

CITY AUDITOR'S REPORT ON RESULTS

Ann-Marie Hogan,
City Auditor

IN FY 2017, WE ISSUED...

8 Reports to
Council

6 Audits

51 New
Recommendations

THE MISSION OF THE CITY AUDITOR'S OFFICE IS TO BE A CATALYST FOR IMPROVING CITY GOVERNMENT. Our audits, conducted in accordance with Government Auditing Standards, provide the City Manager, City Council, and the public with objective, timely, and accurate information about City program performance. By providing this information and making recommendations for improvement, we help hold government accountable in its stewardship of public resources.

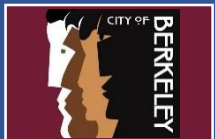
In FY 2017, the City Auditor's Office issued 8 reports to Council including 6 audit reports containing 51 recommendations to city departments. This report also notes several Council reports from city departments on actions taken in response to our audits, and the status of recommendations from previous years' audits.

HOW OUR WORK MADE A DIFFERENCE



Berkeley's ethical climate gets stronger

Management worked to demonstrate equity and transparency in hiring, support employee growth, and provide for a safe and ethical workplace, with an improved whistleblower policy and a leadership program that included City Auditor and City Attorney ethics training.



HR improves transparency in hiring and promotions

The Human Resources Department timely implemented all four recommendations to maintain and strengthen recruitment practices, procedures, and transparency.



Planning tackles construction permit processes

In June 2017, the Planning Department reported the specific steps they will take in 2018 towards excellent and equitable service, within existing resources. Root causes for not meeting established performance goals were identified in our audit and a consultant report; resolution will require future Council action.



A structured approach to Line of Business Experts

Information Technology is incorporating our recommendations as they implement a strategic plan and replace existing citywide financial software with improved enterprise resource management applications. Our recommended structured approach includes service level agreements between IT and departments and defining the responsibilities and resources required to train and develop employees working across departmental lines.



Fire improves ambulance billing processes

The Fire Department now uses an electronic report system to improve efforts to recover unpaid ambulance bills. Fire improved coordination with internal partners, and is re-doubling efforts to ensure local hospitals provide needed patient information.



Zero Waste moves towards long-term planning

The Zero Waste Commission pledged to move forward this year with a strategic plan, recommended in our 2014 audit Unfunded Mandate/Year 2020 Zero Waste Goal. Public Works should issue status reports on this audit and the 2017 Zero Waste billing audit.



PRW implements plan for cash-handling

The Parks, Recreation, and Waterfront Department has implemented a corrective action plan for their cash-handling sites in response to our audit. Finance must move forward with improved Citywide monitoring to reduce fraud risk, and will report in December.



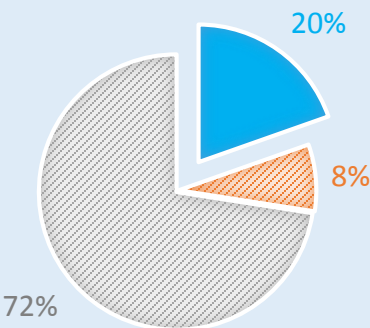
Council establishes General Fund reserves policy

Council adopted a General Fund Reserve Policy, based on the City Manager's proposed policy implementing our recommendations. Council continues to work on adopting clear guidance for using and replenishing reserves, a critical step in avoiding unfunded liabilities not only in the General Fund but in all city funds.

SNAPSHOT OF PROGRESS MADE AND CHALLENGES AHEAD

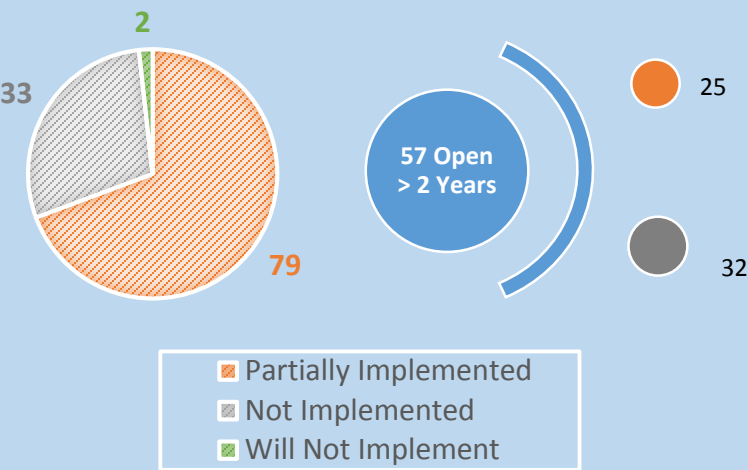
*As of August 31, 2017

FY 2017 Recommendations



- 20%** of fiscal year 2017 recommendations to improve City performance and safeguard assets were fully implemented
- 8%** were partially implemented
- 72%** have not been implemented

104 Recommendations FY 2009-2018 Not Implemented



Full implementation is less likely for **25** partially implemented and **32** not implemented recommendations that are **over 2 years** old, resulting in lost opportunities for improvement and continued risk of fraud.

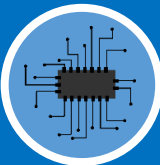
CONSISTENT AREAS OF RISK

OUR AUDITS INDICATE SYSTEMIC ISSUES THAT RESULT IN LOST OPPORTUNITIES AND RISK OF FRAUD.



Long-term planning, accountability, and funding decisions needed

Strategic planning is needed to make a reality of the City's goals, and to address current unfunded liabilities and future risks. Effective strategic plans include setting long term goals and publishing short term steps to get there, with frequent reporting of results.



Fraud risk: software improvements and monitoring needed

Excessive access to software systems and unreliable data due to poor security were common occurrences in areas we audited, resulting in insufficient monitoring. These conditions can easily lead to fraud.



Service delivery at risk from undocumented, unclear expectations

Clear direction in written procedures increases transparency, improving accountability for results. Solid policies and processes safeguard assets and improve service.

Note from the City Auditor

“Our 2017 work made a difference because of the enthusiasm of individual City employees in embracing ideas for improving the effectiveness and efficiency of city services. Our shared successes as change agents are also due to the support for continuous improvement of City of Berkeley services from the City Council, the City leadership team, Commissioners, and people who live, work, study, and enjoy life here. Thank you!”

Ann-Marie Hogan
City Auditor 1994-2018



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