

**Council Meeting: October 7, 2008**

SUBJECT: Transmittal of Performance Results Audits of FY 2006/2007 for Public Works, Parks & Recreation, and Office of the City Manager Departmental Management and Support Services Programs

REPORT IN BRIEF

This report presents the audits of performance results reported during FY 2006/2007 by *Program 302 — Public Works Department Management and Support Services*; *Program 601 — Parks & Recreation Department Management and Support Services*; *Program 729 — Office of the City Manager Department Management and Support Services*; and associated citywide findings. The three management audits are presented together because of their similarity. A report on citywide findings administered by the Human Resources Department (HRD) is presented separately. Although the measures are included in each department's management program, they are centrally managed and calculated by HRD.

The purpose of these audits 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. The audits and the citywide findings are presented in the attached reports.

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 audits present evaluations made of *Program 302 — Public Works Department Management and Support Services; Program 601 — Parks & Recreation Department Management and Support Services; Program 729 — Office of the City Manager Department Management and Support Services*. The department management audits are presented together because of their similarity.

The auditor reviewed the FY 2006/2007 performance results as reported by the Department of Public Works, Parks & Recreation, and the Office of the City Manager. Several activities in each program were not audited because the products are work hours or training-related or the costs are allocated automatically by the financial system.

This report also presents several citywide findings. The budget restructure in FY 2006/2007 created citywide measures that are calculated centrally by one department, but results are distributed to programs throughout the City for reporting. Program 302 has two measures of this type; Program 601 also has two, and Program 729 has one. These measures are calculated by HRD. Each of the

programs accurately reported the figures distributed by HRD. However, issues were found with the underlying data. For this reason, the recommendations for these measures are presented in a separate report (See Attachment D).

The audit statistics for each management program are shown in the following table:

**Audit Statistics
Results of FY 2006/2007 Performance
of Selected Management and Support Services Programs**

	Program 302 (DPW)		Program 601 (P&R)		Program 729 (OCM)	
Number of Results Reported within <u>+3%</u> & <u>+5%</u>	10	100.0%	14	67.0%	9	82.0%
Number of Results Not Reported within <u>+3%</u> & <u>+5%</u>	0	0.0%	4	19.0%	2	18.0%
Number of Results Not Able to Determine (NATD)	0	0.0%	3	14.0%	0	0.0%
Total Number of Measures/Activities Reviewed	10	100.0%	21	100.0%	11	100.0%
Number of Results Not Audited	4		3		3	
Total Number of Measures/Activities in Program	14		24		14	
Number of SOPs Missing	0		0		0	
Number of Recommendations	3		8		11	

For Program 302, all ten (100%) of the results reviewed were reported accurately within the allowable margin of error of +3%. A complete set of SOPs were provided for the measures and activities reviewed. Although all results were reported accurately, the auditor makes three recommendations specific to Program 302. The recommendations address methods to improve reporting accuracy and clarifying language in the Standard Operating Procedure Documents (SOPs).

For Program 601, fourteen (14) of the 21 results reviewed were reported accurately within the allowable margin of error of +3.0 percent for performance measures or +5.0 percent for activities. Four results were outside the allowable margin of

error. Three results could not be verified because verification sources outside the program either do not exist or could not be correlated with the logs kept by the program. Written calculation and SOPs were available for all measures. The auditor makes eight recommendations specific to Program 601. The recommendations address methods to improve the reporting accuracy and calculation method, as well as clarifying and updating SOPs.

For Program 729, nine (9) of the 11 performance results were reported accurately within the allowable margin of error of ± 3.0 percent for performance measures or ± 5.0 percent for activities. Two results were outside the allowable margin of error. SOPs were available for all measures. The auditor makes 11 recommendations specific to Program 729. The recommendations address methods to improve tracking and reporting for one measure, as well as clarifying and updating SOPs.

For the citywide measures, the auditor makes eight recommendations to HRD to address the two associated findings. Both measures were reported accurately by the management and support services programs as based on data provided by HRD. However, each measure had underlying accuracy issues. The recommendations address improving reporting methods and data retrieval. It should be noted that the majority of these findings have been addressed by HRD.

FISCAL IMPACT

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

RECOMMENDATION

Staff recommends alternative 1: Receive the audit reports 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 302 — Public Works Department Management and Support Services
- B. City of Sunnyvale FY 2006/2007 Performance Results Audit, Department of Parks & Recreation, Program 601 — Parks & Recreation Department Management and Support Services
- C. City of Sunnyvale FY 2006/2007 Performance Results Audit, Office of the City Manager, Program 729 — Office of the City Manager Department Management and Support Services
- D. Audit Findings & Recommendations: Performance Measures Provided by Human Resources Department

City of Sunnyvale
FY 2006/2007
Performance Results Audit



Department of Public Works

Program 302
Public Works Department
Management and Support Services

August 2008

Auditor: Sue English, Sr. Internal Auditor
City of Sunnyvale

Field Work Start Date: September 2007

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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 $\pm 3\%$ for program measures and within $\pm 5\%$ 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 audit considers the year-end report to the City Manager as final. Handwritten corrections in the year-end report are acceptable.

PROGRAM BACKGROUND

Offices for the Public Works Department Management and Support Services (Program 302) are located in City Hall. The program consists of the following service delivery plans:

- ◆ Management Services
- ◆ Property Management
- ◆ Administrative Support Services

The chart below summarizes hours and operating expenditures for the past five years. Hours and expenditures for program 302 are not included in the department totals.

OPERATING EXPENDITURES	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	Change from FY 02-03	% Change
Department	\$ 80,541,067	\$ 82,667,694	\$ 84,814,599	\$ 89,559,438	\$ 89,982,582	\$ 9,441,515	12%
Program 302	\$ 513,892	\$ 551,017	\$ 564,785	\$ 613,439	\$ 619,888	\$ 105,996	21%
HOURS WORKED	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	Change from FY 02-03	% Change
Department	402,804	368,607	378,995	379,349	370,690	(32,114)	(8.0%)
Program 302	7,312	6,808	6,470	6,472	6,511	(801)	(11.0%)

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 that provide the context for the measures.

To quantify expenditures, each program is separated into service delivery plans (SDPs), which are separated further into activities, which are referred to also 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 by the Public Works Department for *Program 302 — Public Works Department Management and Support Services*. The program’s reporting structure consists of seven performance measures, three data points, and four activities.

The auditor tested ten reported performance results (seven measures and three data points). Two of the measures reported were citywide measures calculated by the Department of Human Resources (HR). Four of the program’s activities were not audited because the products are either work hours or training-related or the costs are allocated. 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

All ten (100%) of the results reviewed were reported accurately within the allowable margin of error of $\pm 3\%$. A complete set of SOPs were provided for the measures and activities reviewed. Although all results were reported accurately, the auditor makes three recommendations to Program 302. The findings and recommendations are shown below:

The budget restructure in FY 2006/2007 created citywide measures that are calculated centrally by one department, but results are distributed to programs throughout the City for reporting. Program 302 reports two measures of this type which are calculated by

HR. Recommendations for these measures are presented in a separate report because these measures apply citywide and are under the purview of HR.

DETAILED FINDINGS

This audit presents the evaluations made of Program 302’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 $\pm 3\%$ for program measures and $\pm 5\%$ 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 $\pm 3\%$ & $\pm 5\%$	10	100.0%
Number of Results Not Reported Within $\pm 3\%$ & $\pm 5\%$	0	0.0%
Number of Results Not Able to Determine (NATD)	0	0.0%
Total Number of Measures/Activities Reviewed	10	100.0%
Number of Results Not Audited	4	
Total Number of Measures/Activities in the Program	<u>14</u>	
Number of SOPs Missing	0	

All ten of the results reviewed were reported accurately within the margin of error (100%). Accuracy statistics for each measure can be found in [Appendix 1](#).

As noted above in the Summary, there are two citywide measures calculated by HR that contained issues of accuracy. Because the SOP states that the program should report the results as provided by HR, the results have been reported as accurate for Program 302. Recommendations for HR related to improving the accuracy of the reported results are contained in a separate audit.

Other Issues Affecting Accuracy — Manual Calculations: Performance Measure 9’s results were calculated manually on the paper report. The auditor recommends

calculating the results in the spreadsheet on which the Human Resources Department transmits the data. This action will reduce the possibility of input error.

Other Issues Affecting Accuracy — Rounding Errors: The reported result for the internal customer satisfaction measure was reported 1.8% higher than actual due to rounding errors. The measure reports the percentage of “VERY SATISFIED” and “SOMEWHAT SATISFIED” responses from a survey of internal customers asked to rate services using the following scale:

VERY DISSATISFIED	SOMEWHAT DISSATISFIED	NEUTRAL	SOMEWHAT SATISFIED	VERY SATISFIED
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HR asked city employees to fill out the web-based *2007 Internal Customer Satisfaction Survey* and then sent the results electronically to each department on an Excel spreadsheet for reporting purposes. The program printed out the spreadsheet and manually added up the percentage of “SOMEWHAT SATISFIED” and “VERY SATISFIED” responses it received for eight questions. The program reported 67.6% which is the average of the average percentage it calculated on each of the printed pages. Unfortunately, this methodology introduces the possibility of rounding error with each question used in the average. Accuracy can be increased by summing the number of “SOMEWHAT SATISFIED” and “VERY SATISFIED” responses and comparing the total to the overall number of responses received. The table below illustrates the two methodologies.

	Number of Responses			Percent of Responses			
	Somewhat Satisfied	Very Satisfied	Total	Number of Overall Responses	Somewhat Satisfied	Very Satisfied	Total
For the Department of Public Works, please indicate your satisfaction level for the following:							
Q109-Scheduling the maintenance or repair	35	49	84	112	31.25%	43.75%	75.00%
Q110-Turnaround time	35	53	88	112	31.25%	47.32%	78.57%
Q111-Communication regarding maintenance or repair work	28	48	76	111	25.23%	43.24%	68.47%
Q112-Quality of work performed	27	57	84	112	24.11%	50.89%	75.00%
Q114-Overall satisfaction with the city pool vehicle	20	18	38	54	37.04%	33.33%	70.37%
Q116-Accuracy of information provided	30	67	97	169	17.75%	39.64%	57.40%
Q117-Timeliness of assistance	32	66	98	171	18.71%	38.60%	57.31%
Q118-Communication with staff	30	72	102	172	17.44%	41.86%	59.30%
		Total:	667	1013		Average:	67.68%
	Percent Calculated by Response Numbers:				65.844%		

The auditor recommends that program staff does not use the average-of-the-averages methodology, but sums the total scores and compares the overall responses as discussed above.

LANGUAGE

No issues found. Measure/Product text accurately represents the numbers portrayed in the reported result.

DOCUMENTATION/DATA INTEGRITY

Standard Operating Procedures (SOPs): The “*MET/NOT MET*” criteria for measuring department revenues against revenue projections have not been established. There was a note on the SOP provided for the audit that the document would be revised when the criteria are established. The auditor recommends the program establish a “*MET/NOT MET*” criteria and document on the SOP.

INTEGRATION

No issues found

OTHER ISSUES

Citywide Survey Calculations Standards: Current and previous performance audits show several different methodologies have been and are being used currently throughout the City to calculate and report survey results. To improve consistency and the comparability of the results reported in different programs, the City should standardize the scale used on surveys, how the surveys are administered, and how results are calculated and reported.

AUDIT CONCLUSION

The auditor makes three recommendations to address the findings discussed above. The audit statistics are shown in Appendix 1. A detailed list of findings and recommendations is located in Appendix 2. It is important to note that while conducting this audit, several findings were made that were outside the audit’s scope. These findings and recommendations are presented in the audit entitled, “Audit Findings and Recommendations: Citywide Performance Measures Provided by Human Resources Department.”

AUDIT STATISTICS		
Number of Results Reported within $\pm 3\%$ & $\pm 5\%$	10	100.0%
Number of Results Not Reported within $\pm 3\%$ & $\pm 5\%$	0	0.0%
Number of Results Not Able to Determine (NATD)	0	0.0%
Total Number of Measures/Activities Reviewed	10	100.0%
Number of Results Not Audited (Work Hours/Allocated Costs/Training Efforts)	4	
Total Number of Measures/Activities in the Program	14	
Number of SOPs Missing	0	

Program 302 - Public Works Dept. Management & Support Services (FY 2006-07)

Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within 3%	
							Y/N	+/-
8	Q	The satisfaction rating for the services offered by the Public Works Department to the community is maintained.	Percent of Community Satisfied	No	70.600%	70.600%	Yes	
9	Q	A satisfaction rating for the services that the Public Works Department provides to other City employees is maintained.	Percent of Employees Satisfied	No	67.600%	65.844%	Yes	1.8%
10	Q	The established percentage of the planned performance measure targets is met for the services provided by the Public Works Department.	Percent of Targets Met	No	77.800%	77.838%	Yes	<0.1%
			Number of Program Performance Measures		185.000	185.000	Yes	--
11	CE	The Department of Public Works manages worker's compensation claims so that the number of lost time hours at work is reduced by the performance target for the fiscal year.	Percent Reduction	No	(21.800%)	(21.774%)	Yes	--
			Number of Lost Time Hours	No	1,988.500	1,988.500	Yes	--
12	F	Actual total expenditures for the Public Works Department will not exceed planned department expenditures.	Total Department Expenditures	No	\$ 90,588,921.00	\$ 90,588,921.00	Yes	--
13	F	Actual total revenues for the Public Works Department will not be less than the total revenue projection for the programs managed by the Department.	Total Programs Revenues	No	\$ 99,475,476.00	\$ 99,475,476.00	Yes	--
14	P	The Department of Public Works shall complete the employee performance evaluation process for each full-time and regular part-time staff member supervised, and submit the evaluation to Human Resources in accordance with established procedures and timeframe	Percent of Evaluations Submitted to Human Resources by the Scheduled Submittal Date	No	93.900%	93.367%	Yes	0.5%
			Total Number of Evaluations for which the Department is Responsible	No-HR	197.000	196.000	Yes	0.5%
SDP	Activity	Charge Code	Charge Code Title	Product Title				
4	4	302110	Department Management	A-Work Hour	Not Audited	--	--	--
3	4	302300	Administrative Support – Including Clerical Hours	A-Work Hour	Not Audited	--	--	--
3	2	302310	Staff Training and Development – Including Tailgate Meetings, Certifications, and Operations/Safety Related Classes	A-Training Session Attended	Not Audited	--	--	--
98	4	302980	Program Wide Allocation	None	Not Audited	--	--	--

AUDIT STATISTICS		
Number of Results Reported within ±3% & ±5%	10	100.0%
Number of Results Not Reported within ±3% & ±5%	0	0.0%
Number of Results Not Able to Determine (NATD)	0	0.0%
Total Number of Measures/Activities Reviewed	10	100.0%
Number of Results Not Audited (Work Hours/Allocated Costs/Training Efforts)	4	
Total Number of Measures/Activities in the Program	14	
Number of SOPs Missing	0	

Program 302 - Public Works Dept. Management & Support Services (FY 2006-07)												
Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within 3%		Findings	Recommendations	Department Response	Disposition
							Y/N	+/-				
8	Q	The satisfaction rating for the services offered by the Public Works Department to the community is maintained.	Percent of Community Satisfied	No	70.600%	70.600%	Yes		None.			
9	Q	A satisfaction rating for the services that the Public Works Department provides to other City employees is maintained.	Percent of Employees Satisfied	No	67.600%	65.844%	Yes	1.8%	Results were calculated manually on the paper report by averaging the average percentages on each page for the somewhat satisfied and very satisfied responses to eight questions. The 1.8% difference between the reported result and the auditor's calculation is due to rounding error.	1 Instead of calculating the result manually on a printed report, create a table on the spreadsheet by which the internal survey results are transferred to each department to calculate the results.	Dept. agrees with this recommendation and will create a computerized worksheet as suggested.	
										2 To control for rounding error, compare the sum of "somewhat satisfied" and "very satisfied" responses (667) to the overall total number of responses (1,013) when calculating the percent of employees satisfied.	Department agrees with this recommendation and will use the totals, as suggested.	
10	Q	The established percentage of the planned performance measure targets is met for the services provided by the Public Works Department.	Percent of Targets Met	No	77.800%	77.838%	Yes	<0.1%	None.			
			Number of Program Performance Measures		185.000	185.000	Yes	--	None.			
11	CE	The Department of Public Works manages worker's compensation claims so that the number of lost time hours at work is reduced by the performance target for the fiscal year.	Percent Reduction	No	(21.800%)	(21.774%)	Yes	--	The auditor could not verify workers' compensation leave hours for each department, but could verify that the citywide total of 13,922 calculated and distributed by HR was 363 hours (2.6%) lower than calculated by the auditor.	The program accurately reported the number calculated and provided by HR.	N/A	Findings and recommendations presented in separate report: "Audit Findings and Recommendations: Citywide Performance Measures Provided by the Human Resources Department."
			Number of Lost Time Hours	No	1,988.500	1,988.500	Yes	--		The program accurately reported the number calculated and provided by HR.	N/A	
12	F	Actual total expenditures for the Public Works Department will not exceed planned department expenditures.	Total Department Expenditures	No	\$ 90,588,921.00	\$ 90,588,921.00	Yes	--	None.			
13	F	Actual total revenues for the Public Works Department will not be less than the total revenue projection for the programs managed by the Department.	Total Programs Revenues	No	\$ 99,475,476.00	\$ 99,475,476.00	Yes	--	A "Met/Not met" range has not been established on the SOP.	3 Establish a "Met/Not Met" range and document on the SOP.	The SOP developed in 2005 used standard language from OCM. The range was to be setup once guidelines were issued, but nothing has been issued to the Department's knowledge, hence the delay in updating. A copy of the SOP along with notations to this effect can be provided upon request.	
14	P	The Department of Public Works shall complete the employee performance evaluation process for each full-time and regular part-time staff member supervised, and submit the evaluation to Human Resources in accordance with established procedures and timeframes.	Percent of Evaluations Submitted to Human Resources by the Scheduled Submittal Date	No	93.900%	93.367%	Yes	0.5%	PAMS was not working properly at the time the FY 2006-07 evaluations were due. All management evaluations were counted as being received on time. Results for other job positions were manually tabulated.	The program accurately reported the number calculated and provided by HR.	N/A	Findings and recommendations presented in separate report: "Audit Findings and Recommendations: Citywide Performance Measures Provided by the Human Resources Department."
			Total Number of Evaluations for which the Department is Responsible	No-HR	197.000	196.000	Yes	0.5%		The program accurately reported the number calculated and provided by HR.	N/A	

Program 302 - Public Works Dept. Management & Support Services (FY 2006-07)													
SDP	Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within 3%		Findings	Recommendations	Department Response	Disposition
								Y/N	+/-				
	Activity	Charge Code	Charge Code Title	Product Title									
1	1	302140	Department Management	A-Work Hour	Not Audited	--	--	--	--	--	--	--	--
3	4	302300	Administrative Support - Including Clerical Hours	A-Work Hour	Not Audited	--	--	--	--	--	--	--	--
3	2	302340	Staff Training and Development - Including Tailgate Meetings, Certifications, and Operations/Safety Related Classes	A-Training Session Attended	Not Audited	--	--	--	--	--	--	--	--
98	1	302980	Program-Wide Allocation	None	Not Audited	--	--	--	--	--	--	--	--

City of Sunnyvale
FY 2006/2007
Performance Results Audit



Department of Parks & Recreation

Program 601

Parks & Recreation Department

Management and Support Services

August 2008

Auditor: Sue English, Sr. Internal Auditor
City of Sunnyvale

Field Work Start Date: November 2007

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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 $\pm 3\%$ for program measures and within $\pm 5\%$ 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 audit considers the year-end report to the City Manager as final. Handwritten corrections in the year-end report are acceptable.

PROGRAM BACKGROUND

Program 601 — Parks and Recreation Department Management and Support Services is a program within the Department of Parks and Recreation. Offices are located at 505 W. Olive Avenue in the Sunnyvale Office Center. The program supplies management and support services to the following programs:

- ◆ 265 – Neighborhood Parks and Open Space Management
- ◆ 645 – Golf Course Maintenance Operations and Golf Shop Services
- ◆ 646 – Arts and Recreation Programs and Operations of Facilities
- ◆ 769 – Facility Services

The chart below summarizes hours and operating expenditures for the past five years. Hours and expenditures for Program 601 are excluded from the departmental totals.

OPERATING EXPENDITURES	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	Change from FY 02-03	% Change
Department	\$ 19,008,582	\$ 18,499,213	\$ 18,881,893	\$ 20,190,673	\$ 20,839,279	\$ 1,830,697	10%
Program 601	\$ 551,382	\$ 537,776	\$ 543,800	\$ 599,955	\$ 641,792	\$ 90,409	16%

HOURS WORKED	FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07	Change from FY 02-03	% Change
Department	375,954	312,712	290,086	297,420	301,956	(73,998)	(20%)
Program 601	7,970	7,425	6,999	7,548	7,398	(572)	(7%)

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 that provide context for the measures.

To quantify expenditures, each program is separated into service delivery plans (SDPs), which are separated further into activities, referred to also 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 by the Department of Parks and Recreation for *Program 601 — Parks and Recreation Department Management and Support Services*. The program’s reporting structure consists of 12 performance measures, 7 data points, and 5 activities.

The auditor tested 21 reported results (12 measures, 7 data points, and 2 activities). Two of the measures reported were citywide measures calculated by the Department of Human Resources (HR). Three of the program’s five activities were not audited because the products are 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

Fourteen (14) of the 21 results reviewed were reported accurately within the allowable margin of error of ± 3.0 percent for performance measures or ± 5.0 percent for activities. Four results were outside the allowable margin of error. Three results could not be verified because verification sources outside the program either do not exist or could not be correlated with the logs kept by the program. Results for two measures were calculated by HR. The program accurately reported the figures distributed by HR. Written calculation and SOPs were available for all measures. The auditor makes eight recommendations to Program 601. Accuracy results for each measure can be found in Appendix 1. Findings and recommendations are shown in Appendix 2.

The budget restructure in FY 2006/2007 created citywide measures that are calculated centrally by one department, but results are distributed to programs throughout the City for reporting. Program 601 reports two measures of this type which are calculated by HR. Recommendations for these measures are presented in a separate report because these measures apply citywide and are under the purview of HR.

DETAILED FINDINGS

This audit presents the evaluations made of Program 601'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 $\pm 3\%$ for program measures and $\pm 5\%$ 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 $\pm 3\%$ & $\pm 5\%$	14	67.0%
Number of Results Not Reported Within $\pm 3\%$ & $\pm 5\%$	4	19.0%
Number of Results Not Able to Determine (NATD)	3	14.0%
Total Number of Measures/Activities Reviewed	21	100.0%
Number of Results Not Audited	3	
Total Number of Measures/Activities in the Program	<u>24</u>	
Number of SOPs Missing	0	

Fourteen (14) of the 21 results reviewed were reported accurately within the allowable margin of error of ± 3.0 percent for performance measures or ± 5.0 percent for activities. Four results were outside the allowable margin of error. Although the program provided a full set of SOPs, three results could not be verified because verification sources outside the program either do not exist, or could not be correlated with the logs kept by the program.

Within the accuracy statistics listed above, three results, or 17.0 percent, were under-reported; eight results, or 44.0 percent, were correct within a half of a percentage point; and seven results, or 39.0 percent, were inflated.

Other Issues Affecting Accuracy

Incomplete Data: Performance Measure 7 used only five questions on the citizen survey. There were eight more relevant questions on the survey that should have been used in the calculations. The data from these questions raised the overall satisfaction rating by 2.95%. The measure was under-reported.

Standard Operating Procedures (SOP): The calculation methodology outlined in the SOP to report revenues for Performance Measure 13 produced a different answer for both the budgeted and reported figures. SOPs for all measures need to be very specific about data sources and calculation formulas.

Mathematical Errors: For Performance Measure 10's data point, staff reported the number of times information packets were sent to commissioners instead of the number of meetings that occurred. The data point was under-reported by six meetings (27.0 percent) as materials for multiple meetings were sometimes sent in the same packets. Also, the reported result for *Activity 601030 – Provide support to Parks and Recreation Commission* included a Parks and Recreation Commission meeting from FY 2007/2008. The extra meeting inflated the reported results by 6.3 percent.

LANGUAGE

Customer Concerns Measure: The text of Performance Measure 11 states that customer concerns are "responded to" within three business days, but the measure reports when the receipt of customer concerns are acknowledged by automated email reply, phone calls, or direct contact by office staff. The program tracks when management contacts the customer with an answer to their inquiry, but does not report this statistic for the measure.

DOCUMENTATION/DATA INTEGRITY

Standard Operating Procedures (SOP): Written documentation and SOPs were complete and available for all measures. However, some product definitions, as well as some instructions for counting products need to be clarified.

INTEGRATION

Automate Tracking Systems: The log for Performance Measure 11 to track response times to customer concerns is maintained in a word file and some contact dates were entered out of sequential order which indicates data entry after the fact. The program would benefit if the log was converted to Excel© and the file moved to a shared drive. Excel© can be programmed to automatically calculate the number of business days between the dates entered in two cells. Plus, housing the file on a shared drive allows managers in the various recreation facilities throughout the city to directly enter their response times into the file.

Reports to Council: The timelines and documents tracked to report the timeliness of Council documents sent to the City Clerk's Office (Measure 16) are not the same timelines and documents tracked by the City Clerk. The program needs to work with Offices of the City Manager and City Clerk to evaluate the objective of the measure. The process and tracking responsibilities will fall into place after the measure objective has been determined.

OTHER ISSUES

Unverifiable Results: The reported results for two measures and one data point could not be verified. Products were tracked by the program, but the tracking systems lacked independent verification sources for comparison. The timeliness of commissioner packet distribution could not be verified because postal costs were not tracked in the charge codes designated for commission-related activities. Packet timeliness already is being measured through a question on the internal customer satisfaction survey, which is sent to commissioners. The auditor recommends the packet distribution measure be considered for elimination because the cost of adding additional tracking methods would outweigh the benefits. The information is already being reported in another measure.

The number and timeliness of reports sent to Council and Council agenda requests could not be verified because the documents and routing processes tracked by the City Clerk's Office were different than those tracked by the program. For the timeliness and number of reports sent to Council, the auditor recommends the program work with the Office of the City Manager and the City Clerk to determine the best routing process, as well as maintaining documents to track the operational goals of the measure.

Measuring and Reporting Response Times: Two recommendations were made relating to the measure for responding to customer concerns within three business days. First, the log used by the program is maintained as a Word© file which requires reported results to be manually calculated. Contact dates were not sequential which indicates that entries in the log were made after the fact. The auditor recommends the program work with the IT Department to automate the calculations and to place the log on a shared drive to be accessed directly from the various recreation sites.

Second, the SOP for the measure directs staff to report when customer concerns have been acknowledged, despite the fact the program also tracks when answers are supplied by management. For example, auto-reply acknowledgement messages sent by the emailing system, staff being in the office at the time of a customer visit, and staff picking up a phone call were all counted and reported as responses made within three business days. The program reported the response target was met 99.0 percent of the time. It is noteworthy that 76.0 percent of concerns received during the audited year were submitted via email. The column on the log showing when customers received a response from management was incomplete. However, the completed entries indicated that customers received an answer from management within three days 82.0 percent of the time. The auditor recommends the program redefine “responded” in the SOP to clarify that the response occurs when management provides customers with an answer, not simply when the question is acknowledged.

Calculating Revenues: The reported and budgeted amounts for FY 2006/2007 revenues could not be recreated and were not calculated using the methodology outlined in the SOP. The SOP directs staff to use figures from the program’s MBO report, but both the budgeted and reported results include revenues posted to two other accounting funds. Either method could be correct, depending on how the measure is defined. The auditor recommends the program decide on a methodology and update the SOP with very specific instructions, such as: 1) where to look for the numbers; and 2) how to calculate the reported results, especially when negative numbers are posted to revenue line items.

Calculating Results for Meeting Performance Measure Targets: The SOP for this measure did not have enough detail for staff to perform the calculations. The program reported the citywide measure within the margin of error, but the formula was incorrect. The auditor recommends the SOP in Appendix 3 be adopted.

Citywide Survey Calculations Standards: Current and previous performance audits show several different methodologies have been and are being used currently throughout the City to calculate and report survey results. To improve consistency and the comparability of the results reported in different programs, the City should standardize the scale used on surveys, how the surveys are administered, and how results are calculated and reported.

AUDIT CONCLUSION

The auditor makes eight recommendations to address the findings discussed above. The audit statistics are shown in Appendix 1. A detailed list of findings and recommendations is located in Appendix 2. The SOP associated with the citywide measure for meeting performance measure targets is shown in Appendix 3. It is important to note that several findings were made while conducting this audit that were outside its scope. These finding and recommendations are presented in the audit entitled, "Audit Findings and Recommendations: Citywide Performance Measures Provided by Human Resources Department."

AUDIT STATISTICS										
Number of Results Reported Within +3% & +5%							14	66.7%		
Number of Results Not Reported Within 3% & 5%							4	19.0%		
Number of Results Not Able to Determine (NATD)							3	14.3%		
Total Number of Measures/Activities Reviewed							21	100.0%		
Number of Results Not Audited							3			
Total Number of Measures/Activities in the Program							24			
Number of SOPs Missing							0			

Program 601 - Parks & Recreation Dept. Mgmt. and Support Services (FY 2006-07)									
Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	3%		
							Y/N	+/-	
7	Q	The citizen satisfaction rating for the condition of community facilities, park maintenance and recreation programs and activities offered by the Parks and Recreation Department to the community is achieved.	Percent Satisfied	No	79.200%	82.154%	Yes	(2.95%)	
8	Q	The satisfaction rating for the services that the Parks and Recreation Department provides to other City employees is achieved.	Percent Satisfied	No	88.350%	61.506%	No	26.84%	
9	Q	The Parks and Recreation Commissioners' and Arts Commissioners' satisfaction rating for overall staff support is good or better.	Percent Satisfied	No	100.000%	97.761%	Yes	2.2%	
			Number of Surveys Returned	---	8.00	8.00	Yes	---	
10	Q	Commissioner packets are distributed to Commissioners at least five days prior to the scheduled Commission meeting date.	Percent	No	95.450%	NATD	N/A	---	
			Number of Meetings	---	22.000	28.000	No	(27.3%)	
11	Q	Customer concerns received by the Department of Parks and Recreation are responded to within three (3) business days of receipt of the concern.	Percent	No	99.000%	98.684%	Yes	0.3%	
			Number of Customer Concerns	---	77.00	76.000	Yes	1.3%	
12	F	Actual total expenditures for the Parks and Recreation Department, including the Community Recreation Fund, will not exceed the total budget for the programs managed by the Department.	Total Department Expenditures	No	\$ 21,481,070.00	\$ 21,481,070.62	Yes	---	
13	F	Actual total revenues for the Parks and Recreation Department, including the Community Recreation Fund, will meet or exceed the total revenue projections for the programs managed by the Department.	Total Department Revenues	No	\$ 8,108,941.00	\$ 7,565,115.53	No	6.7%	
14	F	Actual total expenditures for the Parks and Recreation Department Management and Support Services Program will not exceed the program's total budget.	Total Program Expenditures	No	\$ 641,791.00	\$ 641,791.60	Yes	---	

Program 601 - Parks & Recreation Dept. Mgmt. and Support Services (FY 2006-07)									
Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	3%		
							Y/N	+/-	
15	Q	The established percentage of the planned performance	Percent Met or Exceeded	No	74.000%	72.826%	Yes	1.2%	
			Number of Performance Measures	---	90.000	92.000	Yes	(2.2%)	
16	P	Reports to Council and Council agenda requests are sent to the City Clerk's Office on or before the established due date.	Percent	No	78.000%	NATD	---	---	
			Number of Reports	---	51.00	NATD	---	---	
17	CE	The Parks and Recreation Department manages workers' compensation claims so that the number of lost time hours at work is reduced by the performance target for the fiscal year.	Percent Reduction	No	23.000%	22.923%	Yes	---	
			Number of Lost Time Hours	---	501.00	501.00	Yes	---	
18	P	The Parks and Recreation Department shall complete the employee performance evaluation process for each full-time and regular part-time staff member supervised, and submit the evaluation to Human Resources in accordance with established procedures and tim	Percent of Evaluations Submitted to Human Resources by the Scheduled Submittal Date	No	99.000%	90.244%	Yes	8.8%	
			Total Number of Evaluations for which the Department is Responsible	---	123.00	123.00	Yes	---	
SDP	Activity	Charge Code	Charge Code Title	Product Title	SOP Missing	Reported Result	Auditor Calculation	5%	
4	4	601000	Department Management	A Work Hour	Not Audited	---	---	---	---
4	2	601010	Administrative Support Services	A Work Hour	Not Audited	---	---	---	---
4	3	601020	Staff Training and Development - Including Wellness and Safety Training	A Training Hour	Not Audited	---	---	---	---
1	4	601030	Provide Support to Parks and Recreation Commission	A Commission Meeting	No	16.00	15.00	No	6.3%
1	5	601040	Provide Support to Arts Commission	A Commission Meeting	No	13.00	13.00	Yes	---

AUDIT STATISTICS			
Number of Results Reported Within 3% & 5%		14	66.7%
Number of Results Not Reported Within 3% & 5%		4	19.0%
Number of Results Unable to Verified		3	14.3%
Total Number of Measures/Activities Reviewed		21	100.0%
Number of Results Not Audited		3	
Total Number of Measures/Activities in the Program		24	
Number of SOPs Missing		0	

Program 601 - Parks & Recreation Dept. Mgmt. and Support Services (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	Q	The citizen satisfaction rating for the condition of community facilities, park maintenance and recreation programs and activities offered by the Parks and Recreation Department to the community is achieved.	Percent Satisfied	No	79.200%	82.154%	Yes	(2.95%)	Reported results were based on the data from 5 questions. Data from another 8 questions relevant to the measure were not included in the calculations. The measure was under reported by 2.95%.	1 Update the SOP when the biennial citizen surveys are developed. The calculation methodology should include: 1) what questions to use; 2) what ratings to use as a judge of satisfaction levels (top box only, top two boxes, etc.); and 3) an example of the mathematical formula that should be used to calculate the result.		
8	Q	The satisfaction rating for the services that the Parks and Recreation Department provides to other City employees is achieved.	Percent Satisfied	No	88.350%	61.506%	No	26.84%	The calculation methodology for "percent satisfied" outlined by the SOP instructs staff to compare the number of responses of "satisfied" or better to the total number of responses received. The reported result includes "neutral" responses in the percent satisfied.	- - - Mathematical error - no recommendations.	N/A	N/A
9	Q	The Parks and Recreation Commissioners' and Arts Commissioners' satisfaction rating for overall staff support is good or better.	Percent Satisfied	No	100.000%	97.761%	Yes	2.2%	The satisfaction scale used on the survey was skewed to positive ratings by setting 3 as "satisfied" on a scale of 1-5. Out of the five rating choices given to respondents, only two were considered negative for the measure calculations.	2 Survey design and calculation methodologies should conform to citywide transactional survey standards when these standards are established.		
			Number of Surveys Returned	- - -	8.00	8.00	Yes	- - -	None.	- - - None	N/A	N/A
10	Q	Commissioner packets are distributed to Commissioners at least five days prior to the scheduled Commission meeting date.	Percent	No	95.450%	NATD	N/A	- - -	Although there is no third party verification mechanism for this measure, 6 commissioners rated their satisfaction with packet timeliness on a scale of 1-5 at "5." Two commissioners rated their satisfaction level at "4." Overall, the commissioners were very satisfied with the timeliness of packet materials.	3 The cost of adding additional tracking methods for this measure may outweigh the benefits given that commissioners asked to rate the timeliness of packets for performance measure 9. This measure should be reviewed in the budget process and considered for elimination.		
			Number of Meetings	- - -	22.000	28.000	No	(27.3%)	The program reported the number of packets sent instead of the number of meetings that occurred (as outlined in the SOP). The number of packets was smaller as some meetings were on the same day.	- - - Mathematical error - no recommendations.	N/A	N/A

Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within 3%		Findings	Recommendations	Department Response	Disposition
							Y/N	+/-				
11	Q	Customer concerns received by the Department of Parks and Recreation are responded to within three (3) business days of receipt of the concern.	Percent	No	99.000%	98.684%	Yes	0.3%	The log is kept as a Word© file. Reported results were manually calculated. Contact dates were not sequential which indicates entries after the fact. Manager response dates were not entered for 14 concerns (18.4%).	4 Work with the IT department to automate the log. Place the log on a shared drive to allow direct entry by managers.		
			Number of Customer Concerns	---	77.00	76.000	Yes	1.3%	Although the program tracks when management provides an answer to a customer's concern, the SOP directs staff to report the statistics for when concerns are acknowledged. Seventy-six percent (76%) of concerns received last year were via email. Auto-reply messages sent by the emailing system were counted and reported as responses made within three business days.	5 Redefine what "responded" means in the SOP to report the statistics for when management provides the customer with answers. Of the 62 management responses logged last year, 51 (82%) were accomplished within 3 business days.		
12	F	Actual total expenditures for the Parks and Recreation Department, including the Community Recreation Fund, will not exceed the total budget for the programs managed by the Department.	Total Department Expenditures	No	#####	#####	Yes	---	None.	--- None	N/A	N/A
13	F	Actual total revenues for the Parks and Recreation Department, including the Community Recreation Fund, will meet or exceed the total revenue projections for the programs managed by the Department.	Total Department Revenues	No	\$8,108,941.00	\$7,565,115.53	No	6.7%	The reported and budgeted amounts for FY06/07 revenues were not calculated using the methodology outlined in the SOP which mirrors the calculation methodology for expenditure reporting in measure 12 above. Instead, the budgeted and reported results include revenues accounted for in two other funds.	6 Decide which methodology is best for reporting departmental revenue amounts and update the SOP with very specific calculation instructions, such as: 1) where to look at the numbers; and 2) how to calculate the reported results especially when there are negative numbers posted to revenue line items.		
14	F	Actual total expenditures for the Parks and Recreation Department Management and Support Services Program will not exceed the program's total budget.	Total Program Expenditures	No	\$ 641,791.00	\$ 641,791.60	Yes	---	None.	--- None	N/A	N/A
15	Q	The established percentage of the planned performance measure targets is met for the services provided by the Parks and Recreation Department.	Percent Met or Exceeded	No	74.000%	72.826%	Yes	1.2%	The SOP for this citywide measure did not have detail in the calculation instructions.	7 Update the SOP to the version attached to the audit.		
			Number of Performance Measures		90.000	92.000	Yes	(2.2%)	The reported result for the number of measures excluded two measures that were not reported. The two measures were not reported as the surveys for the measures were not distributed.	--- Update the SOP to the version attached to the audit which indicates that all measures should be counted in the total.		
16	P	Reports to Council and Council agenda requests are sent to the City Clerk's Office on or before the established due date.	Percent	No	78.000%	NATD	---	---	The measure could not be verified for two reasons: 1) Staff in the City Clerk's Office does not retain agenda request forms (ARFs) as they are not needed after the meetings have occurred; and 2) There are several timelines within the RTC routing process and it was unclear which timeline should be used for reporting this measure.	8 Work with OCM and the City Clerk's Office to define what should be tracked, by whom, and the documents that should be archived to support the reported results.		
			Number of Reports	---	51.00	NATD	---	---	Same as Above	--- Same as Above	N/A	N/A

Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within 3%		Findings	Recommendations	Department Response	Disposition	
							Y/N	+/-					
17	CE	The Parks and Recreation Department manages workers' compensation claims so that the number of lost time hours at work is reduced by the performance target for the fiscal year.	Percent Reduction	No	23.000%	22.923%	Yes	---	Program 302 correctly reported the number supplied by the HR department but there were calculation issues found when the measure was reviewed for the FY 2006/2007 Performance Results Audit of Public Works Management and Support Services (Program 302).	Four recommendations for the HR department can be found in measure 9 of the FY 2006/2007 Performance Results Audit for Public Works Management and Support Services (Program 302).	N/A	N/A	
			Number of Lost Time Hours	---	501.00	501.00	Yes	---					
18	P	The Parks and Recreation Department shall complete the employee performance evaluation process for each full-time and regular part-time staff member supervised, and submit the evaluation to Human Resources in accordance with established procedures and timeframes.	Percent of Evaluations Submitted to Human Resources by the Scheduled Submittal Date	No	99.000%	90.244%	Yes	8.8%	The reported result was verified as correct as the program correctly reported the result calculated by the Department of Human Resources (HR). However, the number distributed by HR was incorrect. HR is currently reevaluating and redesigning the process for the FY 2006/2007 evaluation cycle.	No recommendation here. This measure will be reevaluated in March in conjunction with the Public Works Management and Support Services (Program 302) Performance Results Audit of results reported in FY 2006/2007.	N/A	N/A	
			Total Number of Evaluations for which the Department is Responsible	---	123.00	123.00	Yes	---	Same as Above	Same as Above	N/A	N/A	
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	+/-				
4	4	601000	Department Management	A Work Hour	Not Audited	---	---	---	---	---	---	---	---
4	2	601010	Administrative Support Services	A Work Hour	Not Audited	---	---	---	---	---	---	---	---
4	3	601020	Staff Training and Development - Including Wellness and Safety Training	A Training Hour	Not Audited	---	---	---	---	---	---	---	---
1	4	601030	Provide Support to Parks and Recreation Commission	A Commission Meeting	No	16.00	15.00	No	6.3%	The July 11, 2007 meeting from FY 2007/2008 was included in the tally.	Mathematical error - no recommendations.	---	---
1	5	601040	Provide Support to Arts Commission	A Commission Meeting	No	13.00	13.00	Yes	---	None.	None.	N/A	N/A

**PROGRAM PERFORMANCE MEASURE DEFINITION
 AND DOCUMENTATION PROCEDURES**

1. Program # and Title:

1a. 1b.

2. Performance Measure

Measure #: 2a.

Measure description:

2b. The established percentage of the planned performance measure targets is met for the services provided by the Department of

Staff responsible for reporting/monitoring the measure:

	Job Title	Division
Primary:	2c. <input type="text"/>	<input type="text"/>
Secondary (optional):	2c. <input type="text"/>	<input type="text"/>

Target description:

2d. Total percentage of annual performance measures met each fiscal year for all Department of programs.

Method of target calculation and determination of year-end results:

What is the data source?

2e. Statistical Summary of Department Performance page in the Planning and Management System (PAMS) – Director Performance Review (PR).

PAMS Director PR - Attachment A page 1 of 1

**City of Sunnyvale
 Department of Parks and Recreation
 Fiscal Year 2006-07**

Statistical Summary of Department Performance

Program	# of Measures	Program Performance				Efficiency Measures				Overall Rating					
		Exceeded #	Met %	Not Met #	NA %	Total Exceeded + Met %	Program Costs Planned	Program Costs Actual	Efficiency Plan./Act. (x100)						
265 Neighborhood Parks and Open Space Management	17	13	76.47%	1	5.88%	3	17.65%	0	0.00%	14	82.35%	\$6,402,798	\$6,495,997	98.8	Exceeded
601 Parks and Recreation Department Management and Support Services	12	4	33.33%	5	41.87%	3	25.00%	0	0.00%	9	75.00%	\$670,674	\$641,792	104.5	Met
645 Golf Course Maintenance Operations and Golf Shop Services	17	7	41.18%	6	35.29%	4	23.53%	0	0.00%	13	76.47%	\$3,005,692	\$3,100,218	97.0	Exceeded
646 Arts and Recreation Programs and Operation of Recreation Facilities	35	10	28.57%	10	28.57%	13	37.14%	2	5.71%	20	57.14%	\$8,181,169	\$7,383,361	110.8	Exceeded
788 Facility Services	12	8	66.67%	3	25.00%	1	8.33%	0	0.00%	11	91.67%	\$3,671,150	\$3,859,703	95.1	Met
Total	93	42	45%	25	27%	24	26%	2	2%	67	72%	\$21,931,481	\$21,481,071	102.1	n.a.

**PROGRAM PERFORMANCE MEASURE DEFINITION
 AND DOCUMENTATION PROCEDURES**

How is the target calculated?

2f. *Where:*

- E = Number of Measures Exceeded
- M = Number of Measures Met
- N = Number of Measures Not Met
- R = Number of Measures Not Reported (or "NA" on PAMS report)
- T = This Measure = 1

FORMULA 1 - If this measure is reported as an "Exceeds" or "Met" on the PAMS statistical summary:

$$\frac{(E + M) - T}{(E + M + N + R) - T}$$

FORMULA 2 - If this measure is reported as a "Not Met" on the PAMS statistical summary:

$$\frac{(E + M)}{(E + M + N + R) - T}$$

EXAMPLE:

The following table summarizes the statistics from the Parks and Recreation Department Director's PR for FY06/07:

EXAMPLE	
Statistics from the FY 2006-07 Dept. of Parks & Recreation	
Number of Measures Exceeded	42
Number of Measures Met	25
Number of Measures Not Met	24 *
Number of Measures Not Reported	2
Total	93
* This measure is included in the "Not Met" tally on the PAMS report	

The measure in this case was reported as a "Not Met" in the PAMS statistical summary, so the first formula is used when calculating the result for the year-end report:

$$\frac{(42 + 25)}{(42 + 25 + 24 + 2) - 1} = \frac{67}{93 - 1} = \frac{67}{92} = 0.72826$$

Change to percentage: $0.72826 \times 100 = 72.83\%$

**PROGRAM PERFORMANCE MEASURE DEFINITION
AND DOCUMENTATION PROCEDURES**

Define criteria for “Met”, “Not Met”, and “Exceeds”.

^{2g.} $\pm 2.5\%$ from the established percentage for the department found in the “Planned” column of the Program Progress Report (MBO) for the measure.

3. Additional Data Point (optional)

If applicable, additional data point sets the context for the measure's target.

Data Point description: ^{3a.} Total number of performance measures for the department.

Define data source.

^{3b.} The adopted two year budget will establish the programs and performance measures managed by each City department.

How is the data point calculated?

^{3c.} The data point is the total number of performance measures managed by the department.

**PROGRAM PERFORMANCE MEASURE DEFINITION
AND DOCUMENTATION PROCEDURES**

4. Approval:

Prepared by: _____ Date: ____ / ____ / ____
Signature

Name | Job Classification

Reviewed by: _____ Date: ____ / ____ / ____
Signature

Name | Director

Finance Review by: _____ Date: ____ / ____ / ____
Signature

Name | Job Classification

Approved by: _____ Date: ____ / ____ / ____
Signature

Name | Deputy City Manager

City of Sunnyvale
FY 2006/2007
Performance Results Audit



Office of the City Manager

Program 729
Office of the City Manager
Department Management and
Support Services

August 2008

Auditor: Sue English, Sr. Internal Auditor
City of Sunnyvale

Field Work Start Date: December 2007

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APPENDIX 1 – Results Accuracy Table

APPENDIX 2 – Recommendation Table with Departmental Response

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 $\pm 3\%$ for program measures and within $\pm 5\%$ 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 729 — Office of the City Manager Department Management and Support Services is located within the Office of the City Manager (OCM) in City Hall. The program supplies management and support services to the following programs:

- ◆ 525: Columbia Neighborhood Center
- ◆ 526: Youth, Family and Child Care Resources
- ◆ 725: Community Building, Civic Engagement and Volunteering
- ◆ 726: Intergovernmental Relations
- ◆ 727: Policy Analysis and Citywide Process Improvement
- ◆ 728: Council – Appointed Advisory Boards and Commissions
- ◆ 735: Communications
- ◆ 736: Public Records and City Elections
- ◆ 739: Council Budget and Clerical/Administrative Support to Council

Program 729 was created during the City's budget restructure in FY 2006/2007. The two charts below summarize hours and operating expenditures in the City Manager's Office for the past five years. Darkened cells on the charts indicate that the programs

do not exist during that fiscal year. Programs 522 and 738 remain in the FY 2006/2007 budget structure but no expenditures or work hours occurred during the year.

OPERATING EXPENDITURES		FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
522	Columbia Neighborhood Center	\$ 530,309	\$ 534,552	\$ 527,283	\$ 533,408	\$ -
524	Child Care Services	149,348	132,762	109,100	106,995	
525	Columbia Neighborhood Center					475,634
526	Youth, Family and Child Care Resources					192,929
725	Community Building, Civic Engagement &					462,318
726	Intergovernmental Relations (IGR)					129,973
727	Policy Analysis and Citywide Process Improvement					148,379
728	Council - Appointed Advisory Boards & Commissions					150,862
729	Office of the City Manager Department Management & Support Services					901,549
730	Neighborhood & Community Services			271,175	260,103	
732	Council Policy Assistance & Support	437,159	387,019	461,948	434,357	
734	Organizational Effectiveness	591,344	339,753	235,857	309,335	
735	Communications	627,603	624,147	460,018	519,528	495,902
736	Public Records and City Elections	357,667	529,752	355,038	837,656	364,594
737	Volunteer Resources			174,726	187,552	
738	Executive Management	478,896	570,349	539,990	678,854	-
739	City Council Budget and Clerical/Administrative Support	295,993	342,147	319,224	339,491	561,554
	Total	\$ 3,468,320	\$ 3,460,481	\$ 3,454,360	\$ 4,207,279	\$ 3,883,694
	Percent Change From Previous Year		(0.2%)	(0.2%)	21.8%	(7.7%)
			Percent Change From FY 02-03			12.0%

HOURS WORKED		FY 02-03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
522	Columbia Neighborhood Center	10,444	9,830	9,072	9,465	0
524	Child Care Services	2,884	2,364	2,109	2,114	
525	Columbia Neighborhood Center					7,776
526	Youth, Family and Child Care Resources					3,306
725	Community Building, Civic Engagement &					6,480
726	Intergovernmental Relations (IGR)					1,810
727	Policy Analysis and Citywide Process Improvement					2,153
728	Council - Appointed Advisory Boards & Commissions					1,956
729	Office of the City Manager Department Management & Support Services					7,335
730	Neighborhood & Community Services			4,814	4,308	
732	Council Policy Assistance & Support	5,707	5,741	6,432	5,665	
734	Organizational Effectiveness	7,697	3,171	1,762	1,976	
735	Communications	9,694	8,402	5,628	5,923	4,779
736	Public Records and City Elections	4,252	3,625	4,137	5,326	4,254
737	Volunteer Resources			2,728	2,467	
738	Executive Management	4,512	5,206	4,748	5,718	0
739	City Council Budget and Clerical/Administrative	17	20	14	19	2,263
	Total	45,206	38,358	41,444	42,981	42,112
	Percent Change From Previous Year		(15.1%)	8.0%	3.7%	(2.0%)
			Percent Change From FY 02-03			(6.8%)

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 that provide the context for the measures.

To quantify expenditures, each program is separated into service delivery plans (SDPs), which are separated further into activities, referred to also 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 by the Office of the City Manager for *Program 729 — Office of the City Manager Department Management and Support Services*. The program's reporting structure consists of ten measures, one data point, and three activities. The auditor tested 11 reported results (10 measures and 1 data point). The program's three activities were not audited because the products are work hours or training-related or the costs are allocated. 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

The auditor was able to recalculate all 11 of the reported performance results. Nine results were reported accurately, which is defined as within the allowable margin of error of ± 3.0 percent for performance measures or ± 5.0 percent for activities. Two results were outside the allowable margin of error. SOPs were available for all measures.

The auditor makes 11 recommendations to address measuring and reporting customer satisfaction levels, recording products associated with Reports to Council (RTCs), maintenance of calculations, and SOPs. Accuracy results for each measure can be found in [Appendix 1](#).

The budget restructure in FY 2006/2007 created citywide measures that are calculated centrally by one department, but results are distributed to programs throughout the City for reporting. Program 729 reports one measure of this type which is calculated by the Human Resources Department (HR). The program accurately reported the figures distributed by HR. However, issues were found with the underlying data. For this reason, the recommendation for this measure is presented in a separate report because the measure applies citywide and is under the purview of HR.

DETAILED FINDINGS

This audit presents the evaluations made of Program 729’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 $\pm 3\%$ for program measures and $\pm 5\%$ 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 the auditor is unavailable to verify the reported number. The table below shows the overall accuracy statistics for the program:

AUDIT STATISTICS		
Number of Results Reported Within $\pm 3\%$ & $\pm 5\%$	9	82.0%
Number of Results Not Reported Within $\pm 3\%$ & $\pm 5\%$	2	18.0%
Number of Results Not Able to Determine (NATD)	0	0.0%
Total Number of Measures/Activities Reviewed	11	100.0%
Number of Results Not Audited	3	
Total Number of Measures/Activities in the Program	14	
Number of SOPs Missing	0	

The auditor was able to recreate all 11 of the results reviewed. Nine were reported accurately within the allowable margin of error of $\pm 3\%$ or $\pm 5\%$. Two results were outside the allowable margin of error. The program had one citywide measure calculated by the Department of Human Resources (HR). The program accurately reported the figures distributed by HR, but the measure has calculation issues. Recommendations for HR related to improving the accuracy of the reported results are contained in a separate report.

Within the accuracy statistics listed above, two results were underreported (18%), six results were correct within a half of a percentage point (55%), and three results were over reported (27%).

Issues Affecting Accuracy Statistics:

Program Measure 1 – Actual total expenditures for OCM will not exceed planned department expenditures. Amounts from the Expenditures and Transfers Out by Fund (FUNDEXP) Report were not added correctly. The auditor recommends calculations are carried out on a spreadsheet so the numbers can be double-checked.

The auditor did not receive calculation sheets for the measure. Instead FUNDEXP Reports were provided with the expenditures highlighted for each department. When the figures from these reports were entered onto a spreadsheet, the result was 3.9 percent higher than reported. Calculations should be done on spreadsheets because spreadsheets document the details and provide managers with a way to double check the numbers before reporting the results.

Program Measure 5 – The Executive Leadership Team indicates overall satisfaction with the guidance and support provided by OCM: The results on the overview provided in the audit binder and the results provided later via an emailed printout of the web survey's result page were different. The reported result matched the overview in the binder and the auditor's results matched the web survey's printout. A mathematical error was made in the reported overview from the binder. No recommendation is made because the correct result was available from the web survey results.

Program Measure 7 – Number of Reports to Council processed for review and signature: This measure had three issues affecting the accuracy of the reported results. First, the SOP does not indicate whether draft reports should be counted as a separate product in addition to the finalized version. Second, the measure text indicates that all reports processed should be reported. However, the product text could be interpreted to report only the RTCs which are reviewed during Council meetings. Third, entries on the RTC tracking log were inconsistent. Draft versions of some reports received a separate line while other drafts were tracked on the same line as the final. The program reported the number of lines from the RTC tracking log as the number of reports processed; 46 reports (9.8%) were found to have multiple lines in the log. The auditor recommends:

- 1) The SOP should be updated on how to define and count products.
- 2) Product text should be revised to match the measure text.
- 3) The program should consider revising either how results are calculated or how RTCs are tracked on the log. Either keep the current log system, but manually delete duplications when calculating the year-end result or revise how RTCs are tracked on the log so the log will automatically calculate results.

LANGUAGE

Program Measure 7 – Number of Reports to Council [RTCs] processed for review and signature; Product = Number of Reports to Council Processed: The SOP for this measure is not clear about how products are defined and counted. To verify the measure, the auditor counted the number of reports given an official RTC tracking number and the number of drafts that did not make it far enough along the routing process to receive a tracking number. The Office of the City Manager and the City Clerk jointly maintain a RTC log that tracks the location and progress of the RTC being processed. The program reported the number of lines from this log as the number of

reports processed. Unfortunately, entries on the log were inconsistent. Draft versions of some reports received a separate line while other drafts were tracked on the same line as the final. Forty-six reports (9.8%) were found to have multiple lines in the log. Discussion with the program revealed that some of the draft reports listed on the log are from boards and commissions. These reports are tracked individually because they go through an initial review by the City Manager prior to being included in an RTC.

The auditor recommends updating the SOP to accurately reflect that draft reports from boards and commissions are counted as an individual product because the reports are reviewed separately prior to being included in an RTC.

DOCUMENTATION/DATA INTEGRITY

Standard Operating Procedures (SOPs): SOPs were complete and available for all measures. However, improvement should be made to six SOPs on how to define and count products. Also, the SOP definitions for Program Measure 1 should be completed.

INTEGRATION

No findings or recommendations.

OTHER ISSUES

Measuring and Reporting Customer Satisfaction Levels: *Program Measure 4 — to report City Council's satisfaction with the service provided by the Office of the City Manager* uses a scale of 1-10 and then reports the average score as a percentage of the scale (i.e. an average score of 9.32 is reported as 93.2%). The methodology is not wrong but it is different from other programs which report the percentage of responses meeting a certain criteria (i.e. 90% of responses on a scale of 1-5 will be 4 or better).

Program Measure 5 — to report the Executive Leadership Team's satisfaction with guidance and support from the City Manager's Office followed a citywide practice to calculate and report overall satisfaction from the data of one survey question. Using one question to gauge overall satisfaction is not a standard surveying practice. The auditor recommends that customer surveys are expanded to evaluate key aspects of the services provided. This will provide more data for an overall satisfaction rating and details for each element so managers can target improvement strategies. In addition, the auditor recommends that all measures reporting satisfaction within the city use the same rating scale and calculation methodology.

Standard Operating Procedures: The SOPs for six measures need to be updated with improved language on how products are defined and instructions on how to calculate the reported results.

Program Measure 10 — Office of the City Manager shall complete the employee performance evaluation process for each full-time and regular part-time staff member supervised, and submit the evaluation to Human Resources in accordance with established procedures and timeframes. The program accurately reported the figures distributed by HR but the measure has calculations issues. Recommendations for HR related to improving the accuracy of the reported results are contained in a separate report. No recommendations are being made in this audit.

Citywide Survey Calculation Standards: Current and previous performance audits show several different methodologies have been and are being used currently throughout the City to calculate and report survey results. To improve consistency and the comparability of the results reported in different programs, the City should standardize the scale used on surveys, how the surveys are administered, and how results are calculated and reported.

AUDIT CONCLUSION

The auditor makes 11 recommendations to address the findings discussed above. The audit statistics are shown in Appendix 1. A detailed list of findings and recommendations is located in Appendix 2. It is important to note that while conducting this audit, several findings were made that were outside its scope. These findings and recommendations are presented in the report entitled, “Audit Findings and Recommendations: Citywide Performance Measures Provided by Human Resources Department.”

AUDIT STATISTICS					
Number of Results Reported within +3% & +5%				10	90.9%
Number of Results Not Reported within +3% & +5%				1	9.1%
Number of Results Not Able to Determine (NATD)				0	0.0%
Total Number of Measures/Activities Reviewed				11	100.0%
Number of Results Not Audited				3	
Total Number of Measures/Activities in the Program				14	
Number of SOPs Missing				0	

Program 729 - Office of the City Manager Department Management and Support Services (FY 2006-07)

Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within +3%		
							Y/N	+/-	
1	F	Actual total expenditures for the Office of the City Manager will not exceed planned department expenditures.	Total Department Expenditures	NO	\$ 3,883,694.00	\$ 3,883,693.96	Yes	--	
2	F	Actual total expenditures for all City-wide funds will not exceed planned City-wide expenditures.	Percent of Actual Program Expenditures to Planned	NO	84.400%	84.390%	Yes	--	
3	F	Total City-wide revenue is at least equal to planned amounts.	Percent of Actual Revenue Generated to Planned	NO	93.900%	93.910%	Yes	--	
4	Q	City Council indicates overall satisfaction with the managerial support provided by the Office of the City Manager.	Satisfaction Rating Based On Survey	NO	90.000%	90.000%	Yes	--	
5	Q	The Executive Leadership Team indicates overall satisfaction with the guidance and support provided by the Office of the City Manager.	Satisfaction Rating Based On Survey	NO	86.000%	84.000%	Yes	2.00%	
6	P	The percent of City-wide performance measures met or exceeded is achieved.	City-Wide Performance Measures Met or Exceeded	NO	80.410%	80.832%	Yes	(0.42%)	
7	P	Number of Reports to Council processed for review and signature.	Number of Reports to Council Processed	NO	471.00	425.00	No	9.77%	
8	F	Actual total expenditures for Office of the City Manager Department Management and Support Services will not exceed planned program expenditures.	Total Program Expenditures	NO	\$ 901,548.56	\$ 901,548.56	Yes	--	
9	CE	The Office of the City Manager works to prevent future	Number of Training Sessions	NO	2.00	2.00	Yes	--	
10	P	The Office of the City Manager shall complete the employee	Percent of Evaluations Submitted to	NO	85.000%	93.333%	Yes	(8.33%)	
			Total Number of Evaluations for which the Department is Responsible	--	13.00	15.00	Yes	(15.38%)	
SDP	Activity	Charge Code	Charge Code Title	Product Title	SOP Missing	Reported Result	Auditor Calculation	Accurate within +5%	
	4	729100	Executive Management – Work and Activities Conducted by the City Manager and Assistant City Manager	A Work Hour	Not Audited	--	--	--	--
	2	729200	Administrative Support – Admin and Clerical Support Provided to the Office of the City Manager	A Work Hour	Not Audited	--	--	--	--
98	99	729980	Program-Wide Allocation	None	Not Audited	--	--	--	--

AUDIT STATISTICS			
Number of Results Reported within ±3% & ±5%		10	90.9%
Number of Results Not Reported within ±3% & ±5%		1	9.1%
Number of Results Not Able to Determine (NATD)		0	0.0%
Total Number of Measures/Activities Reviewed		11	100.0%
Number of Results Not Audited		3	
Total Number of Measures/Activities in the Program		14	
Number of SOPs Missing		0	

Program 729 - Office of the City Manager Department Management and Support Services (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	F	Actual total expenditures for the Office of the City Manager will not exceed planned department expenditures.	Total Department Expenditures	NO	\$ 3,883,694.00	\$ 3,883,693.96	Yes	--	Data source, calculation methodology, and met/not met definitions were blank on the SOP.	1 Complete SOP.	Agree. This is a citywide measure; awaiting boilerplate language from Finance for SOP.	
2	F	Actual total expenditures for all City-wide funds will not exceed planned City-wide expenditures.	Percent of Actual Program Expenditures to Planned	NO	84.400%	84.390%	Yes	--	SOP does not specifically indicate which financial report calculates the percentage result that is reported for this measure.	2 Update the SOP to indicate that the reported result is calculated on the Expenditures and Transfers Out by Fund (FUNDEX) report.	Agree. Will update SOP.	
3	F	Total City-wide revenue is at least equal to planned amounts.	Percent of Actual Revenue Generated to Planned	NO	93.900%	93.910%	Yes	--	SOP does not specifically indicate which financial report calculates the percentage result that is reported for this measure.	3 Update the SOP to indicate that the reported result is calculated on the Expenditures and Transfers Out by Fund (FUNDEX) report.	Agree. Will update SOP.	
4	Q	City Council indicates overall satisfaction with the managerial support provided by the Office of the City Manager.	Satisfaction Rating Based On Survey	NO	90.000%	90.000%	Yes	--	This measure reports differently than other satisfaction measures. Other measures report the percentage of satisfied responses received during the survey. This measure has a rating scale of 1-10 and reports average score as a percentage of the highest score possible.	4 The decision to report an average score as a percentage of the highest score or to report the percentage of responses received from a survey meeting a defined criterion should be addressed in citywide survey guidelines. Update the calculation methodology to conform to the policy when established.	For consistency, update SOPs citywide for measures relating to surveys.	
									Reported result was calculated from one survey question. Using one question may not be an accurate gauge of satisfaction levels as there is not enough empirical data upon which to base a conclusion.	5 No recommendation if Council has a clear understanding of what is meant by "managerial support" as opposed to "clerical support." The program may want to consider surveying on key aspects of managerial support for this measure.	No change contemplated.	
5	Q	The Executive Leadership Team indicates overall satisfaction with the guidance and support provided by the Office of the City Manager.	Satisfaction Rating Based On Survey	NO	86.000%	84.000%	Yes	2.00%	Reported result was calculated from one survey question. Using one question may not be an accurate gauge of satisfaction levels as there is not enough empirical data upon which to base a conclusion.	6 Program may want to consider surveying on the key aspects of guidance and support provided.	Will consider.	
6	P	The percent of City-wide performance measures met or exceeded is achieved.	City-Wide Performance Measures Met or Exceeded	NO	80.410%	80.832%	Yes	(0.42%)	The data source section on the SOP does not list the Planning and Management System (PAMS) report that calculated the reported result.	7 Update the SOP.	Agree. Will update SOP.	
									The PAMS report includes six measures that report whether departments have met performance measurement targets (i.e. these are the same measures but at the departmental level). These measures should be excluded from the statistics but the amount to time necessary to manually do so does not outweigh minimum impact (0.42%) that including these measures have on the measure's reporting accuracy.	-- Report the result as calculated by PAMS.	N/A	N/A

Program 729 - Office of the City Manager Department Management and Support Services (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	P	Number of Reports to Council processed for review and signature.	Number of Reports to Council Processed	NO	471.00	425.00	No	9.77%	The SOP for the measure does not indicate how to define and count products. The measure text indicates that all reports processed should be counted. The product definition could be interpreted to only count reports making it to Council. The auditor counted the number of reports given RTC numbers and the number of drafts that did not make it through the process to receive an RTC number. Drafts of reports that did eventually receive an RTC number were not counted in the auditor's total	8 Update the SOP on how to define and count products.	Agree. Will update SOP.		
									--	9 Consider changing the product definition to "Number of reports processed" or "Number of Reports to Council (RTCs) processed for review and signature."	Agree. Will change to "Number of Reports to Council (RTCs) processed for review and signature."		
									At least 46 reports were determined to be double counted because they were entered on the log as both a draft and a final report (with RTC number) for the same Council meeting dates.	10 Update the SOP to accurately reflect that draft reports from boards and commissions are counted as an individual product because the reports are reviewed separately prior to being included in an RTC.	Agree. Will update SOP.		
8	F	Actual total expenditures for Office of the City Manager Department Management and Support Services will not exceed planned program expenditures.	Total Program Expenditures	NO	\$ 901,548.56	\$ 901,548.56	Yes	--	SOP instructs staff to calculate and report a percentage.	11 Update the SOP (including criteria for "Met," "Not Met," and "Exceeds."	Agree. This is a citywide measure; awaiting boilerplate language from Finance for SOP.		
9	CE	The Office of the City Manager works to prevent future worker's compensation claims by providing a planned number of training sessions that address the top three causes of worker's compensation injuries for department employees.	Number of Training Sessions Completed	NO	2.00	2.00	Yes	--	Back-up documentation would need to be more detailed if this measure were to be kept in the budget structure.	-- No recommendation. This type of measure is being deleted throughout during the FY 2008/2009 budget review.	N/A	N/A	
10	P	The Office of the City Manager shall complete the employee performance evaluation process for each full-time and regular part-time staff member supervised, and submit the evaluation to Human Resources in accordance with established procedures and timeframes.	Percent of Evaluations Submitted to Human Resources by the Scheduled Submittal Date	NO	85.000%	93.333%	Yes	(8.33%)	Results were verified as accurate as the Program correctly reported the results that were provided by the Dept. of Human Resources. However, there were calculation issues with the numbers provided.	-- N/A	N/A	Findings and recommendations are presented in a separate audit: "Audit Findings & Recommendations: Citywide Performance Measures Provided by Human Resources Department."	
			Total Number of Evaluations for which the Department is Responsible	--	13.00	15.00	Yes	(15.38%)	Same as Above	-- Same as Above	N/A	Same as Above	
SDP	Activity	Charge Code	Charge Code Title	Product Title	SOP Missing	Reported Result	Auditor Calculation	Accurate within 5%		Findings	Recommendations	Department Response	Disposition
	4	729100	Executive Management - Work and Activities Conducted by the City Manager and Assistant City Manager	A Work Hour	Not Audited	--	--	--	--	--	--	--	--
	2	729200	Administrative Support - Admin and Clerical Support Provided to the Office of the City Manager	A Work Hour	Not Audited	--	--	--	--	--	--	--	--
98	99	729980	Program-Wide Allocation	None	Not Audited	--	--	--	--	--	--	--	--

City of Sunnyvale
FY 2006/2007
Performance Results Audit



***Audit Findings & Recommendations:
Performance Measures Provided
by Human Resources Department***

August 2008

Auditors: Sue English, Sr. Internal Auditor
City of Sunnyvale

Field Work Start Date: September 2007

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APPENDIX 1 - Recommendation Table with Departmental Response

AUDIT OBJECTIVE

During the course of auditing the performance results of the management and support services programs in the Office of the City Manager, Department of Parks & Recreation, and the Department of Public Works, two specific citywide findings were made. The findings relate to workers' compensation (WC) leave hours and employee evaluations, both of which are under the purview of the Human Resources Department. This audit presents the two findings and the auditor's recommendations.

Consistent with the three audits of the management and support services programs, the goal of this audit is to ensure budgetary and management decisions are based upon valid and complete performance information. These actions are accomplished by evaluating the following:

- **Accuracy:** Auditor count or calculations are within ± 3.0 percent for program measures and within ± 5.0 percent for activity products.
- **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 audit considers the year-end report to the City Manager as final. Handwritten corrections in this document are acceptable as the final reported result.

BACKGROUND

The budget restructure in FY 2006/2007 created citywide measures that are calculated centrally by one department. Results are distributed to programs throughout the City for reporting. *Program 302 — Public Works Department Management and Support Services* reports two measures of this type which are calculated by the Department of Human Resources (HRD), while *Program 729 — Office of the City Manager Department Management and Support Services* reports one, and *Program 601 — Parks & Recreation Department Management and Support Services* reports two.

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 provide context for the measures.

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 by the Office of the City Manager for *Program 729 — Office of the City Manager Department Management and Support Services*; the Department of Public Works for *Program 302 — Public Works Department Management and Support Services*; and the Department of Parks & Recreation for *Program 601 — Parks and Recreation Department Management and Support Services*. During the review, the auditor found performance measures in each of the programs that are citywide and calculated by the Human Resources Department (HRD). This report presents the findings and recommendations relating to those citywide measures as calculated by HRD.

SUMMARY

Although each of the three management and support services programs accurately reported the performance results for the two citywide measures, the auditor makes eight recommendations to HRD to address the audit findings. The first finding relates to how HRD reports the amount of time lost due to workers' compensation claims. The second finding relates to how HRD reports whether employee performance evaluations are submitted within established deadlines. Both measures were reported accurately by the management and support services programs as based on data provided by HRD. However, each HRD measure had issues of accuracy.

DETAILED FINDINGS

This audit presents the evaluations made of the two citywide reported 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.

As noted above in the Summary, there are two citywide measures calculated by HRD that contained issues of accuracy. Because the SOPs state that each program should report the results as provided by HRD, the results have been reported as accurate for each program. However, the auditor has eight recommendations for HRD to improve the accuracy of the reported results.

Workers' Compensation (WC) Measure: Hours are tracked in the financial system by job code, employee name, and employee number. Employee names need to be manually reconciled to departmental employee lists to calculate the amount of WC leave hours by department. Limited time for the audit dictates that the measure be verified using the citywide total instead of verifying the totals for each individual department.

For the measure, HRD reported 13,922 citywide WC leave hours for FY 2006/2007. Using HRD's methodology, which excludes WC leave hours associated with medical appointments from the total, the auditor calculated 14,284 citywide WC leave hours for FY 2006/2007. The auditor's total is 362 hours (2.6%) higher than reported, but the reported result is within the margin of error allowed by the audit to be verified as accurate. The policy to include or exclude WC leave hours associated with medical appointments from the reported total is discussed below in bullet point 1.

The auditor could not determine why the compensation hours calculated by HRD were 2.65% lower than actual. The data and summary spreadsheets provided did not include calculation formulas. The calculation sheets could not be located when requested by the auditor in January 2007. The auditor recommends that support documentation for any reported measure be retained for at least two years to match the biennial budgeting cycle.

Although the measure was reported accurately, the financial system shows 15,106 WC hours were used in FY 2006/2007 which is 1,184 hours (8.5%) higher than reported by HRD. Several issues contributed to the difference:

1. The SOP prepared by HRD defined the measure calculations to exclude leave hours for WC medical appointments (584 hours or 3.8%). The auditor could not verify if the calculation policy was approved by the City Manager. Whether to include or exclude WC leave hours associated with medical appointments in the amount of reported time loss for this measure is a policy decision outside the scope of this audit. For purposes of this audit, the policy used by HRD was accepted as the approved City policy and the calculation methodology described by HRD staff was used to verify the reported results. However, the auditor recommends that formal approval of this approach in the form of a signed SOP, including rationale for calculation methodology, be obtained.
2. HRD queried the financial system by charge code, not by the object of expenditure codes (8525-31 and 8525-32) for WC leave hours. HRD's query looked for hours only where they should have been posted. The query did not find 153 hours incorrectly posted to another cost account managed by HRD (*Activity 785210 – Workers' Compensation Cost of Claims*). The auditor recommends the financial system be queried by object level codes.
3. While calculating the measure, HRD staff identified 1,077 hours incorrectly posted in the financial system within the six charge codes they use for tracking WC leave. Staff corrected the errors for the reported result calculations, but did not submit a journal voucher to make the corrections in the financial system. The auditor recommends HRD develop a process to ensure all errors in the charge codes it manages are corrected by the end of the year.
4. The timesheets used for payroll do not correspond with the accounts used by HRD staff to track WC leave. The auditor recommends that HRD work with Finance staff to address the following issues:
 - a. HRD uses six charge codes to track WC leave, but the timesheet only lists four. This requires line staff to look up and write-in the charge codes for two types of WC leave hours when filling out their time sheets and adds a "human error" element to the process.
 - b. The measure reports full-day and partial-day WC leave, but the charge codes printed on the timesheet are for full-day and medical appointment WC leave.
 - c. Labels for the charge codes in the financial system do not match the definitions printed on the timesheet, and the numbers for two of the charge codes on the timesheet do not match the printed definitions.

- d. Object level codes 8525-32 are currently being used for both WC partial-day and WC medical appointment leave usage. Using one code for two types of leave requires that HRD staff review all the hours posted with those codes to ensure they are correctly placed in their respective charge codes.
- e. The pay codes defined in the payroll software are posting WC leave hours to incorrect charge codes with incorrect object of expenditure codes. HRD must scrutinize all WC hours posted in the financial system and manually move the hours with a journal voucher into the correct charge codes with the correct object of expenditure coding.

It should be noted that during the drafting of this report, Department of Finance staff worked with HRD to correct the payroll system interface with the financial system and defined new object of expenditure codes for WC medical appointment usage.

Employee Evaluation Measure: The last recommendation for HRD relates to the employee evaluation measure. The audited year was the first year for this citywide measure which is designed to evaluate the timeliness of employee evaluations being received by HRD. The measurement and reporting process was not completely in place in FY 2006/2007 and some measurement concessions were approved by the City Manager to accommodate the technical glitches. The reported result is accurate given the concessions, but several measurement issues still need to be resolved. HRD is reevaluating and redefining the process as employee evaluations for FY 2007/2008 are currently underway. The auditor recommends the measure be re-examined before the FY 2007/2008 evaluations are completed so that new measurement guidelines can be incorporated into the SOP.

Other Issues Affecting Accuracy: Several issues affecting accuracy were found while auditing the reported result for the WC claims, and WC leave hours. The issues included rounding errors, incomplete data, and posting errors. The latter two were discussed on the previous two pages under the heading "Workers' Compensation (WC) Measure." A summary of the rounding errors follows.

LANGUAGE

No issues found.

DOCUMENTATION/DATA INTEGRITY

Backup Documentation Should Be Archived for Two Years: The auditor could not completely determine why the WC leave hours calculated by HRD were 2.65 percent lower than the auditor's calculations. The data and summary spreadsheets provided for the audit did not include calculation formulas. HRD could not locate the calculation sheets when requested to do so in December 2007. Documentation for any result

reported in the budget should be kept for two years to comply with the City's record management policy published in the ***Administrative Policy Manual***.

INTEGRATION

The process for tracking employee performance evaluation timeliness will need to be re-examined before the FY 2007/2008 evaluations are completed so that new measurement guidelines can be incorporated into the SOP.

AUDIT CONCLUSION

The auditor makes eight recommendations to address the findings discussed above. The audit statistics, as well as a detailed list of findings, recommendations, and the department's responses is located in Appendix 1.

Citywide Performance Measures Provided by Human Resources Department (FY 2006-07)												
Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within 3%		Findings	Recommendations	Department Response	Disposition
							Y/N	+/-				
Several	CE	The Department of Public Works manages worker's compensation claims so that the number of lost time hours at work is reduced by the performance target for the fiscal year.	Percent Reduction	No	(21.800%)	(21.774%)	Yes		The audit could not verify workers' compensation leave hours for each department but could verify that the citywide total of 13,922 calculated and distributed by HR was 363 hours (2.6%) lower than calculated by the auditor.	No recommendations. The program accurately reported the number calculated and provided by HR.	N/A	N/A
			Number of Lost Time Hours	No - DPW Yes - HR	1,988.500	1,988.500	Yes		Findings for the Department of Human Resources (HR): Although the measure was reported accurately, the financial system shows 15,106 workers' compensation leave hours were posted last year which is 8.5% higher than the 13,922 hours calculated by HR. The issues below contributed to the difference:			
									HR tracks leave time associated with workers' compensation medical appointments but defined the measure calculations to exclude this type of leave hours. The 584 hours (3.8%) spent at workers' compensation medical appointments in FY 2006/2007 were not included in the reported results.	Informational finding only - no recommendation. The decision to include or exclude the time spent on medical appointments is a policy decision outside the scope of this audit. Approval of this policy could not be established as a signed SOP was not provided to the audit.	N/A	N/A
									The financial system was queried by organizational cost account (activity number) not by the object level codes for workers' compensation hours. 153 hours incorrectly posted to the "cost of claims" activity (785210) were not captured by HR's query.	1 Query the financial system by object level codes 3 and 4 (8525-31 and 8525-32). The auditor will provide a copy of the query used for the audit.	HR will continue to use the query provided by the Finance Department because the expertise to query the financial system resides within Finance. Because HR is dependent upon Finance to provide the correct raw data, HR strongly suggests that the standardized query set up by Finance Department staff should be updated as per the auditor's recommendation.	
									Cost accounting codes and definitions are printed incorrectly on the city's timesheet.	2 Work with the Department of Finance to correct the codes and wording on the timesheets.	Completed.	Implemented
									HR uses six organizational cost accounts (activity numbers) to track various types of workers compensation hours but the timesheet lists only four. City staff may not be aware that these two additional accounts exist.	3 Work with the Department of Finance to modify the formatting of the timesheet.	Completed.	Implemented
									The OL3 and OL4 codes 8525-32 for partial workers' compensation days is being used to track both "partial-day/light-duty" leave hours and medical appointment leave hours. Specific object codes for workers' compensation medical appointments do not exist but the combination of 8525-33 is generically defined as: "Medical appointment leave hours."	4 Work with the Department of Finance to determine the best accounting structure (organizational costs accounts with OL3 and OL4 codes) to capture workers' compensation leave hours in a manner that will simplify annual reporting.	The Department of Finance has defined 8525-33 as Worker's Compensation Medical Appointments.	Implemented
									Pay codes in the payroll system are set up to post workers' compensation hours in the financial system into different organizational cost accounts with different OL3 & OL4 codes than indicated on the timesheets. This requires HR to manually correct posting errors in the financial system with journal vouchers.	5 Work with the Department of Finance to correct the pay codes in the payroll system after the new accounting structure mentioned above has been established.	The HR Department and Department of Finance corrected the payroll interface.	Implemented

Citywide Performance Measures Provided by Human Resources Department (FY 2006-07)												
Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within 3%		Findings	Recommendations	Department Response	Disposition
							Y/N	+/-				
									HR staff identified 1,077 hours of posting errors for workers' compensation leave in the financial system when they were calculating the measure but neglected to correct the errors in the financial system by the end of the year.	6 Develop a procedure to ensure posting mistakes are corrected in the financial system by the year end.	HR will implement new procedures to ensure accuracy.	
									HR staff could not produce calculation sheets (long-hand calculations, Excel spreadsheets, 10-key tapes, etc.) for this measure.	7 Backup documentation for reported results should be kept for a minimum of 2 years.	Documentation was provided and is retained.	
14	P	The Department of Public Works shall complete the employee performance evaluation process for each full-time and regular part-time staff member supervised, and submit the evaluation to Human Resources in accordance with established procedures and timeframes.	Percent of Evaluations Submitted to Human Resources by the Scheduled Submittal Date	No - DPW	93.900%	93.367%	Yes	0.5%	PAMS was not working properly at the time the FY2006-06 evaluations were due. All management evaluations were counted as being received on time. Results for other job positions were manually tabulated.	8 The auditor should reevaluate the tracking and calculation systems to ensure they are automated and working properly.	Concur.	
			Total Number of Evaluations for which the Department is Responsible	No - HR	197.000	196.000	Yes	0.5%	Same as Above	Same as Above		
Citywide Performance Measures under Purview of HR: Program 729 - Office of the City Manager Department Management & Support Services (FY 2006-07)												
Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within 3%		Findings	Recommendations	Department Response	Disposition
							Y/N	+/-				
10	P	The Office of the City Manager shall complete the employee performance evaluation process for each full-time and regular part-time staff member supervised, and submit the evaluation to Human Resources in accordance with established procedures and timeframes.	Percent of Evaluations Submitted to Human Resources by the Scheduled Submittal Date	No - OCM	85.000%	93.333%	Yes	(8.33%)	Results were verified as accurate as the Program correctly reported the results that were provided by the Dept. of Human Resources. However, there were calculation issues with the numbers provided.	- - - No recommendations. The program accurately reported the number calculated and provided by HR.	N/A	N/A
			Total Number of Evaluations for which the Department is Responsible	No - HR	13.00	15.00	Yes	(15.38%)	Same as Above	Same as Above		
Citywide Performance Measures under Purview of HR: Program 601 - Parks and Recreation Department Management & Support Services (FY 2006-07)												
Meas#	Type	Measure	Data Point	SOP Missing	Reported Result	Auditor Calculation	Accurate within 3%		Findings	Recommendations	Department Response	Disposition
							Y/N	+/-				
18	P	The Parks and Recreation Department shall complete the employee performance evaluation process for each full-time and regular part-time staff member supervised, and submit the evaluation to Human Resources in accordance with established procedures and timeframes.	Percent of Evaluations Submitted to Human Resources by the Scheduled Submittal Date	No - P&R	99.000%	90.244%	Yes	8.8%	The reported result was verified as correct as the program correctly reported the result calculated by the Department of Human Resources (HR). However, the number distributed by HR was incorrect. HR is currently reevaluating and redesigning the process for the FY 2006/2007 evaluation cycle.	- - - No recommendations. The program accurately reported the number calculated and provided by HR.	N/A	N/A
			Total Number of Evaluations for which the Department is Responsible	No - HR	123.00	123.00	Yes	- - -	Same as Above	Same as Above		