CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Office of the City Auditor

Report to the City Council
City of San José

AN AUDIT OF THE FACILITIES MANAGEMENT DIVISION OF THE GENERAL SERVICES DEPARTMENT

Facilities Management Needs To Formalize And Implement Agreed-Upon Improvements To Its Internal Control System

Report 03-08
August 2003

CITY OF SAN JOSÉ, CALIFORNIA

800 N. First Street, San Jose, California 95110 • Tel: (408) 277-4601

GERALD A. SILVA
City Auditor

August 19, 2003

Honorable Mayor and Members
of the City Council
801 North First Street, Room 600
San Jose, CA 95110

Transmitted herewith is a report on *An Audit Of The Facilities Management Division.* This report is in accordance with City Charter Section 805. An Executive Summary is presented on the blue pages in the front of this report. The City Administration's response is shown on the yellow pages before the appendices.

If you need any additional information, please let me know. The City Auditor's staff members who participated in the preparation of this report are Eduardo Luna, Gitanjali Mandrekar and Jennifer Callaway.

Respectfully submitted,

Gerald A. Silva
City Auditor

finaltr
GS:lg

cc: Jose Obregon
Randal Turner
Ken Tanase
Matt Morley
Tony Granlund
Del Borgsdorf
Kay Winer
Peter Jensen

Table of Contents

Executive Summary ..... **i**

Introduction **1**

Background 1

Budget 3

Audit Objective, Scope, And Methodology 4

Major Accomplishments Related To This Program 5

Finding I
Facilities Management Needs To Formalize And Implement Agreed-Upon Improvements To Its Internal Control System **7**

The Division Lacks Adequate And Documented Procedures And Controls In All Three Work Sections 7

Based Upon The City Auditor's Risk And Vulnerability Assessments, The Division Agreed To Develop Formal Procedures To Improve Its Internal Controls In All Three Work Sections 8

CONCLUSION 11

RECOMMENDATION 11

Administration's Response **13**

Appendix A
Definition Of Priority 1, 2, And 3 Audit Recommendations **A-1**

Appendix B
Risk Matrix – Facilities Management Division **B-1**

Appendix C
Threats, Controls, And Vulnerability Assessment **C-1**

Appendix D
General Services Department Building Division Processes **D-1**

Appendix E
Memorandum – Accomplishments **E-1**

Table of Exhibits

Exhibit 1
Facilities Management Organizational Chart..... 2

Exhibit 2
Facilities Management Budget From 1996-97 To 2002-03..... 4

Executive Summary

In accordance with the City Auditor's 2002-2003 Workplan, we have audited the Facilities Management Division of the General Services Department (GSD). We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Scope and Methodology section of this report.

Finding I Facilities Management Needs To Formalize And Implement Agreed-Upon Improvements To Its Internal Control System

The purpose of the Facilities Management Division (Division) of the General Services Department (GSD) is to provide safe, efficient, comfortable, attractive, and functional buildings and facilities. We found that the Division lacked adequate and documented internal controls to mitigate nine of the threats we identified during our Risk Assessment process. Based upon our Risk and Vulnerability Assessments, the Division agreed to develop formal procedures to improve its internal controls in all three work sections.

In our opinion, the Division should continuously update its internal controls as new issues arise and formalize all its internal control procedures in a procedure manual for staff advisement and training purposes. Furthermore, the Division should institute management oversight to ensure compliance with the new procedures.

RECOMMENDATION

We recommend that the Facilities Management Division of the General Services Department:

Recommendation #1

- **Develop a procedures manual to formally document the developed procedures in Appendix D.**
- **Continuously develop controls and procedures to address additional operational threats as they arise.**
- **Use the procedures manual to advise and train current and new staff.**
- **Institute management oversight to ensure compliance with the new procedures. (Priority 3)**

Introduction

In accordance with the City Auditor's 2002-2003 Workplan, we have audited the Facilities Management Division of the General Services Department (GSD). We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Scope and Methodology section of this report.

The City Auditor's Office thanks the Facilities Management staff for giving their time, information, insight, and cooperation during the audit process.

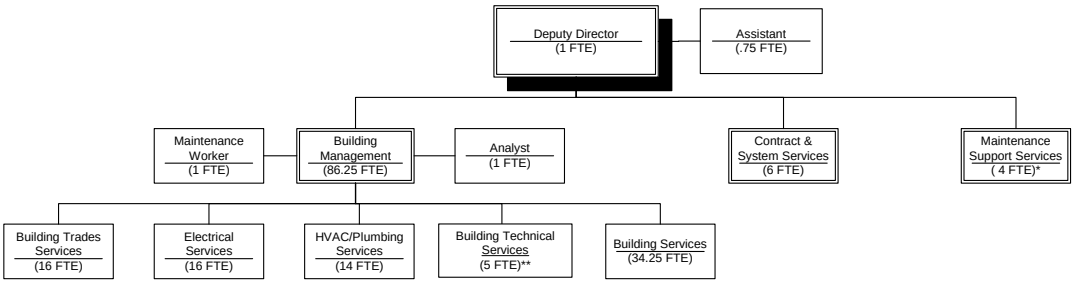
Background

Originally formed in 1982, the Facilities Management Division's (Division) purpose is "to provide safe, efficient, comfortable, attractive and functional buildings and facilities." To accomplish this mission the Division provides operational services such as (1) corrective maintenance, initiated at the request of a City department or an internally-identified system problem; (2) preventative maintenance, routine maintenance checks scheduled periodically with the intent of maximizing the life expectancy of the building component; (3) City department-requested and funded improvements; (4) Mayor, City Council, and/or Redevelopment Agency, and a variety of special interest groups requested special event support; (5) graffiti abatement; and (6) technical services to the City's non-enterprise fund facilities at over 200 sites totaling 1.64 million square feet.

Organizational Structure

The Division consists of the following three work sections: (1) Building Management, which provides preventative and corrective maintenance to the City's non-enterprise facilities; (2) Contracts and System Services, which is primarily responsible for assisting and managing improvement projects; and (3) Maintenance Support Services which is responsible for Indoor Air Quality and Energy Management. During 2001-02 the Division had 100 employees which includes one position funded by Parks, Recreation, and Neighborhood Services and one temporary position. Exhibit 1 is the Division's organizational chart.

Exhibit 1 Facilities Management Organizational Chart



*One position is a temporary position.
**One position is funded by the Department of Parks, Recreation, and Neighborhood Services.

Building Management

As shown above, Building Management is divided into the following five service areas: (1) Building Services; (2) Building Trade Services; (3) Electrical Services; (4) HVAC and Plumbing Services; and (5) Building Technical Services. The five service areas of the Building Management section provide the following services to the City's non-enterprise fund facilities:

- Routine in-house custodial services in five City facilities;
- Overseeing the City-wide custodial contract which provides cleaning services to the remaining non-enterprise City facilities;
- Carpentry, painting, and electrical work and graffiti abatement;
- HVAC and plumbing support;
- Special events support, including setting-up for community events; and
- Operating the Facilities Management Software (FM1) system used to record and generate maintenance work orders.

The Division is currently in the process of moving to a new computerized maintenance management software, called Datastream (D7i). D7i will be used to maintain inventory, house and record all preventative tasks and schedules, and automatically produce work orders to complete and track work requests from facility users to repair, replace, or modify

buildings. D7i will also be used to deploy staff and track costs. According to Division officials, the new system generates more accurate data and will also aid the GSD in reporting and planning for current and future maintenance needs by compiling cost data and making cost projections. Facilities Management staff launched D7i in April 2003.

Contracts and System Services (CSS)

The primary responsibility of CSS is to oversee and assist with a large number of improvement projects. Generally, these types of projects derive funding from sources outside the Division's operating budget and are undertaken at the behest of City departments. In coordination with departments, in-house staff or outside contractors identify, design, and complete the work. For contracted-out projects, CSS staff conducts periodic, routine inspections to ensure that the projects are completed in a timely and accurate manner.

Maintenance Support Services (MSS)

MSS manages six programs, (1) Energy Management; (2) Central Service Yard (CSY) Management; (3) Indoor Air Quality; (4) Non-Profit Facility Maintenance; (5) Hazardous Materials Management; and (6) Storm Water Pollution Prevention. MSS is responsible for:

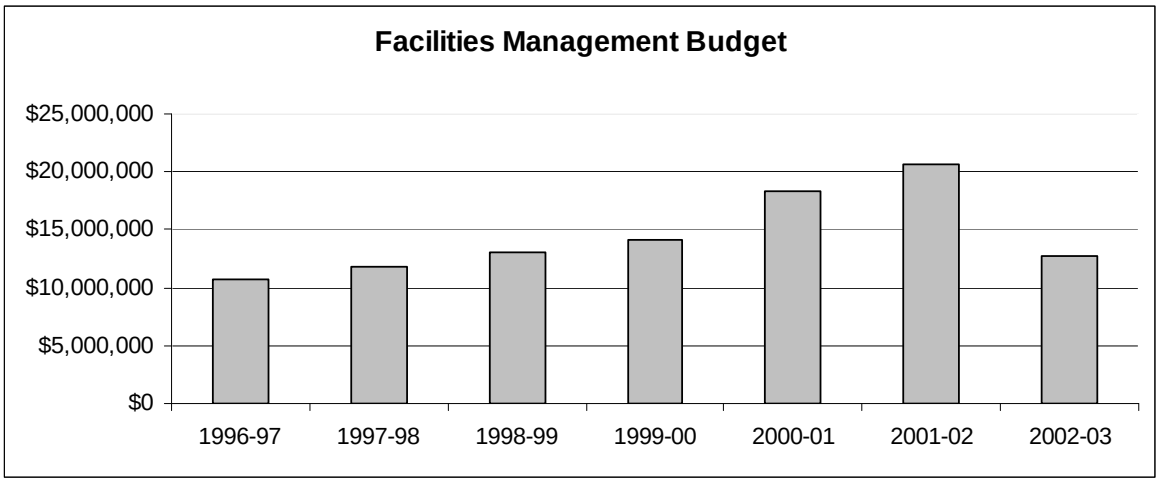
- Acting as the City's Liaison for PG&E issues by resolving any Citywide utility-related issues;
- Identifying and promoting ways to maximize efficiency and recommend feasible energy conservation improvements to implement; and
- Coordinating the disposal of hazardous waste material and ensuring compliance with all laws and regulations regarding such disposal.

Budget

In 2001-02, the Division's operating budget was about $21 million, which included $6.3 million in personal services and $14.8 million in non-personal services. In 2001-02, a component of the Division's $14.8 million non-personal budget was allocated for rental expenses in the amount of $8.5 million for the City's leased facilities. However, at the beginning of 2002-03, the GSD shifted funding for leased facilities from the Division to the Strategic Support Division. As a result, the GSD reduced the Division's proposed budget for 2002-03 to about $12.8 million, which included $6.9 million in personal

services and $5.9 million in non-personal services. Exhibit 2 below is a summary of the Division's overall budget from 1996-97 through 2002-03.

Exhibit 2 Facilities Management Budget From 1996-97 To 2002-03



Source: Auditor analysis of Facilities Management Budget.

Audit Objective, Scope, And Methodology

Our audit objective was to identify the operational threats facing the Facilities Management Division and the controls the Division has in place to prevent, eliminate, or minimize these threats. Specifically, we conducted a Risk Assessment and Vulnerability Assessment of the Division's operational threats and corresponding controls. Based on our Risk and Vulnerability Assessments, we identified several threats for which the Division had no corresponding controls in place.

In developing our Risk Matrix, we reviewed the potential threats associated with the following three Facilities Management work sections: 1) Building Management; 2) Contracts and System Services; and 3) Maintenance Support Services. The Risk Matrix in Appendix B shows the relationship of the specific threats we identified to the controls the Division has in place to prevent, eliminate, or mitigate the associated threats. The controls marked "A" are Actual controls that the Division indicated it had in place, while the controls marked "P" are Potential controls, that we identified based on our preliminary work.

We also conducted an overall Vulnerability Assessment for the Division. A Vulnerability Assessment shows the relationships among (1) a threat's inherent risk, (2) the relative strength of the Division's internal controls, and (3) the Division's level of vulnerability for each threat and the extent of audit testing required.

Major Accomplishments Related To This Program

In Appendix E, the Director of General Services informs us of the Facilities Management Division's accomplishments.

This Page Was Intentionally Left Blank

Finding I

Facilities Management Needs To Formalize And Implement Agreed-Upon Improvements To Its Internal Control System

The purpose of the Facilities Management Division (Division) of the General Services Department (GSD) is to provide safe, efficient, comfortable, attractive, and functional buildings and facilities. We found that the Division lacked adequate and documented internal controls to mitigate nine of the threats we identified during our Risk Assessment process. Based upon our Risk and Vulnerability Assessments, the Division agreed to develop formal procedures to improve its internal controls in all three work sections.

In our opinion, the Division should continuously update its internal controls as new issues arise and formalize all its internal control procedures in a procedure manual for staff advisement and training purposes. Furthermore, the Division should institute management oversight to ensure compliance with the new procedures.

The Division Lacks Adequate And Documented Procedures And Controls In All Three Work Sections

During the course of our audit we identified 53 threats or exposures associated with the Division's three work sections. Of these 53 threats or exposures we found that the Division had no controls in place for nine of them (17 percent), and only weak controls in place for 19 threats (36 percent).

We identified the Division's lack of adequate and documented internal control procedures through our Risk Assessment process. The complete risk assessment we conducted to identify the Division's threats and controls can be found at Appendix B. The rationale for conducting a risk assessment is that auditors can limit testing and focus on those areas most vulnerable to noncompliance and abuse. We assigned an "A" to those Division controls that we perceived to be actual and existing. We assigned a "P" to those controls that we perceived to be either not formalized potential controls. Those specific threats without an "A" or "P" indicate a complete absence or lack of any control procedure to prevent, eliminate, or mitigate the associated threat.

As illustrated by our Risk Matrix at Appendix B, we identified 53 threats or exposures associated with the Division's operations. We found that of the 53 threats or exposures we identified, the Division had no controls, actual or potential, for nine of the 53 threats (17 percent).

In addition to the Risk Assessment, we also conducted a Vulnerability Assessment (Appendix C). As the Vulnerability Assessment illustrates, we found that the Division had only weak controls in place for 19 threats (36 percent). In our opinion, these weak controls were either inadequate, incomplete, and/or undocumented. Furthermore, we assessed the Division's Vulnerability rating, as "moderate to high" or "high" for 55 percent of the threats we identified. Based upon our Risk and Vulnerability Assessments, the Division agreed to develop formal procedures to improve its internal controls in its five service areas.

Based Upon The City Auditor's Risk And Vulnerability Assessments, The Division Agreed To Develop Formal Procedures To Improve Its Internal Controls In All Three Work Sections

The purpose of the City Auditor's Risk Assessment process is to identify the threats facing the program or operation under audit and to identify the controls or procedures the City has in place to prevent, eliminate, or minimize the associated threats related to 1) compliance with laws, rules, regulations, procedures, and policy; 2) economy; 3) efficiency; and 4) effectiveness. Our Risk Assessment of the Division revealed that it had inadequate and/or undocumented procedures in all three of its work sections. After we shared our Risk and Vulnerability Assessments with the Division, it agreed to develop formal procedures to improve its internal controls in each of its three work sections. Specifically, the City Auditor's Office advised the Division to address the following threats:

- The Division's inefficient organizational structure;
- Unnecessary use of the maintenance contract services for City-owned buildings as well as City-leased and non-profit facilities;
- Inconsistent identification of the project scope for improvement projects;
- Unnecessary or inefficient use of out-sourcing for improvement projects;
- Inadequate documentation of procedures to establish minor public works projects with estimated times for completing each phase;

- Inconsistent project inspections and inefficient project scheduling among project managers;
- Inadequate documentation and procedures for consistent and timely approval of projects; and
- Inefficient procedures for handling indoor air quality complaints and issues.

We advised the Division that standard internal control practices require that procedures should be written, as simple as possible, and not overlap, conflict, or duplicate other procedures. With these principles in mind, the Division developed formal written procedures. Some of the Division's new written procedures have already enhanced the Division's overall operations and produced some cost efficiencies. Specifically, the Division has:

- Reorganized and consolidated staff into work sections by consolidating the MSS section into the Contracts and System Services section. This reorganization and consolidation helped the Division reduce staff by 4 positions from 100 to 96. As a result the Division will save about $226,000 in 2003-04 of which $102,000 is a direct result of the Division's new written procedures.
- Developed procedures to enhance the efficiency of its maintenance support efforts by determining if custodial maintenance can be handled in-house rather than contracted out. These procedures will also ensure that an appropriate level of contract oversight is adhered to when custodial maintenance services are contracted out;
- Developed procedures to require project managers to perform a cost benefit analysis prior to beginning work on an improvement project. The new procedures also require project managers to inform the City department of the estimated cost of performing the work both in-house and through out-sourcing;
- Developed procedures to document and assist with project tracking from start to completion. The Division also developed formal, documented inspection forms to aid project managers in consistently inspecting work to ensure compliance with the project scope and recording of project time cycles and costs; and
- Developed procedures to address indoor air quality complaints and issues in a timely and efficient manner.

In our opinion, the Division's newly-developed procedures and processes (Appendix D) should enhance and improve the efficiency and effectiveness of the Division. In addition, the procedures will provide the necessary level of documentation and will help inform staff what is expected of them. Finally, these new procedures will provide added assurance that the Division keeps City departments informed and included in the decision-making process.

The Division developed these new procedures to address the control weaknesses the City Auditor identified during its Risk and Vulnerability Assessment processes[1]. However, the Division needs to continue to develop controls and procedures to address additional operational threats as they arise. In our opinion, the Division should incorporate its new procedures into a procedures manual. In addition, the Division should use this procedures manual to advise and train current and new staff. Finally, the Division should institute management oversight to ensure compliance with the new procedures.

We recommend that the Facilities Management Division of the General Services Department:

Recommendation #1:

- **Develop a procedures manual to formally document the developed procedures in Appendix D.**
- **Continuously develop controls and procedures to address additional operational threats as they arise.**
- **Use the procedures manual to advise and train current and new staff.**
- **Institute management oversight to ensure compliance with the new procedures. (Priority 3)**

[1] The City Auditor's Office worked jointly with the Division to provide recommendations and suggestions on its procedures and developed controls. The City Auditor has not audited these procedures but will review them for implementation during the City Auditor's semi-annual recommendation follow-up process.

CONCLUSION

During the course of our audit we found that the Division did not have adequate processes, procedures or controls in place for any of its three work sections. We identified the Division's lack of adequate and documented internal control procedures through our Risk Assessment process. The Division agreed to develop formal procedures to improve its internal controls in each of its five service areas. In our opinion, the Division should 1) develop a procedures manual to formally document the developed procedures; 2) continuously develop controls and procedures to address additional operational threats as they arise; 3) use the procedures manual to advise and train current and new staff; and 4) institute management oversight to ensure compliance with the new procedures.

RECOMMENDATION

We recommend that the Facilities Management Division of the General Services Department:

Recommendation #1

- **Develop a procedures manual to formally document the developed procedures in Appendix D.**
- **Continuously develop controls and procedures to address additional operational threats as they arise.**
- **Use the procedures manual to advise and train current and new staff.**
- **Institute management oversight to ensure compliance with the new procedures. (Priority 3)**

This Page Was Intentionally Left Blank

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

RECEIVED
AUG 15 2003
CITY AUDITOR

Memorandum

TO: **Gerald Silva**
City Auditor

FROM: Jose Obregon

SUBJECT: **RESPONSE TO AUDIT RECOMMENDATIONS**

DATE: August 11, 2003

Approved

Date 8-15-03

The General Services Department has reviewed the final draft of the Facilities Management Division audit. We are in agreement with the recommendations within the report and have begun implementing it as noted below. We are pleased that the report identifies areas of improvement that will enhance the ability of Facilities Management to establish, document, and implement stronger operational controls.

Recommendation #1

- Develop a procedures manual to formally document the developed procedures in Appendix D.
- Continuously develop controls and procedures to address additional operational threats as they arise.
- Use the procedures manual to advise and train current and new staff.
- Institute management oversight to ensure compliance with the new procedures. (Priority 3)

In support of this recommendation, Facilities Management:

--Is in the process of formalizing a procedures manual which will incorporate the developed procedures;

--Will continuously develop and update its controls and procedures to address additional operational threats as they arise through staff and client department feedback;

--Will use the procedures manual to advise and train current and new staff;

--Will require new staff to be trained on the new controls within thirty days of start of employment; and

--Will institute a formal management oversight to ensure compliance with the new procedures. This will be done by management evaluating a random sample of work orders on an annual basis. If the Division Manager deems that the controls are not being adequately implemented, the Division will provide further training.

The General Services Department wants to express its appreciation toward the City Auditor's staff for their time and effort spent working with us collaboratively to achieve a successful result.

JOSE OBREGON
Director, General Services Department

c Del Borgsdorf
Kay Winer
Randal Turner

APPENDIX A

DEFINITIONS OF PRIORITY 1, 2, AND 3 AUDIT RECOMMENDATIONS

The City of San Jose's City Administration Manual (CAM) defines the classification scheme applicable to audit recommendations and the appropriate corrective actions as follows:

Priority Class[1]	Description	Implementation Category	Implementation Action[3]
1	Fraud or serious violations are being committed, significant fiscal or equivalent non-fiscal losses are occurring.[2]	Priority	Immediate
2	A potential for incurring significant fiscal or equivalent fiscal or equivalent non-fiscal losses exists.[2]	Priority	Within 60 days
3	Operation or administrative process will be improved.	General	60 days to one year

---

1 The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher number. **(CAM 196.4)**

2 For an audit recommendation to be considered related to a significant fiscal loss, it will usually be necessary for an actual loss of $25,000 or more to be involved or for a potential loss (including unrealized revenue increases) of $50,000 to be involved. Equivalent non-fiscal losses would include, but not be limited to, omission or commission of acts by or on behalf of the City which would be likely to expose the City to adverse criticism in the eyes of its citizens. **(CAM 196.4)**

3 The implementation time frame indicated for each priority class is intended as a guideline for establishing implementation target dates. While prioritizing recommendations is the responsibility of the City Auditor, determining implementation dates is the responsibility of the City Administration. **(CAM 196.4)**

APPENDIX B

Risk Matrix (Facilities Management)

THREAT #		C-1 Project Manager determines the level of oversight based on complexity of project	C-2 Completed based on client needs and timelines	C-3 Supervisors prioritize work	C-4 Cost-Benefit Analysis done by staff only if requested by client departments	C-5 Project Manager coordinates and monitors inter-divisionally and inter-departmentally	C-6 Projects are competitively bid	C-7 Division track and reports cycle time of projects on a quarterly basis	C-8 Conduct monthly client meetings to evaluate project priority and progress	C-9 Procedures manual (Technical Services) defines "Health and Safety" projects	C-10 Supervisors track routine maintenance projects	C-11 All projects are tracked in FM1 Database	C-12 Division does reports for clients on a monthly, quarterly basis through the database	C-13 Building Manager approves pay letter and Accounts Payable initiates payment action	C-14 FM1 user manual	C-15 FM1 database went through validation process prior to creating CMMS database	C-16 Monthly client meeting determine if duplicate workorders have been generated	C-17 Supervisors/Project Managers are required to approve all invoices for purchases	C-18 Meeting inspection frequencies is one of the Division's performance measures. It is tracked by coding work orders through the FM1 database	C-19 Supervisors monitor completed work orders and follow-up if they notice multiple site visits	C-20 Performance is measured through documented criteria and process that breaks each condition down.	C-21 Performance measures are reported on a quarterly basis and validated by QUEST and GS customers	C-22 Project Manager maintains the project files	C-23 Weekly staff meetings and coordination among supervisors ensures that there is no duplication of efforts	C-24 Small projects have established cycle times and the supervisor ensures compliance	C-25 Larger projects require written schedules	C-26 The assessment program has established written criteria and the supervisor verifies the accuracy	C-27 Consultant determine cause of poor air quality	C-28 The Division assigns a staff person as the central point of contact who initiates consultant services. That staff member is supposed to share any information with the consultant	C-29 Success of energy conservation effort is reported quarterly to the Mayor's Office	C-30 Legislation dictates number and manner of inspections	C-31 Staff is required to accompany ESD source control inspectors follow through with any non-compliance	C-32 Supervisors are supposed to approve all overtime hours.	C-33 Supervisors track hours reported on work orders after project completion	C-34 Labor agreement dictates use.	C-35 Project Manager is responsible for verifying charges recorded on work orders are accurate and reasonable	C-36 Strategic support staff checks all invoices to ensure compliance with the City's competitive bidding procedures	C-37 The Purchasing Division requires competitive bids for all projects over $5,000	C-38 Staff is required to fill out an authorization form prior to special event	C-39 Division tracks number of hours staff allocates to special events through work order responsibility codes	C-40 Division Managers are required to review the organizational chart, workorder reports and meet with supervisors to ensure that the workload and organizational structure are effective and efficient	C-41 Division procedures require review for determining and establishing service levels for new non-profit facilities	C-42 Division managers/supervisors are required to determine and establish service levels for leased facilities	C-43 Division procedures require formal tracking and documentation of project scope	C-44 Project Managers are required to do a cost-benefit analysis to determine if projects over $20,000 should be completed in-house or out-sourced	C-45 Division supervisors are required to use geographic deployment when applicable	C-46 Division procedures require that improvement contracts are established in a consistent and timely manner	C-47 Project managers are required to document the date of inspection, status or project stage, contractor compliance, scope of work, any unanticipated events and cause of delay or project changes during each inspection	C-48 Division procedures require formal approval and documentation of projects	C-49 Division procedures require formal documentation on initial site visits and project scope when a indoor air quality complaint is received
GENERAL THREATS																																																						
T-1	Contractor oversight is inadequate or inconsistent among inspectors	A																																										P				P	P	
T-2	Improvement projects are scheduled inefficiently		A																																									P			P			
T-3	Workload is insufficient (All Sections)			A																																														
T-4	No completion of a cost-benefit analysis to determine if projects should be delayed until in-house staff is available to complete them				A																																								P					
ORGANIZATIONAL STRUCTURE																																																		
T-5	Organizational structure of the division is inefficient and ineffective																																									P								
T-6	Program does not coordinate activities within Division service areas and/or duplicates other City or service providers efforts.					A																																				P				P				
PROJECT MANAGEMENT																																																		
T-7	Program does not coordinate activities within the Division service areas and/or duplicates other City or service providers efforts					A																																												
T-8	Projects are not completed in a timely and cost effective manner						A	A																																										
T-9	Low priority projects are given preference for completion								A																																			P						
T-10	Health and Safety projects are not completed immediately									A																																								
T-11	Work efforts are not coordinated (includes all sections and special projects)					A																																								P				
T-12	Unnecessary staff and resources are used to complete projects					A																																						P		P				
T-13	Staff is not optimized					A					A																																							
T-14	No centralized or coordinated tracking of projects											A																																		P				
T-15	Management reports are not existent or inadequate												A																																					
T-16	Outsourcing decisions are not cost-beneficial		A																																										P					
T-17	Outsourced contracts are costly						A																																											
T-18	In-House improvement projects exceed budget estimates					A			A																																									
T-19	Work that can be performed in-house is outsourced		A	A		A			A																																				P					
BUILDING SERVICES/ACME/CONTRACT																																																		
T-20	Division staff provide service to leased facilities																																														P			
T-21	Contract overpayments are made to ACME													A																																				
T-22	ACME contract includes facilities that should not be cleaned																																														P			
T-23	Staff moonlights during regular or overtime hours					A																																												
TECHNICAL SERVICES																																																		
T-24	FM1 database entries are not accurate														A																																			
T-25	Division has no assurance that FM1 data transferred to CMMS database is accurate and valid															A	A																																	
T-26	Inappropriate labor hours, supplies, materials, etc., are charged to departments is appropriate					A												A																																
HVAC & PLUMBING																																																		
T-27	Required inspection frequency is not met																		A																															
T-28	Staff make inadequate or poor repairs resulting in multiple site visits																			A																														
CONTRACT & SYSTEM SERVICES																																																		
INVESTING IN RESULTS																																																		
T-29	Performance measures are not appropriate and/or accurately reported																				A	A																												
CONTRACTING																																																		

APPENDIX B

Risk Matrix (Facilities Management)

		C-1	C-2	C-3	C-4	C-5	C-6	C-7	C-8	C-9	C-10	C-11	C-12	C-13	C-14	C-15	C-16	C-17	C-18	C-19	C-20	C-21	C-22	C-23	C-24	C-25	C-26	C-27	C-28	C-29	C-30	C-31	C-32	C-33	C-34	C-35	C-36	C-37	C-38	C-39	C-40	C-41	C-42	C-43	C-44	C-45	C-46	C-47	C-48	C-49
		Project Manager determines the level of oversight based on complexity of project	Completed based on client needs and timelines	Supervisors prioritize work	Cost-Benefit Analysis done by staff only if requested by client departments	Project Manager coordinates and monitors inter-divisionally and inter-departmentally	Projects are competitively bid	Division track and reports cycle time of projects on a quarterly basis	Conduct monthly client meetings to evaluate project priority and progress	Procedures manual (Technical Services) defines "Health and Safety" projects	Supervisors track routine maintenance projects	All projects are tracked in FM1 Database	Division does reports for clients on a monthly, quarterly basis through the database	Building Manager approves pay letter and Accounts Payable initiates payment action	FM1 user manual	FM1 database went through validation process prior to creating CMMS database	Monthly client meeting determine if duplicate workorders have been generated	Supervisors/Project Managers are required to approve all invoices for purchases	Meeting inspection frequencies is one of the Division's performance measures. It is tracked by coding work orders through the FM1 database	Supervisors monitor completed work orders and follow-up if they notice multiple site visits	Performance is measured through documented criteria and process that breaks each condition down.	Performance measures are reported on a quarterly basis and validated by QUEST and GS customers	Project Manager maintains the project files	Weekly staff meetings and coordination among supervisors ensures that there is no duplication of efforts	Small projects have established cycle times and the supervisor ensures compliance	Larger projects require written schedules	The assessment program has established written criteria and the supervisor verifies the accuracy	Consultant determine cause of poor air quality	The Division assigns a staff person as the central point of contact who initiates consultant services. That staff member is supposed to share any information with the consultant	Success of energy conservation effort is reported quarterly to the Mayor's Office	Legislation dictates number and manner of inspections	Staff is required to accompany ESD source control inspectors follow through with any non-compliance	Supervisors are supposed to approve all overtime hours.	Supervisors track hours reported on work orders after project completion	Labor agreement dictates use.	Project Manager is responsible for verifying charges recorded on work orders are accurate and reasonable	Strategic support staff checks all invoices to ensure compliance with the City's competitive bidding procedures	The Purchasing Division requires competitive bids for all projects over $5,000	Staff is required to fill out an authorization form prior to special event	Division tracks number of hours staff allocates to special events through work order responsibility codes	Division Managers are required to review the organizational chart, workorder reports and meet with supervisors to ensure that the workload and organizational structure are effective and efficient	Division procedures require review for determining and establishing service levels for new non-profit facilities	Division managers/supervisors are required to determine and establish service levels for leased facilities	Division procedures require formal tracking and documentation of project scope	Project Managers are required to do a cost-benefit analysis to determine if projects over $20,000 should be completed in-house or out-sourced	Division supervisors are required to use geographic deployment when applicable	Division procedures require that improvement contracts are established in a consistent and timely manner	Project managers are required to document the date of inspection, status or project stage, contractor compliance, scope of work, any unanticipated events and cause of delay or project changes during each inspection	Division procedures require formal approval and documentation of projects	Division procedures require formal documentation on initial site visits and project scope when a indoor air quality complaint is received
T-30	Number and manner of inspections is inconsistent from one inspector to another	A																																										P				P		P	
T-31	Site visits are not geographically assigned creating unnecessary travel																																													P			P		
T-32	Inspection reports and results are not consistently recorded																						A																					P				P		P	
T-33	Duplication of efforts among Building Management and Contracting & System Services sections.																							A																						P					
T-34	Contractors fail to complete projects in a timely manner																								A	A																									
BUILDING ASSESSMENT																																																			
T-35	Citywide building assessment program is not inclusive of all buildings																										A																								
MAINTENANCE SUPPORT SERVICES																																																			
INDOOR AIR QUALITY (IAC)																																																			
T-36	Initial site visit by staff is unnecessary																																																		P
T-37	Contracted IAC services can be performed in-house																																																		P
T-38	Inadequate tracking to ensure that poor air quality was not the result of poor HVAC maintenance.																											A																							
CSY MANAGEMENT																																																			
T-39	Staffing level for CSY management is unnecessary																																																		
ENERGY MANAGEMENT																																																			
T-40	Consultant services are unnecessary and duplicative of staff efforts																												A																						
T-41	Energy conservation program is inefficient and ineffective																													A																					
NON-PROFIT FACILITIES MAINTENANCE																																																			
T-42	Consultant Services are unnecessary and can be performed in-house																																									P									
HAZARDOUS MATERIALS & STORM																																																			
T-43	Inspections are inadequate to ensure compliance with legislation																														A																				
T-44	Duplication of efforts with source control, urban runoff program (ESD)																															A																			
BUDGET																																																			
OVERTIME																																																			
T-45	Projects completed on overtime can be done on regular time																																A	A																	
T-46	Unnecessary use of stand-by																																		A																
CHARGES																																																			
T-47	Charges to departments are inflated, inaccurate, unreasonable or inappropriate																	A																																	
NON-PERSONAL SERVICES, SUPPLIES &																																																			
T-48	Staff does not track cost of materials and supplies to determine if appropriate																																			A														P	
T-49	Employees purchase inappropriate of supplies and materials																																			A															
T-50	Division does not adhere to city's competitive bidding process						A																														A														
OPEN PURCHASE ORDERS																																																			
T-51	Division does not adhere to city's competitive bidding process						A																														A	A													
UNFUNDED SPECIAL PROJECTS																																																			
T-52	Staff spend an inordinate or unnecessary amount of time on special projects																																						A	A											
T-53	Special projects are unfunded																																																		

APPENDIX C

THREATS, CONTROLS, AND VULNERABILITY ASSESSMENT

		Threat/Control	Threat's Inherent Risk	Internal Control Rating	Vulnerability Assessment
		GENERAL THREATS			
T-1		**Contractor oversight is inadequate or inconsistent among inspectors**	**Moderate**		
	C-1	Project Manager determines the level of oversight based on complexity of project		Weak	Moderate to High
T-2		**Improvement projects are scheduled inefficiently**	**Moderate**		
	C-2	Completed based on client needs and timelines		Weak	Moderate to High
T-3		**Workload is insufficient (All Sections)**	**Moderate**		
	C-3	Supervisors prioritize work		Weak	Moderate to High
T-4		**No completion of a cost-benefit analysis to determine if projects should be delayed until in-house staff is available to complete them**	**High**		
	C-4	Cost-Benefit Analysis done by staff only if requested by client departments		Weak	High
		ORGANIZATIONAL STRUCTURE			
T-5		**Organizational structure of the division is inefficient and ineffective**	**High**		High
T-6		**Program does not coordinate activities within Division service areas and/or duplicates other City or service providers efforts.**	**Moderate**		
	C-5	Project Manager coordinates and monitors inter-divisionally and inter-departmentally		Weak	Moderate to High

APPENDIX C

		Threat/Control	Threat's Inherent Risk	Internal Control Rating	Vulnerability Assessment
		PROGRAM MANAGEMENT			
T-7		**Program does not coordinate activities within the Division services areas and/or duplicates other City or service providers efforts.**	**High**		
	C-5	Project Manager coordinates and monitors inter-divisionally and inter-departmentally		Strong	Low to Moderate
T-8		**Projects are not completed in a timely and cost effective manner**	**High**		
	C-6	Projects are competitively bid		Strong	Low to Moderate
	C-7	Division track and reports cycle time of projects on a quarterly basis		Adequate	Moderate to High
T-9		**Low priority projects are given preference for completion**	**Moderate**		
	C-8	Conduct monthly client meetings to evaluate project priority and progress		Weak	Moderate to High
T-10		**Health and Safety projects are not completed immediately**	**High**		
	C-9	Procedures manual (Technical Services) defines "Health and Safety" projects		Adequate	Moderate to High
T-11		**Work efforts are not coordinated (includes all sections and special projects)**	**Moderate**		
	C-5	Project Manager coordinates and monitors inter-divisionally and inter-departmentally		Weak	Moderate to High
T-12		**Unnecessary staff and resources are used to complete projects**	**Moderate**		
	C-5	Project Manager coordinates and monitors inter-divisionally and inter-departmentally		Weak	Moderate to High
T-13		**Staff is not optimized**	**Low**		
	C-5	Project Manager coordinates and monitors inter-divisionally and inter-departmentally		Weak	Low to Moderate
	C-10	Supervisors track routine maintenance projects		Weak	Low to Moderate
T-14		**No centralized or coordinated tracking of projects**	**Moderate**		
	C-11	All projects are tracked in FM1 Database		Weak	Moderate to High
T-15		**Management reports are not existent or inadequate**	**Moderate**		
	C-12	Division does reports for clients on a monthly, quarterly basis through the database		Adequate	Moderate
T-16		**Outsourcing decisions are not cost-beneficial**	**Moderate**		
	C-2	Completed based on client needs and timelines		Weak	Moderate to High
T-17		**Outsourced contracts are costly**	**High**		
	C-6	Projects are competitively bid		Strong	Low to Moderate

		Threat/Control	Threat's Inherent Risk	Internal Control Rating	Vulnerability Assessment
T-18		**In-House improvement projects exceed budget estimates**	**High**		
	C-5	Project Manager coordinates and monitors inter-divisionally and inter-departmentally		Weak	High
	C-8	Conduct monthly client meetings to evaluate project priority and progress		Adequate	Moderate to High
T-19		**Work that can be performed in-house is outsourced**	**High**		
	C-2	Completed based on client needs and timelines		Weak	High
	C-3	Supervisors prioritize work		Weak	High
	C-5	Project Manager coordinates and monitors inter-divisionally and inter-departmentally		Weak	High
	C-8	Conduct monthly client meetings to evaluate project priority and progress		Weak	High
		BUILDING SERVICES/ACME/CONTRACT OVERSIGHT			
T-20		**Division staff provide service to leased and rental facilities**	**High**		High
T-21		**Contract overpayments are made to ACME**	**High**		
	C-13	Building Manager approves pay letter and Accounts Payable initiates payment action		Adequate	Moderate to High
T-22		**ACME contract includes facilities that should not be cleaned**	**High**		
T-23		**Staff moonlights during regular or overtime hours**	**Moderate**		
	C-5	Project Manager coordinates and monitors inter-divisionally and inter-departmentally		Weak	Moderate to High
		TECHNICAL SERVICES			
T-24		**FM1 database entries are not accurate**	**High**		
	C-14	FM1 user manual		Adequate	Moderate to High
T-25		**Division has no assurance that FM1 data transferred to CMMS database is accurate and valid**	**High**		
	C-15	FM1 database went through validation process prior to creating CMMS database		Adequate	Moderate to High
	C-16	Monthly client meeting determine if duplicate workorders have been generated		Adequate	Moderate to High

		Threat/Control	Threat's Inherent Risk	Internal Control Rating	Vulnerability Assessment
T-26		**Inappropriate labor hours, supplies, materials, etc., are charged to departments is appropriate**	**High**		
	C-5	Project Manager coordinates and monitors inter-divisionally and inter-departmentally		Weak	High
	C-17	Supervisors/Project Managers are required to approve all invoices for purchases		Adequate	Moderate to High
		HVAC & PLUMBING			
T-27		**Required inspection frequency is not met**	**Moderate**		
	C-18	Meeting inspection frequencies is one of the Division's performance measures. It is tracked by coding work orders through the FM1 database		Adequate	Moderate
T-28		**Staff make inadequate or poor repairs resulting in multiple site visits**	**Moderate**		
	C-19	Supervisors monitor completed work orders and follow-up if they notice multiple site visits		Weak	Moderate to High
		CONTRACT & SYSTEM SERVICES INVESTING IN RESULTS			
T-29		**Performance measures are not appropriate and/or accurately reported**	**Moderate**		
	C-20	Performance is measured through docuemented criteria and process that breaks each condition down.		Adequate	Moderate
	C-21	Performance measures are reported on a quarterly basis and validated by QUEST and GS customers		Adequate	Moderate
		CONTRACTING			
T-30		**Number and manner of inspections is inconsistent from one inspector to another**	**Moderate**		
	C-1	Project Manager determines the level of oversight based on complexity of project		Weak	Moderate to High

		Threat/Control	Threat's Inherent Risk	Internal Control Rating	Vulnerability Assessment
T-31		**Site visits are not geographically assigned creating unnecessary travel**	**Moderate**		Moderate to High
T-32		**Inspection reports and results are not consistently recorded**	**Moderate**		
	C-22	Project Manager maintains the project files		Weak	Moderate to High
T-33		**Duplication of efforts among Building Management and Contracting & System Services sections.**	**Moderate**		
	C-23	Weekly staff meetings and coordination among supervisors ensures that there is no duplication of efforts		Weak	Moderate to High
T-34		**Contractors fail to complete projects in a timely manner**	**Low**		
	C-24	Small projects have established cycle times and the supervisor ensures compliance		Adequate	Low
	C-25	Larger projects require written schedules		Adequate	Low
		BUILDING ASSESSMENT			
T-35		**Citywide building assessment program is not inclusive of all buildings**	**Moderate**		
	C-26	The assesment program has established written criteria and the supervisor verifies the accuracy		Strong	Low
		MAINTENANCE SUPPORT SERVICES INDOOR AIR QUALITY (IAC)			
T-36		**Initial site visit by staff is unnecessary**	**Low**		Low
T-37		**Contracted IAC services can be performed inhouse**	**Low**		Low
T-38		**Inadequate tracking to ensure that poor air quality was not the result of poor HVAC maintenance.**	**Low**		
	C-27	Consultant determines cause of poor air quality		Strong	Very Low
		CSY MANAGEMENT			
T-39		**Staffing level for CSY management is unnecessary**	**Moderate**		Moderate to High

		Threat/Control	Threat's Inherent Risk	Internal Control Rating	Vulnerability Assessment
		ENERGY MANAGEMENT			
T-40		**Consultant services are unnecessary and duplicative of staff efforts**	**Moderate**		
	C-28	The Division assigns a staff person as the central point of contact who initiates consultant services. That staff member is supposed to share any information with the consultant		Adequate	Moderate
T-41		**Energy conservation program is inefficient and ineffective**	**Moderate**		
	C-29	Success of energy conservation effort is reported quarterly to the Mayor's Office		Adequate	Moderate
		NON-PROFIT FACILITIES MAINTENANCE			
T-42		**Consultant Services are unnecessary and can be performed inhouse**	**Moderate**		Low
		HAZARDOUS MATERIALS & STORM WATER POLLUTION PREVENTION			
T-43		**Inspections are inadequate to ensure compliance with legislation**	**Moderate**		
	C-30	Legislation dictates number and manner of inspections		Adequate	Moderate
T-44		**Duplication of efforts with source control, urban runoff program (ESD)**	**Moderate**		
	C-31	Staff is required to accompany ESD source control inspectors follow through with any non-compliance		Adequate	Moderate
		BUDGET			
		OVERTIME			
T-45		**Projects completed on overtime can be done on regular time**	**Moderate**		
	C-32	Supervisors are supposed to approve all overtime hours.		Adequate	Moderate
	C-33	Supervisors track hours reported on work orders after project completion		Adequate	Moderate
T-46		**Unnecessary use of stand-by**	**Moderate**		
	C-34	Labor agreement dictates use.		Adequate	Moderate

APPENDIX C

		Threat/Control	Threat's Inherent Risk	Internal Control Rating	Vulnerability Assessment
		CHARGES			
T-47		**Charges to departments are inflated, inaccurate, unreasonable or inappropriate**	**High**		
	C-17	Supervisors/Project Managers are required to approve all invoices for purchases		Adequate	Moderate to High
		NON-PERSONAL SERVICES, SUPPLIES & MATERIALS			
T-48		**Staff does not track cost of materials and supplies to determine if appropriate**	**High**		
	C-35	Project Manager is reponsible for verifying charges recorded on work orders are accurate and resonable		Weak	High
T-49		**Employees purchase inappropriate of supplies and materials**	**High**		
	C-35	Project Manager is reponsible for verifying charges recorded on work orders are accurate and resonable		Adequate	Moderate to High
T-50		**Division does not adhere to city's competitive bidding process**	**Moderate**		
	C-6	Projects are competitively bid		Adequate	Moderate
	C-36	Strategic support staff checks all invoices to ensure compliance with the City's competitive bidding procedures		Adequate	Moderate
	C-37	The Purchasing Division requires competitive bids for all projects over $5,000		Adequate	Moderate
		OPEN PURCHASE ORDERS			
T-51		**Division does not adhere to city's competitive bidding process**	**Moderate**		
	C-6	Projects are competitively bid		Adequate	Moderate
	C-36	Strategic support staff checks all invoices to ensure compliance with the City's competitive bidding procedures		Adequate	Moderate
	C-37	The Purchasing Division requires competitive bids for all projects over $5,000		Adequate	Moderate

		Threat/Control	Threat's Inherent Risk	Internal Control Rating	Vulnerability Assessment
		UNFUNDED SPECIAL PROJECTS			
T-52		**Staff spend an inordinate or unnecessary amount of time on special projects**	**Moderate**		
	C-38	Staff is required to fill out an authorization form prior to special event		Adequate	Moderate
	C-39	Division tracks number of hours staff allocates to special events through work order responsibility codes		Adequate	Moderate
T-53		**Special projects are unfunded**	**High**		High

Table of Contents

Overview 2
Division Organization 3
Organizational Charts 4
Establishing Maintenance at Non-Profit Facilities 10
Project Scope 13
In-House vs Out-Source Cost Benefit Analysis 15
Assigning Improvement Projects 19
Establishing Minor Public Work Contract 21
Project Checklist 22
Project Inspections 24
Project Approval 26
Indoor Air Quality 27

Overview

The Facilities Management Division has created the procedure manual to be used for daily operations as well as in training new employees. This manual is considered a living document and as such will change periodically. It is intended that this document will aid in creating a consistent workflow for the Division. Division employees are encouraged to refer to it frequently in order to insure the application of the procedures. It should also be understood that these are standard procedures. Occasionally, a situation may arise that warrants proceeding outside of these guidelines. Additionally, these procedures are not all encompassing, but rather reflect areas where a benefit can be achieved through their implementation.

This manual was initially created as the result of an Audit of the Division in early 2003. Any reference to threats or risk is directly related to this audit.

Division Organization

GOAL 1: To insure that the Division is effectively structured and to verify that all sections maintain a sufficient workload.

On a bi-annual basis, the division manager will review the organizational chart, work-order reports, and meet with supervisors to insure that the workload and organizational structure are effective and efficient. The division manager will look for opportunities for improvement in the following areas:

- Change in organizational structure (org chart) to optimize operations with the intention of maintaining equal distribution of work.
- Change in assignment responsibilities to insure adequate and equitable workloads.
- Review of operational level measures to gauge performance and identify opportunities.
- Utilize City's organizational initiatives (Corporate Priorities, Department's Strategic Plan) for alignment to Division goals.
- Examine workload profiles to normalize demand for services, emphasizing the use of cycle time data.

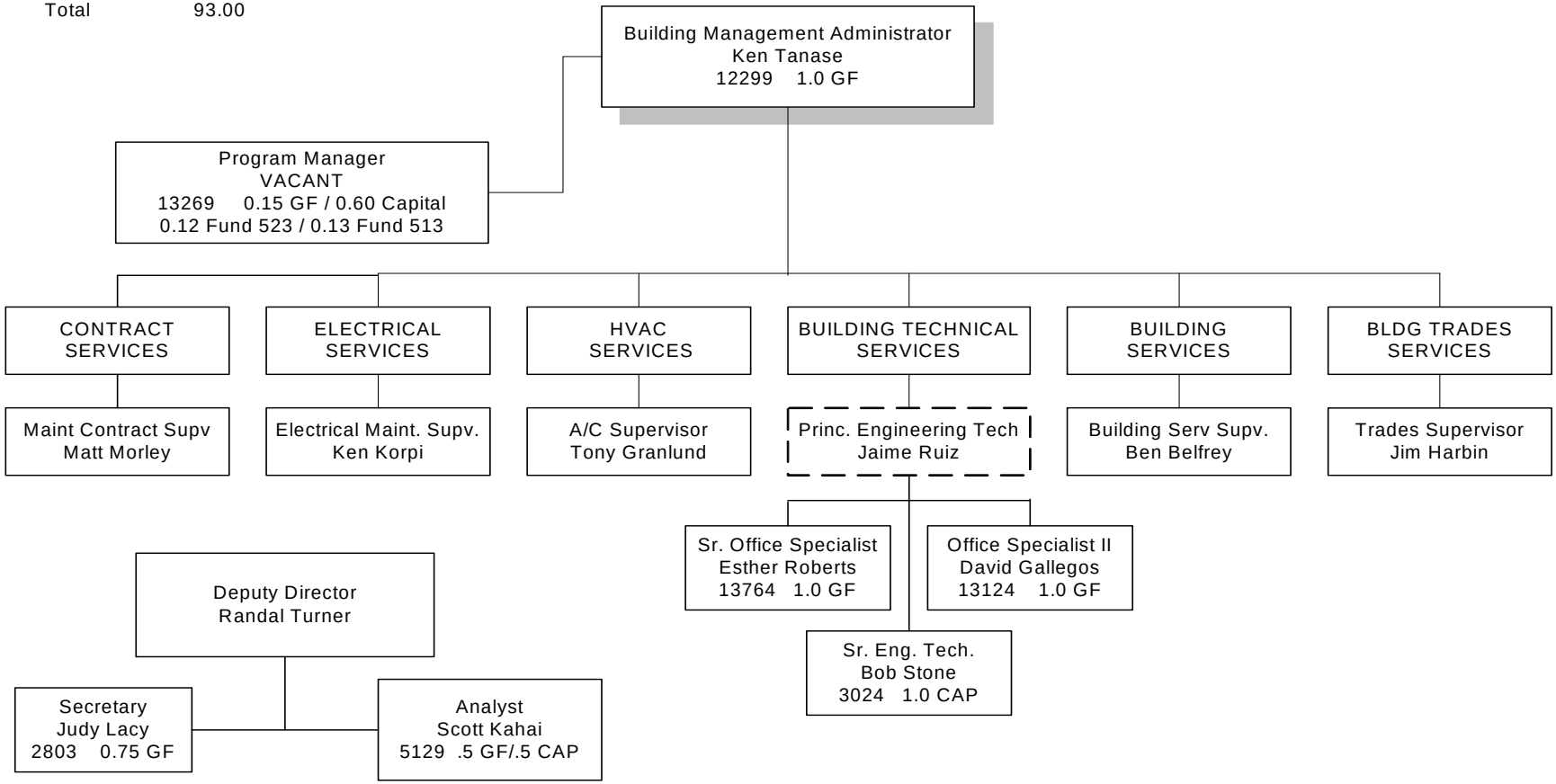
Audit Identified Threats

T-3: Workload is insufficient (All Sections)
T-5: Organizational structure of the division is inefficient and ineffective
T-13: Staff is not optimized
T-39: Staffing level for CSY management is unnecessary

Organizational Charts

General Fund	79.60
Capital	11.60
Fund 523	0.12
Fund 513	0.13
Fund 541	1.25
Fund 533	0.30
Total	93.00

City of San Jose
General Services Department
FACILITIES MANAGEMENT

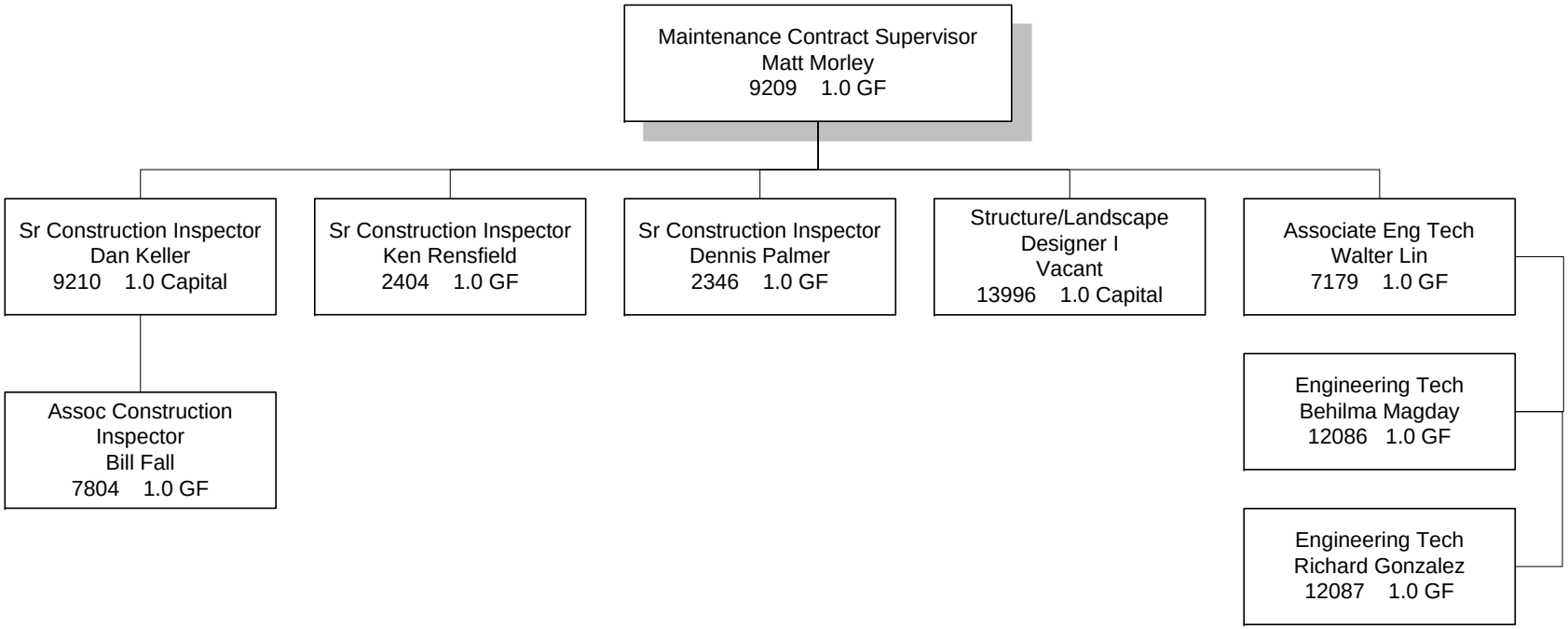


General Fund	5
Capital Fund	2
Parks GF	2
	7 (9)

1 FTE Overstrength

CITY OF SAN JOSE
GENERAL SERVICES DEPARTMENT
BUILDING MANAGEMENT DIVISION

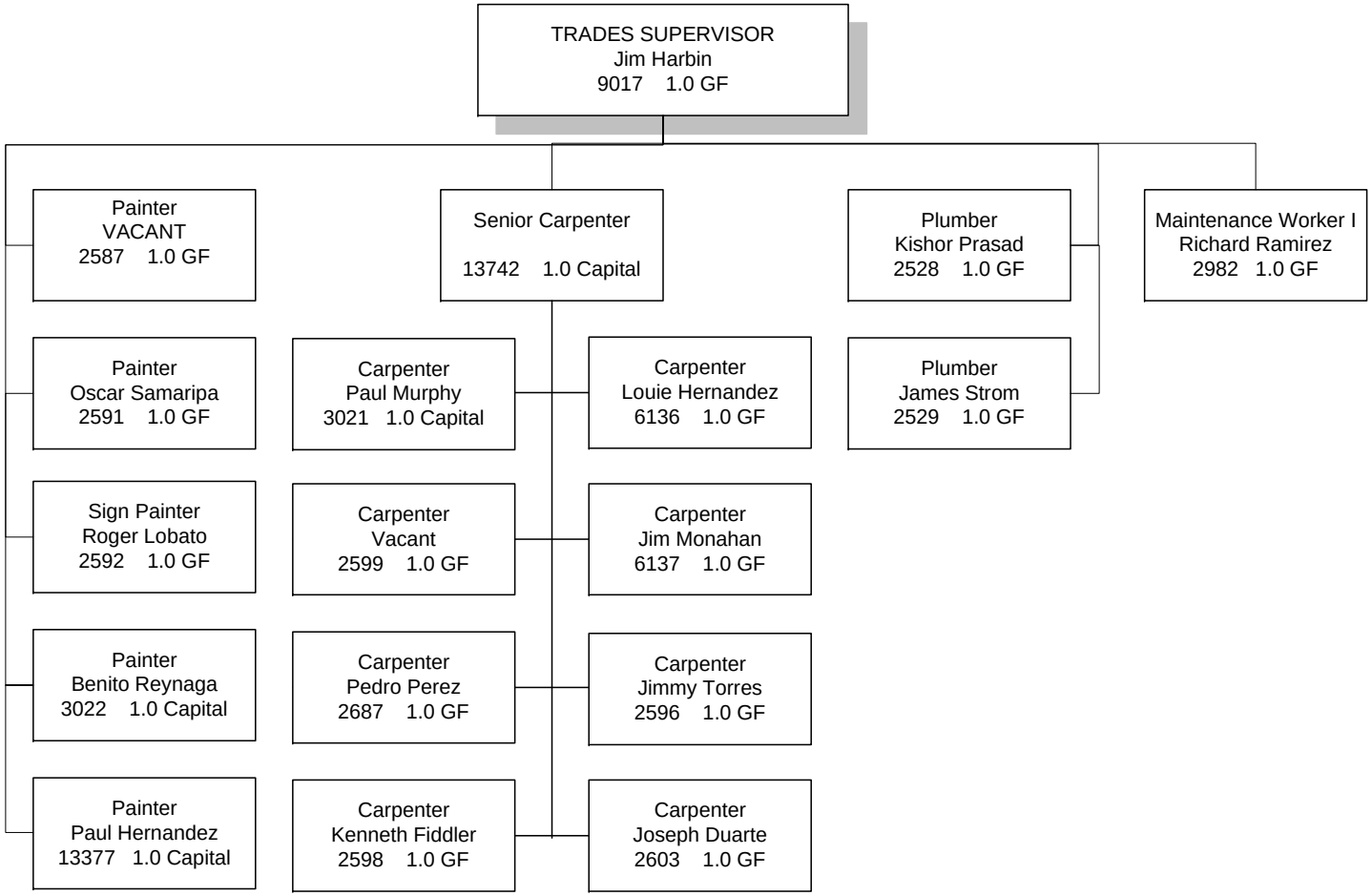
CONTRACTS & SYSTEM SERVICES



General Fund	14.0
Capital Funded	4.0
Total	18.0

CITY OF SAN JOSE
GENERAL SERVICES DEPARTMENT
Building Management Division

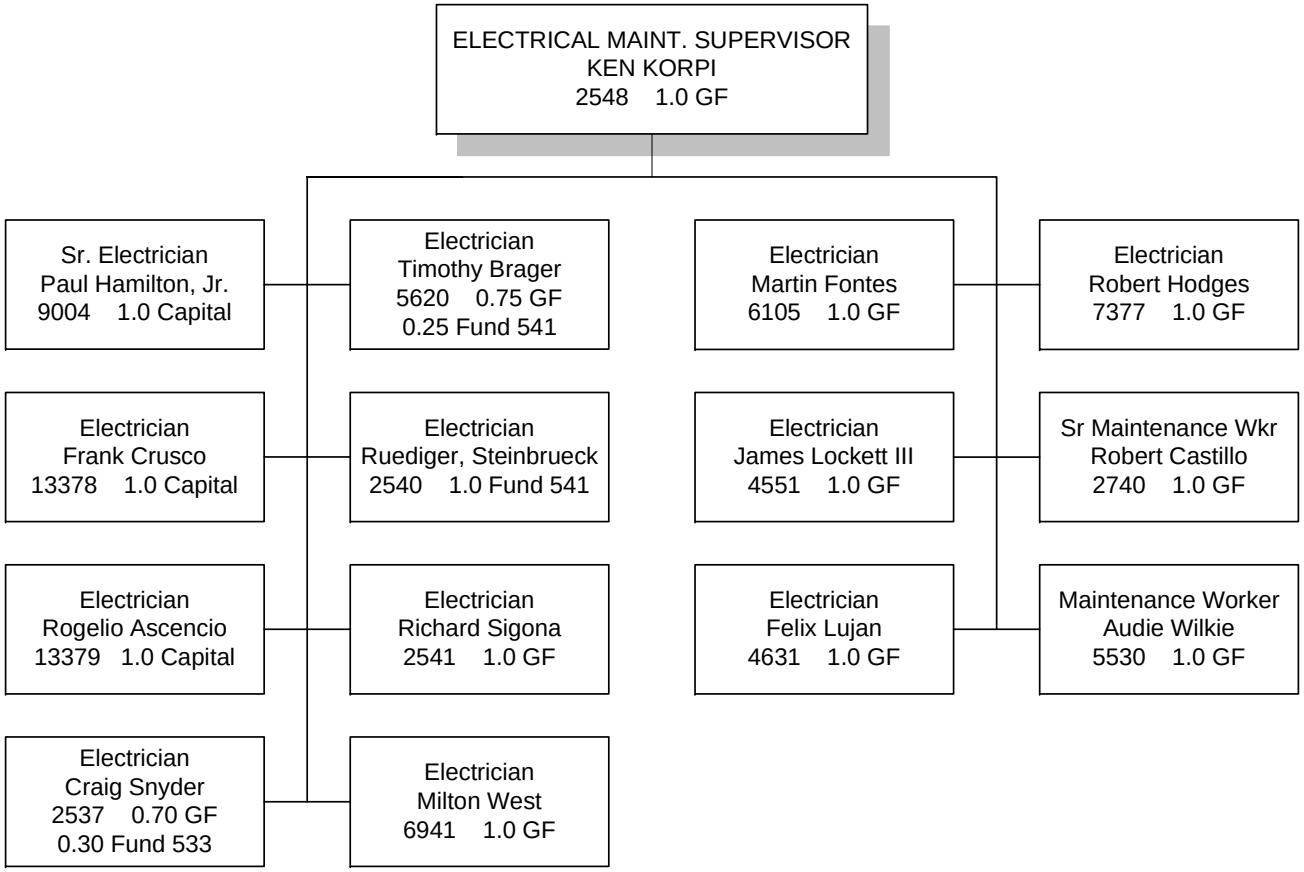
BUILDING TRADES SERVICES



General Fund	10.45
Capital Funded	3.0
Fund 541	1.25
Fund 533	0.30
Total	15.0

CITY OF SAN JOSE
GENERAL SERVICES DEPARTMENT
BUILDING MAINTENANCE DIVISION

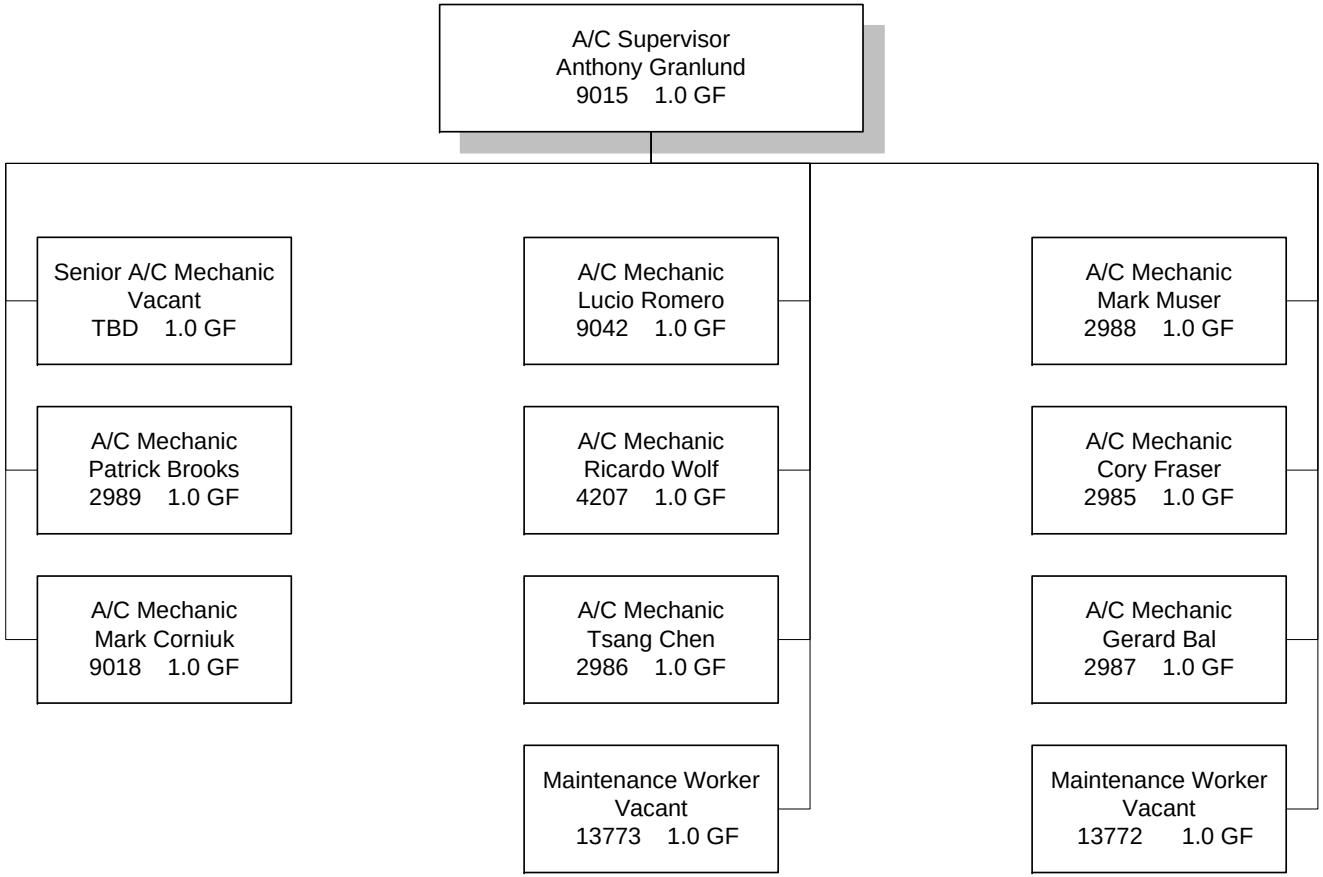
ELECTRICAL SERVICES



General Fund 12.0

City of San Jose
General Services Department
Building Management Division

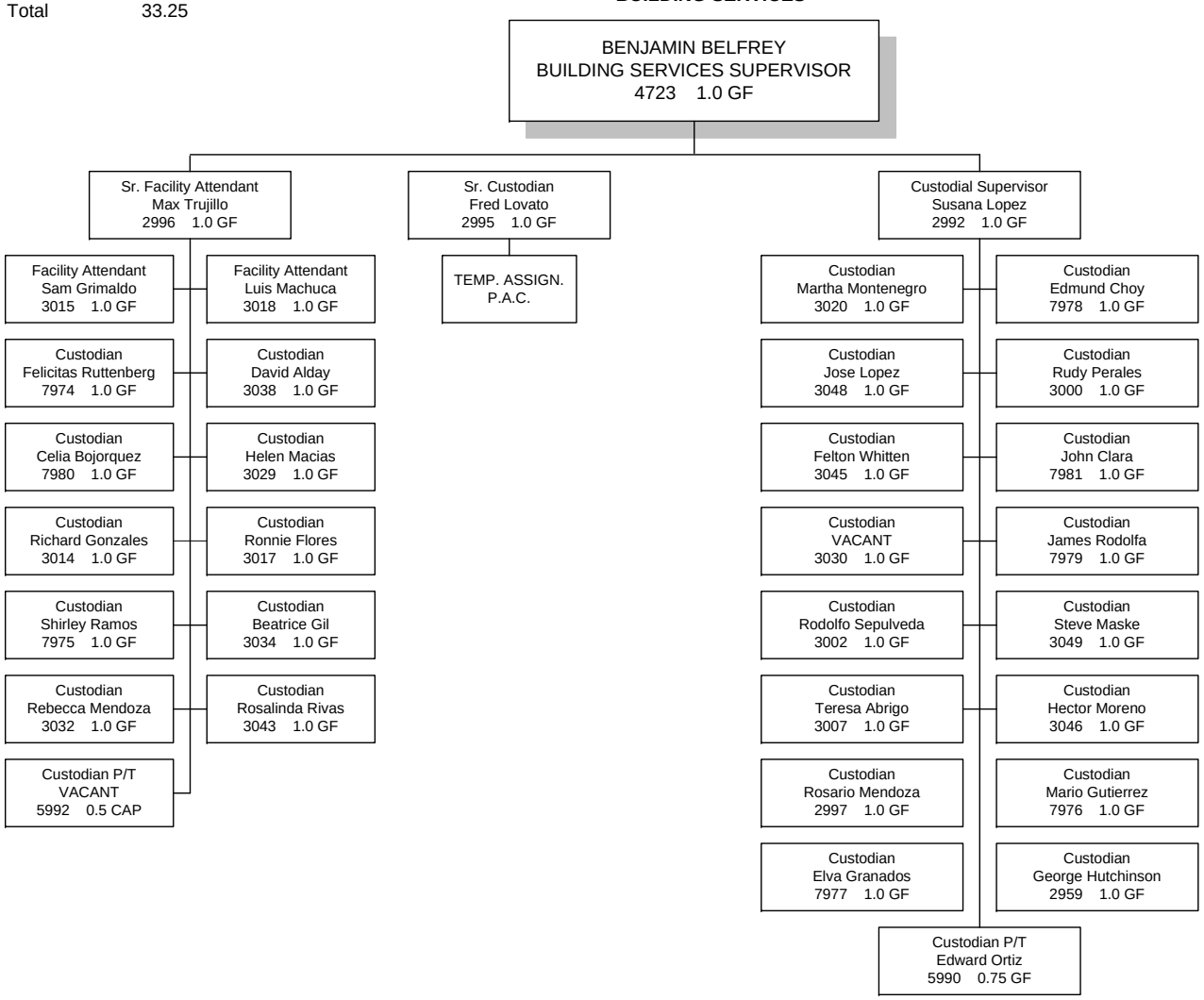
HVAC SERVICES



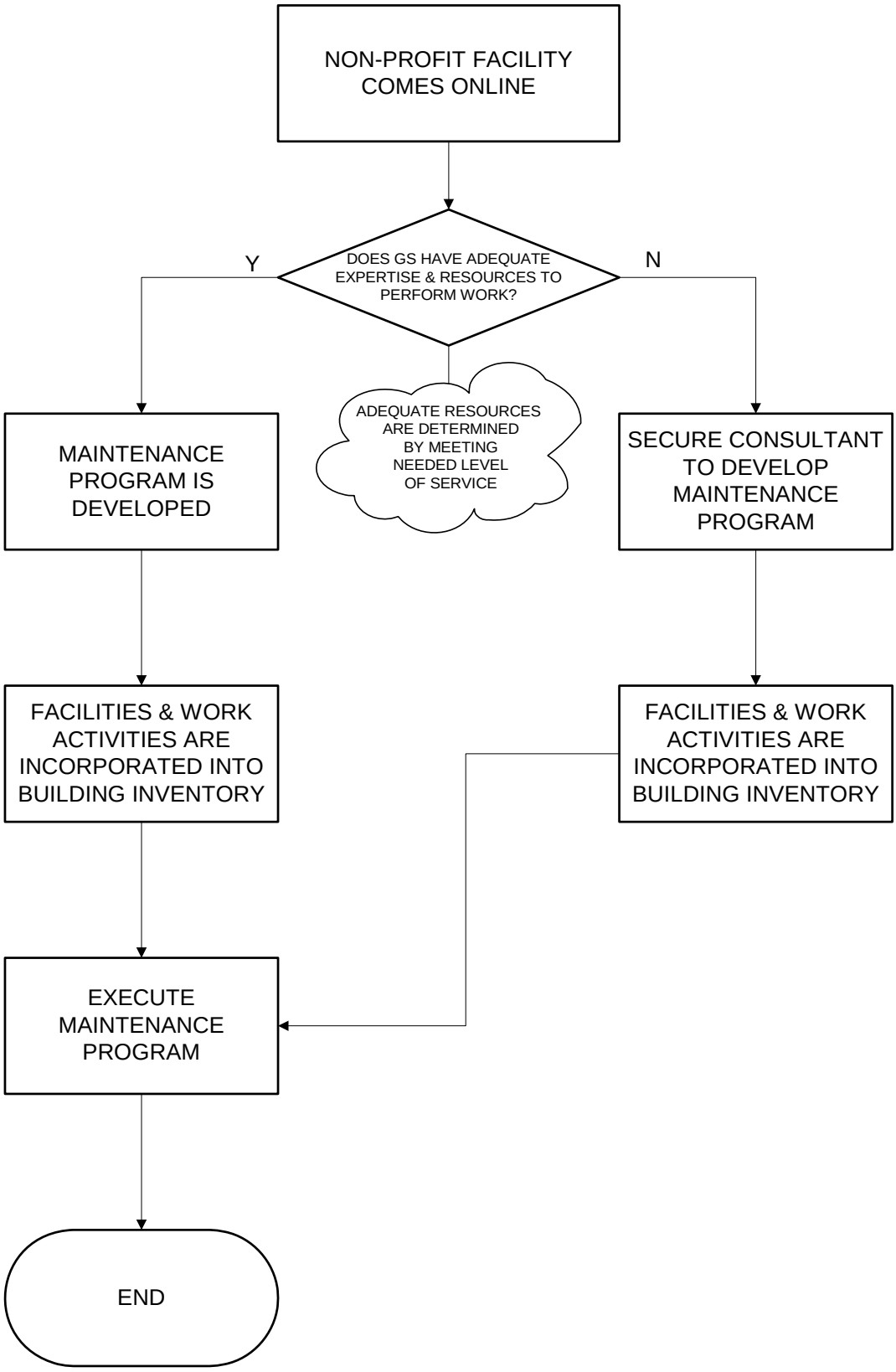
City of San Jose
General Services Department

BUILDING SERVICES

General Fund	32.75
Capital	0.50
Total	33.25



Establishing Maintenance at Non-Profit Facilities



GOAL 1: To describe Procedures for determining service levels and establishing service for new NON-PROFIT facilities.

When a non-profit facility is slated to come online and General Services is purported to have some responsibility, the following procedure shall apply:

- GS staff shall review the facility, during design and construction (where practical) in order to determine if in house expertise (capabilities and knowledge base) and resources (personnel and equipment) are sufficient to provide the desired level of service as well as to determine scope of responsibilities.
- Should GS have the appropriate expertise and resources:
    - Staff shall coordinate a maintenance program with the site occupants
    - The facility and work activities will be added into building inventory/ Work Order System
- Should GS not have the appropriate expertise and resources:
    - GS shall secure a consultant to develop the maintenance program at the required level of service.
    - Where necessary, the facility will be incorporated into the building inventory and work activities added to the Work Order System.
    - The consultant shall provide the services necessary to monitor the maintenance of the facility.
    - GS staff shall oversee the agreement with the consultant, monitor reports, and coordinate with site personnel.

Audit Identified Threats

T-42: Consultant Services are unnecessary and can be performed in-house

GOAL 2: To describe Procedures for determining service levels and establishing service for LEASED FACILITIES.

When a leased facility is slated to come online and General Services is purported to have some responsibility, the following procedure shall apply:

- GS staff shall review the facility during lease negotiation (where practical) in order to determine if in house expertise and resources are sufficient to provide the desired level of service as well as to determine scope of responsibilities.
- Should GS have the appropriate expertise and resources:
  - Staff shall coordinate a maintenance program with the site occupants
  - The facility and work activities will be added into building inventory/ Work Order System
- Should GS not have the appropriate expertise and resources:
  - GS shall secure a vendor to provide the maintenance at the required level of service.
  - Where necessary, the facility will be incorporated into the building inventory and work activities added to the Work Order System.
  - The consultant shall provide the services necessary to monitor the maintenance of the facility.
  - GS staff shall oversee the agreement with the consultant, monitor reports, and coordinate with site personnel.

Audit Identified Threats

T-20: Division staff provides service to leased facilities.
T-22: ACME contract includes facilities that should not be cleaned.

Project Scope

GOAL 1: To track and document project scope.

To define the project scope adhere to the following process:

- Confer with client department to discuss projects being requested. Determine the following:
  - Type of project being requested;
  - Trades and skills needed (including type and number of employees needed);
  - Approximate number of labor hours needed for completion
  - Client's desired timeline for completion
- Fill out the Scope of work form with the following information:
  - Develop a scope of work for the client.
  - Determine the duration of the project
  - Determine the cost of the project
    - If in house personnel have the ability to complete the project, perform a cost-benefit analysis to determine if the project can be delayed until in-house staff can complete it. (see Cost Benefit Procedure).
  - Determine the recommended number of inspections for the project. Consult with supervisor to determine optimal inspection frequency. Upon change of frequency, confer with supervisor. Inspections should reflect complexity, duration, cost, and sensitivity of the project. Supervisor shall approve inspection frequency through review of inspection reports and review of project with project manager. (see Project Inspections Procedure).
- Obtain Clients approval of the scope of work form.
- File one copy of the scope of work form in the project folder
- Give client a copy of the scope of work form for their records.

Audit Identified Threats

T-1: Contractor oversight is inadequate or inconsistent among inspectors
T-2: Improvement projects are scheduled inefficiently.
T-9: Low priority projects are given preference for completion.
T-12: Unnecessary staff and resources are used to complete projects.
T-30: Number and manner of inspections is inconsistent from one inspector to another
T-32: Inspection reports and results are not consistently recorded

APPENDIX D

Typical Work Request Form
(Scope of Work Form)

TO: _____ DEPT.

FROM: _____ DEPT.

CITY OF SAN JOSE

WORK ORDER

No. 167147

ORIGINATING DEPARTMENT

LOCATION:

DESCRIPTION OF WORK REQUIRED:

- - - - AUTHORITY FOR ORDER - - - -

CHARGE NO. RECOMMENDED | PROJECT COORDINATOR | TELEPHONE NO.

REQUEST AUTHORIZED BY: _____ (SIGNATURE) _____ (DATE)

PERFORMING DEPARTMENT

PRIORITY: _____ IMMEDIATE _____ WITHIN 30 DAYS _____ WITHIN 60 DAYS BY _____ (DATE)

CHARGE NUMBER:

CHECKED BY: _____ (SIGNATURE) _____ (DATE)

WORK AUTHORIZED BY: _____ (SIGNATURE) _____ (DATE)

ASSIGNED TO:

DATE SCHEDULED TO START:

ESTIMATED TIME REQUIRED:

DATE STARTED:

DATE COMPLETED:

WORK REVIEWED BY:

BY

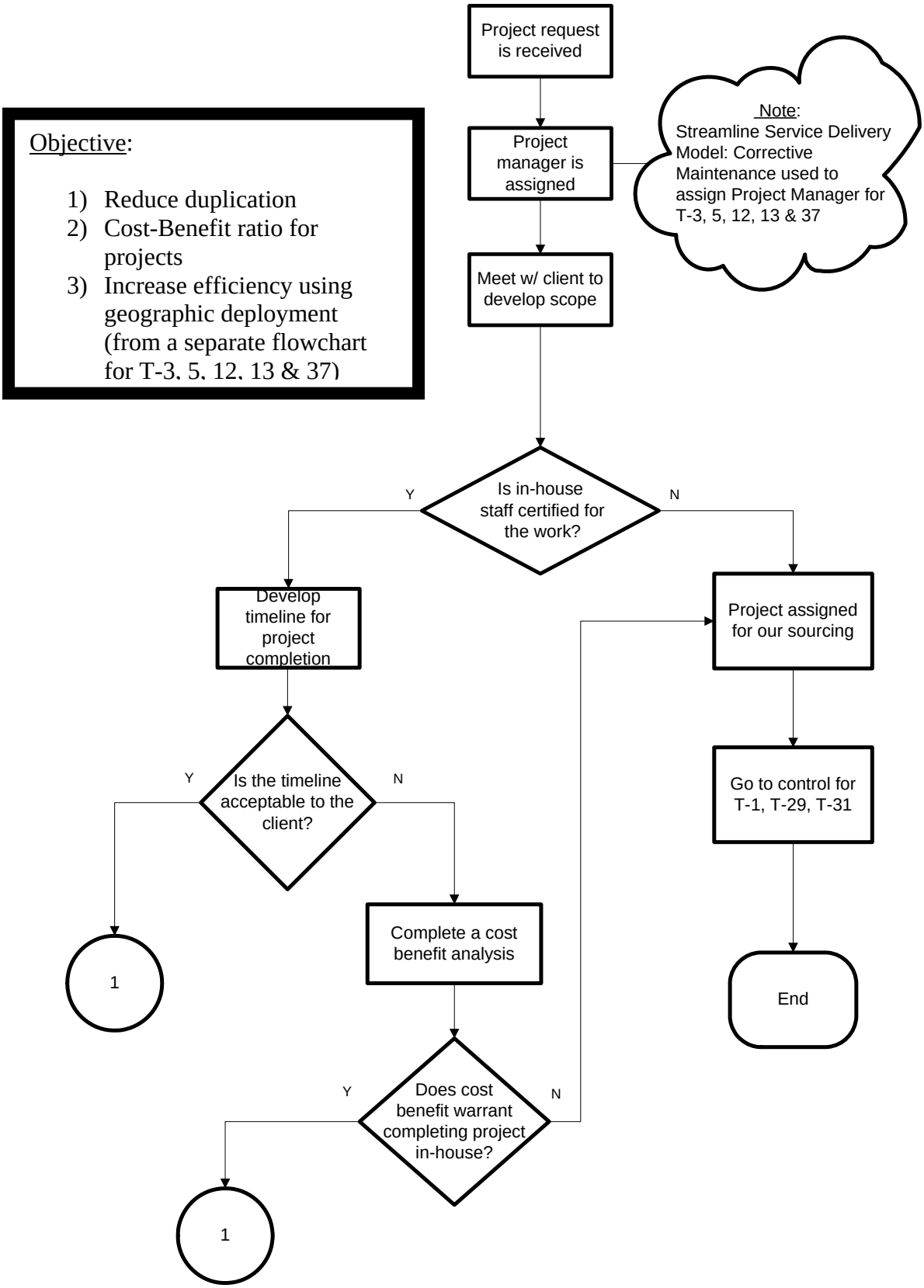
DATE

REMARKS:

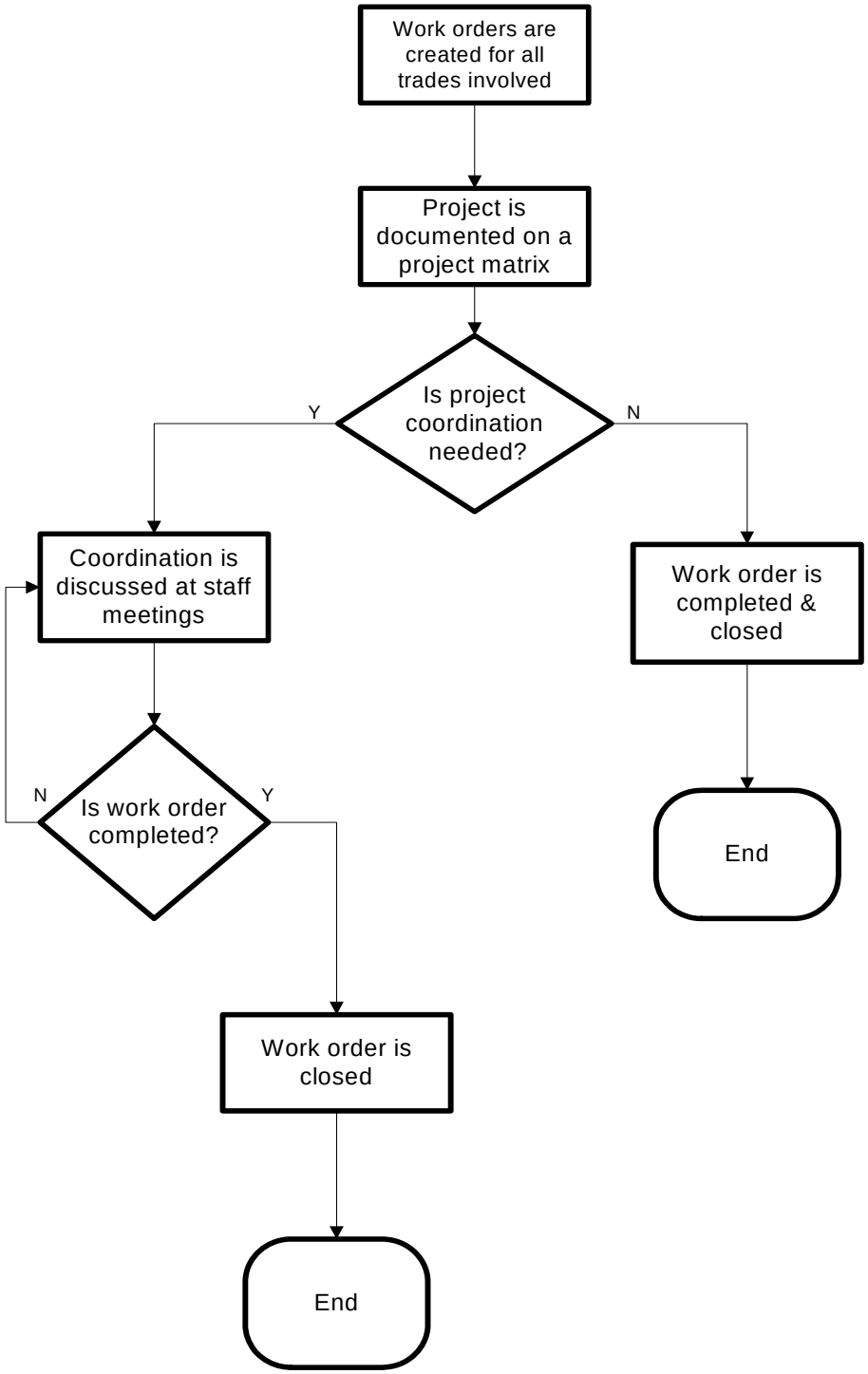
LABOR COST: | MATERIAL COST: | EQUIPMENT COST: | OVERHEAD COST: | TOTAL COST:

100-80

In-House vs Out-Source Cost Benefit Analysis



1 For In-house Projects



GOAL 1: To document procedure for determining if projects over $20,000 in estimated construction costs should be completed in-house or out-sourced.

A cost benefit analysis is required for improvement projects with a project estimate exceeding $20,000 (including all aspects of the project) when in house staff is certified and has the skills to complete the project and the timeline provided to the client department for completion is unacceptable. The project analysis shall include the possibility of completing portions of the project with in house resources.

- Complete the cost benefit analysis form. Project manager shall include estimate worksheet with project file.
- Provide form to client department for choice of preferred method of project completion and signature.
- File form with project file.

Audit Identified Threats

T-4: No completion of cost benefit analysis to determine if projects should be delayed until in-house staff is available to complete them.
T-16: Outsourcing details are not cost-beneficial.
T-19: Work that can be performed in-house is outsourced.

APPENDIX D

Cost Benefit Analysis Form

Date: _____ Project Manager:_____
Client Dpt: _____ WO # _____
Client Contact:_____ Phone #_____

Project_____

In order to insure efficient use of our resources and to better serve our customers, General Services Facilities Management has prepared the following cost benefit analysis for this project.

It is our intent that you will use the results below to help us determine the best means for completing this project for you.

With **in-house** resources, General Services can begin this project on approximately [date]_____, with an estimated completion of [date]_____. The estimated costs (labor, materials, overhead) for this method are $_____.

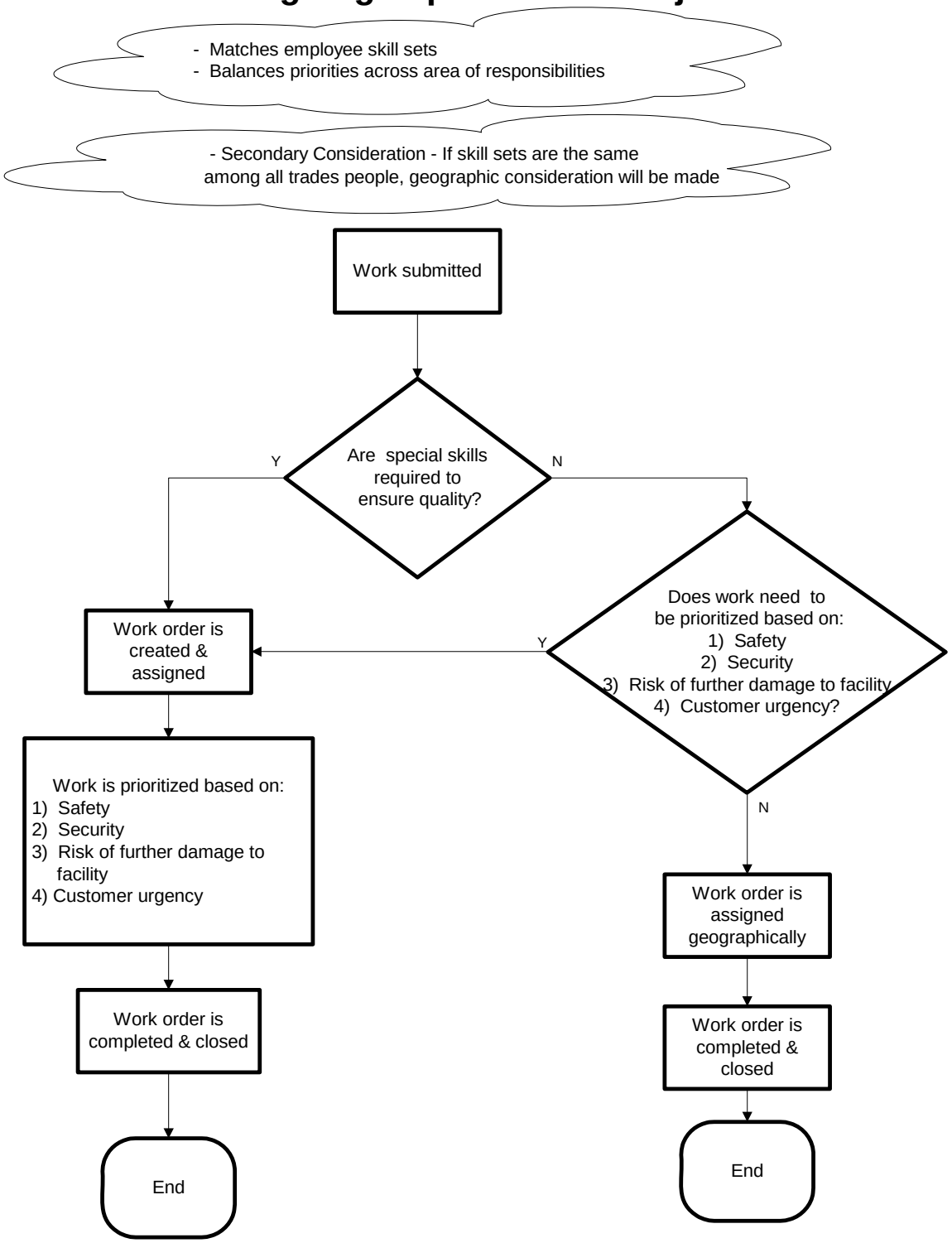
With **out-sourcing**, General Services can begin this project on approximately [date]_____, with an estimated completion of [date]_____. The **estimated** costs for this method are $_____. These costs are estimated based on initial project scope. Actual costs may vary, depending on project and environmental aspects at the time of bid.

With the above guidelines, **General Services** recommends:
_____**In-House** _____**Out-source**

As the client, we acknowledge the above information and prefer:
_____**In-House** _____**Out-source**

_____ _____ _____
Client Signature Client Department Date

Assigning Improvement Projects



Objective: 1) Efficiency - Use geographical deployment when applicable.

GOAL 1: To verify that projects are assigned in order to minimize duplication of efforts and maximize the use of geographic areas.

Project Assignments:

- Supervisor shall determine if special skills are required for project.
  - If so, assign to appropriate project manager.
    - Supervisor shall coordinate with project manager to describe employees that shall be involved with the project and to what extent.
  - If not, assign based on current workload.
    - Special consideration shall be given to assigning projects to Project Managers who already have projects at the site, in the area, or along a route that would take the most advantage of time.
    - Supervisor shall coordinate with project manager to describe employees that shall be involved with the project and to what extent.

Project Coordination:

- Projects shall be posted to project matrix located on General Services shared drive at: GS_Application/Bldg Project Update/Project List Revised.doc
- Projects on Matrix shall be updated weekly by Project Manager.
- Supervisors shall refer to project matrix to insure no project duplication occurs.

Audit Identified Threats

T-6: Program does not coordinate activities within Division service areas and/or duplicates other City or service providers' efforts.
T-11: Work efforts are not coordinated (includes all sections and special projects)
T-12: Unnecessary staff and resources are used to complete projects.
T-14: No centralized or coordinated tracking of projects.
T-31: Site visits are not geographically assigned creating unnecessary travel.
T-33: Duplication of efforts among Building Management and Contracting & System Services Sections.

Establishing Minor Public Work Contract

GOAL 1: To ensure that contracts are established in a consistent and timely manner for all improvement projects.

A project contract should be established within a climited time period following development of the project scope. To determine what the appropriate time period is adhere to the guidelines included on the following page.

To establish the project contract adhere to the following process:

- Obtain and follow City guidelines regarding vendor selection from purchasing department.
- Identify an appropriate vendor
- Establish a contract with the appropriate vendor (see next page).
    - Log contract in work order database.
- Obtain approval from supervisor to proceed
- Retain three copies of the contract:
    - One is placed in the project folder
    - One is retained at Clerk's Office
    - One is given to the vendor for their records (by Clerk)
- Notify contractor to proceed.

Audit Identified Threats

T-2: Improvement projects are scheduled inefficiently

Project Checklist

Project managers should use the check sheet for MPW projects. Time references provided are guidelines. Where no time is provided, the task is minimal and achieved quickly.

1. ☐ Coordinate project with client department.
    a. Expect 2-15 days: start_____ complete_____
2. ☐ Get most recent Master Document from Supervisor
3. ☐ Create Project Specifications (master Document Exhibit A)
    a. Expect 1-10 days: start_____ complete_____
4. ☐ Complete and send form 148-22 to Risk Management
    ☐ Receive insurance requirements from Risk Management
    Expect 2 days: Actual_____
    ☐ Insert Insurance Requirements into Master Document Exhibit D
5. ☐ Quote Project - Invite minimum of 5 vendors with goal of receiving at least 3 quotes
    a. Estimate 3-10 days: start_____ complete_____
    ☐ Document who is invited (maintain with project file)
    ☐ Document who shows at walk-thru (maintain with project file)
6. ☐ Receive quotes from vendors
    a. Estimate 3-10 days: start_____complete_____
7. ☐ Prepare a quote synopsis for distribution and project file
8. ☐ Complete contractor info, contract cost, etc for successful contractor.
9. ☐ Provide contract to supervisor for review
    ☐ Receive contract back from Supervisor
    Estimate 3 days: start_____ complete_____
10. ☐ Complete Form 149-7 and send to Risk Management
11. ☐ Send contract to contractor for signature and bond execution
    ☐ Receive contract back from contractor
    Estimate 2-5 days: start_____complete_____
12. ☐ Send contract to Attorney for signature
    ☐ Receive contract back from attorney
    Estimate 2-5 days: start_____ complete_____

13. ☐ Complete memo to Robin Joseph – City Clerk's office

    ☐ Attach memo to contract face and give to GS Director for signature

    Estimate 1 day: start_____complete_____

    ☐ Receive copy of contract from clerk

    Estimate 3-7 days: start:_____complete_____

14. ☐ Provide copy of contract to GS fiscal staff (Therese) for set up in FMS
15. ☐ Issue notice to proceed to contractor
16. ☐ Complete project work
17. ☐ Send notice of completion to Clerk and OEA
18. ☐ Close work order and package project documentation for filing

Project Inspections

GOAL 1: To verify that inspections are completed in a consistent, timely and efficient manner by each project manager.
GOAL 2: To document contractor's adherence to project specifications and any variance from scope or estimated project budget.

Inspections are required to verify compliance with the contract and/or scope of work for the project. Inspections should be completed by the project manager and scheduled geographically (where possible) to avoid unnecessary travel. The recommended number of inspections is based on the project's complexity, duration, cost, and sensitivity. The number of inspections required should be reviewed with the supervisor prior to beginning the project as well as throughout the project, especially when changes to the inspection frequency occur during the course of the project. For each inspection obtain and document the following information:

- Date of the inspection.
- Status or project stage.
- Contractor is in compliance with contract.
- Scope of work is followed.
- Unanticipated Events
- Cause of any delay or project changes.

The above information should be recorded on the day of the inspection. Place one copy of the Work Inspection Form in the project folder.

Audit Identified Threats

T-1: Contractor oversight is inadequate or inconsistent among inspectors
T-30: Number and manner of inspections is inconsistent from one inspector to another
T-31: Site Visits are not geographically assigned, creating unnecessary travel.
T-32: Inspection reports and results are not consistently recorded

APPENDIX D

WORK INSPECTION FORM

Date: _____ Project Manager: _____
Client: _____ WO # _____
Time of Arrival: _____ Time of Departure: _____

Project Status:

_____
_____
_____
_____

Scope of work followed? _____ Yes _____ No

If No, Specify:

_____
_____
_____

Notes (include changes to scope if applicable):

_____
_____
_____
_____
_____

Is the project on schedule? _____ Yes _____ No

If No, Expected Additional Time Required for Project: _____
Expected Additional Cost: _____

Additional Inspection Needed: _____ Yes _____ No (Final Inspection)

If Yes, What Should be examined at additional inspection?

_____
_____
_____
_____

If No, fill out Notice of Completion and submit for approval.

_____ _____
Project Manager's Signature Date

Project Approval

GOAL 1: To consistently document the completion and approval of the projects.

- Upon completion of final inspection:
  - Note Final Inspection on Inspection Form
  - Forward copy of final inspection to client and contractor
  - Issue notice of completion to OEA, Clerk, and Client as necessary
- Upon closing of work order
  - Forward copy of closed work order to client
  - Submit completed work order form to supervisor to approve
  - File one copy in the project folder – once approved.
  - Send completed work order form to Work Order desk for processing

Audit Identified Threats

T-1: Contractor oversight is inadequate or inconsistent among inspectors
T-30: Number and manner of inspections is inconsistent from one inspector to another
T-32: Inspection reports and results are not consistently recorded
T-48: Staff does not track cost of materials and supplies to determine if appropriate.

Indoor Air Quality

GOAL 1: To describe Indoor Air Quality Concern Procedures

When an Indoor Air Quality (IAQ) concern is received, the following procedure shall apply:

- GS Staff (Project Manager) shall contact site to determine the scope of the issue and determine proper actions (e.g. contact vendor, isolate infected area, etc.).
    - If issue can be resolved with existing resources, the issue shall be completed in that manner (e.g. simple cleaning, elimination of non-hazardous source, etc).
- Project Manager shall contact vendor and schedule a site visit. Project Manager shall accompany vendor on initial site visit.
- If Vendor response time is greater than one day, GS staff shall visit site prior to vendor.
    - The site visit shall serve to identify immediate remedies, if necessary, and to record existing conditions.
    - The site visit shall also include or trigger any other necessary events (e.g. moving of furniture, repair of leaks, etc) in order to provide due diligence towards resolving the issue.
- If vendor response time is less than one day, PM shall coordinate site visit with the vendor and site staff.
- The vendor shall conduct such tests as deemed necessary to reasonably sample the area of concern.
- GS staff will issue a preliminary findings menu following the initial testing, as necessary.
- Where serious health risks may exist, as determined by the consultant or the project manager, or where critical operations are affected, test results shall be expedited.
- PM shall orchestrate all remediation efforts as deemed necessary by consultant.
- Once the consultant has cleared the area of concern, and the facility has been returned to operational conditions, PM shall issue a closure memo to site and client department staff as necessary. Report shall be filed in the project managers project file.

Audit Identified Threats

T-36: Initial Site visit by Staff is unnecessary.
T-37: Contracted IAQ service can be performed in house.

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: **Gerald Silva**
City Auditor

FROM: Jose Obregon

SUBJECT: **RECENT ACCOMPLISHMENTS - GENERAL SERVICES, FACILITIES MANAGEMENT DIVISION**

DATE: August 18, 2003

Approved Date

With continued focus on the City's Corporate Priorities, Facilities Management has strived to increase efficiency and effectiveness in the face of uncompromisingly adverse economic conditions. Some of the accomplishments shared by this organization are compiled below:

SUPPORT FOR EFFECTIVE COUNCIL POLICY MAKING

Mayor's Energy Conservation Directive – In the 2001 Mayor's State of the City Address, a 10% energy conservation goal was established (since upgraded to 12%). Without a method for collecting or compiling electrical consumption data, Facilities Management facilitated a multi-departmental effort to not only track electrical consumption, but also reported out on the City's 15.45% savings, $7,427,000 accomplishment since the initial reporting period.

PERFORMANCE BASED GOVERNMENT

Facility Improvement Programs – As requested by City Departments, Facilities Management has drastically increased its capacity to provide City departments with quality improvements, faster and in a more cost-effective manner. On the contractual side, Facilities has implemented processes to contract for improvements up to $100,000, and is currently piloting a Major Public Works project. Using primarily City employees, Facilities has also drastically increased its presence. In a "Managed Competition" simulation, City employees outperformed contractors by a 25-50% range in cost reductions. With the increase in services in this area, City departments have enjoyed $1,500,000 in improvements over the last fiscal year.

Performance Measure Validation – Facilities Management has taken an aggressive approach to validating performance measure (PM) data stemming from the City's *Investing in Results* effort. On a monthly basis, Facilities representatives meet to discuss PM data, and scrutinize it closely for accuracy. This process has resulted in refined PM's that are accurate and have a strong sense of employee ownership by the group. From a customer's perspective, validating these measures will allow work units to focus on service delivery areas that need improvement. In addition, the cycle time validation will include compiling customer feedback on their expectations for completing facilities related work. Facilities Management has been a leader in the effort toward performance-based accountability.

Comprehensive Facilities Audit – Facilities Management has recently completed a comprehensive audit of non-enterprise City facilities. The report includes cost-benefit analyses for all energy efficiency adjustments and improvements recommended, involving mechanical and lighting systems, as well as insulation, glazing and other building system upgrades. These audits were performed within several libraries, community centers, fire stations, the Mabury Corporation Yard, and the San Jose Museum of Art. Facilities Management is also coordinating with PG&E to perform additional energy efficiency auditing for the remaining facilities.

NEW TECHNOLOGIES

Computerized Maintenance Management System (CMMS) – Facilities Management has recently launched a web-based CMMS that will enable better tracking of work production data. This system will lead to an improved asset management program. Preventive maintenance schedules will be optimized. Better cost tracking tools will be implemented, helping to provide the framework for lifecycle costing models of City facilities. Full implementation of the program will include use of a hand-held time tracking device. Use of this device will greatly increase the work production data accuracy and timeliness.

Energy Conservation Software for Citywide PC Systems - Facilities Management has successfully piloted a new software application that conserves electricity within PC monitors and CPUs. The software is capable of bringing these systems to sleep or power-off mode when long periods of inactivity are detected. Resulting in 35%+ electricity savings, the IT Planning Board has recommended the procurement of 6,000 user licenses to blanket the entire Citywide PC inventory. With Budget Office approval already received, Facilities Management staff is in coordination with Purchasing to solicit bids for this technology.

CUSTOMER SATISFACTION

Custodial Service Reduction Communications – Facilities Management developed a communications plan to alert City employees of upcoming service reductions. The first discussion occurred on August 5, 2003 with PRNS. Future discussions will involve Library, Police, and City Hall occupants.

for

JOSE OBREGON
Director, General Services Department

c Kay Winer