



INFORMATION CALENDAR

May 14, 2024

To: Honorable Mayor and Members of the City Council
From: Jenny Wong, City Auditor *zw*
Subject: Audit Follow-up Status Update

INTRODUCTION

This item provides a status update on the audit follow-up of all recommendations since the Auditor’s Office published a public audit recommendation dashboard. Municipal code allows the City Auditor to follow up with audited departments on the status of audit recommendations. Additionally, administrative regulations require the City Auditor to monitor the status of outstanding audit recommendations and periodically report to City Council.

CURRENT SITUATION AND ITS EFFECTS

We follow up on audits to assess whether city departments implemented the audit recommendations. The Auditor’s Office periodically issues follow-up audit reports to City Council on the status of our recommendations. Our expectation is that the City should take no more than two years to implement our audit recommendations, unless specified. On September 8, 2022, we launched a public dashboard¹ to track the status of audit recommendations. This report provides an update on audit follow-up activities since we launched the recommendation dashboard.

For subsequent audit follow-up status reports, our office is working with departments to transition to an annual schedule for these starting in fall 2024. In the past, we have asked departments to provide updates on implementation to Council every six months. Now that the audit recommendation dashboard displays updates to recommendation status on a rolling basis and provides ongoing transparency, departments will submit a Council report once a year going forward.

Audits with Open Recommendations

The following table summarizes follow-up activity since September 8, 2022 for audits that are currently open.

Department	Audit	Release Date	Date of Department Report to Council
City Manager, Human Resources	Staff Shortages - City Services Constrained by Staff Retention Challenges and Delayed Hiring	6/22/2023	3/12/2024

¹ To view the dashboard, visit <https://berkeleyca.gov/your-government/city-audits>; “Progress on Recommendations.”

Finance	Berkeley's Financial Condition (FY 2012 - FY 2021): Pension Liabilities and Infrastructure Need Attention	5/5/2022	12/13/2022; 6/27/2023
Fire	Fire Prevention Inspections: Insufficient Resources Strain Code Compliance	5/9/2019	11/3/2022; Did not report in 2023
Human Resources	Domestic Violence Response: Berkeley Needs a Comprehensive Policy to Support City Employees	10/10/2019	11/3/2022; Did not report in 2023; 5/14/2024;
Library	Berkeley Public Library Uses Tax Funds by the Book, But More Internal Controls Needed	8/27/2020	The Library reports to the Board of Library Trustees
Police	Berkeley Police: Improvements Needed to Manage Overtime and Security Work for Outside Entities	3/3/2022	9/29/2022; 5/23/2023; 11/7/2023
Public Works	Fleet Replacement Fund Short Millions	6/2/2021	11/3/2022; Did not report in 2023; 3/19/2024
Public Works	Rocky Road: Berkeley Streets at Risk and Significantly Underfunded	11/19/2020	11/3/2022; Did not report in 2023; 3/19/2024

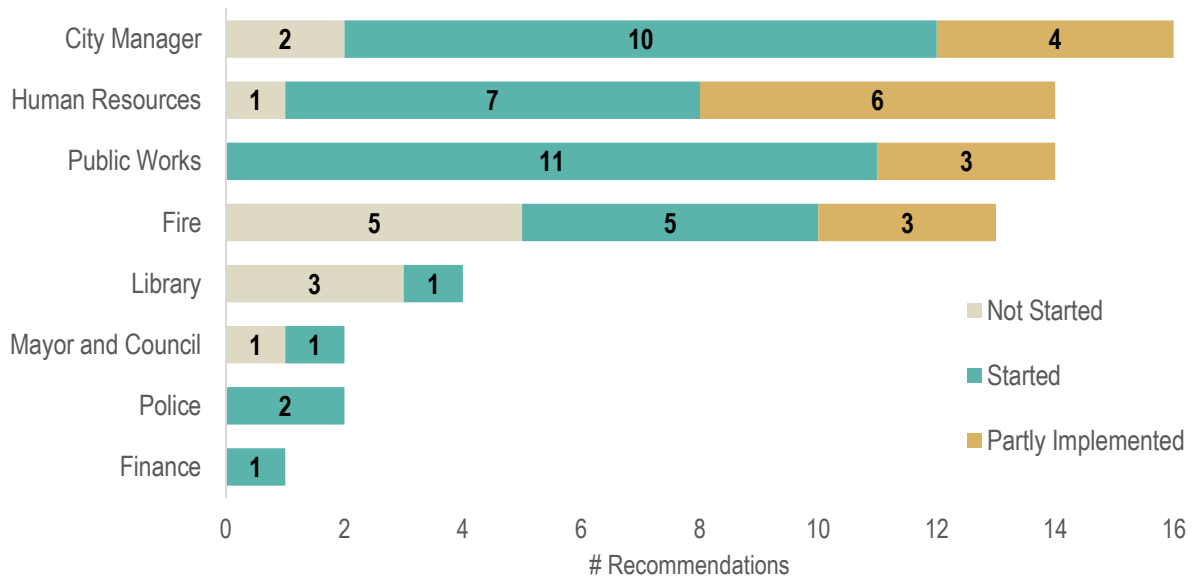
Some departments have not regularly reported on their progress to Council or made progress on the recommendations. According to some departments, one reason for this is that the staffing challenges we highlighted in our retention audit prevent them from prioritizing responding to audits.

We use the following statuses to report on the implementation of audit recommendations:

- **Implemented:** The auditee has addressed the audit risk by completely implementing the recommendation.
- **Partly implemented:** The auditee has implemented 50 percent or more of the recommendation.
- **Started:** The auditee has started to address the recommendation but has not reached the 50 percent threshold.
- **Not started:** The auditee has not yet taken action to implement the recommendation.
- **Dropped:** The auditee has accepted the risk to the city that the recommendation is meant to address and is unable or unwilling to implement the recommendation. Additionally, all open recommendations will be reported as dropped if they are not implemented within five years of audit issuance.

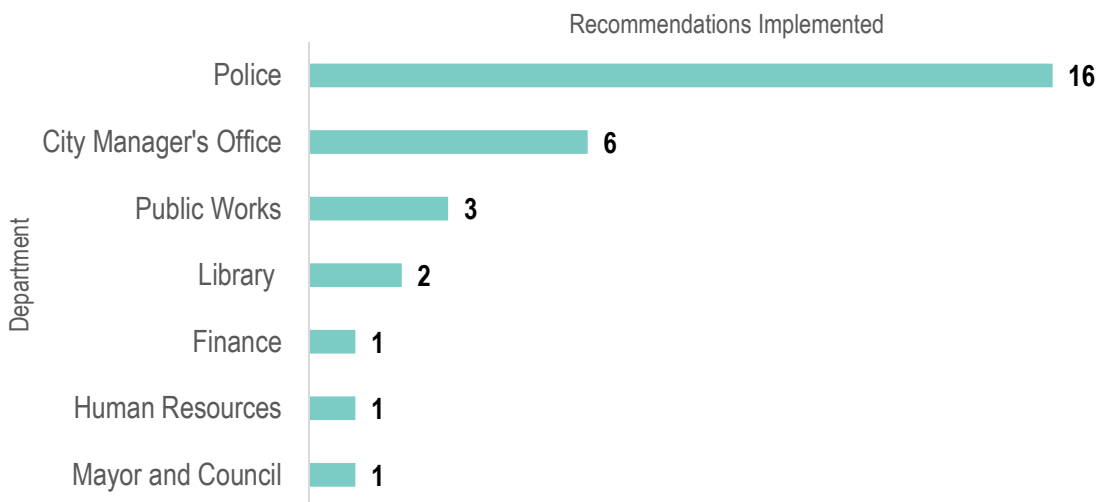
There are currently 66 open recommendations across eight departments. The following graphic shows the status of open audit recommendations as of May 14, 2024:

There are currently 66 open audit recommendations across eight departments.



We additionally marked 30 outstanding audit recommendations as implemented this cycle. The following graphic shows the number of recommendations implemented this cycle by department:

Recommendations Implemented between September 8, 2022 and May 14, 2024



Closed Audits

During this audit follow-up cycle of September 8, 2022 – May 14, 2024, we closed 11 out of 19 audits that were still open at the beginning of that time period. Audits are closed when all recommendations are implemented, or if they are older than five years. After five years, recommendations that are not implemented are marked as “dropped” on the online dashboard. The following table summarizes follow-up activity since the launch of our online dashboard on September 8, 2022 for audits that are now closed:

Department	Audit	Release Date	Date of Department Report to Council
City Manager (HR)	Berkeley’s Ethical Climate Rated Strong Overall and Management Working to Make it Better	3/14/2017	Implemented 3 out of 5 outstanding recommendations but did not provide final report to Council
City Manager (Finance)	Citywide Grants Management (formerly PW Grants Follow-up Audit FY16)	7/19/2016	Did not provide final report to Council
City Manager	Most Contracts Executed Timely but Contract Project Managers Could Use Better Tools and Guidance	10/6/2015	Did not provide final report to Council
City Manager, IT	City at crossroads as long-standing need for structured approach to line of business experts function intersects with ERP implementation	1/24/2017	Did not provide final report to Council
City Manager, Mayor and Council	Code Enforcement Resources Significantly Constrained and Improvements Needed in Case Management and Oversight	6/26/2018	9/20/2022; Did not report in 2023; 3/19/2024
City Manager, Public Works	Leases Audit: Conflicting Directives Hinder Contract Oversight	6/2/2009	11/3/2022
Finance	Credit Card Use: Clearer Guidance Needed	6/26/2018	Implemented last outstanding recommendation but did not provide final report to Council
IT, Public Works	Underfunded Mandate: Resources, Strategic Plan, and Communication Needed to Continue Progress Toward the Year 2020 Zero Waste Goal	7/1/2014	11/3/2022

Police	Data Analysis of the City of Berkeley's Police Response	7/2/2021	11/3/2022; 5/23/2023
Police	911 Dispatchers: Understaffing Leads to Excessive Overtime and Low Morale	4/25/2019	11/3/2022; 5/23/2023
Public Works	Unified Vision of Zero Waste Activities Will Help Align Service Levels with Billing and Ensure Customer Equity	9/20/2016	11/3/2022

BACKGROUND

The City Auditor’s Office has a mission to promote transparency and accountability in Berkeley government. We conduct independent performance audits to evaluate city operations and programs and make recommendations to improve operations and services and ensure productive use of taxpayer funds. We focus on equitable, efficient, and effective use of city resources to achieve goals and objectives. Generally, we follow up on recommendations for up to five years after they are issued. On September 8, 2022, our office launched an online dashboard to track the status of outstanding audit recommendations.

Following up on audit recommendations is an important part of the audit process that helps hold departments accountable for implementing agreed-upon audit recommendations. While we understand that some departments face staffing challenges that make it difficult to prioritize audit recommendations, not implementing the recommendations can mean that the City is not addressing the risks identified in audits or making needed improvements to operations or services.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

While there may be environmental impacts associated with some audit recommendations, there are no identifiable environmental effects or opportunities associated with the audit follow-up process.

CONTACT PERSON

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Attachment:

- 1: Audit findings, recommendations, and status updates for audits for which departments have not updated Council between September 8, 2022 and May 14, 2024.

Audit Title: Berkeley's Ethical Climate Rated Strong Overall and Management Working to Make it Better			
Issue Date: 3/14/2017			
Finding	Recommendation	Department	Status of Audit Recommendations, Corrective Plan, and Progress Summary
The City can improve service delivery, employee morale, and public trust by further strengthening its ethical climate	1.1 Establish a formal, public-sector-values based, ethics program by: 1) Adopting a code of ethics that identifies important ethical principles or values and how to integrate the code into day to day practices; 2) Designating high-level personnel (a specific individual or individuals) to ensure the organization has an effective ethics program; 3) Identifying City staff member(s) or an external resource to whom employees can turn for ethics advice; 4) Providing staff with guidance on how to tackle ethical dilemmas	City Manager	<u>Implemented</u> : CMO issued new code of ethics; created and convened a formal ethics committee consisting of management personnel; announced ethics committee and ethics hotline in 2.15.19 Berkeley Matters as viable resources for staff to reach out to with ethics concerns; and announced new code of ethics in 2.15.19 Berkeley Matters and reference training sources, regulations, and viable contacts when faced with an ethics issue.
The City can improve service delivery, employee morale, and public trust by further strengthening its ethical climate	1.2 Promote ethical standards to employees and the public by: 1) Including the City's ethics statement in the new employee packet and discussing the City's commitment to ethical standards in new employee orientation 2) Providing all employees with training covering the City's ethics related policies and incorporating key aspects of the Fair Political Practices Commission ethics training 3) Providing a variety of ways to access ethics information and resources for employees, including those with no regular computer access at work, such as: • Posters and wallet cards • Centralized, intranet based ethics resource center • Periodic inclusion of ethics statement in Berkeley Matters 4) Emphasizing the City's commitment to workplace ethics during formal meetings, informal staff discussions, and regular communications with outside parties 5) Making the code of ethics available to the public, such as including the ethics code and related material in a centralized location on the City's public internet.	City Manager	<u>Dropped</u> : Audit recommendations are considered dropped if the City has not implemented them within five years.

	1.3	<p>Provide supervisors and midlevel management with written guidance and training on how to:</p> <ul style="list-style-type: none"> • Initiate and encourage discussions of ethical issues to help dispel misconceptions and alert management to actual problems • Report concerns or complaints to management or an external resource, and conduct investigations of ethics related complaints according to the City's procedures 	City Manager	<u>Implemented</u> : HR has developed and scheduled trainings for supervisors and management.
The City can improve service delivery, employee morale, and public trust by further strengthening its ethical climate	1.4	Develop a system for tracking, analyzing, and reporting on suspected misconduct, including written guidance and forms (or similar) to assist employees in making reports.	City Manager	<u>Implemented</u> : Human Resources established a third-party ethics reporting website that allows employees to make reports. HR resumed Ethics Committee Meetings in which members review reported ethics concerns.
The City can improve service delivery, employee morale, and public trust by further strengthening its ethical climate	1.5	Provide employees and the City Council with summary reports about investigation and resolution of employee ethics complaints, such as the reports already provided about EEO complaints, taking care to protect confidential and identifying information.	City Manager	<u>Dropped</u> : Audit recommendations are considered dropped if the City has not implemented them within five years.
The City can improve service delivery, employee morale, and public trust by further strengthening its ethical climate	1.6	Monitor and regularly evaluate the effectiveness of the ethics program and make improvements based on results.	City Manager	<u>Implemented</u> : Human Resources resumed convening meetings of the Ethics Committee that monitors and evaluates the City's ethics program.

Audit Title: Citywide Grants Management (formerly PW Grants Follow-up Audit FY16)			
Issue Date: 7/19/2016			
Finding	Recommendation	Department	Status of Audit Recommendations, Corrective Plan, and Progress Summary
Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented	1.1 Issue an internal policy assigning the division responsible for overall grants accounting (e.g., billing and monitoring receivables) and reporting. Make it clear to project managers that they are responsible for providing information on the grants they manage to the appointed division to assist with grants accounting.	City Manager	<u>Dropped</u> : Audit recommendations are considered dropped if the City does not implement them within five years.
Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented	1.2 Create a work team of Public Works staff who administer and manage grants. Team members should include the position responsible for overall grants accounting and reporting, and staff from the divisions that manage grants (e.g., Engineering and Transportation). The team should work collectively to evaluate their respective functions and their interrelated roles and responsibilities for grants management, billing, and accounting; and work towards developing an effective workflow that provides for accurate and timely grants accounting and reporting.	City Manager	<u>Dropped</u> : Audit recommendations are considered dropped if the City does not implement them within five years.
Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented	1.3 Require the grants team to work collectively to develop a written procedures manual that clearly explains roles, responsibilities, and workflows. The manual should: <ul style="list-style-type: none"> ▪ provide guidance on the overall grant application, approval, and monitoring process within the department ▪ refer to other applicable policies and procedures such as City Administrative Regulation 1.17 and Contracts Online ▪ describe the specific tasks performed within divisions and/or by job classification ▪ identify the forms and data sheets that staff are to use for recording, tracking, and monitoring grants (also see Recommendations 5.1 and 6.2) ▪ describe coordinating efforts needed between divisions and with the grant coordinator in Finance ▪ identify timelines and requirements for reporting, performing reconciliations, and providing information to the Finance grant coordinator (also see Recommendation 2.2) ▪ provide enough detail to more easily train new hires or staff with new responsibilities As with all procedures, the work team should consider the manual a living document that they review and update regularly to reflect changes in practices, procedures, and assignments.	City Manager	<u>Dropped</u> : Audit recommendations are considered dropped if the City does not implement them within five years.

<p>Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented</p>	<p>1.4 Require the grants work team to have regular meetings to share information and discuss workflows between their divisions. These meetings may need to be more frequent at first, e.g., quarterly, and less frequent over time, e.g., annually. The team should invite the Finance grant coordinator to their meetings to ensure the coordinator is receiving the necessary information for recording grants to the central repository and issuing grants receivables reports.</p>	<p>City Manager</p>	<p><u>Dropped</u>: Audit recommendations are considered dropped if the City does not implement them within five years.</p>
<p>Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented</p>	<p>2.1 Provide the Finance grant coordinator with a list of personnel who are responsible for grants management, accounting, and reporting so that they can be notified when the grant coordinator posts the grants reports to the City's shared drive.</p>	<p>City Manager</p>	<p><u>Dropped</u>: Audit recommendations are considered dropped if the City does not implement them within five years.</p>
<p>Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented</p>	<p>2.2 Require the division responsible for grants accounting and reporting to use Finance's grant reports to:</p> <ul style="list-style-type: none"> ▪ reconcile Public Works' grant financial records with FUND\$ to ensure that the department is recording expenditures and payments to the correct accounts ▪ work with Finance to make any necessary corrections to FUND\$ financial data when they identify discrepancies and errors ▪ track grants receivables and follow up with grantors on outstanding receivables 	<p>City Manager</p>	<p><u>Dropped</u>: Audit recommendations are considered dropped if the City does not implement them within five years.</p>
<p>Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented</p>	<p>3.1 Take ownership of City Administrative Regulation 1.16 and:</p> <ul style="list-style-type: none"> ▪ review and update the regulation so that it is consistent with City practices and procedures, and cross reference the regulation to other guidance and policies, e.g., Contracts Online and City Administrative Regulation 1.17 ▪ reissue the updated guidance to all City staff with emphasis on ensuring that project managers and those responsible for identifying and applying for grant funding are notified of the update 	<p>City Manager</p>	<p><u>Dropped</u>: Audit recommendations are considered dropped if the City does not implement them within five years.</p>
<p>Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented</p>	<p>4.1 Request that all department directors notify their grant management and accounting staff of City Administrative Regulation 1.17, and their expectations that staff adhere to the guidance.</p>	<p>City Manager</p>	<p><u>Dropped</u>: Audit recommendations are considered dropped if the City does not implement them within five years.</p>

<p>Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented</p>	<p>5.1</p>	<p>Require those responsible for grant accounting use the summary of charges sheet and work with project managers and the Finance grant coordinator to obtain the data they need to populate the sheet (also see Recommendations 1.3 and 1.4).</p>	<p>City Manager</p>	<p><u>Dropped</u>: Audit recommendations are considered dropped if the City does not implement them within five years.</p>
<p>Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented</p>	<p>6.1</p>	<p>Require that all department directors ensure that their staff with grants management and fiscal responsibilities receive the following training:</p> <ul style="list-style-type: none"> ▪ City Administrative Regulation 1.17: Pre-Award Authorization and Post-Award Grant Requirements ▪ Contracts Online, in particular, the revenue contract requirements 	<p>City Manager</p>	<p><u>Dropped</u>: Audit recommendations are considered dropped if the City does not implement them within five years.</p>
<p>Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented</p>	<p>6.2</p>	<p>Require all departments that receive financial assistance from a third-party to ensure that their written procedures clarify that all such awards are consider grants and must be packaged in accordance with Contracts Online, and to follow City Administrative Regulation 1.17 to ensure that the grant coordinator receives the grant accounting data sheet (also see Recommendation 1.3).</p>	<p>City Manager</p>	<p><u>Dropped</u>: Audit recommendations are considered dropped if the City does not implement them within five years.</p>
<p>Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented</p>	<p>6.3</p>	<p>Notify department directors when the grant coordinator finds that project managers and administrative staff are not providing grant information in accordance with City policy. Request that the department directors refer their staff to City Administrative Regulation 1.17, Contracts Online, and departmental procedures for guidance on ensuring they adhere to required grant policies and procedures.</p>	<p>City Manager</p>	<p><u>Dropped</u>: Audit recommendations are considered dropped if the City does not implement them within five years.</p>
<p>Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented</p>	<p>6.4</p>	<p>Add language to the revenue contract section of Contracts Online that clarifies all awards of financial assistance are considered grants and must be packaged in accordance with Contracts Online no matter the nomenclature used by the awarding agency.</p>	<p>Finance</p>	<p><u>Dropped</u>: Audit recommendations are considered dropped if the City does not implement them within five years.</p>
<p>Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented</p>	<p>6.5</p>	<p>Survey project managers and administrative staff who are responsible for grants management, reporting, and accounting to identify ways to improve the current grant database and reporting so that data are current and accurate, and reports are more user-friendly.</p>	<p>City Manager</p>	<p><u>Dropped</u>: Audit recommendations are considered dropped if the City does not implement them within five years.</p>

Of our six original recommendations, only one is currently implemented, two are partially implemented, and three are unimplemented	6.6	Use the information learned from surveying project managers and administrative staff (Recommendation 6.5) to identify critical business needs for the purchase of a comprehensive grants management system. Provide this information to the Department of Information Technology to use as part of Enterprise Resource Planning.	City Manager	<u>Dropped</u> : Audit recommendations are considered dropped if the City does not implement them within five years.
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Audit Title: Most Contracts Executed Timely but Contract Project Managers Could Use Better Tools and Guidance			
Issue Date: 10/6/2015			
Finding	Recommendation	Department	Status of Audit Recommendations, Corrective Plan, and Progress Summary
The City vastly improved its performance in securing fully executed agreements before contract work commences, but barriers to full compliance must be addressed	1.1 Design two timeline graphics to visually display the length of time project managers should expect it to take to execute the average boilerplate contract and non-boiler plate contract (i.e., routine vs. non-routine contracts). Identify the full length of time from request for proposal to City Manager approval. Include the average review times for the departments involved with contract review to provide user departments with a structure for their contract needs planning. Post the timelines to Contracts Online.	Finance	<u>Implemented:</u> A “contract preparation date estimate” tool was created in MS Excel. It includes two timeline estimators to help project managers estimate the amount of time they will need to process both boilerplate and non-boilerplate contracts. The tool was implemented in June 2016.
The City vastly improved its performance in securing fully executed agreements before contract work commences, but barriers to full compliance must be addressed	1.2 Continue providing semiannual reports of expiring contracts to project managers and work with the Department of Information Technology to convert the ad hoc query into an On Demand report that identifies all contracts set to expire within six months from the date of the query. Provide project managers with access to the On Demand feature so that they can run the report as needed.	Finance	<u>Implemented:</u> The city’s new financial system, Erma, allows for project managers to run reports of expiring contracts. Finance developed procedures for doing so and provided this information to city staff.
The City vastly improved its performance in securing fully executed agreements before contract work commences, but barriers to full compliance must be addressed	1.3 In collaboration with the Department of Information Technology and key contract review and approval departments, include contract management in Enterprise Resource Planning (ERP) needs. Work with key personnel in the contract review and approval departments, and with project managers who typically execute and manage a large number of contracts, to identify critical business needs, and methods for eliminating redundancies and streamlining the contract preparation, review, and approval process.	Finance	<u>Implemented:</u> Part of Erma implementation included having the Tyler Technologies manager meet with key city stakeholders to document the contracting processes, identify process redundancies, and note pain points. The all-day session included future state requirements and recommended business process changes that would exploit the new system’s delivered functionality and drive efficiencies. Erma was implemented with the capacity to prepare, review, and approve contracts.

<p>The City vastly improved its performance in securing fully executed agreements before contract work commences, but barriers to full compliance must be addressed</p>	<p>1.4</p>	<p>In coordination with the Department of Finance, enhance City training to include guidance for contract planning as part of project management. Once training is established, obtain feedback from training attendees and modify the training on an ongoing basis to meet the needs of project managers. Example training topics include:</p> <ul style="list-style-type: none"> • planning for contract needs by aligning them with department work plans • structuring contract preparation needs with citywide approval timelines (also see recommendation 1.1) • developing simple contract tracking systems to monitor contract timelines, expirations, and funding needs 	<p>City Manager</p>	<p><u>Implemented:</u> Complementary to the timelines attached to created in response to recommendation 1.1 and an integrated contract management system within the ERP system, Finance’s RFP/IFB and Contracts Procedures trainings courses encourage more continuous Q&A feedback during sessions that concentrate on discussing the actual timelines, roadblocks, and steps of planning, preparing, and executing solicitations and contracts versus simply presenting a slideshow detailing how the process is designed to work. Training sessions were scheduled twice per month (the 1st Friday morning and the 2nd Wednesday afternoon) beginning September – December 2016, and will continue going forward based on demand. At minimum, the sessions will be offered quarterly.</p>
<p>The City vastly improved its performance in securing fully executed agreements before contract work commences, but barriers to full compliance must be addressed</p>	<p>1.5</p>	<p>Require departments to document their specific procedures for contract preparation, oversight, and management. Procedures should include:</p> <ul style="list-style-type: none"> • planning for department specific actions, e.g., obtaining management’s approval • tracking contract status and funding needs • attending City training courses when offered, e.g., contract preparation and FUND\$ 101 • describing shared contract management responsibilities between project managers and support staff • requiring projects managers to coordinate with and respond to support staff’s needs for contract administration • requesting contract extensions • aligning contract needs with department work plans <p>* using Finance's contract process timelines and On Demand report of expiring contracts for contract planning * minimum level of documentation needed to effectively manage contracts</p>	<p>City Manager</p>	<p><u>Dropped:</u> Audit recommendations are considered dropped if the City hasn't implemented them within five years.</p>

Audit Title: City at Crossroads as Long-Standing Need for Structured Approach to Line of Business Experts Function Intersects with ERP			
Issue Date: 1/24/2017			
Finding	Recommendation	Department	Status of Audit Recommendations, Corrective Plan, and Progress Summary
Underdeveloped line of business experts function poses risks for City's ERP implementation	1.1 Clearly define the purpose, responsibilities, minimum qualifications, and training requirements for the line of business experts function.	City Manager	<u>Dropped</u> : Audit recommendations are considered dropped if the City has not implemented them within five years.
Underdeveloped line of business experts function poses risks for City's ERP implementation	1.2 Work with Information Technology to establish written policies and procedures for the line of business experts function at the appropriate organizational level based on the guiding principles established in Recommendation 1.1.	City Manager	<u>Dropped</u> : Audit recommendations are considered dropped if the City has not implemented them within five years.
Underdeveloped line of business experts function poses risks for City's ERP implementation	1.3 Create boilerplate service level agreements that, at a minimum, define the: <ul style="list-style-type: none"> - general purpose of the agreement; - roles and responsibilities of the parties involved; - goals and objectives; - provisions for monitoring the agreement; and - procedures for amending the agreement. <p>The standard boilerplate should also include a cost section that allows for quantifying service charges and payment provisions in as much detail as possible to help justify costs.</p>	Information Technology	<u>Implemented</u> : IT developed Service Level Agreements (SLA) that include the description of services provided by each division, service hours, resources in each division and contact information during and after hours.

Underdeveloped line of business experts function poses risks for City's ERP implementation	1.4	Negotiate and execute service level agreements with client departments.	Information Technology	<u>Implemented</u> : The Cost allocation was presented to all departments with staff from budget office, IT and department managers and fiscal team members.
Underdeveloped line of business experts function poses risks for City's ERP implementation	1.5	Work with Human Resources to revise the job classification used for the portfolio coordinator position. Minimum qualification factors might include, but are not limited to: - IT Governance/Portfolio Management experience; - Project Management Professional certification; - Project coordination experience; and - Excellent verbal and written communication skills.	Information Technology	<u>Dropped</u> : Audit recommendations are considered dropped if the City has not implemented them within five years.

Audit Title: Credit Card Use Audit: Clearer Guidance Needed			
Issue Date: 6/26/2018			
Finding	Recommendation	Department	Status of Audit Recommendations, Corrective Plan, and Progress Summary
Credit Card use practices out of alignment with City purchasing policies	<p>1.1 Issue written credit card use policies and procedures that:</p> <ul style="list-style-type: none"> • Reflect the City’s expectations regarding credit card use, e.g., for immediate needs that cannot wait for the purchase order process. • Clarify acceptability, or not, of creating accounts with third party payment groups, e.g., PayPal. • Address the use Amazon or similar organizations that offer cheaper prices but may result in noncompliance with procurement restrictions. • Incorporate current practices used by Finance to issue and manage credit cards. • Include best practices, for example, spending limits and reconciliation requirements. • Require staff provide itemized receipts to support purchases. • Require the City Manager approve department head credit card purchases. <p>* Require the Finance Director approve the City Manager's credit card purchases.</p> <p>* Require staff verify that a purchase order is not the more appropriate procurement option in circumstances that do not clearly warrant the use of a credit card.</p> <p>* Require indication of the need to use a credit card vs purchase order on supporting documentation when it is not clear based on the purpose. Require Accounts Payable staff report to the Finance Director or any City Manager and department head purchases that do not agree with City policies.</p> <p>* Require that credit card use be included in existing training programs, for example Accounts Payable processing.</p>	Finance	<p><u>Implemented:</u> Alternatively Implemented: Finance issued a memo covering each of the topics listed in the City Auditor’s recommendation. The memo identifies the purchases for which credit cards may be used and the documentation needed for support, and references Administrative Regulation (A.R.) 3.26. The information from the memo will be incorporated into all relevant purchasing policies, including A.R. 3.26, when Finance aligns all purchasing policies as recommended in recommendation 1.3 below.</p>

		<ul style="list-style-type: none"> • Outline steps for reporting disallowed or questionable purchases to higher management and taking appropriate action to prevent further occurrence. • Require demonstrating that travel costs represent the lowest, reasonable fare available when costs do not reflect the most common economical purchase. 		
Credit Card use practices out of alignment with City purchasing policies	1.2	Create and issue a written policy regarding food purchases. This policy should cover when food purchases are allowable, identify purchase limits, and require staff obtain itemized receipts.	Finance	<u>Implemented:</u> Finance issued Administrative Regulation (A.R.) 3.27. The A.R. covers when food purchases are allowable, identifies purchase limits, and requires staff obtain itemized receipts.
Credit Card use practices out of alignment with City purchasing policies	1.3	Align City policies and procedures reflecting purchasing requirements and restrictions: purchasing; travel and attendance; petty cash; credit card use; food purchases; and any others that, if not updated, would create disconnect regarding the City's expectations and create confusion for City staff expected to adhere to City policy.	Finance	<u>Implemented:</u> Finance updated its purchasing policies to align with the credit card policy and each other.

