

**Council Meeting: September 30, 2008****SUBJECT: Transmittal of Performance Results Audit of FY 2006/2007 for Program 117 — City Streetlight System****REPORT IN BRIEF**

This report presents the audit of performance results reported during FY 2006/2007 by *Program 117 — City Streetlight System*. Findings and recommendations are presented in the attached report.

The purpose of this audit is to ensure budgetary and management decisions were based on valid and complete information. The program's performance reporting system was evaluated for: 1) reporting accuracy; 2) language transparency; 3) documentation/data integrity; and 4) the integration of reporting systems within workflow. The evaluation was performed through staff interviews, documentation review, and the recalculation of reported results.

BACKGROUND

Measuring program performance has been a key feature of Sunnyvale's management and budgeting system for more than two decades. Funding for City programs is not budgeted by line item, but rather by the efforts or tasks undertaken in each program. These tasks are called activities. In the budget structure, activities are grouped into service delivery plans, which are further grouped into programs. Each activity has a budgeted number of dollars and staff hours to perform the tasks. The activities also have a budgeted number of "products" that management is expected to produce with the given resources. Expenditures and product counts are used to calculate product cost, products per hour, and hours per product. Each program also has a series of performance measures which measure how well the services are performed. Service level and funding decisions are made based on these measures and Council priorities.

The accuracy review component of the audit verifies measure and product counts by reconciling the reported numbers to source documentation. Language is reviewed to ensure the measure reflects the actual intent and operating procedures being used. Data integrity and documentation are reviewed to verify reporting methods. Integration is reviewed to ensure workflow and tracking mechanisms are being used together in an efficient manner.

EXISTING POLICY

The Fiscal Sub-element of the General Plan includes the following policies:

- Long Range Goal - VII: To ensure accuracy and policy consistency in City processes and reporting through regular financial and performance audits of programs.
- Internal Control - G.2.5: Performance audits will be conducted regularly on a schedule set by Council to verify that the performance data reported by each department is complete, valid, and accurate.

Per Council policy, performance results audits are performed on all operating programs over an eight year period. The audits presented in this report are part of the current audit plan's sixth year.

DISCUSSION

The attached audit presents the evaluation of *Program 117 — City Streetlight System*. The auditor reviewed the FY 2006/2007 performance results as reported by the Department of Public Works. Several activities in the program were not audited because the products are work hours or training-related or the costs are allocated automatically by the financial system. The audit statistics for Program 117 are shown in the following table:

**Audit Statistics
 Results of FY 2006/2007 Performance
 Program 117 — City Streetlight System**

Number of Results Reported within $\pm 3\%$ & $\pm 5\%$	11	35.5%
Number of Results Not Reported within $\pm 3\%$ & $\pm 5\%$	14	45.2%
Number of Results Not Able to Determine (NATD)	6	19.4%
Total Number of Measures/Activities Reviewed	31	100.0%
Number of Results Not Audited	4	
Total Number of Measures/Activities in Program	35	
Number of SOPs Missing	0	
Number of Recommendations	17	

The auditor makes 17 recommendations to Program 117, the majority of which are related to accuracy. The accuracy statistics show that only 35.5 percent of the total results audited were reported within the defined parameters. This lack of

accuracy resulted from one major factor. Specifically, the program's system of performance tracking is entered in multiple places and tracked by multiple systems which cause the resulting data to be difficult to maintain, enter, and analyze. Conversely, the program's workflow is highly integrated. It is demand based and virtually all of the activity performed and tracked by this program is driven by work orders that are generated either from outside sources or by staff. This tension between workflow and how it is tracked causes inefficiency because staff is required to enter the same information into multiple worksheets and/or databases.

To alleviate this inefficiency the auditor recommends tracking all components of this program in the Public Works' Service Reports System. The technological infrastructure already exists and is maintained by the City's Information Technology Department (ITD). Logging every work action in the System will allow the program to more efficiently and accurately track its performance in a manner that conforms to the way the program operates.

FISCAL IMPACT

Costs associated with preparation of this audit report were included in the City of Sunnyvale's operating budget in *Program 743 — Internal Audit*.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center, and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

ALTERNATIVES

1. Receive the audit report and concur with management's acceptance of recommendations.
2. Receive the audit report and direct staff to hold a study session to discuss the audit findings and recommendations.
3. Receive the audit report and give alternative direction regarding specific recommendations.

RECOMMENDATION

Staff recommends Alternative 1: Receive the audit report and concur with management's acceptance of recommendations.

Reviewed by:

Mary J. Bradley, Director of Finance
Prepared by: Ann Durkes, Finance Department

Approved by:

Amy Chan
City Manager

Attachments

- A. City of Sunnyvale FY 2006/2007 Performance Results Audit, Department of Public Works, Program 117 — City Streetlight System

City of Sunnyvale
FY 2006/2007
Performance Results Audit



Department of Public Works

Program 117
City Streetlight System

August 2008

Auditor: Ann Durkes
City of Sunnyvale

Field Work Start Date: June 2008

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AUDIT OBJECTIVE

The goal of a performance results audit is to ensure that budgetary and management decisions are based upon valid and complete performance information. This is accomplished by evaluating the following components of a program's performance reporting system:

- **Accuracy:** Auditor count or calculations are within ± 3.0 percent for program measures and within ± 5.0 percent for activities' product counts.
- **Language:** Measure/Product text accurately represents the numbers portrayed in the reported result.
- **Documentation/Data Integrity:** Documentation systems are complete and data accurately reflects a program's operations. Each measure should have a Standard Operating Procedures (SOP) document describing data sources and calculation methodologies.
- **Integration:** Data collection systems are automated and integrated into the operational workflow of the organization whenever possible.

The evaluation is performed through staff interviews, documentation review, and by recalculating the reported results. The auditor considers the year-end report to the City Manager as final. Handwritten corrections in the year-end report are acceptable.

PROGRAM BACKGROUND

Program 117 — City Streetlight System is located within the Department of Public Works and its physical operation is housed at the Corporation Yard. The purpose of the program is to maintain the City's streetlight system. The major expenditure in this program is electric power purchased, which accounts for approximately 70.0 percent of total expenditures. The chart below summarizes hours and operating expenditures in Program 117 for FY 2002/2003 through FY 2006/2007. Prior to FY 2005/2006, the streetlight system was part of *Program 115 — Traffic & Transportation*.

	<u>Hours</u>	<u>Total Expenditures</u>
FY 2002/2003	7,412.3	\$945,609
FY 2003/2004	6,050.8	839,861
FY 2004/2005	5,780.5	793,921
FY 2005/2006	6,653.7	948,345
FY 2006/2007	6,798.9	1,014,315

AUDIT SCOPE

The City of Sunnyvale uses performance-based budgeting — a method in which the General Plan's goals are directly supported and accomplished by specific programs. Performance-based budgeting quantifies both performance and expenditures; it also presents the interrelation between the two. This interrelation is called “performance results” and is the focus of this audit.

To quantify performance, each program's function is defined by a program performance statement. The program performance statement provides the purpose of the program and how this purpose will be achieved. Performance measures are the benchmarks and data points are the statistics which set the context for the benchmarks.

To quantify expenditures, each program is separated into service delivery plans (SDPs), which are separated further into activities [also referred to as organizational cost accounts (OCAs) or charge codes]. They are the “place” where all work hours, direct expenditures, and units of production (products) are charged.

The auditor reviewed the FY 2006/2007 performance results as reported for *Program 117 — City Streetlight System*. The program's reporting structure consists of 8 performance measures, 6 data points, and 21 activities. However, only 31 reported performance results were tested (8 measures, 6 data points, and 17 products). Four of the program's activities were not audited because the products are either work hours, training-related, or allocated costs. Work hours were not evaluated because there is no practical method to verify reported hours were actually worked. Training products were not audited because they are not a main operational function of the organization. Allocated costs are funds distributed to other programs to cover internal services. These costs were not audited because they are calculated by the financial system.

SUMMARY

Thirty-one performance results were tested during the course of this audit. Of that total, 11 were verified as accurate within the defined parameters, while 14 were identified as not being reported within the defined parameters. Six of the results could not be verified. Sources for these results either did not exist or could not be correlated with the underlying documentation. The auditor makes 17 recommendations to Program 117. The statistical summary is shown in Appendix 1. The detailed findings and recommendations are shown in Appendix 2.

DETAILED FINDINGS

This audit presents the evaluations made of Program 117’s performance results. The evaluations were made using four criteria: accuracy, language, documentation/data integrity, and integration into operational workflow.

ACCURACY

The allowable margins of error used to determine the accuracy status of reported results are ± 3.0 percent for program measures and ± 5.0 percent for activity product counts. Auditor calculations based on support documentation must be within the allowable error margins for the measure to be verified as accurate. Results are marked as “not able to determine” (NATD) if support documentation is incomplete or unavailable to verify the reported number. The table below shows the overall accuracy statistics for the program:

AUDIT STATISTICS		
Number of Results Reported Within $\pm 3.0\%$ & $\pm 5.0\%$	11	35.5%
Number of Results Not Reported Within $\pm 3.0\%$ & $\pm 5.0\%$	14	45.2%
Number of Results Not Able to Determine (NATD)	6	19.4%
Total Number of Measures/Activities Reviewed	31	100.0%
Number of Results Not Audited	4	
Total Number of Measures/Activities in the Program	35	
Number of SOPs Missing	0	
<i>Percentages may not add to 100% because of rounding.</i>		

The accuracy statistics show that only 35.5 percent of the total results audited were reported within the defined parameters. This lack of accuracy resulted from one major factor. Specifically, the program’s system of performance tracking is entered in multiple places and tracked by multiple systems which cause the resulting data to be difficult to maintain, enter, and analyze. Conversely, the program’s workflow is highly integrated. It is demand based and virtually all of the activity performed and tracked by this program is driven by work orders that are generated either from outside sources or by staff. This tension between workflow and how it is tracked causes inefficiency because staff is required to enter the same information into multiple worksheets and/or databases.

To alleviate this inefficiency the auditor recommends tracking all components of this program in the Public Works’ Service Reports System. The technological infrastructure already exists and is maintained by the City’s Information Technology Department (ITD). Each action recorded by staff should be transferred from the Daily Work Report

into the Service Reports System no matter if a formal work order is issued for the action. Logging every work action in the System will allow the program to more efficiently and accurately track its performance in a manner that conforms to the way the program operates.

LANGUAGE

Seven of the findings related to language either on the SOP or within the measure or data point. The most significant language-related finding deals with *Program Measure 7 – The Cost to Repair or Replace a City-owned Streetlight Lamp Will Not Exceed the Planned Cost*. The SOP states:

“Met’ would result if the actual product cost for the year is within 10.0 percent of the budgeted product cost. ‘Exceeds’ would result if the actual product cost for the year is less than 90.0 percent of the budgeted product cost. ‘Not Met’ would result if the actual product cost for the year is higher than 110.0 percent of the budgeted product cost.”

The program reported results according to the SOP; therefore, no finding was made in relation to the calculations used. However, the auditor believes that the SOP should be revised to use the following categories:

- Met = Actual product cost is between 90.0 percent and 100.0 percent of budgeted product cost.
- Exceeds = Actual product cost is less than 90.0 percent of the budgeted product cost.
- Not Met = Actual product cost is greater than the budgeted product cost.

This revision of the categories would reflect that the “budgeted product cost” is an expenditure appropriation, which by definition cannot be exceeded unless substantive action is taken to modify the appropriation amount through a budget modification or budget reappropriation. In addition, the revisions would recognize that a 10.0 percent savings in the cost of repairing/replacing the lamps is substantial.

The remaining language-related findings dealt with nomenclature on several SOPs not being consistent with the supporting documentation. For example, “arterial” and “regular” were used interchangeably to describe one of the classifications of streetlight types. Using standardized language throughout all documentation would alleviate confusion.

The auditor recommends choosing one word, then updating the SOP and all supporting documentation so classification labels are consistent. Other language-related findings simply require updating the SOP to accurately reflect what the program is actually doing or clarify data sources, etc.

DOCUMENTATION/DATA INTEGRITY & INTEGRATION

All findings dealing with documentation/data integrity and integration will be addressed in the same manner as the accuracy findings.

AUDIT CONCLUSION

The auditor makes 17 recommendations to address the findings discussed above. The audit statistics are shown in Appendix 1. A detailed list of findings, recommendations, and the Department of Public Works' responses is located in Appendix 2.

AUDIT STATISTICS	
Number of Results Reported Within $\pm 3\%$ & $\pm 5\%$	11 35.5%
Number of Results Not Reported Within $\pm 3\%$ & $\pm 5\%$	14 45.2%
Number of Results Not Able to Determine (NATD)	6 19.4%
Total Number of Measures/Activities Reviewed	31 100.0%
Number of Results Not Audited	4
Total Number of Measures/Activities in the Program	35
Number of SOPs Missing	0

Program 117 - City Streetlight System (FY 2006-07)

Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within	
							Y/N	+/-
1	Q	City streetlights are functioning during field surveys.	Percent of Streetlights Functioning	NO	95.000%	NATD	--	--
			Number of Streetlights Surveyed	--	16,344.00	NATD	--	--
2	Q	Customers are satisfied with the City streetlight system services (based on Citywide Survey).	Percent	NO	93.000%	70.000%	N	32.9%
3	P	Bi-monthly arterial and quarterly industrial streetlight surveys are completed as scheduled.	Percent of Surveys Completed	NO	100.000%	NATD	--	--
			Number of Surveys Scheduled Yearly	--	10.00	10.00	Y	0.0%
4	P	City-owned streetlight-pole knockdowns are restored within five (5) days.	Percent of Pole Knockdowns Restored within five (5) Days	NO	73.000%	50.000%	N	46.0%
			Number of Knockdowns	--	22.00	12.00	N	83.3%
4	P	City-owned streetlight-pole knockdowns are restored within five (5) days. (Continued)						
5	P	City-owned streetlight outages due to lamp failure are repaired within one (1) working-day of notification.	Percent of Lamps Repaired within one (1) Working Day	NO	90.000%	90.500%	Y	-0.6%
			Number of Outages	--	1,092.00	1,123.00	Y	-2.8%
6	P	Notify PG&E of streetlight outages owned and maintained by them within one (1) working-day of identification.	Percent of PG&E Outages Notified within one (1) Working Day	NO	100.000%	31.900%	N	213.5%
			Number of Outages	--	129.00	47.00	N	174.5%
7	CE	The cost to repair or replace a City-owned streetlight lamp will not exceed the planned cost.	Cost Per Lamp Repaired/Replaced	NO	\$32.71	\$31.81	Y	2.8%
			Number of City-owned	--	8,861.00	8,019.00	N	9.5%
8	F	Actual total expenditures for City Streetlight System will not exceed planned program expenditures.	Total Program Expenditures	NO	\$1,014,258.00	1,014,258.22	Y	<0.1%

Program 117 - City Streetlight System (FY 2006-07)										
SDP	Activity	Charge Code	Charge Code Title	Product Title	SOP Missing	Reported Result	Auditor Calculation	Accurate within		
								Y/N	+/-	
1	1	117100	Purchase Electrical Power For Streetlight System	A Streetlight Powered	NO	8,861.00	8,860.00	Y	<0.1%	
2	1	117200	Facilities/Equipment Maintenance - Maintain Street Lighting Equipment and Material Storage Area	An Activity Completed	NO	27.00	49.00	N	44.9%	
2	2	117210	Survey Streetlights - To Check for Outages and Establish a Repair/Replacement List	A Survey Completed	NO	10.00	NATD	--	--	
2	3	117220	Re-Number Streetlight Poles - Replace Faded, Damaged or Missing Numbering Plates	A Pole Re-Numbered	NO	0.00	0.00	Y	0.0%	
3	1	117300	Electrical Repairs - Other Than Lamps	An Occasion	NO	1,098.00	1,026.00	N	7.0%	
3	2	117310	Conduit Repairs	A Lineal Foot	NO	269.00	NATD	--	--	
3	3	117320	Streetlight Lamps Repair/Replace	A Lamp Repaired/Replaced	NO	1,092.00	1,123.00	Y	-2.8%	
3	4	117330	Streetlight Knockdowns Scheduled Repairs	A Knockdown Repaired	NO	22.00	12.00	N	83.3%	
3	5	117340	Investigate Electrical Problem - Schedule Repairs If City-Owned or Report Problem to PG&E	An Occasion	NO	129.00	47.00	N	174.5%	
3	6	117350	Recycle/Dispose Hazardous Material - Containing Components such as Mercury-Containing Lamps	A Lamp/Component Recycled/Disposed	NO	1,283.00	150.00	N	755.3%	
4	1	117400	Complete Repair - City Responsibility	An Occasion	NO	1.00	1.00	Y	0.0%	
4	2	117410	Complete Repair Non-City Responsibility	An Occasion	NO	1.00	1.00	Y	0.0%	
4	3	117420	Streetlight Knockdown Unscheduled Response	An Occasion	NO	11.00	12.00	N	-8.3%	
5	1	117500	Provide Pole Graffiti/Sign Removal	An Occasion	NO	359.00	400.00	N	-10.3%	
5	2	117510	Provide Fabrication/Equipment Repair	A Fabrication/Repair Completed	NO	8.00	2.00	N	300.0%	
5	3	117520	Streetlight Locates - Locating of Underground Utilities for Excavation Purposes	A Locate Completed	NO	2,992.00	SAMPLE	Y	--	
5	4	117530	Provide Streetlight Modifications per Request	A Service Request Completed		0.00	NATD	--	--	
6	1	117600	Management and Supervisory Services	A Work Hour	Not Audited	--	--	--	--	
6	2	117610	Administrative Support - Including Clerical Staff Hours	A Work Hour	Not Audited	--	--	--	--	
6	3	117620	Staff Training and Development - Including Tailgate Meetings, Certifications and Operations/Safety Related Classes	A Training Session Completed	Not Audited	--	--	--	--	
98	99	117980	Program-Wide Allocation	None	Not Audited	--	--	--	--	

AUDIT STATISTICS			
Number of Results Reported Within +3% & +5%	11	35.5%	
Number of Results Not Reported Within +3% & +5%	14	45.2%	
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Total Number of Measures/Activities Reviewed	31	100.0%	
Number of Results Not Audited	4		
Total Number of Measures/Activities in the Program	35		
Number of SOPs Missing	0		

Program 117 - City Streetlight System (FY 2006-07)

Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within ±3%		Findings	Recommendations	Department Response	Disposition
							Y/N	+/-				
1	Q	City streetlights are functioning during field surveys.	Percent of Streetlights Functioning	NO	95.000%	NATD	--	--	1 FY 2006/2007 Streetlight Survey Checklists could not be located by staff. (Data Integrity)	1 Store all documentation in a central location and establish a locator index.	Agree with recommendation and will do so when an appropriate area is located..	
			Number of Streetlights Surveyed	--	16,344.00	NATD	--	--	2 Classification of streetlight types is not consistent between the SOP and the supporting documentation. "Arterial" and "regular" are used interchangeably. (Language)	2 Update language on SOP and all supporting documentation so classification labels are consistent.	Agree and will I will look into updating the SOP for the proper verbage.	
2	Q	Customers are satisfied with the City streetlight system services (based on Citywide Survey).	Percent	NO	93.000%	70.000%	N	32.9%	3 The calculation methodology specified in the SOP was not followed. (Accuracy)	3 Update SOP to reflect that the citizen survey is conducted by a third-party and data are provided as percentages. No calculations are required by program.		
			Number of Surveys Completed	--	10.00	10.00	Y	0.0%	4 Three categories, including "fair/average," were included in the reported performance result. Inclusion of this category is inconsistent with the underlying intent of the SOP. (Language)	4 Update SOP to reflect the reported result will be the summation of the percentage of responses shown in categories "excellent," "good," and "fair."		
3	P	Bi-monthly arterial and quarterly industrial streetlight surveys are completed as scheduled.	Percent of Surveys Completed	NO	100.000%	NATD	--	--	Duplicate FY 2006/2007 Streetlight Survey Checklists could not be located by staff. (Data Integrity)	Duplicate See Recommendation 1.	See Department's response for 1.	
			Number of Surveys Scheduled Yearly	--	10.00	10.00	Y	0.0%	5 Knockdowns occurring during the previous fiscal year, but repaired during the following fiscal year are inappropriately included in the denominator when calculating the performance measure. (Accuracy & Language)	5 Change the existing data point to "Number of Knockdowns Occurring during the Fiscal Year." The percentage calculation of those restored within five days is accomplished by dividing the number of repairs accomplished within five days by the number in the data point.	Agree; also CHANGE: five days to five business days and ADD: " except pole that requires the replacement of the base." These poles will not be completed in five working days because it takes five days for the replacement concrete to set enough for a replacement pole to be installed.	
4	P	City-owned streetlight-pole knockdowns are restored within five (5) days.	Percent of Pole Knockdowns Restored within five (5) Days	NO	73.000%	50.000%	N	46.0%	6 Daily Work Reports were not complete. (Data Integrity)	6 Daily Work Reports were not completed as stated in the SOP. Each report should consistently list description of location for Activities 117330 and 117420 on the same line the hours and units are recorded. In addition, the date the repair is made should be clearly marked as complete in the appropriate box on the Daily Work Report.	This was the first year of using the newly adopted Daily Work Reports, including streetlight pole knockdowns. It was a learning year. The procedures have been addressed and the outcome has improved.	
			Number of Knockdowns	--	22.00	12.00	N	83.3%				

Program 117 - City Streetlight System (FY 2006-07)														
Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within +3%		Findings	Recommendations	Department Response	Disposition		
							Y/N	+/-						
4	P	City-owned streetlight-pole knockdowns are restored within five (5) days. (Continued)							7	Various results from multiple sources. Data is being duplicated and tracked manually. (Documentation/Data Integrity, Integration)	7	Work with Information Technology Department (ITD) to modify the existing Public Works Service Report System to include the set up an integrated tracking system for all activities in the program. Allow for multiple users. Enter daily work actions into system. Establish reports that pull all needed information for calculating performance measures and counting products for each activity.	This was the first year of using the newly adopted Daily Work Reports, including streetlight pole knockdowns. It was a learning year. The procedures have been addressed and the outcome has improved.	
									8	SOP needs to be rewritten. (Language)	8	The SOP should be rewritten to clarify that "the log" is the Public Works Service Report System and only the number of knockdowns occurring during the given fiscal year should be included in the calculation.	Agree, the amount of poles replaced included poles that had not been replaced in previous fiscal years. It was a "catch-up" year. Currently, no backlog exists and they are being tracked accordingly. SOP will be updated to reflect current procedures.	
5	P	City-owned streetlight outages due to lamp failure are repaired within one (1) working-day of notification.	Percent of Lamps Repaired within one (1) Working Day	NO	90.000%	90.500%	Y	-0.6%	9	The SOP's language is not reflecting the correct data sources. (Language)	9	The auditor recommends updating the SOP to state the source of the data for this measure is the Public Works' Service Reports System (database). In addition, the specific report titles generated from the system should be added to the SOP. The description of the calculation methodology should also be corrected. Finally, the SOP should contain clarification on "one business day." Specifically, if a call is received on a business day, the repair will take place by the end of the next business day.	SOP will be updated as recommended.	
			Number of Outages	--	1,092.00	1,123.00	Y	-2.8%	--	--	--	--	--	--
6	P	Notify PG&E of streetlight outages owned and maintained by them within one (1) working-day of identification.	Percent of PG&E Outages Notified within one (1) Working Day	NO	100.000%	31.900%	N	213.5%	Duplicate	Various results from multiple sources. Data is being duplicated and tracked manually. (Documentation/Data Integrity, Integration)	Duplicate	See Recommendation 7.	Agree. Currently, Street Light Tech contacts PG&E the same day outage is identified. A case number is obtained at that time. The Tech then enters the case number into the Service Request and submits for data entry.	
			Number of Outages	--	129.00	47.00	N	174.5%	10	The SOP's language is not reflecting the correct data sources. (Language)	10	The auditor recommends updating the SOP to state the source of the data for this measure is the Public Works' Service Reports System (database). In addition, the specific report titles generated from the system should be added to the SOP. The description of the calculation methodology should also be corrected. Finally, the SOP should contain clarification on "one business day." Specifically, if a call or notification is received on a business day, PG&E will be notified by the end of the next business day.	This has been tracked in the past as "calls received." Because there have been and will continue to be repeat calls from the same location. Will continue to log each call. PG&E doesn't always respond to the first call reporting a street light out, so calls continue to be received from residents regarding the same light being out.	

Program 117 - City Streetlight System (FY 2006-07)												
Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within +3%		Findings	Recommendations	Department Response	Disposition
							Y/N	+/-				
7	CE	The cost to repair or replace a City-owned streetlight lamp will not exceed the planned cost.	Cost Per Lamp Repaired/Replaced	NO	\$32.71	\$31.81	Y	2.8%	11 The number of City-owned streetlights reported included the 13 streetlights added in July 2008. (Accuracy)	11 The City is obligated through legally binding agreements to maintain PG&E-owned and VTA-owned streetlights, as well as the streetlights owned by the City. To accurately represent the cost of repair/replacing those streetlight lamps, the measure and data point should be changed to: <u>Program Measure 7:</u> The cost to repair or replace a streetlight lamp that is maintained by the City, including all City-, PG&E-, and VTA-owned streetlights. <u>Program Measure 7 Datapoint:</u> Number of Streetlights maintained by the City.	Agree.	
			Number of City-owned Streetlights	--	8,861.00	8,019.00	N	9.5%	-- Number of products (repairs/replacements) on annotated MBO equals 1,092; auditor calculated 1,123 from the Daily Work Reports for FY 2006/2007. The total expenditure amount was \$35,719.08 and used by both the program and the auditor. The difference in the number of products caused the unit cost to differ. (Accuracy)	-- Misreporting of products. No recommendation.	Will confirm the number of streetlights. There have been additions these past years from all the new developments.	
									12 The SOP states: "'Met' would result if the actual product cost for the year is within 10% of the budgeted product cost. 'Exceeds' would result if the actual product cost for the year is less than 90% of the budgeted product cost. 'Not Met' would result if the actual product cost for the year is higher than 110% of the budgeted product cost." (Language)	12 The program reported results according to the SOP; therefore, no finding was made in relation to the calculations used. However, the auditor believes that the SOP should be revised to use the following categories: <u>Met</u> = Actual product cost is between 90.0% and 100.0% of budgeted product cost. <u>Exceeds</u> = Actual product cost is less than 90.0% of the budgeted product cost. <u>Not Met</u> = Actual product cost is greater than the budgeted product cost. This revision of the categories would reflect that the "budgeted product cost" is an expenditure appropriation, which by definition cannot be exceeded unless substantive action is taken to modify the appropriation amount through a budget modification or budget reappropriation. In addition, the revisions would recognize that a 10.0 percent savings in the cost of repairing/replacing the lamps is substantial.	No response provided.	
8	F	Actual total expenditures for City Streetlight System will not exceed planned program expenditures.	Total Program Expenditures	NO	\$1,014,258.00	\$1,014,258.22	Y	<0.1%	-- --	-- --	--	--

Program 117 - City Streetlight System (FY 2006-07)														
SDP	Activity	Charge Code	Charge Code Title	Product Title	SOP Missing	Reported Result	Auditor Calculation	Accurate within +5%		Findings	Recommendations	Department Response	Disposition	
								Y/N	+/-					
1	1	117100	Purchase Electrical Power For Streetlight System	A Streetlight Powered	NO	8861.00	8860.00	Y	<0.1%	--	--	--		
2	1	117200	Facilities/Equipment Maintenance - Maintain Street Lighting Equipment and Material Storage Area	An Activity Completed	NO	27.00	49.00	N	44.9%	13	No formal tracking mechanism exists for this activity. (Documentation/Data Integrity)	13	Set up a formal tracking system for this activity. Work with Information Technology Department (ITD) to modify the existing Public Works Service Report System to set up an integrated tracking system for all activities in the program. Allow for multiple users. Enter daily work actions into system. Establish reports that pull all needed information for calculating performance measures and counting products for each activity.	Adding these activities to the Daily Work Reports.
2	2	117210	Survey Streetlights - To Check for Outages and Establish a Repair/Replacement List	A Survey Completed	NO	10.00	NATD	--	--	Duplicate	FY 2006/2007 Streetlight Survey Checklists could not be located by staff. (Documentation/Data Integrity)	Duplicate	See Recommendations 1 and 7.	Agree.
2	3	117220	Re-Number Streetlight Poles - Replace Faded, Damaged or Missing Numbering Plates	A Pole Re-Numbered	NO	0.00	0.00	Y	0.0%	--	--	--	--	--
3	1	117300	Electrical Repairs - Other Than Lamps	An Occasion	NO	1098.00	1026.00	N	7.0%	14	Significant differences in results from multiple sources. Data is being duplicated and tracked manually. Data provided on the annotated MBO listed reported results as 1,098.0 occasions. Data provided on FY 06-07 Unit Totals Report listed 1,021.0 occasions. Data on the Daily Work Reports for FY 2006/2007 listed 1,026 occasions. Data on the Public Works' Service Reports System showed 49 occasions.	14	The auditor was able to verify 1,026 occasions by examining each Daily Work Report for FY 2006/2007. It is unclear why each Daily Work Report's listed activities are not entered into the Public Works' Service Reports System so every work action is recorded in a central location. The auditor recommends tracking all components of this program in the Public Works' Service Reports System. The IT infrastructure already exists and is maintained by the City's IT Department. Each action recorded by staff should be transferred from the Daily Work Report into the Service Reports System.	During FY 2006/2007, an employee from another section performed street light repairs because the Street Light Tech was on the "4 / 10" schedule. It is possible the units reported include the work he performed. No Daily Work Report was submitted. This finding has been addressed; the Street Light Tech is now on the "5 / 8" schedule and is in the field Monday thru Friday. In addition, the back up worker is assigned to the same section as the Street Light Tech.
3	2	117310	Conduit Repairs	A Lineal Foot	NO	269.00	NATD	--	--	Duplicate	Various results from multiple sources. Data is being duplicated and tracked manually. (Documentation/Data Integrity, Integration)	Duplicate	See Recommendation 7.	Streetlights Program is working with the Concrete Program to maximize the monies allocated to this activity by repairing/replacing everything simultaneously (conduit, wire, pull boxes, and concrete).
3	3	117320	Streetlight Lamps Repair/Replace	A Lamp Repaired/Replaced	NO	1092.00	1123.00	Y	-2.8%	Duplicate	See Finding 9.	Duplicate	See Recommendation 9.	SOP will be updated as recommended.
3	4	117330	Streetlight Knockdowns Scheduled Repairs	A Knockdown Repaired	NO	22.00	12.00	N	83.3%	Duplicate	See Findings 5, 6, & 7.	Duplicate	See Recommendations 5, 6, & 7.	Agree.
3	5	117340	Investigate Electrical Problem - Schedule Repairs If City-Owned or Report Problem to PG&E	An Occasion	NO	129.00	47.00	N	174.5%	Duplicate	See Findings 7 and 10.	Duplicate	See Recommendations 7 and 10.	Agree.

Program 117 - City Streetlight System (FY 2006-07)													
SDP	Activity	Charge Code	Charge Code Title	Product Title	SOP Missing	Reported Result	Auditor Calculation	Accurate within +5%		Findings	Recommendations	Department Response	Disposition
								Y/N	+/-				
3	6	117350	Recycle/Dispose Hazardous Material - Containing Components such as Mercury-Containing Lamps	A Lamp/Component Recycled/Disposed	NO	1283.00	150.00	N	755.3%	15 Data provided on the annotated MBO listed reported results as 1,283.0 lamps recycled/disposed. Certificate of Recycling and/or Disposal lists 150 lamps recycled/disposed. (Documentation/Data Integrity)	15 The auditor verified that 150 lamps were recycled/disposed during FY 2006/2007. This information was gained by querying the City's Financial System and obtaining the original documentation associated with the transaction between the City and the recycler, Veolia ES Technical Solutions, LLC. The auditor was unable to determine how the program calculated 1,283.0 lamps and/or components were recycled/disposed during FY 2006/2007. No supporting documentation or information was provided by the program.	After checking with contractor, it was determined that the pick up of bulbs after July 1, 2007 was inadvertently included in the amount reported for FY 2006/2007. To prevent this issue from happening again, the pickups will be scheduled for Dec. and June each year. This change in scheduling should eliminate any future confusion.	
4	1	117400	Complete Repair - City Responsibility	An Occasion	NO	1.00	1.00	Y	0.0%	--	--	--	--
4	2	117410	Complete Repair Non-City Responsibility	An Occasion	NO	1.00	1.00	Y	0.0%	--	--	--	--
4	3	117420	Streetlight Knockdown Unscheduled Response	An Occasion	NO	11.00	12.00	N	-8.3%	Duplicate See Findings 5 & 6.	Duplicate See Recommendations 5 & 6.	See Department's response for 5 & 6.	
5	1	117500	Provide Pole Graffiti/Sign Removal	An Occasion	NO	359.00	400.00	N	-10.3%	Duplicate See Finding 7.	Duplicate See Recommendation 7.	Agree.	
5	2	117510	Provide Fabrication/Equipment Repair	A Fabrication/Repair Completed	NO	8.00	2.00	N	300.0%	Duplicate See Finding 7.	Duplicate See Recommendation 7.	Agree.	
5	3	117520	Streetlight Locates - Locating of Underground Utilities for Excavation Purposes	A Locate Completed	NO	2992.00	SAMPLE	Y	--	16 The cost of locating and marking underground utilities is a development-related cost. (Integration)	16 The auditor recommends the City investigate opportunities to recoup the cost of performing USA locate services from the developers. If possible, the auditor recommends this effort be undertaken as part of the Development Fees Cost of Service Study currently being performed by Matrix Consulting Group.	The Department will examine the possibility of implementing the recommendation.	
5	4	117530	Provide Streetlight Modifications per Request	A Service Request Completed		0.00	NATD	--	--	17 There were 46.5 hours charged to this activity, but no products were reported. (Accuracy/Data Integrity)	17 Work was accomplished and recorded in this activity. The associated products should have been recorded. The auditor recommends tracking all components of this program in the Public Works' Service Reports System. The IT infrastructure already exists and is maintained by the City's IT Department. Each action recorded by staff should be transferred from the Daily Work Report into the Service Reports System.	This was a special project to install two new street lights for the development on Aster and Willow. The program does not typically install new street lights, conduit, and pull boxes. The timers for the streetlights were charged to this activity.	
6	1	117600	Management and Supervisory Services	A Work Hour	Not Audited	--	--	--	--	--	--	--	--
6	2	117610	Administrative Support - Including Clerical Staff Hours	A Work Hour	Not Audited	--	--	--	--	--	--	--	--
6	3	117620	Staff Training and Development - Including Tailgate Meetings, Certifications and Operations/Safety-Related Classes	A Training Session Completed	Not Audited	--	--	--	--	--	--	--	--
98	99	117980	Program-Wide Allocation	None	Not Audited	--	--	--	--	--	--	--	--