



## City Council Staff Report

**From: City Manager**

**Report Type: CONSENT CALENDAR**

**Lead Department: City Auditor**

**Meeting Date: September 23, 2024**

Report #:2409-3430

### **TITLE**

Approval of Two Audits as Recommended by the Policy & Services Committee: Public Safety Construction Audit and Parking Permit Technology Contracts Audit

### **RECOMMENDATION**

The Policy & Services Committee and Office of the City Auditor recommend City Council approve the results of two audits

- 1) Public Safety Construction Audit (Attachment A, P&S Committee recommended approval on June 11, 2024) and
- 2) Parking Permit Technology Contracts Audit (Attachment B, P&S Committee recommended approval on August 13, 2024).

### **EXECUTIVE SUMMARY**

#### **Public Safety Building Construction Audit**

Baker Tilly Advisory Group, LP (Baker Tilly), in its capacity serving as the Office of the City Auditor (OCA) for the City of Palo Alto (the City) performed construction audit services on the Public Safety Building project. The objectives of this audit were to verify that billings to the City from the Architect, Engineer, Inspector of Record, Construction Manager, Contractor, and Waterproofing Inspector were compliant with the terms of the applicable contracts.

The new Public Safety Building will house the Police Department, 911 Emergency Dispatch Center, the Emergency Operations Center, the Office of Emergency Services, and the administration needs of the Fire Department. The Public Safety Building is part of the Capital Improvement (Infrastructure) Plan introduced in 2014. Non-compliance with contract terms related to project billings can result in cost overruns that impact the overall project budget. The audit found no material billing errors and did not recommend any additional actions.

## **Parking Permit Technology Contracts Management Audit**

Baker Tilly Advisory Group, LP (Baker Tilly), in its capacity serving as the Office of the City Auditor (OCA) for the City of Palo Alto (the City) performed an audit of the parking permit technology contract management process and controls based on the approved Task Order 4.16 in alignment with the FY 2022 citywide risk assessment and audit plan. The objectives of this review were to: 1) Determine whether adequate policies and procedures are implemented effectively to protect the privacy of personal information gathered using parking permit technology for the City's parking management. 2) Determine whether the City monitors the parking permit vendor's performance to ensure compliance with contract terms and applicable laws and regulations related to data privacy. The audit noted areas for improving policies and procedures related to how the City and its parking technology system third-party providers manage data privacy security. The attached report summarizes the analysis, audit findings, and recommendations.

### **FISCAL/RESOURCE IMPACT**

For the Parking Permit Technology Contract Management audit, the OCA worked primarily with the Office of Transportation and the Information Technology Department, as well as, additional stakeholders, including the City Manager's Office and the City Attorney's Office, as necessary. The timeline for implementation of corrective action plans is identified within the attached report. The necessary resources to implement these recommendations will be dependent on the policy revisions approved upon completion of the review of IT policies and procedures.

### **ENVIRONMENTAL REVIEW**

Council action on this item is not a project as defined by CEQA because the audit activities do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. CEQA Guidelines section 15378(b)(4).

### **ATTACHMENTS**

Attachment A: Public Safety Building Construction Audit Report, May 21, 2024

Attachment B: Park Permit Technology Contracts Audit, August 1, 2024

### **APPROVED BY:**

Kate Murdock, City Auditor