

APPENDIX D: Management’s Response

<p>RECOMMENDATION 1 - The Watersheds’ Chief Operating Officer should consolidate overlapping functions between CPRU and other Valley Water units (such as real estate transactions to RESU and CEQA reviews to the Environmental Planner) to reduce CPRU staff workloads and allow CPRU staff to focus on the provision of permit services.</p>	
<p>MANAGEMENT RESPONSE: Management agrees with the recommendation.</p> <p>CPRU’s critical function is to protect Valley Water assets where community and land development activities overlap. In doing so, staff collaborates with a wide variety of Valley Water staff. CPRU will brainstorm with RESU and Environmental Planning Unit ways to engage SMEs in these units to streamline workflow processes. In addition, Valley Water will be hiring an environmental planner which will help to reduce the overlap of this function.</p> <p>Target Implementation Date: March 2022</p>	<p>INDEPENDENT AUDITOR RESPONSE:</p> <p>Management’s response generally satisfies the recommendation.</p> <p>This recommendation is closely related to the Independent Auditor’s recommendations to the Watersheds’ Chief Operating Office to evaluate the feasibility of consolidating the CPRU and RESU to better streamline activities implemented by each unit, as described in a prior performance audit of the Real Estate Services Unit (<i>Real Estate Services can be a More Effective Resource for Valley Water</i>).</p> <p>A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p>

<p>RECOMMENDATION 2 - The CPRU Manager should complete standardization of permit review policies, practices, roles, and responsibilities.</p>	
<p>MANAGEMENT RESPONSE: Management agrees with the recommendation.</p> <p>CPRU will update and complete the existing permit review policies, practices, and instruction guidance for various types of transactions to bring consistency in the review of projects.</p> <p>Target Implementation Date: June 2022</p>	<p>INDEPENDENT AUDITOR RESPONSE:</p> <p>Management’s response generally addresses the recommendation. A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p>

<p>RECOMMENDATION 3 - The CPRU Manager should develop and implement a training program that includes various courses on:</p> <ul style="list-style-type: none"> a. Permit processing for new and inexperienced staff, which will reduce time spent on final review and approval of draft permits. b. Customer service, building on the training experience of some CPRU staff completed earlier this year. c. Risk management, through coordination with the Valley Water Risk Manager, on Valley Water’s insurance requirements. 	
<p>MANAGEMENT RESPONSE: Management agrees with the recommendation.</p> <ul style="list-style-type: none"> a) CPRU Manager and experienced staff will share their knowledge on permit processing and hold training sessions on permit review and processing, and guidance instructions for staff. b) CPRU Manager will incorporate customer service protocol into staff training sessions and look for training opportunities in the area of customer service and encourage staff to take the training. c) CPRU Manager and experienced staff will coordinate with Valley Water Risk Manager to develop and implement a training program to educate new staff on a regular basis and develop a guide sheet for customers. <p>Target Implementation Date: March 2022</p>	<p>INDEPENDENT AUDITOR RESPONSE:</p> <p>Management’s response generally addresses the recommendation. A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p>

<p>RECOMMENDATION 4 - The CPRU Manager should establish criteria for the order in which permit applications will be reviewed, who has the authority to authorize exemptions from that process and under what special circumstances authority could be delegated to issue a permit.</p>	
<p>MANAGEMENT RESPONSE: Management agrees with the recommendation.</p> <p>CPRU Manager will establish criteria for the order in which permit applications will be reviewed. Typically, the projects submittals are reviewed in the order they are received. The criteria will provide guidance for exceptions, which may be made on a case-by-case basis or as directed by the Permit Authority (CPRU Manager is designated as the Permit Authority). Prior to the planned absence of Permit Authority or other special circumstance, Permit Authority will designate an acting staff member authorized to issue a permit.</p> <p>Target Implementation Date: March 2022</p>	<p>INDEPENDENT AUDITOR RESPONSE:</p> <p>Management’s response generally addresses the recommendation. A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p>

RECOMMENDATION 5 - The CPRU Manager should assign customer liaison responsibilities (to one or two individuals) to ensure consistent and timely communication on permit applications to help meet customer expectations.

MANAGEMENT RESPONSE:

Management partially agrees with the recommendation.

In general, the assignment of liaison responsibilities will increase confusion and will take more time of the staff reviewing the permit to provide and explain the details of customer’s request to the liaison. CPRU Manager will explore the role of a liaison where this may increase efficiency and coordinate with IT to explore other tools to integrate with the database (See response to Recommendation 6).

CPRU Manager will request additional resources from Management. Use of additional technicians to assist in background research for projects and review of routine, low-risk tasks will free up time to allow engineers to ensure consistent and timely communication on permit applications.

Target Implementation Date: October 2022

INDEPENDENT AUDITOR RESPONSE:

Management’s response generally addresses the recommendation. The use of additional resources – either a liaison or technician(s) – to perform provide customer service, would allow engineers more time to perform the technical reviews of permit applications and help to reduce review times. These additional resources may be critical to meeting customer’s expectations while Valley Water’s planned implementation of a new information systems for customer resource management (CRM) is undertaken that will also interface with another new information system that is planned to replace the current CPRU database. A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.

RECOMMENDATION 6 - The CPRU Manager, in collaboration with Valley Water Information Technology Unit, should continue efforts to identify and implement the solutions for desired functionality needed to strengthen permit processing, which include:

- a. Electronic submission of permit applications and supporting documents that automatically creates an electronic permit review file.
- b. Expanded search function for researching past projects and permits.
- c. Customizable dashboards and/or reports that facilitate management oversight of permit processing timeliness, invoice aging, and other measures of performance.
- d. Tools, such as a request form or ticketing system, to help CPRU track requests for services in addition to permit reviews received from internal and external stakeholders.
- e. Ability for customers to self-check the status of their applications and other service requests through interface of the new customer resource management system with the new document management system.
- f. Minimize the administrative burden of tracking and reporting time spent on permit review and other asset protection services by CPRU and other Valley Water units.

MANAGEMENT RESPONSE: Management agrees and will approach the implementation of this recommendation in phases:

- 1. Modernize processes, support submission of permit applications, track requests, complete reviews, facilitate online reporting for customers and reduce administrative burden of tracking and reporting through the selection and implementation of a new CPRU online portal. Management will consider options to include this functionality within other active projects such as the Wells Management System Upgrade and Access Valley Water. (6a, d, e, f)
- 2. Expand search/research functions and reduce administrative burden via the implementation of the Data Consolidation Capital Project Proof of Concept currently underway and scheduled for completion in October 2022. (6b, f)
- 3. Create Dashboards and reports via the implementation of the Data Consolidation Capital Project Proof of Concept currently underway and scheduled for completion in October 2022, the ERP Capital Project currently underway. (6c)”

Target Implementation Date: Varies

INDEPENDENT AUDITOR RESPONSE:

Management’s response generally addresses the recommendation. A target date to complete all activities should be established and a follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.

<p>RECOMMENDATION 7 - The CPRU Manager should renew regular consultations with other member agencies of the Water Resources Protection Collaborative to allow CPRU to plan for upcoming large land review development requests and to establish a process for monitoring the status of existing agreements.</p>	
<p>MANAGEMENT RESPONSE: Management agrees with this recommendation.</p> <p>CPRU Manager will contact the cities within Santa Clara County to establish a process or set up regular coordination meetings to plan for upcoming large land development projects.</p> <p>CPRU Manager will explore tools with IT that allow staff to set a trigger and inform of the status of existing agreements several months before the expiration to allow sufficient time for renewal or renegotiation. CPRU staff will also establish a periodic check in with each city to review responsibilities under these agreements.</p> <p>Target Implementation Date: June 2022</p>	<p>INDEPENDENT AUDITOR RESPONSE:</p> <p>Management’s response generally addresses the recommendation. A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p>

<p>RECOMMENDATION 8 - The CPRU Manager, in coordination with the Valley Water Risk Management Unit Manager, should develop communication strategies, such as instructional videos, screen shots, and/or brochures to make it easier for applicants and insurance brokers to understand Valley Water’s insurance requirements.</p>	
<p>MANAGEMENT RESPONSE: Management agrees with this recommendation.</p> <p>CPRU Manager and staff will coordinate with Risk Management Unit Manager to develop communication strategies and re-evaluate the existing insurance requirements to align with the most up-to-date standards in the insurance practices, to make it easier for applicants and insurance brokers.</p> <p>Target Implementation Date: March 2022.</p>	<p>INDEPENDENT AUDITOR RESPONSE:</p> <p>Management’s response generally addresses the recommendation. A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p>

<p>RECOMMENDATION 9 - The CPRU Manager, with the assistance of the Watershed’s Chief Operating Officer, should explore the feasibility of adopting strategies of other local agencies to promote their permit services, such as:</p> <ul style="list-style-type: none"> a. Change the name of CPRU to a name that better describes its functions. b. Adopt a new model for the allocation of work among staff to minimize delays due to heavy demand, such as separating the roles of project coordination from technical review. c. Conduct regular outreach by letter or other communication to neighboring property owners (and to new buyers of neighboring property) describing Valley Water’s permit services, the reason for the permit process, and how to access the services. 	
<p>MANAGEMENT RESPONSE: Management agrees with this recommendation.</p> <ul style="list-style-type: none"> a. CPRU Manager will explore and brainstorm with staff and stakeholders to consider change of unit’s name. (Target Date: March 2022) b. CPRU Manager will ascertain a new model to consider separation of project coordination from technical review for low-risk, repetitive permit applications and will request additional resources to pursue implementation of the new model. (Target Date: October 2022) c. CPRU Manager and staff will work with Communication Unit to conduct outreach to neighboring property owners, engineering consulting firms, and city staff describing Valley Water’s permit process, and how to access the services. (Target Date: June 2022) <p>Target Implementation Date: Varies</p>	<p>INDEPENDENT AUDITOR RESPONSE:</p> <p>Management’s response generally addresses the recommendation. A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p>

<p>RECOMMENDATION 10 - Valley Water’s CEO, with approval of the Board, should consider setting a goal for cost recovery from fees charged for permit services.</p>	
<p>MANAGEMENT RESPONSE: Management agrees and will engage a consultant to assist with updating the fee schedule for Board approval, which incorporates an analysis of a target cost recovery goal.</p> <p>Target Implementation Date: August 2022</p>	<p>INDEPENDENT AUDITOR RESPONSE:</p> <p>Management’s response generally addresses the recommendation. A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p>

<p>RECOMMENDATION 11 - The CPRU Manager, in coordination with the Valley Water Chief Financial Officer, should update the current fee schedule based on the results of a fee study. The study should evaluate charging an hourly rate for inspections completed versus the current flat inspection fee.</p>	
<p>MANAGEMENT RESPONSE: Management agrees and will engage a consultant to assist with updating the fee schedule for Board approval, which incorporates an analysis of a target cost recovery goal.</p> <p>Target Implementation Date: August 2022</p>	<p>INDEPENDENT AUDITOR RESPONSE: Management’s response generally addresses the recommendation. A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p>

<p>RECOMMENDATION 12 - The CPRU Manager should adopt a risk-based permit review strategy to reduce processing time for low-risk, repetitive types of permit applications. Clarify in the strategy how time spent on the review of permit applications and other processing tasks should be tracked and invoiced.</p>	
<p>MANAGEMENT RESPONSE: Management agrees with this recommendation. CPRU Manger will consider strategies to reduce processing time for low-risk, repetitive types of permit applications. CPRU Manager and experienced staff, through permit guidance instructions will add further clarity for new and less experienced staff and reduce ambiguity in the process. (Target Date: June 2022)</p> <p>Implementation of Recommendation 6 via the implementation of the Data Consolidation Capital Project Proof of Concept and the ERP Capital Project and the results of the fee study with the implementation of Recommendation 11, and results from Recommendation 13 will provide better information and insight to strategize the tracking and invoicing of permit applications and other processing tasks. (Target Date: June 2023 depending on the research outcome in Recommendation 13)</p> <p>Target Implementation Date: Varies</p>	<p>INDEPENDENT AUDITOR RESPONSE: Management’s response generally satisfies the recommendation. A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p>

<p>RECOMMENDATION 13 - The CPRU Manager and the Chief Financial Officer should seek to identify an IT solution to ensure timely and accurate recording of invoices, payments, and deposits. One option to consider is to use Valley Water’s core financial management information system.</p>	
<p>MANAGEMENT RESPONSE: Management agrees and will engage in the research, specification, selection, procurement, and implementation of a comprehensive tool capable of ensuring accurate recording of invoices, payments, and deposits.</p> <p>Target Implementation Date: June 2023 depending on research outcome.</p>	<p>INDEPENDENT AUDITOR RESPONSE: Management’s response generally addresses the recommendation. A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p>

<p>RECOMMENDATION 14 - The CPRU Manager, in coordination with the Chief Financial Officer, should establish processes for invoicing and collection of payments that includes a robust framework of financial management internal controls, in particular the segregation of duties for billing and collections; cash management; monitoring of aging receivables; and reconciliation.</p>	
<p>MANAGEMENT RESPONSE: Management agrees and will approach the implementation of this recommendation in phases:</p> <ol style="list-style-type: none"> 1. Implement the suggested financial management internal controls under the current CPRU data base system, (Target date – July 2021). 2. Engage a consultant to assist in the development of a billing and revenue collection policy that incorporates best practices (Target date – March 2022). 3. Implement an IT solution for invoicing that is linked to Valley Water’s core financial system and aligns with Valley Water’s billing and revenue collection policy (Target date – June 2023 depending on the research outcome (R13)) <p>Target Implementation Date: Varies.</p>	<p>INDEPENDENT AUDITOR RESPONSE: Management’s response generally addresses the recommendation. A follow-up audit to assess CRPU’s efforts to implement this recommendation should be included in the annual audit work plan for 2023.</p>