

August 22, 2006

Honorable Members of the City Council Rules Committee
200 East Santa Clara Street
San Jose, CA 95113

I recommend the Rules Committee include the following assignments on the City Auditor's 2006-07 Audit Workplan. These proposed assignments incorporate recommendations from the Mayor, City Councilmembers, the City Manager, and other City Council appointees.

Assignments In Progress:

1. TEAM San Jose (2004-05)
2. Public Works Transportation Contract Cycle Times
3. Traffic Calming
4. Arena Management
5. Purchase Card Utilization
6. City Debt and Investment Program
7. Santa Clara County Cities Association

Assignments Not Yet Started

8. Los Lagos Golf Course Operations and Finances
9. Workers' Compensation Program
10. Public Works' Cost Estimation Process
11. Vehicle Maintenance Procedures
12. Housing Rehabilitation
13. Risk Management
14. Police Department Overtime
15. Information Technology Department

Annual Assignments

16. Annual Financial Audit and Single Audit Overview
17. Allied Waste Contract Expenditures
18. TEAM San Jose (2005-06)
19. Workers' Compensation Program Claims Liability

On-going Assignments

20. Quarterly Sales Tax Audits
21. Semiannual Audit Recommendation Follow-Up
22. Review of Significant Requests For Proposal
23. Cardroom Audit Overview
24. Other Revenue Audits
25. Redevelopment Disposition and Development Agreements

New Audit Requests

26. Community Based Organizations' (CBO) Financial Reporting and Accountability
27. Decentralized Cash Handling Processes
28. Convention and Visitors Bureau
29. Consolidated Water Utility Fund

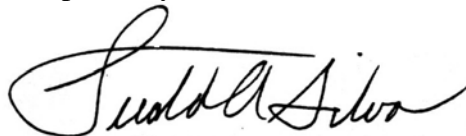
In addition, the City Auditor's Citywide Risk Assessment Model identified additional potential 2006-07 audit subjects. We scored each budgeted program or revenue source using the following criteria:

- Proposed 2005-06 expenditures
- Three-year expenditure trend
- Fund type
- Proposed 2005-06 capital expenditures
- Estimated 2005-06 revenues
- Three-year revenue trend
- Number of staff
- Estimated 2005-06 beginning fund balance
- Audit requests
- Date of last audit

A copy of our Citywide Risk Assessment Model is attached to this report.
(Attachment A).

I will present my proposed 2006-07 Audit Workplan to the Rules Committee at its August 30, 2006 meeting.

Respectfully submitted,



Gerald A. Silva
City Auditor

GS:bh
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