



Memorandum

TO: Public Safety, Finance and Strategic Support Committee
FROM: Sharon W. Erickson, City Auditor
SUBJECT: *Monthly Report of Activities for February 2011*
DATE: March 8, 2011

RECOMMENDATION

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

Audit Reports Issued During the Month of February:

- 1. Semi-Annual Review of the City's Investment Program as of June 30, 2010 –** Macias, Gini & O'Connell LLP conducted the audit. No exceptions were noted.

Other Activities During the Month of February:

- The City Auditor met with a delegation of auditors from Guangdong Province, associated with San Jose State University's China Audit Training Group.
- The City Auditor and staff continued a series of presentations to senior staff summarizing performance measures in select City Service Areas from the 2009-10 Service Efforts and Accomplishments Report.
- The City Auditor and staff provided performance measurement training to three teams in the City's Innovation Incubator Program.

Assignments in Process:

2. Semi-Annual Follow-up Report On All Outstanding Audit Recommendations For the Six Months Ended December 31, 2010

Project Status: Report writing in process.

Anticipated Release Date: Scheduled for the March 17, 2011 PSFSS Committee.

3. Annual Audits of Bond & Parcel Tax Measures (Public Safety Bonds) –

Macias, Gini & O'Connell LLP previously completed the annual financial audits of Parks and Library Bonds (scheduled to be presented at the March 8, 2011 City Council meeting). The Library Parcel Tax audit was presented to the Neighborhood Services and Education Committee on February 10, 2011. The Public Safety Bonds audit will be completed in March.

Project Status: Report writing in process.

Anticipated Release Date: March 2011.

4. Cities Association of Santa Clara County (annual review at the request of the Association's Board) – Review of expenditures and controls for the year ending June 30, 2010.

Project Status: Report writing in process.

Anticipated Release Date: March 2011.

5. Disability Retirements – To assess potential factors leading to a high disability retirement rate in the City of San Jose.

Project Status: Report writing in process.

Anticipated Release Date: April 2011.

6. Second Annual Financial Scan of CBOs – Review and analysis of the annual financial statements submitted by outside organizations receiving more than \$250,000 in City funding in FY 2010-11 that will summarize key financial data, findings of the agencies' external auditors, and percent of funding from the City.

Project Status: Report writing in process.

Anticipated Release Date: April 2011.

7. Personnel Costs – Review of labor costs, including overtime, premium pay, step increase, and leave costs.

Project Status: Field work in process.

Anticipated Release Date: TBD.

8. 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.

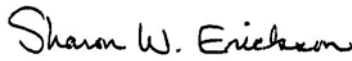
Project Status: Fieldwork in process.

Anticipated Release Date: TBD.

- 9. Recovery Act Funding** – Third in a series of audits related to the American Recovery and Reinvestment Act.
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 February, 2011**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date²
Assignments Completed					
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					
Audit Recommendation Status Report as of 12/31/10	N/A	N/A	Completed	In Process	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	In Process	March 2011
Second Annual Financial Scan of CBOs	N/A	N/A	Completed	In Process	April 2011
Disability Retirements	Completed	Completed	Completed	In Process	April 2011
Personnel Costs	Completed	Completed	In Process		
Supplemental Military Pay Calculations and Processing	Completed	In Process			
Recovery Act Funding	In Process				
Assignments Not Yet Started					
Housing Programs					
Traffic Citation Revenue					
Police Department Secondary Employment					
Fire Department Performance Measures					
Form 700 Filers					
City Open Purchase Orders for Office Supplies					
Information Technology General Controls					
Cardroom Oversight					
Redevelopment Agency Development Agreements					

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.