CITY OF PALO ALTO
OFFICE OF THE CITY AUDITOR

July 15, 2003

Honorable City Council
Attention: Finance Committee
Palo Alto, California

City Auditor's 2003-04 Work Plan

Recommendation

The City Auditor's Office recommends that the Finance Committee reviews and recommends to the City Council approval of the City Auditor's 2003-04 Work Plan.

Background

The mission of the City Auditor's Office is to promote honest, efficient, effective and fully accountable City government. To fulfill this mission, the Auditor's Office conducts audits and examinations of City departments, programs, and services. The purpose of these audits and examinations is to provide the City Council and City management with information and evaluations regarding the effectiveness and efficiency with which City resources are employed, the adequacy of the system of internal controls, and compliance with City policies and procedures and regulatory requirements.

The Palo Alto Municipal Code requires the City Auditor to submit an annual plan to the City Council for review and approval. This report presents the City Auditor's Work Plan for 2003-04.

As part of our annual review of potential audit subjects, we solicit audit suggestions from City Council members, members of the public, and staff. We use the City's proposed operating and capital budgets to prepare a spreadsheet model of potential audit subjects (see Attachment A). The purpose of the model is to help us prioritize audit work. The model compares the following factors:

- Proposed 2003-04 expenditures
- Three-year expenditure trend
- Fund type (heavily weighted to the General Fund)
- Proposed five-year capital expenditures
- Estimated 2003-04 revenue
- Three-year revenue trend
- Number of staff (budgeted full time equivalents)
- Fund balance
- Audit requests
- Date of last audit

Discussion of Proposed Assignments

The list of proposed assignments for fiscal year 2003-04 includes a mix of audits and special projects that address a wide range of concerns and are consistent with the City Auditor's areas of responsibility. We tried to limit the number of audits to what we can realistically accomplish. Our work plan supports three of the City Council's Top 5 priorities: City Finances, Infrastructure, and

Land-Use Planning.
Acknowledging that there is a natural tension between being the independent City Auditor and being a cooperative member of the City team, we have again this year included several projects that emphasize collaboration between the Auditor's Office and other City staff. These projects are designed to use the independent, analytical skills of the Auditor's Office to support staff initiatives without impairing the Auditor's organizational independence.

This document includes a brief description of preliminary audit objectives for:

- Assignments in process,
- On-going assignments and responsibilities,
- Carryover projects not started yet,
- Proposed new audit projects, and
- Other potential projects not recommended at this time.

ASSIGNMENTS IN PROCESS:

1. **Audit of the Planning Process** – The objective of this audit is to evaluate the efficiency and effectiveness of the City's handling of proposed development projects from start to finish. Target completion date: Fall-2003.

2. **Audit of Overtime Usage** – The purpose of this audit is to review actual overtime usage and identify opportunities to better control overtime expenditures. Preliminary General Fund expenditures for 2002-03 of $2.9 million are more than $200,000 over budget. Target completion date: Fall-2003

3. **Audit of Cable Franchise Fees and Customer Service Provisions** (contracted audit work provided by the Buske Group and funded by the JPA) – This audit will provide independent verification of franchise fee payments and customer service reporting to ensure compliance with provisions in the Municipal Code and franchise agreement standards. Target completion date: Winter-2003.

ON-GOING ASSIGNMENTS AND RESPONSIBILITIES:

4. **Annual External Audit** (contracted audit service) – The City Charter requires that the City Council engage an independent certified public accounting firm to conduct an annual external audit. Maze & Associates will be conducting the audit of the June 30, 2003 financial statements.

5. **Contracted Revenue Audit Services –** The Office contracts with outside vendors to provide the following audit services:
   - *Sales Tax* **–** Sales tax represents about 16 percent, or $19 million, of projected General Fund revenue for 2003-04. We are contracting with HdL Companies for quarterly sales tax audit and information services. Audits focus on verifying that Palo Alto is getting the appropriate allocation of local sales tax.
   - *Property Tax* – Property tax represents about 11 percent, or $13.6, million of projected General Fund revenue for 2003-04. We are contracting with HdL Companies for property tax auditing and information services. Audit services are designed to ensure that County assessment data for properties in Palo Alto is current and accurate.

- *Documentary Transfer Tax* – The documentary transfer tax (approximately $3 million annually) is a one-time tax that is levied when residential and commercial properties are sold. We are contracting with HdL Companies to test County data to ensure that transfer taxes are being properly applied and remitted timely.
- *Utility Users Tax (UUT)* – UUT is calculated at 5 percent of electricity, gas, water, and telephone service (generating about $7 million annually). We are contracting with Tax Compliance Services to audit telecommunications companies' UUT remittances. Target completion date: Dec-2003.

6. **Streamlining Initiatives** – As time allows, the Auditor's Office makes itself available to (1) independently assess the cost/benefit of streamlining projects, and (2) provide advice on the adequacy of streamlined controls and procedures. Projects include:
   - *Infrastructure Contract Streamlining* – The Office issued a report on contract processing times in Apr-2002, and provided comments on proposed procedural changes in Feb-2003. The City Auditor will continue to provide advice to the Committee as needed regarding proposed changes to contracting procedures.
   - *Reviewing the City's write-off policy for not-sufficient-funds checks less than $25 (carryover project)* – We have reviewed the City's procedures and are preparing a brief report. Target completion date: Aug-2003.

7. **Reviews of Financial Procedures and Controls** – The Municipal Code outlines the City Auditor's role in reviewing the financial and accounting procedures of the City. As time allows, we will provide requested assistance in these areas and, where possible, help departments develop their own control self-assessment programs. Projects include:
   - *Controls Review of SAP* – The implementation of SAP software will have dramatic impacts on the City's business operations and financial records. As part of the original implementation plan, ASD contracted with the Government Finance Officer's Association (GFOA) for assistance services. In addition, the Auditor's Office will continue to monitor the implementation and provide advice to ASD on the adequacy of controls in the new system. Target completion date: on-going.
   - *Cash Controls (carryover from 2002-03)* – Verify that the Golf Professional's procedures for handling golf course receipts conform to City procedures. Target date: TBD.

8. **Service Efforts and Accomplishments (SEA) Report –** In January 2003, we issued the City's first annual SEA report summarizing workload and results information for the City's major public services for 2001-02, and providing benchmark comparisons to comparable jurisdictions. This is a major project for our office and, based on feedback received to date, is well worth the effort.

   - *Citizen Survey* – The 2002-03 report will incorporate the results of a citizen survey. The purpose of the survey is to provide baseline information about customer satisfaction on core City services. Target issuance date: Jan-2004.

9. **Other Responsibilities:**
   - *Audit Recommendation Status* – The City Auditor issues an annual report on the status of recommendations from recently completed audits. Target issuance date: Fall-2003
   - *Annual Work Plan and Quarterly Status Reports* – The City Auditor submits quarterly reports to the City Council outlining project status and progress towards completing the assignments on this annual work plan.

- *Executive Staff* – To facilitate communication and coordination of efforts, the City Auditor attends the City Manager's weekly executive staff meetings.
- *Utility Risk Oversight Committee (ROC)* – Since issuance of our *Assessment of Utility Risk Management Procedures* in Jul-2002, the City Auditor has acted as an advisor to the ROC. This is intended to facilitate implementation of the recommendations in the audit report.

CARRYOVER PROJECTS NOT STARTED YET:

10. **Audit of Contract Contingency Fees** – The objective of this audit is to evaluate the appropriateness of contingency fee levels, the approval process for using contingency fees, and actual contingency fee usage. Target date: TBD.

11. **Review of the Workers' Compensation Program** – The purpose of this review is to identify additional opportunities to control claim costs in the face of rising medical costs. Target date: TBD.

PROPOSED NEW AUDIT PROJECTS:

12. **Audit of restructuring efforts and management span of control** – In response to the Finance Committee's referral during the budget process, the Auditor's Office proposes to conduct an independent review of General Fund and Internal Service Fund staffing changes and restructuring over the last two years, and assess the feasibility of additional reductions through attrition. We will also evaluate supervisory span of control, the ratio of managers to line staff, and number of levels of management review by department. Target completion date: Winter-2003.

13. **Organizational review of the Community Services Department (CSD)** – In response to the Finance Committee's referral for a citywide organizational review, we recommend focusing on one department in depth. Our citywide risk assessment model (Attachment A) targeted CSD and the Park Services division as potential audit subjects. CSD is the City's largest department with more than 200 employees and a $24.8 million operating budget, including $14.4 million in salaries and benefits. This audit would build on previous staffing studies (e.g. the 2001 library staffing study), and focus on the question of whether the department is optimally organized to deliver services. Target start date: Spring-2004.

14. **Police property room and informant fund** – The Police Department desires independent audits of the property room and informant fund. It is likely that we can contract with an outside vendor for these services at minimal expense.

15. **Public communications expenses** – Staff is initiating a self-audit of public communications expenses citywide including print and electronic publications and staffing. The Auditor's Office will monitor and provide advice during the self-audit, and review the final work product. Target completion date: Spring-2004.

OTHER POTENTIAL PROJECTS NOT RECOMMENDED AT THIS TIME:

Faced with a long list of potential audit subjects and limited audit resources, we had to make some tough choices. For example, we included in the audit work plan the top three General Fund items that were targeted by the citywide risk assessment model:

- *Community Services Department* – organizational review proposed above,

- *Park Services* – organizational review proposed above, and
- *Salaries and Benefits* – restructuring audit proposed above.

But we are recommending deferral (for now) on two enterprise-funded items that were targeted by our risk assessment model:

- *Wastewater Treatment Fund* – This is a major city program with proposed 2003-04 expenditures of $17.1 million, a five-year capital program totaling $13.3 million, and 69 FTE.
- *Refuse Fund* – Another major City service with proposed 2003-04 expenditures of $26.4 million, and revenues totaling $23.3 million.

There were also a number of audit requests that we are unable to accommodate. This year, some of those audit requests included:

- *Municipal fee schedule* – Evaluate the cost-recovery status of fees (about $16.3 million per year), and differences in fees charged to various users.
- *Housing program* – Evaluate potential uses of the housing impact fee fund including cost-effectiveness of the BMR program.
- *Contracting practices* – Review for evidence of openness, fairness and non-discrimination in requesting and awarding contracts.

Next Steps

I plan to present the City Auditor's 2003-04 Work Plan to the City Council for approval on August 4th. As audit work proceeds, I will bring to the Finance Committee quarterly reports describing the status and progress towards completing each of the approved assignments.

Respectfully submitted,

Sharon W. Erickson
City Auditor

Atttachment A: Citywide Risk Assessment

Attachment A
CITY-WIDE RISK ASSESSMENT

REF. NUM.	DEPARTMENT	PROGRAM/CATEGORY	2003-04 PROPOSED EXPEND	SCORE	THREE YEAR EXPEND TREND	SCORE	FUND TYPE	SCORE	2003-08 FIVE-YEAR CAPITAL EXPEND	SCORE	2003-04 PROPOSED REVENUES	SCORE	THREE YEAR REVENUE TREND	SCORE	2003-04 NO. OF STAFF	SCORE	BEG. FUND BALANCE	SCORE	AUDIT REQUEST	SCORE	DATE OF LAST AUDIT	SCORE	RAW SCORE	TOTAL SCORE
	RELATIVE WEIGHTS OF FACTORS			8		3		8		4		4		3		6		2		8		4	110	500
386	**Public Works**	**WASTEWATER TREATMENT FUND**	**17,103,642**	**8**	**31%**	**8**	**SPEC**	**3**	**13,331,098**	**4**	**17,342,061**	**8**	**18%**	**3**	**69**	**7**	**7,787,000**	**7**	**2002**	**10**		**10**	**68**	**345**
143	**CSD**	**COMMUNITY SERVICES DEPT**	**24,784,034**	**9**	**6%**	**1**	**GEN**	**10**		**0**	**6,534,116**	**7**	**-3%**	**1**	**203**	**9**		**0**	**2003**	**10**	**1999-Class Regist**	**4**	**51**	**336**
59	**Citywide**	**SALARIES AND BENEFITS**	**73,934,976**	**10**	**2%**	**1**	**GEN**	**10**		**0**		**0**	**0%**	**0**	**1,096**	**10**	**6,506,000**	**7**	**2003**	**10**	**2003-Overtime**	**0**	**48**	**317**
164	**CSD**	**PARK SERVICES**	**4,061,423**	**6**	**8%**	**1**	**GEN**	**10**	**8,146,000**	**3**	**245,538**	**2**	**-26%**	**7**	**26**	**4**		**0**	**2001**	**10**		**10**	**53**	**316**
364	**Public Works**	**REFUSE FUND**	**26,445,315**	**9**	**10%**	**1**	**SPEC**	**3**	**5,033,783**	**3**	**23,294,275**	**9**	**0%**	**3**	**34**	**5**	**13,979,000**	**8**	**2002**	**10**	**1995-PASCO Cont**	**8**	**59**	**314**
267	Public Works	STREETS	2,145,643	5	-47%	4	GEN	10	10,181,593	4		0	0%	0	15	3	3,662,000	6	2001	10		10	52	298
216	Planning	PLANNING AND COMM ENVIRONMENT DEPT	8,942,013	7	15%	2	GEN	10		0	4,886,179	6	21%	3	61	7		0	2001	10	2003-In process	0	45	297
351	Utilities	WATER FUND	29,990,035	9	75%	10	SPEC	3	22,510,304	6	22,252,382	9	29%	4	41	6	11,142,000	8		0		10	65	290
236	Police	POLICE DEPT	23,832,046	9	17%	2	GEN	10		0	4,579,821	6	7%	3	179	9		0		0		10	49	285
453	ASD	TECHNOLOGY FUND	10,642,507	8	NA	3	SPEC	3	5,311,910	3	11,599,634	8	124%	5	33	5	8,144,000	7	2003	10	2003-SAP in proces	0	52	280
198	HR	HUMAN RESOURCES DEPT	2,262,235	5	-7%	3	GEN	10		0	20,000	1	NA	3	15	3		0	2001	10		10	45	280
183	Fire	FIRE DEPT	18,894,188	8	7%	1	GEN	10		0	8,682,094	7	9%	3	129	9		0		0		10	48	278
249	Police	TRAFFIC SERVICES	1,603,551	4	25%	7	GEN	10		0	491,005	2	-2%	1	10	2		0	2002	10		10	46	276
162	CSD	GOLF SERVICES	2,556,415	5	12%	1	GEN	10		0	3,062,280	6	-1%	1	12	2		0	2002	10	1996-Golf lease	7	42	270
59	Citywide	ALLOCATED CHARGES	11,115,566	8	18%	2	GEN	10		0		0	0%	0		0		0	2003	10		10	40	270
	ASD	Contract management/vendor performance	10,305,449	8	-9%	3	GEN	10		0		0	0%	0		0		0	2001	10	1995-ContractAdmi	8	39	265
187	Fire	EMS staffing	2,678,092	5	27%	7	GEN	10		0		0	0%	0		0		0	2002	10		10	42	261
271	Public Works	TREES	2,113,545	5	-22%	3	GEN	10		0		0	0%	0	14	2		0	2001	10		10	40	261
306	Utilities	ELECTRIC FUND	99,269,515	10	-17%	3	SPEC	3	38,687,652	6	96,836,961	10	-9%	1	124	9	118,232,000	10		0	2002-Util risk mgmt	1	53	258
260	Public Works	PUBLIC WORKS DEPT	11,328,180	8	-13%	3	GEN	10		0	928,590	3	383%	5	77	8		0		0	1996-Heavy vehicle	7	44	256
466	HR	GENERAL BENEFITS AND INSURANCE	46,055,000	10	33%	8	SPEC	3		0		0	0%	0		0	6,506,000	7	2002	10	1995-Retiree health	8	46	254
	ASD	**Contracting/procurement practices**	**10,305,449**	**8**	**-9%**	**3**	**GEN**	**10**		**0**		**0**	**0%**	**0**		**0**		**0**	**2003**	**10**	**1998-Purchase orc**	**5**	**36**	**253**
326	Utilities	GAS FUND	36,441,554	10	1%	1	SPEC	3	23,612,457	6	31,028,181	10	-27%	7	48	6	21,734,000	9		0	2002-Util risk mgmt	1	53	250
269	Public Works	SIDEWALKS	825,816	3	17%	2	GEN	10	9,350,000	3		0	0%	0	7	1		0	2001	10		10	39	248
160	CSD	CUBBERLEY COMMUNITY CENTER	1,395,051	4	3%	1	GEN	10		0		0	0%	0	11	2		0	2001	10		10	37	247
216	Planning	Advance planning	1,358,190	4	2%	1	GEN	10		0		0	0%	0	10	2		0	2001	10		10	37	247
115	**City Manager**	**PUBLIC COMMUNICATIONS**	**507,541**	**3**	**-30%**	**4**	**GEN**	**10**		**0**		**0**	**0%**	**0**	**3**	**1**		**0**	**2003**	**10**		**10**	**38**	**242**
63	**Citywide**	**Cost recovery fees and charges**		**0**	**0%**	**0**	**GEN**	**10**		**0**	**16,251,000**	**8**	**24%**	**3**		**0**		**0**	**2003**	**10**		**10**	**41**	**241**
58	Citywide	CHARGES FOR SERVICES		0	0%	0	GEN	10		0	17,671,000	8	6%	3		0		0	2003	10		10	41	241
175	CSD	HUMAN SERVICE CONTRACTS (HSRAP)	1,278,853	4	-5%	3	GEN	10		0		0	0%	0		0		0	2001	10		10	37	241
58	Citywide	PERMITS AND LICENSES		0	0%	0	GEN	10		0	4,721,000	6	63%	5		0		0	2003	10		10	41	239
340	Utilities	WASTEWATER COLLECTION FUND	14,704,952	8	16%	2	SPEC	3	21,379,573	6	14,127,152	8	36%	4	28	4	4,399,000	6		0		10	51	238
395	ASD	CPA EXTERNAL SERVICES	819,843	3	135%	10	SPEC	3		0	839,685	3	118%	5	6	1	5,000	1	2002	10		10	46	233
CIP24	Public Works	BUILDINGS AND FACILITIES CIP	3,532,500	6	NA	3	CAP	5	14,118,500	4		0	0%	0		0		0	2002	10		10	38	233
63	Fire	Fire Dept services to Stanford		0	0%	0	GEN	10		0	6,141,000	7	-4%	1		0		0	2002	10		10	38	231
124	ASD	ADMINISTRATIVE SERVICES DEPT	6,475,256	7	-41%	4	GEN	10		0	28,120	1	-33%	8	57	7		0		0	2001-Payroll	2	39	226
CIP25	Public Works	STREETS AND SIDEWALKS CIP	2,670,000	5	NA	3	CAP	5	14,100,000	4		0	0%	0		0		0	2002	10		10	37	225
247	Police	COMMUNITY POLICING	187,267	2	NA	3	GEN	10		0		0	0%	0		0		0	2001	10		10	35	225
253	Police	ANIMAL SERVICES	1,367,956	4	10%	1	GEN	10		0	851,524	3	-18%	2	13	2		0	2002	10	2003-Animal Svcs	0	32	225
172	CSD	RECREATION SERVICES	3,870,664	6	14%	1	GEN	10		0	1,798,428	4	-4%	1	39	5		0		0		10	37	220
168	CSD	LIBRARY SERVICES	5,267,810	6	1%	1	GEN	10		0	212,810	2	-1%	1	54	6		0		0		10	36	218
273	Public Works	STRUCTURES AND GROUNDS	4,621,669	6	-7%	3	GEN	10	14,118,500	4		0	0%	0	25	4		0		0		10	37	217
FS90	**Planning**	**Affordable housing (Housing in-lieu fund)**	**211,000**	**2**	**NA**	**3**	**SPEC**	**3**		**0**	**2,165,000**	**5**	**NA**	**3**		**0**	**10,020,000**	**8**	**2003**	**10**		**10**	**44**	**214**
CIP27	Public Works	STREET IMPROVEMENT FUND CIP	1,170,000	4	NA	3	CAP	5	5,905,000	3		0	0%	0		0		0	2002	10		10	35	213
CIP25	Public Works	PARKS AND OPEN SPACE CIP	1,599,500	4	NA	3	CAP	5	9,865,000	3		0	0%	0		0		0	2002	10		10	35	213
170	CSD	OPEN SPACE AND SCIENCES	2,764,702	5	11%	1	GEN	10	1,719,000	2	460,644	2	4%	3	27	4		0		0		10	37	212
158	CSD	ARTS AND CULTURE	2,857,539	5	0%	3	GEN	10		0	750,326	3	-17%	2	22	4		0		0		10	37	211
70	City Attorney	CITY ATTORNEY'S OFFICE	2,302,187	5	-2%	3	GEN	10		0	104,000	2	221177%	5	13	2		0		0		10	37	204
89	City Clerk	CITY CLERK'S OFFICE	1,009,895	4	40%	9	GEN	10		0	3,750	1	169%	5	6	1		0		0	1994-Records	9	39	200
	ASD	Budget monitoring		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10		10	30	200
	ASD	Certification of impact measures		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10		10	30	200
	ASD	IT strategic plan implementation review		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10		10	30	200
	ASD	Employee phone bill reimbursements		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	ASD	Cell phone usage		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	ASD	Reimbursements for mandated services		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	ASD	Bank accounts		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10		10	30	200
	ASD	Collection of delinquent revenue		0	0%	0	GEN	10		0		0	0%	0		0		0	2003	10		10	30	200

Attachment A
CITY-WIDE RISK ASSESSMENT

REF. NUM.	DEPARTMENT	PROGRAM/CATEGORY	2003-04 PROPOSED EXPEND	SCORE	THREE YEAR EXPEND TREND	SCORE	FUND TYPE	SCORE	2003-08 FIVE-YEAR CAPITAL EXPEND	SCORE	2003-04 PROPOSED REVENUES	SCORE	THREE YEAR REVENUE TREND	SCORE	2003-04 NO. OF STAFF	SCORE	BEG. FUND BALANCE	SCORE	AUDIT REQUEST	SCORE	DATE OF LAST AUDIT	SCORE	RAW SCORE	TOTAL SCORE
	City Council	Follow-thru on council actions		0	0%	0	GEN	10		0		0	0%	0		0		0	2003	10		10	30	200
	Citywide	Quality control iniative		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10		10	30	200
	Citywide	Complaint handling		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	Citywide	Public/private partnership effectiveness		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	CSD	Athletic field usage		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	CSD	Library fines		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	Fire	Ambulance transport programs		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10		10	30	200
	HR	Benefits administration		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	HR	Personnel classifications/reclassifications		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	HR	Recruitment and retention program		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	Planning	Shuttle services		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10		10	30	200
	Planning	Single story overlay process		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	Planning	Building and devmt fees		0	0%	0	GEN	10		0		0	0%	0		0		0	2003	10		10	30	200
	Police	Proactive enforcement of taxi cabs		0	0%	0	GEN	10		0		0	0%	0		0		0	2003	10		10	30	200
	Police	**Property room**		**0**	**0%**	**0**	**GEN**	**10**		**0**		**0**	**0%**	**0**		**0**		**0**	**2003**	**10**		**10**	**30**	**200**
	Police	**Confidential funds**		**0**	**0%**	**0**	**GEN**	**10**		**0**		**0**	**0%**	**0**		**0**		**0**	**2003**	**10**		**10**	**30**	**200**
	Police	Police school services		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10		10	30	200
	Police	Noise ordinance enforcement		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10		10	30	200
	Police	Strategic plan implementation		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10		10	30	200
	Police	Reimbursements for traffic citations		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10		10	30	200
	Police/Fire	Emergency response/notification system		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10		10	30	200
	Police/Fire	Emergency personnel training and turnover		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	Public Works	Downtown public restrooms		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10		10	30	200
	ASD	Cash handling		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10	1994-Recreation ca	9	29	196
364	Public Works	PASCO contract	8,356,425	7	7%	1	SPEC	3		0		0	0%	0		0		0	2002	10	1995-PASCO Contı	8	29	195
275	Public Works	ENGINEERING	1,621,507	4	156%	10	GEN	10		0		0	0%	0	14	2		0		0		10	36	194
59	Citywide	OPERATING TRANSFERS-OUT	10,553,013	8	-10%	3	GEN	10		0		0	0%	0		0		0		0		10	31	193
59	Citywide	CONTRACT SERVICES	10,305,449	8	-9%	3	GEN	10		0		0	0%	0		0		0		0		10	31	193
409	Planning	Devmt center operations	3,899,457	6	16%	2	GEN	10		0	2,960,700	5	48%	4	24	4		0		0	2003-In process	0	31	190
166	CSD	HUMAN SERVICES	2,010,430	5	0%	1	GEN	10		0	37,000	1	43%	4	6	1	281,000	2		0		10	34	189
59	Citywide	GENERAL EXPENSE	9,201,197	7	-6%	3	GEN	10		0		0	0%	0		0		0		0		10	30	185
229	Planning	CODE ENFORCEMENT	259,849	2	3%	1	GEN	10		0		0	0%	0	2	1		0	2003	10	2003-CodeEnforc	0	24	185
	ASD	Property acquisition and management		0	0%	0	GEN	10		0		0	0%	0		0		0	2002	10	1997-MacArthurPar	6	26	184
	ASD	Contract contingency fees		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10	1997-Change order	6	26	184
CIP26	Public Works	GENERAL FUND CIP	10,245,093	8	NA	3	CAP	5	48,081,893	7		0	0%	0		0		0		0		10	33	181
	ASD	Expense account reimbursements		0	0%	0	GEN	10		0		0	0%	0		0		0	2001	10	1998-Travel expens	5	25	180
59	Citywide	SUPPLIES AND MATERIALS	3,260,827	6	-3%	3	GEN	10		0		0	0%	0		0		0		0		10	29	177
108	City Manger	CITY MANAGER'S OFFICE	1,635,132	4	-11%	3	GEN	10		0		0	0%	0	11	2		0		0		10	29	173
	Utilities	Electric undergrounding program		0	0%	0	CAP	5	9,200,000	3		0	0%	0		0		0	2001	10		10	28	172
58	Citywide	CHARGES TO OTHER FUNDS		0	0%	0	GEN	10		0	8,753,000	7	-26%	7		0		0		0		10	34	169
444	Public Works	VEHICLE REPLACEMENT AND MAINTENANCE	5,645,916	6	6%	1	SPEC	3	640,000	1	5,667,864	6	-9%	1	16	3	15,602,000	8		0	1996-Heavy Vehicle	7	36	168
58	Citywide	RETURN ON INVESTMENT		0	0%	0	GEN	10		0	3,600,000	6	-39%	8		0		0		0		10	34	168
58	Citywide	OTHER TAXES AND FINES		0	0%	0	GEN	10		0	6,724,000	7	-20%	6		0		0		0		10	33	166
131	ASD	PROPERTY TAX	562,966	3	18%	2	GEN	10		0	2,220	1	-8%	1	3	1		0		0		10	28	163
434	ASD	DEBT SERVICE FUNDS	1,293,056	4	42%	9	SPEC	3		0	38,000	1	-30%	7		0	6,598,000	7		0		10	41	162
101	City Council	CITY COUNCIL	285,341	2	22%	6	GEN	10		0		0	0%	0	9	1		0		0		10	29	160
	Public Works	Construction project budget monitoring		0	0%	0	CAP	5		0		0	0%	0		0		0	2001	10		10	25	160
	Public Works	Capital projects contingency fees		0	0%	0	CAP	5		0		0	0%	0		0		0	2001	10		10	25	160
	PubWrk/Utilities	Construction project coordination		0	0%	0	CAP	5		0		0	0%	0		0		0	2001	10		10	25	160
58	Citywide	REVENUE FROM OTHER AGENCIES		0	0%	0	GEN	10		0	102,000	2	-88%	10		0		0		0		10	32	158
59	Citywide	FACILITIES AND EQUIPT PURCHASES	509,032	3	-30%	4	GEN	10		0		0	0%	0		0		0		0		10	27	156
58	Citywide	RENTAL INCOME		0	0%	0	GEN	10		0	11,568,000	8	-8%	1		0		0		0		10	29	155
58	Citywide	OPERATING TRANSFERS-IN		0	0%	0	GEN	10		0	14,476,000	8	0%	1		0		0		0		10	29	155
81	City Auditor	CITY AUDITOR'S OFFICE	765,828	3	24%	6	GEN	10		0	235,000	2	NA	3	4	1		0		0	2001-Review	2	27	153
	HR	Retiree health care benefit fund		0	0%	0	SPEC	3		0		0	0%	0		0	16,448,000	8	2002	10	1995-Retiree health	8	29	152
CIP30	Utilities	Utility billing system		0	0%	0	SPEC	3	2,100,000	2		0	0%	0		0		0	2002	10		10	25	152
117	City Manager	ECONOMIC DEVELOPMENT	318,305	2	-10%	3	GEN	10		0		0	0%	0	2	1		0		0		10	26	151
375	Public Works	STORM DRAINAGE FUND	2,935,996	5	3%	1	SPEC	3	456,968	1	3,011,120	6	-6%	1	10	1	449,000	2		0		10	30	148
58	Citywide	OTHER REVENUE		0	0%	0	GEN	10		0	1,689,000	4	20%	3		0		0		0		10	27	145
	Public Works	Home hazardous waste recycling contract		0	0%	0	SPEC	3		0		0	0%	0		0		0	2001	10		10	23	144
	Utilities	Water inventory management		0	0%	0	SPEC	3		0		0	0%	0		0		0	2001	10		10	23	144

Attachment A
CITY-WIDE RISK ASSESSMENT

REF. NUM.	DEPARTMENT	PROGRAM/CATEGORY	2003-04 PROPOSED EXPEND	SCORE	THREE YEAR EXPEND TREND	SCORE	FUND TYPE	SCORE	2003-08 FIVE-YEAR CAPITAL EXPEND	SCORE	2003-04 PROPOSED REVENUES	SCORE	THREE YEAR REVENUE TREND	SCORE	2003-04 NO. OF STAFF	SCORE	BEG. FUND BALANCE	SCORE	AUDIT REQUEST	SCORE	DATE OF LAST AUDIT	SCORE	RAW SCORE	TOTAL SCORE
FS21	ASD	Reserve for encumbrances		0	0%	0	GEN	10		0		0	0%	0		0	10,804,000	8		0		10	28	136
	HR	PERS health care premiums		0	0%	0	SPEC	3		0		0	0%	0		0		0	2002	10	1995-Retiree health	8	21	136
59	Citywide	RENTS AND LEASES	725,620	3	9%	1	GEN	10		0		0	0%	0		0		0		0	1997-MacArthurPar	6	20	131
429	Planning	CDBG	924,519	3	NA	3	SPEC	3		0	924,519	3	NA	3	1	1		0		0		10	26	124
	Public Works	Intrastructure contracting process		0	0%	0	CAP	5		0		0	0%	0		0		0	2002	10	2002-Timeliness	1	16	124
462	ASD	PRINTING AND MAILING FUND	993,285	3	12%	1	SPEC	3		0	1,016,086	4	-6%	1	4	1	539,000	3		0		10	26	122
58	Citywide	PROPERTY TAX		0	0%	0	GEN	10		0	13,556,000	8	2%	3		0		0		0	2003-Ongoing	0	21	121
	ASD	Duplicate payments		0	0%	0	GEN	10		0		0	0%	0		0		0		0		10	20	120
	Planning	Impacts of job-housing imbalance		0	0%	0		0		0		0	0%	0		0		0	2001	10		10	20	120
58	Citywide	UTILITY USERS TAX		0	0%	0	GEN	10		0	7,498,000	7	16%	3		0		0		0	2003-In process	0	20	117
58	Citywide	SALES TAX		0	0%	0	GEN	10		0	19,335,000	8	-4%	1		0		0		0	2003-Ongoing	0	19	115
58	Citywide	TRANSIENT OCCUPANCY TAX		0	0%	0	GEN	10		0	6,300,000	7	-5%	1		0		0		0	2002	1	19	115
FS110	ASD	Cable Joint Powers Authority		0	0%	0	SPEC	3		0		0	0%	0		0	706,000	3	2002	10	2003-In process	0	16	110

***** END OF LISTING *****

SCORING TABLES

PROPOSED EXPENDITURES ($)	
No expenditures	0
Less than 100,000	1
Less than 500,000	2
Less than 1,000,000	3
Less than 2,000,000	4
Less than 3,000,000	5
Less than 6,000,000	6
Less than 10,000,000	7
Less than 20,000,000	8
Less than 30,000,000	9
30,000,000 or more	10

NUMBER OF STAFF (FTE's)	
None	0
less than 10	1
10 or more	2
15 or more	3
20 or more	4
30 or more	5
40 or more	6
55 or more	7
75 or more	8
100 or more	9
500 or more	10

5-YEAR CAP BUDGET	
Zero/none	0
less than 1,000,000	1
less than 5,000,000	2
less than 10,000,000	3
less than 15,000,000	4
less than 20,000,000	5
less than 40,000,000	6
less than 60,000,000	7
less than 100,000,000	8
less than 150,000,000	9
150,000,000 or more	10

LAST AUDIT	
2003	0
2002	1
2001	2
2000	3
1999	4
1998	5
1997	6
1996	7
1995	8
1994	9
PRIOR	10

FUND TYPE	
General	10
Capital	5
Special/enterprise	3

AUDIT REQUEST	
Audit not requested	0
Audit requested	10

THREE YEAR EXPENDITURE TREND (% Change)	
Decrease of more than 50%	5
Decrease of 50% or less	4
Decrease of 25% or less	3
No change	0
Increase of less than 15%	1
Increase of less than 20%	2
Increase of less than 25%	6
Increase of less than 30%	7
Increase of less than 40%	8
Increase of less than 50%	9
Increase of 50% or more	10
Not available/new program	3

BEGINNING FUND BAL	
Zero	0
less than 100,000	1
less than 500,000	2
less than 1,000,000	3
less than 2,000,000	4
less than 3,000,000	5
less than 6,000,000	6
less than 10,000,000	7
less than 20,000,000	8
less than 30,000,000	9
30,000,000 or more	10

ESTIMATED REVENUES	
Zero/none	0
less than 100,000	1
less than 500,000	2
less than 1,000,000	3
less than 2,000,000	4
less than 3,000,000	5
less than 6,000,000	6
less than 10,000,000	7
less than 20,000,000	8
less than 30,000,000	9
30,000,000 or more	10

THREE YEAR REVENUE TREND	
Decrease of more than 50%	10
Decrease of 50% or less	9
Decrease of 40% or less	8
Decrease of 30% or less	7
Decrease of 25% or less	6
Decrease of 20% or less	2
Decrease of 15% or less	1
No change	0
Increase of less than 25%	3
Increase of less than 50%	4
Increase of 50% or more	5
Not available/new program	3