

**TO:** Public Safety, Finance and Strategic Support Committee  
**FROM:** Sharon W. Erickson, City Auditor  
**SUBJECT:** *Monthly Report of Activities for November 2011*  
**DATE:** December 5, 2011

---

## RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for November 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 2011-12 Work Plan during the month of November 2011.

### **Audit Reports Issued During the Months of November:**

- 1. Form 700 Filers** – About 1,100 City employees and others are required to file Statements of Economic Interests. Our report analyzed compliance with report submission requirements and included five recommendations. The report was accepted at the November 17, 2011 Public Safety, Finance and Strategic Support (PSFSS) Committee meeting and at the December 6, 2011 City Council meeting.
- 2. Annual audits of voter-approved bond and parcel tax measures as of June 30, 2011 (contracted audit service)** – Macias, Gini & O'Connell LLP conducted the annual financial audits of Branch Library Bond Projects Fund, the Parks and Recreation Bond Projects Fund, the Library Parcel Tax Special Revenue Fund, and the Public Safety Bond Projects Fund. The City Auditor's Office facilitated and helped to coordinate these audits, all of which were issued in November. The Library parcel tax and bond measure audits were presented at the Citizens Oversight Committees on November 9, 2011. The Parks and Recreation bond audits are scheduled to be presented at their respective Citizens Oversight Committees on December 7, 2011 and a date TBD in January 2012, respectively.
- 3. Semi-annual compliance review of the City's investment program as of June 30, 2011 (contracted audit service)** – Macias, Gini & O'Connell LLP evaluated whether the pooled investment portfolio is in compliance with the City's Investment Policy for the six months ended June 30, 2011. The City Auditor's Office facilitated and helped to coordinate this audit, which was issued in November.

**Other Activities During the Month of November:**

- Three members of an *Association of Local Government Auditors (ALGA)* peer review team performed the City Charter-required biennial audit of the City Auditor's Office, and issued a full compliance opinion letter (to be presented at the December 15, 2011 Public Safety, Finance and Strategic Support Committee).

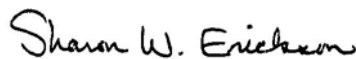
**Assignments in Process:**

- 4. Service Efforts and Accomplishments (SEA) Report** – Fourth annual report providing data about the cost, quality, quantity, and timeliness of City services. The purpose of SEA reporting is to strengthen public accountability and help improve government efficiency and effectiveness. It incorporates existing performance measurement data, showing five-year historical trends, a variety of comparisons to other cities, and the results of resident surveys.  
**Project Status:** Report writing in process.  
**Anticipated Release Date:** December 2011.
- 5. Annual external financial audit and single audit as of June 30, 2011 (contracted audit service)** – The City Auditor's Office facilitates and helps coordinate the external audits of the Comprehensive Annual Financial Report, Convention Center, Hayes Mansion, Clean Water Financing Authority, Deferred Compensation, MTC Compliance, Police and Fire Retirement Plan, Federated Retirement System, Redevelopment Agency, Airport, Single Audit, and Management Letter.  
**Project Status:** Report writing in process.  
**Anticipated Release Date:** December 2011.
- 6. 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:** Report writing in process.  
**Anticipated Release Date:** January 2012.
- 7. Team San Jose Convention Center Performance and Convention Visitors Bureau (CVB) Activities** – The purpose of our annual convention center review is to determine whether Team San Jose met its performance metrics and other key requirements in the management agreement between the City and Team San Jose for the fiscal year ended June 30, 2011. We are also reviewing the cost and services provided through the CVB agreement between the City and Team San Jose.  
**Project Status:** Report writing in process.  
**Anticipated Release Date:** January 2012.

- 8. 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:** Report writing in process.  
**Anticipated Release Date:** February 2012.
- 9. Police Department Secondary Employment** – To assess the cost and effectiveness of the program.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** TBD.
- 10. 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:** Fieldwork in process.  
**Anticipated Release Date:** TBD.
- 11. Environmental Services Department Funding and Staffing** – Staffing and management audit of ESD, with special focus on how ratepayer funds are used.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** TBD.
- 12. Water Pollution Control Plant Rehabilitation** – Review of opportunities to reduce the cost of the project, expedite the project, and create savings for ratepayers.  
**Project Status:** Preliminary Survey in process.  
**Anticipated Release Date:** TBD.

Information on the status of the City Auditor’s FY 2011-12 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 2011-12 Work Plan

**Status of the City Auditor's FY 2011-12 Work Plan<sup>1</sup>  
as of November, 2011**

	<b>Preliminary Survey</b>	<b>Risk Assessment</b>	<b>Audit Field Work</b>	<b>Report Writing</b>	<b>Projected Issuance Date<sup>2</sup></b>
<b>Assignments Completed</b>					
Form 700 Filers	Completed	Completed	Completed	Completed	November 2011
Annual Audits of Bond and Parcel Tax Measure	—	—	Completed	Completed	November 2011
Semi-annual Compliance Reviews of City's Investment Program	—	—	Completed	Completed	November 2011
Airport Service Level Performance Measures	Completed	Completed	Completed	Completed	October 2011
Recommendation Follow-up Report (June 30, 2011)	—	—	Completed	Completed	October 2011
Traffic Citation Revenue	Completed	Completed	Completed	Completed	August 2011
Recovery Act Funding	Completed	Completed	Completed	Completed	August 2011
<b>Assignments In Process</b>					
Annual Service Efforts and Accomplishments	—	—	Completed	In Process	December 2011
External Audit and Single Audit	—	—	Completed	In Process	December 2011
City Open Purchase Orders for Office Supplies	Completed	Completed	Completed	In Process	January 2012
Team San Jose Convention and CVB Activities	—	—	Completed	In Process	January 2012
Information Technology General Controls	Completed	Completed	Completed	In Process	February 2012
Police Department Secondary Employment	Completed	Completed	In Process		
Fire Department Performance Measures	Completed	Completed	In Process		
Environmental Services Department Funding and Staffing	Completed	Completed	In Process		
Water Pollution Control Plan Rehabilitation	In Process				
<b>Assignments Not Yet Started</b>					
Annual Financial Scan of CBOs					
Fire Department Disability Rates					
Consulting Agreements					
Overhead Reimbursements					
Cardroom Oversight					
Fire Prevention					
Coordination of External Audit Work					
Impact of Staffing Reductions					
Deferred Compensation					
Santa Clara County Cities Association					
Housing Programs					
Recommendation Follow-up Report (December 31, 2011)					

<sup>1</sup> The approved work plan is on the web at [www.sanjoseca.gov/auditor/workplan.asp](http://www.sanjoseca.gov/auditor/workplan.asp)

<sup>2</sup> 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.