



Memorandum

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

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for June and July 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 months of June and July 2011.

Audit Reports Issued During the Months of June and July:

- 1. 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. In this audit, we identified ways to streamline the process. The report made two recommendations and was presented at the June 16, 2011 meeting of the Public Safety, Finance and Strategic Support Committee and is scheduled to be presented at the August 9, 2011 City Council meeting.

Other Activities During the Months of June and July:

- The Auditor's Office received the Association of Government Accountants (AGA) *Gold Certificate of Achievement in Service Efforts and Accomplishments Reporting* for the Service Efforts and Accomplishments Report 2009-10. The AGA gave the report its highest award for excellence in SEA reporting. AGA was particularly impressed by the multiple levels of reporting presented, presenting information in a clear and consistent format, and including disaggregated data such as police response time by city council district.
- Bill Olson joined the office for the summer as part of Stanford University's *Stanford in Government Program*. He will be assisting on the *Airport Level of Service Performance Measures* project.

- Issued a joint memo with the Director of Finance, titled *GASB's Proposed Financial Reporting Rules for State and Local Government Pensions*, which detailed potential impacts on the City's financial statements from accounting rule changes proposed by the Governmental Accounting Standards Board.
- The City Auditor met with a delegation of auditors from GyeongGi Province, Republic of Korea.
- Presented the Pension Sustainability audit to employees of the Building, Planning, and Code Enforcement Department.
- On June 22, 2011, the Rules and Open Government Committee approved the City Auditor's Proposed Fiscal Year 2011-12 Work Plan.

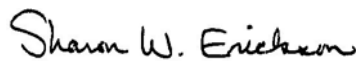
Assignments in Process:

- 2. Recovery Act Funding** – Third in a series of audits related to the American Recovery and Reinvestment Act.
Project Status: Report writing completed.
Anticipated Release Date: Scheduled for the August 18, 2011 meeting of the Public Safety, Finance and Strategic Support Committee.
- 3. 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 \$4 million.
Project Status: Report writing completed.
Anticipated Release Date: Scheduled for the August 18, 2011 meeting of the Public Safety, Finance and Strategic Support Committee.
- 4. <<2011-12 Workplan>> Airport Level of Service Performance Measures** – Accuracy and reporting of current level of service indicators for police and fire services at the airport.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
- 5. Form 700 Filers** – About 1,400 city employees and others are required to file Statements of Economic Interests. The purpose of our review is to verify compliance with report submission requirements.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
- 6. Police Department Secondary Employment** – To assess the cost and effectiveness of the program.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.

- 7. Information Technology General Controls** – The City’s reliance on computer systems for its key business systems and resource reductions in the Information Technology Department require additional audit emphasis in this area.
Project Status: Risk Assessment in process.
Anticipated Release Date: TBD.
- 8. Fire Department Performance Measures** – The City Auditor reports on City government performance through the annual *Service Efforts and Accomplishments Report*. In September 2009, the office issued *Performance Management and Reporting in San Jose: A Proposal for Improvement* including recommendations to improve data quality. This project will assess the accuracy and reporting of selected performance measures in the Fire Department.
Project Status: Preliminary Survey in process.
Anticipated Release Date: TBD.
- 9. Citywide Open Purchase Order For Office Supplies** – This is one in a series of audits of large contracts designed to confirm that the City is getting the service that it is paying for and/or the revenues to which it is entitled.
Project Status: Risk Assessment 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 July, 2011**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date²
Assignments Completed					
Supplemental Military Pay Calculations and Processing	Completed	Completed	Completed	Completed	June 2011
Employee Compensation	Completed	Completed	Completed	Completed	May 2011
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					
Traffic Citation Revenue	Completed	Completed	Completed	Completed	August 2011
Recovery Act Funding	Completed	Completed	Completed	Completed	August 2011
<<2011-12 Workplan>> Airport Service Level Performance Measures	Completed	Completed	In Process		
Form 700 Filers	Completed	Completed	In Process		
Police Department Secondary Employment	Completed	Completed	In Process		
Information Technology General Controls	Completed	In Process			
City Open Purchase Orders for Office Supplies	Completed	In Process			
Fire Department Performance Measures	In Process				
Assignments Not Yet Started					
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.