

TO: Public Safety, Finance and Strategic Support Committee
FROM: Sharon W. Erickson, City Auditor
SUBJECT: *Monthly Report of Activities for April 2011*
DATE: May 6, 2011

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for April 2011.

SUMMARY OF RESULTS

Charter Section 8.05(e) requires the City Auditor to submit a monthly report to the City Council of our activities, findings, and recommendations. This report summarizes reports issued, other activities, assignments in process, and the status of the City Auditor's Fiscal Year 2010-11 Work Plan during the month of April 2011.

Audit Reports Issued During the Month of April:

- 1. Disability Retirement** – We assessed factors leading to a high disability retirement rate in the City of San Jose. The report made 6 recommendations and was accepted at the April 21, 2011 Public Safety, Finance and Strategic Support (PSFSS) Committee meeting, the April 21, 2011 Federated Retirement Board meeting, the May 3, 2011 City Council meeting, and the May 5, 2011 Police and Fire Retirement Board meeting.
- 2. Second Annual Financial Scan of CBOs** – We reviewed and analyzed the annual financial statements submitted by outside organizations receiving more than \$250,000 in City funding in FY 2010-11 and we summarized key financial data, findings of the agencies' external auditors, and percent of funding from the City. The report was accepted at the April 21, 2011 Public Safety, Finance and Strategic Support (PSFSS) Committee meeting and at the May 3, 2011 City Council meeting.

Other Activities During the Month of April:

- Presented the Pension Sustainability audit as part of a Budget Straight Talk session to city employees, at a citywide all Managers Meeting, and to employees in Strategic Support departments.
- Met with the City external auditors, Macias, Gini, and O'Connell, LLP to discuss their workplan for the next fiscal year.

Assignments in Process:

- 3. Employee Compensation** – Review of labor costs, including overtime, premium pay, step increase, and leave costs.
Project Status: Held an exit conference. Report writing in process.
Anticipated Release Date: Scheduled for the May 19, 2011 Public Safety, Finance and Strategic Support (PSFSS) Committee meeting
- 4. Supplemental Military Pay** – The City of San Jose provides eligible City employees called to active military duty with supplemental salary, health and dental insurance, and retirement contributions. The purpose of this audit is to identify ways to streamline the process.
Project Status: Report writing in process.
Anticipated Release Date: June 2011.
- 5. Recovery Act Funding** – Third in a series of audits related to the American Recovery and Reinvestment Act.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
- 6. Traffic Citation Revenue** – The City receives a portion of the fines collected in connection with violations of the State Vehicle Code on City streets. In FY 2010-11, Vehicle Code Fine revenue is estimated at \$3 million.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
- 7. Police Department Secondary Employment** – To assess the cost and effectiveness of the program.
Project Status: Preliminary Survey in process.
Anticipated Release Date: TBD.

Information on the status of the City Auditor's FY 2010-11 Work Plan is attached. On behalf of the Auditor's Office, I would like to express my appreciation to City staff for their cooperation and assistance during our reviews.

Respectfully submitted,



Sharon W. Erickson
City Auditor

SE:bh

Attachment: Status of the City Auditor's FY 2010-11 Work Plan

**Status of the City Auditor's FY 2010-11 Work Plan¹
as of April, 2011**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date²
Assignments Completed					
Second Annual Financial Scan of CBOs	N/A	N/A	Completed	Completed	April 2011
Disability Retirement	Completed	Completed	Completed	Completed	April 2011
Audit Recommendation status report as of 12/31/10	N/A	N/A	Completed	Completed	March 2011
Annual Audits of Bond & Parcel Tax Measures	N/A	N/A	Completed	Completed	March 2011
Santa Clara County Cities Association	N/A	N/A	Completed	Completed	March 2011
Review of the City's Investment Program as of 6/30/10	N/A	N/A	In Process	Completed	February 2011
Service Efforts and Accomplishments (SEA) Report	N/A	N/A	Completed	Completed	January 2011
Police Management	Completed	Completed	Completed	Completed	December 2010
Annual External Financial Audit	N/A	N/A	Completed	Completed	December 2010
2009-10 Annual Performance Audit of Team San Jose, Inc.	Completed	Completed	Completed	Completed	November 2010
Audit recommendation status report as of 6/30/10	N/A	N/A	Completed	Completed	October 2010
Take-home Vehicles	Completed	Completed	Completed	Completed	October 2010
Airport Concessions	Completed	Completed	Completed	Completed	October 2010
Pension Sustainability	Completed	Completed	Completed	Completed	September 2010
Procurement Card Transactions	Completed	Completed	Completed	Completed	September 2010
Review of the City's Investment Program as of 12/31/09	N/A	N/A	Completed	Completed	August 2010
Assignments In Process					
Employee Compensation	Completed	Completed	Completed	In Process	May 2011
Supplemental Military Pay Calculations and Processing	Completed	Completed	Completed	In Process	June 2011
Traffic Citation Revenue	Completed	Completed	In Process		
Recovery Act Funding	Completed	Completed	In Process		
Police Department Secondary Employment	In Process				
Assignments Not Yet Started					
Fire Department Performance Measures					
Form 700 Filers					
City Open Purchase Orders for Office Supplies					
Information Technology General Controls					
Housing Programs	On Hold				
Cardroom Oversight	On Hold				
Redevelopment Agency Development Agreements	On Hold				

¹ The approved work plan is on the web at www.sanjoseca.gov/auditor/workplan.asp

² Projected Issuance Dates are usually six weeks after Report Writing is completed to accommodate exit conferences, draft report revisions and a three week allowance for the administration to prepare a written response. For the Assignments Completed, the date shown is the actual month of report issuance.