporting purposes.</p>

Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board	15	Work with other City departments to identify data elements that may be helpful or necessary in decision making or reporting purposes and develop a process to collect and document the new data elements in the Asset Database.	Not Started	According to the Real Estate Services Section, progress on this recommendation has not yet started due to staffing and project load.
Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board	16	Work with other City departments to identify real property tracking needs and utilize a Citywide software program or develop another platform to centralize the management of the City's real property	Started	According to the Information Technology Department, the department recently hired an employee that will be responsible for completing this project. The new hire is in the process of getting familiar with the system and business processes. The department anticipates beginning this project later this calendar year.
Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board	17	Centralize City lease inventory and document clear processes for all City departments to follow to standardize maintenance of City lease inventory, including utilizing the Asset Database or new platform used for real property inventory to ensure consistent tracking and consolidation of Citywide lease inventory.	Started	According to the Real Estate Services Section, limited progress has been made on this recommendation during the reporting period. Real Estate Services Section has coordinated with other City departments in tracking of tenants unable to pay rent due to Covid-19 related business closures/slowdowns.

Appropriate Management of City-Owned and Leased Real Property Is Required to Ensure Financial Statements Comply with the Government Accounting Standards Board	18	Work with the City's Finance Department to develop policies and procedures on lease revenue billing and collection processes	Not Started	No progress has been made on this recommendation during this reporting period.
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Citywide Innovation and Efficiency Assessment

Finding	#	Recommendation	Status	Update
Innovation and Efficiency Strategies	1	Monitor recommendations identified in the innovation and efficiency assessment.	Started	<p>The City Manager's Office, along with other City departments, have begun working on some of the recommendations made in the Innovation and Efficiency Assessment. Other recommendations require further study and council direction. Recommendations the City is working towards implementing include expanding the use of green infrastructure and closely monitoring and managing city hiring, eliminating vacant positions and giving departments greater flexibility in staffing. Beginning March 2020, the City implemented a hiring freeze on most of the City's vacant positions that resulted in a budgeted \$3.6 million reduction in employee services during fiscal year 2020/21.</p> <p>Recommendations which require council direction include eliminating general fund subsidies for all non-essential services. Recommendations which require negotiations include changing staffing on ambulances to one firefighter/paramedic and one firefighter, and calculating Fair Labor Standards Act Overtime in a manner consistent with federal law. Staff continues to study these recommendations and work towards implementing those which do not require voter approval or council action.</p>

Audit of Retiree Health Benefits

Finding	#	Recommendation	Status	Update
Recordkeeping of Retiree Benefit Eligibility and Elections Could be Strengthened	1	Develop a process to ensure compliance with the City's Records Management Policy that maintains complete personnel information for all retirees.	Partly Implemented	The Human Resources Department updated their retiree checklist to include scanning and indexing paperwork. However, when we sampled ten retiree files from 2020, we found that two of the files did not include the checklist. In order for the checklist to be effective, employees must consistently use the checklist.
Recordkeeping of Retiree Benefit Eligibility and Elections Could be Strengthened	2	Establish a process to validate that health benefit enrollment forms and confirmation letters are being retained, as applicable.	Implemented	Human Resources has developed a process to scan open enrollment forms and retiree confirmation statements into CARA.
Recordkeeping of Retiree Benefit Eligibility and Elections Could be Strengthened	3	Work with the IT department to identify and resolve eCAPS health benefit report errors for retirees.	Started	Human Resources is working with IT to identify and resolve eCAPS health benefit reporting errors for retirees.
Performing Dependent Verifications Ensures Qualified Dependents are Enrolled in City-Sponsored Health Plans and Could Save the City up to \$600,000 Annually	5	Retain sufficient documentation to substantiate dependent eligibility before enrolling dependents in retiree health benefits.	Implemented	According to Human Resources, staff use checklists when meeting with employees for their retirement which include documentation substantiation
Performing Dependent Verifications Ensures Qualified Dependents are Enrolled in City-Sponsored Health Plans and Could Save the City up to \$600,000 Annually	6	Establish a process to perform regular dependent eligibility verification reviews that includes procedures on how to address instances of non-compliance with verification requests.	Not Started	Dependent verification requirements are in place during open enrollment, new hire events, retirement appointments, and family status change events. However, the department does not perform regular reviews of all dependents and has not addressed the issue of non-compliance.

Performing Dependent Verifications Ensures Qualified Dependents are Enrolled in City-Sponsored Health Plans and Could Save the City up to \$600,000 Annually	7	Review and address HMS' active employee dependent eligibility verification results.	Not Started	The Human Resources Department has not allocated resources towards addressing this recommendation.
Performing Dependent Verifications Ensures Qualified Dependents are Enrolled in City-Sponsored Health Plans and Could Save the City up to \$600,000 Annually	8	Perform a retiree dependent verification review for participants of City-sponsored plans.	Not Started	The Human Resources Department has not allocated resources towards addressing this recommendation.
Reconciliation of Retiree Health Benefit Payments Can Help to Increase Accuracy and Reduce Costs	9	Continue to improve processes for terminating coverage for deceased retirees timely from City-sponsored health plans.	Implemented	The City has implemented LifeStatus360 for all SCERS and CalPERS retirees to assist with death verification services.
Reconciliation of Retiree Health Benefit Payments Can Help to Increase Accuracy and Reduce Costs	10	Implement a process to self-bill dental and vision providers	Implemented	A process has been implemented to self-bill dental and vision providers. The evidence provided by Human Resources indicates the department has implemented a self-billing process to consolidate covered employees into coverage specific reports.
Reconciliation of Retiree Health Benefit Payments Can Help to Increase Accuracy and Reduce Costs	11	Continue to ensure that health care premiums are updated timely and accurately.	Implemented	Health care premium rate sheets are checked by multiple employees and the premium spreadsheet is then checked by multiple employees.
Reconciliation of Retiree Health Benefit Payments Can Help to Increase Accuracy and Reduce Costs	12	Reconcile health care deductions and refund (or invoice) retirees for any difference between the amount owed to the amount paid.	Implemented	Human Resources reconciles health care deductions on a monthly basis.

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

Reconciliation of Retiree Health Benefit Payments Can Help to Increase Accuracy and Reduce Costs	13	Develop a process to reconcile retiree health benefit transactions in the Risk Management Fund.	Implemented	Over \$800,000 sitting in suspense accounts was reconciled and moved to the correct accounts. The Finance Department will continue to reconcile the accounts annually going forward.
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Audit of the City's Green Efforts

Finding	#	Recommendation	Status	Update
Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits	1	Evaluate whether more consistent LEED certification is beneficial to the City's reputation as a sustainability leader.	Not Started	The City Manager's Office has formalized the City Green Team and initiated coordination for evaluating and implementing policies such as LEED.
Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits	2	Develop a process to monitor completed LEED buildings post-completion to accurately capture the benefits of building to LEED standards and to quantify their value to the City's overall sustainability objectives.	Not Started	The City Manager's Office developed a draft 2021 Climate Implementation Work Plan, which was presented to City Council in December 2020. The plan includes resource needs for staff capacity and CIPs for cost-saving work. Staff anticipates that the first quarter of 2021 will be used to identify resources necessary to move forward building-energy recommendations.
Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits	3	Consider participating in the U.S. Green Building Council's LEED recertification option for certified LEED buildings.	Not Started	This option will be considered with the newly-expanded Green Team in 2021, based on resources that staff has recommended for funding through the fiscal year 2020-21 midyear budget.

Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits	4	Require post-completion monitoring for all applicable sustainability projects, programs, and initiatives.	Not Started	The City Manager's Office is developing a climate action program, which will include procedures and processes for tracking benefits and outcomes.
Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits	5	Develop a procedure that ensures internal stakeholders are involved in or made aware of relevant goals and performance measures.	Started	The City Manager's Office formalized the City's Green Team and began the process of developing clearer policy expectations and goals. Outreach was initiated to other departments to begin to educate them on relevant goals and next steps.
Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits	6	Develop and track performance measures as they relate to published sustainability goals.	Not Started	The City Manager's Office will scope out an approach for performance accountability, tracking, and reporting. It will work with key departments to coordinate an approach, building on tools being developed for the 2040 General Plan update and Climate Action and Adaptation Plan.
Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits	7	Ensure sustainability reports consistently track and report progress over time.	Not Started	The City Manager's Office is developing procedures for sustainability accounting, and will work to ensure consistency over time. More work will be commenced in 2021 as the new interim position progresses with work efforts.
Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits	8	Develop a process to check for duplicated data when it is uploaded to EnergyCAP, monitor the data for discrepancies, and notify users of issues in or changes to the data in the EnergyCAP system.	Not Started	This process is not yet initiated, but will be developed in coordination with the Facilities Division.

Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits	9	Review the data captured by the GIS streetlights system, determine key data fields, implement controls to ensure these fields contain accurate and complete information, and reconcile the various internal sources of streetlight counts.	Not Started	The Department of Public Works will evaluate resource needs as current streetlight retrofits progress.
Improved Monitoring and Reporting of Sustainability Data, Progress, and Outcomes Is Essential for Tracking Impacts and Realizing the Intended Benefits	10	Develop and implement a process to reconcile our internal streetlights dataset with SMUD to ensure that the City is correctly billed.	Not Started	Approach and resources needed to be determined.
Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value	11	Evaluate whether a centralized guidance, enforcement, and coordination body may better assist City staff in implementing the City's sustainability goals and vision.	Partly Implemented	In October 2020, the City Manager appointed a new interim staff member to his office to lead climate action efforts Citywide. This appointment responds to both Mayor and Council direction as well as this audit recommendation. The fiscal 2020-21 midyear budget will include recommended resources to establish the program in the City Manager's Office, pending Council approval.
Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value	12	Develop guidance on prioritizing Citywide sustainability goals.	Started	The City Manager's Office has formalized participation in the City's Green Team as a first step towards sustainability prioritization. Further, the Green Team participated in prioritization of issues and resource needs for the 2021 Climate Implementation Work Plan. Team members provided input in the Green Team meeting via a survey and one-on-one engagement.

Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value	13	Establish a Citywide internal communication strategy and accountability mechanism for sustainability goals and priorities.	Started	The appointed interim position in the City Manager's Office is responsible for developing this strategy. Resource needs and a strategy outline were identified in the 2021 Climate Implementation Work Plan, which is pending Council approval.
Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value	14	Revise the funding structure for eligible water conservation projects that fall under the Parks Division.	Implemented	Staff in the Department of Utilities and the Department of Youth, Parks, and Community Enrichment have completed their revision of an interdepartmental MOU to allow funding for a greater range of eligible water conservation projects.
Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value	15	Evaluate new funding strategies and consider whether additional funding support can be provided during the City's budgeting process.	Started	Staff evaluated funding and priorities in the 2021 Climate Implementation Work Plan, which was presented to City Council in December 2020. In the presentation, staff prioritized several key requests, including: funding to evaluate transportation funding, for energy efficiency retrofits, and for an expanded program. The City Manager is including the work plan funding needs in the fiscal year 2020-21 midyear budget recommendation. Evaluation of funding opportunities will be ongoing, and pending Council approval of the fiscal year 2020-21 midyear budget (scheduled for Council consideration in January and February 2021).
Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value	16	Review City projects that may have immediate environmental savings and cost avoidance that currently lack funding, such as retrofitting the remaining streetlights to LED, and assist with identifying funding sources.	Started	The interim climate position in the City Manager's Office has started this process and included funding recommendations in the 2021 Climate Implementation Work Plan. Recommendations include funding for a retrofit CIP. If funded in the fiscal year 2020-21 midyear budget, a new staff position will begin to evaluate, prioritize, and deliver efficiency projects.

Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value	17	Implement outreach efforts and programs to City employees to improve the City's sustainability culture.	Started	The interim position in the City Manager's Office has begun this process with outreach to additional divisions and departments that are not historically involved in the City's sustainability efforts. Briefings have also occurred or are being scheduled with key departments for audit recommendations. Development of an internal outreach and education program is ongoing.
Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value	18	Assist other City departments and offices with incorporating sustainability into their department-level operations through the creation, implementation, and tracking of specific performance goals.	Started	This process has been initiated with appointment of a new staff lead in the City Manager's Office, internal briefings, and the request for resources in the 2021 Climate Implementation Work Plan.
Centralized Management and Oversight of the City's Sustainability Efforts May Better Position the City to Establish Sustainability as an Organizational Priority and Core Value	19	Evaluate whether more formalized Citywide green teams may be beneficial for supporting the City's sustainability culture, programs, and goals.	Partly Implemented	Upon evaluation, the City Manager's Office appointed the interim staff lead to formalize the Green Team and advance urgent climate efforts. The interim staff member began to engage departments and is establishing a strategy for more formalized teams based on different types of opportunities, programs, and department responsibilities.
Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened	20	Develop a process for notifying City employees of changes to Citywide sustainability policies, procedures, and plans and document their acknowledgement of these changes.	Not Started	The interim staff lead in the City Manager's Office will begin this process in 2021.

Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened	21	Ensure that the City website and any internal employee resources are up-to-date and accurate as they relate to sustainability policies, procedures, and plans.	Started	The interim climate action lead updated the City Manager's Office website to include a new external-facing webpage on recent climate action efforts. Next, the staff member will start to develop internal employee resources.
Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened	22	Conduct internal outreach efforts to improve awareness of and facilitate further reductions in paper consumption.	Not Started	Internal education will be evaluated with the various departments, divisions, and staff members responsible for procurement.
Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened	23	Identify instances of non-compliance with the Fleet Engine Idling Limit Policy and hold employees accountable.	Started	In the last few months in 2020, the Fleet Management Services Division was completing installation of new telematic devices on the City fleet to identify and quantify non-compliance with Fleet idling rules. The Division previously drafted an idling policy (in 2019), which is still pending approval.
Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened	24	Review and update the Sustainable Purchasing Policy.	Not Started	This will be implemented with the Procurement Division.
Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened	25	Develop a process for improving accountability with the Sustainable Purchasing Policy.	Not Started	This process will be explored and developed with the Procurement Division
Awareness of and Compliance with Sustainable Policies, Procedures, and Plans Could Be Strengthened	26	Consider working with applicable City vendors to implement website controls that encourage more sustainable purchases.	Not Started	The Procurement Division will explore this process in 2021.

Contract Compliance Audits of the Roberts Family Development Center and Downtown Streets Team, Inc

Finding	#	Recommendation	Status	Update
RFDC's Financial Recordkeeping System is Disorganized and Contains Significant Material Weaknesses	1	Develop processes to ensure revenues and expenses are coded to the correct accounts in their financial system.	Started	In December 2020, RFDC signed an agreement with a consulting firm to assist with recording transactions in Quickbooks, processing payroll, and reconciling monthly bank statements.
RFDC's Financial Recordkeeping System is Disorganized and Contains Significant Material Weaknesses	2	Determine if these clearing accounts are necessary. If so, develop processes to ensure clearing accounts are reconciled monthly.	Started	According to RFDC, a fiscal procedural manual is currently being developed that will address this and other recommendations.
RFDC's Financial Recordkeeping System is Disorganized and Contains Significant Material Weaknesses	3	Develop accounting processes and procedures to ensure transactions are properly recorded in the accounting system by staff experienced in accounting procedures.	Started	According to RFDC, a fiscal procedural manual is currently being developed that will address this and other recommendations.
RFDC's Financial Recordkeeping System is Disorganized and Contains Significant Material Weaknesses	4	Document the specific source of funds for which the State's debt will be paid and ensure restricted program funds and grants are not utilized to make the debt payments.	Started	According to RFDC, \$227,500 has been paid to the State of California as of January 2021 and the RFDC board is working on creating a strategy to repay the remaining \$172,500.

RFDC's Financial Recordkeeping System is Disorganized and Contains Significant Material Weaknesses	5	Discontinue the practice of providing payroll advances or loans to directors, officers, or employees.	Started	According to RFDC staff, the practice of providing payroll advances or loans to directors, officers, or employees has been discontinued. However, documentation to support implementation of this recommendation was not provided to the Office of the City Auditor in time to confirm it was implemented during this reporting period.
RFDC's Financial Recordkeeping System is Disorganized and Contains Significant Material Weaknesses	6	Develop processes and procedures to continue to monitor key financial performance indicators to monitor trends and identify potential upcoming financial issues.	Started	According to RFDC staff, the Sierra Health Foundation is currently supporting RFDC in its work towards implementing this recommendation.
RFDC's Financial Recordkeeping System is Disorganized and Contains Significant Material Weaknesses	7	Further evaluate and investigate the notable concerns listed in this section and determine if corrective action is warranted.	Started	According to RFDC, progress on this recommendation is being made and a fiscal procedural manual is currently being developed.
RFDC Should Develop A Robust System of Internal Controls to Safeguard Charitable Assets, Prevent Loss, and Ensure the Reliability of Financial Records	8	Develop internal policies and procedures based on best practices.	Started	According to RFDC, progress on this recommendation is being made and a fiscal procedural manual is currently being developed.
RFDC Should Develop A Robust System of Internal Controls to Safeguard Charitable Assets, Prevent Loss, and Ensure the Reliability of Financial Records	9	Establish a Finance Committee as prescribed in the RFDC Board bylaws and ensure that the board of directors are exercising sound fiscal management by performing regular reviews of financial operating results and budget performance.	Implemented	The RFDC Finance Committee has been established and their first meeting was held on January 22, 2021. Review of the meeting minutes found that the RFDC Board also appears to conduct regular discussions regarding the finances and budget of the organization.

RFDC Should Develop A Robust System of Internal Controls to Safeguard Charitable Assets, Prevent Loss, and Ensure the Reliability of Financial Records	10	Require all employees to complete RFDC Monthly Debit Forms and submit receipts that support transactions are for business purposes.	Started	According to RFDC staff, all employees are required to complete Monthly Debit Forms and submit receipts that support transactions are for business purposes. However, documentation to support implementation of this recommendation was not provided to the Office of the City Auditor in time to confirm it was implemented during this reporting period.
RFDC Should Develop A Robust System of Internal Controls to Safeguard Charitable Assets, Prevent Loss, and Ensure the Reliability of Financial Records	11	Discontinue the use of employee debit cards and provide employees with purchase cards.	Started	According to RFDC staff, the use of employee debit cards have been discontinued and new policy is in effect as of January 1, 2021. However, documentation to support implementation of this recommendation was not provided to the Office of the City Auditor in time to confirm it was implemented during this reporting period.
RFDC Should Develop A Robust System of Internal Controls to Safeguard Charitable Assets, Prevent Loss, and Ensure the Reliability of Financial Records	12	Ensure completion of registration requirements with the California Attorney General's Registry of Charitable Trusts and other state and federal agencies in a timely manner.	Started	According to RFDC staff, the organization is current in all areas. Review of the State of California Registry of Charitable Trusts indicated RFDC was current in its Registry Status but 'Awaiting Reporting'. RFDC staff believe the Registry of Charitable Trusts is waiting for receipt of the 2020 audit which is currently underway. RFDC staff also informed the Office of the City Auditor that they requested an extension for the IRS Form 990 and will complete the form when the 2020 audit is complete.
RFDC Should Develop A Robust System of Internal Controls to Safeguard Charitable Assets, Prevent Loss, and Ensure the Reliability of Financial Records	13	Further evaluate the internal control concerns noted in this section and determine how to strengthen internal controls to reduce risk to an acceptable level.	Started	According to RFDC, progress on this recommendation is being made and a fiscal procedural manual is currently being developed.

DST's Human Resources Policies and Internal Complaint Procedures Should be Updated to Reflect Best Practices and Communicated to All Employees Annually	14	Develop a process to ensure the employee handbook is reviewed for quality and distributed annually.	Implemented	As of October 2020, Downtown Streets Team's employee handbook requires that employees review and sign the agreement annually.
DST's Human Resources Policies and Internal Complaint Procedures Should be Updated to Reflect Best Practices and Communicated to All Employees Annually	15	Develop a process to ensure all employees, including management, acknowledge the employee handbook annually.	Implemented	As of October 2020, Downtown Streets Team's employee handbook requires that employees review and sign the agreement annually.
DST's Human Resources Policies and Internal Complaint Procedures Should be Updated to Reflect Best Practices and Communicated to All Employees Annually	16	Address the potential conflict of interest between the CEO and Chief Programs Officer in the DST handbook and provide employees with instructions on how to file a complaint or report inappropriate behavior related to these key management employees.	Not Started	No changes were made to the DST Employee Handbook that address this issue.
DST's Human Resources Policies and Internal Complaint Procedures Should be Updated to Reflect Best Practices and Communicated to All Employees Annually	17	Reevaluate investigative procedure policy with the assistance of your HR services provider, Insperity, to ensure the policy meets best practices on how subsequent complaints will be addressed.	Not Started	No changes were made to the DST Employee Handbook that address this issue.

Gift Cards Meant for Homeless Persons Were Signed For By DST Staff	18	Develop a process to ensure gift card receipt is acknowledged by the volunteer and not DST employees.	Started	According to DST, every Team Member now signs a physical voucher form upon receipt of any stipends, which is then filed at the Sacramento Office. However, DST did not provide a copy of the form when we requested it.
A Centralized Process for Receiving Grant Applications and Aggregating Funding Data Could Improve the City's Grants Management Practices	19	Develop a centralized process for receiving grant applications and aggregating funding data.	Started	The IT Department has issued an RFP and is working towards selecting a vendor that will develop centralized grants management software for the City.
Lack of an Evaluation Process to Determine if Grantees Have Sufficient Technical Capacity to Demonstrate Performance	20	Establish a risk-based process for evaluating a grantee's capacity to demonstrate financial and program performance prior to awarding funding.	Implemented	A Citywide Grant Distribution Policy was adopted December 8, 2020. This policy requires that, when feasible, staff perform a risk assessment of the vendor prior to awarding funding.
Lack of an Evaluation Process to Determine if Grantees Have Sufficient Technical Capacity to Demonstrate Performance	21	Implement a Citywide process to ensure all non-profits awarded contracts or grants from the City are in good standing with the Attorney General's Registry of Charitable Trusts and provide guidance on what to do in the event the City becomes aware that a non-profit is no longer in good standing.	Implemented	A Citywide Grant Distribution Policy was adopted on December 8, 2020. This policy requires that grantees must register and be in good standing with the California Attorney General Registry of Charitable Trusts.

Insufficient Monitoring of Financial Reporting and Program Results Compromises the City's Ability to Ensure Contract Terms are Met and Objectives are Achieved	22	Establish Citywide grants management policies based on industry best practices that include guidance on due diligence, contract compliance, financial reporting, and program evaluation.	Implemented	A Citywide Grant Distribution Policy was adopted on December 8, 2020. This policy provides citywide guidance to employees on grant processes including performing a risk assessment, grant pre-award requirements, and post-award expectations.
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Audit of The Cannabis Storefront Dispensary Permitting Process

Finding	#	Recommendation	Status	Update
Ownership of Cannabis Dispensary Operating Permits were Transferred Between Individuals and Corporate Entities as a result of Ambiguity in the City Code and an Evolving Regulatory Environment	1	Seek direction from City Council to determine whether dispensary transfers should be allowed. The Office of Cannabis Management in conjunction with the City Attorney's Office should then propose a City Code update that clearly articulates the policy and legal goals of the City Council, that are in conformance with State law.	Started	Per Council direction, a workshop on storefront dispensary ownership is being scheduled for the Law & Legislation Committee.

<p>The City Needs to Better Define Ownership if it Expects to Enforce City Code Restrictions on Ownership and Manage who is Truly Behind its Permitted Cannabis Related Businesses</p>	<p>2</p>	<p>In conjunction with the City Attorney's Office, seek direction from City Council to determine whether both existing and new cannabis storefront dispensary owners must comply with City Code provision 5.150.355 that states: "No person who has an ownership interest in a storefront cannabis dispensary shall obtain an ownership interest in any other storefront cannabis dispensary" and clarify the City's expectation on how the code provision will be enforced.</p>	<p>Started</p>	<p>Per Council direction, a workshop on storefront dispensary ownership is being scheduled for the Law & Legislation Committee.</p>
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<p>The City Needs to Better Define Ownership if it Expects to Enforce City Code Restrictions on Ownership and Manage who is Truly Behind its Permitted Cannabis Related Businesses</p>	<p>3</p>	<p>Seek direction from City Council to determine standards and definitions of ownership of cannabis dispensaries in the City. At minimum, these discussions should include a definition of clear ownership and limits on ownership for all cannabis dispensary owners. The Office of Cannabis Management in conjunction with the City Attorney's Office should then propose a City Code update that articulates the ownership policy and goals of the City Council, that are in conformance with State law.</p>	<p>Started</p>	<p>Per Council direction, a workshop on storefront dispensary ownership is being scheduled for the Law & Legislation Committee.</p>
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<p>The City Needs to Better Define Ownership if it Expects to Enforce City Code Restrictions on Ownership and Manage who is Truly Behind its Permitted Cannabis Related Businesses</p>	<p>4</p>	<p>In consultation with the Attorney's Office, design and implement an internal control framework over the cannabis permit application and renewal process based on best practices. This should include establishing an organizational structure, segregate duties, and assign responsibilities for the Office of Cannabis Management to carry out the program objectives. The internal control system should also be documented and communicated to those responsible for performance and training should be provided.</p>	<p>Started</p>	<p>The Office of Cannabis Management (OCM) is scheduling storefront dispensary ownership workshops at the Law & Legislation Committee. Once direction on ownership has been provided, OCM plans to develop an internal control framework and training that supports the guidance.</p>
<p>Determining Beneficial Ownership is Critical to Enforcing Ownership Restrictions in the City's Cannabis Regulations</p>	<p>5</p>	<p>Incorporate researching beneficial ownership into existing operations and provide training to staff on how to conduct this research or hire an outside consultant to conduct this work on the City's behalf.</p>	<p>Started</p>	<p>Cannabis storefront dispensary workshops are being scheduled for The Law & Legislation Committee prior to going to Council. Once direction on beneficial ownership is obtained, further action regarding beneficial ownership will be undertaken.</p>

Measured Expansion in the Number of Dispensary Permits Would be Consistent with Municipal Best Practices	6	Perform an economic analysis following the addition of the 10 permits to determine local cannabis dispensary market demand and whether the 40 dispensaries is a sufficient number of permits.	Started	A Request for Qualifications (RFQ) was issued on January 7, 2021 to determine who will have the opportunity to apply for 10 new permits. It is anticipated that the ten will be announced at the end of March.
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