



Memorandum

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

RECOMMENDATION

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

Audit Reports Issued During the Month of March:

- 1. Semi-Annual Follow-up Report On All Outstanding Audit Recommendations For the Six Months Ended December 31, 2010** – The report gave the status of the 177 recommendations outstanding from all previous audit reports, including the 49 new recommendations made since our last semi-annual report. During this reporting period, 19 recommendations became fully implemented. The report was accepted at the March 17, 2011 Public Safety, Finance and Strategic Support (PSFSS) Committee meeting and at the March 28, 2011 City Council Meeting.
- 2. 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 (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 was completed in March and will be presented to its citizen oversight committee on May 11, 2011, and presented to the City Council soon thereafter.
- 3. Cities Association of Santa Clara County** (annual review at the request of the Association's Board) – We reviewed the expenditures and controls for the year ending June 30, 2010. The report was accepted at the March 17, 2011 Public Safety, Finance and Strategic Support (PSFSS) Committee meeting and at the March 28, 2011 City Council Meeting.

Other Activities During the Month of March:

- Received the Silver Knighton Award from the Association of Local Government Auditors (ALGA) for our audit of Pension Sustainability (issued September 2010).
- Conducted a new 4-hour class, “Performance Measures – Are You Measuring What Matters?” to City staff through the Citywide Training Program.
- Presented the Pension Sustainability audit to ESD managers and supervisors and at the Citywide Department Senior Leadership meeting.

Assignments in Process:

- 4. 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.
- 5. 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.
- 6. Personnel Costs** – Review of labor costs, including overtime, premium pay, step increase, and leave costs.
Project Status: Report writing in process.
Anticipated Release Date: TBD.
- 7. 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.
- 8. 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.

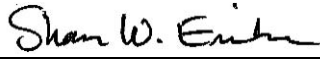
- 9. Traffic Citation Revenue** – The City receives a portion of the fines collected in connection with violations of the State Vehicle Code on City streets. In FY 2010-11, Vehicle Code Fine revenue is estimated at \$3 million.

Project Status: 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 March, 2011**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date²
Assignments Completed					
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					
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	Completed	In Process	May 2011
Supplemental Military Pay Calculations and Processing	Completed	Completed	In Process		
Recovery Act Funding	Completed	Completed	In Process		
Traffic Citation Revenue	In Process				
Assignments Not Yet Started					
Housing Programs					
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.