

**SAN JOSÉ CONVENTION  
AND CULTURAL FACILITIES**  
(An Activity of the City of San José)

Independent Accountant's Report On  
Applying Agreed-Upon Procedures

For the Nine Months Ended March 31, 2010



City of San José and Team San José  
City of San José, California

### **Independent Accountant's Report On Applying Agreed-Upon Procedures**

We have performed the procedures enumerated below, which were agreed to by the City of San José's (the City's) management and Team San José's management (the specified parties), solely to assist you with evaluating the effectiveness of internal controls currently in operation over wire transfers, food and beverage revenues and cash receipts, and food and beverage inventory (collectively, "transaction streams") of the San José Convention and Cultural Facilities (Convention Center) for the nine months ended March 31, 2010. Team San José's management is responsible for the presentation of the internal controls over these transaction streams in accordance with the Convention Center's internal accounting policies and procedures; and for selecting the criteria and determining that such criteria are appropriate for your purposes. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

- A. We randomly selected and tested five (5) wire transfer transactions processed from July 1, 2009 through March 31, 2010.
  - 1. We determined whether the wire transfer form is prepared by the Senior Accountant, Assistant Controller or CFO.  
Finding: No exceptions were noted as a result of applying our procedures.
  - 2. We determined whether the wire transfer form is reviewed and approved by the Senior Accountant, Assistant Controller or CFO who is not the preparer.  
Finding: No exceptions were noted as a result of applying our procedures.
- B. We randomly selected and tested five (5) food and beverage cash receipts transactions processed from July 1, 2009 through March 31, 2010.
  - 1. We determined whether the cash slip is prepared by the cashier/bartender.  
Finding: No exceptions were noted as a result of applying our procedures.
  - 2. We determined whether the cash slip is reconciled to the cash drawer at checkout by the vault personnel/Event Supervisor and reviewed by the vault personnel/Event Supervisor.  
Finding: No exceptions were noted as a result of applying our procedures.
  - 3. We determined whether the deposit is reconciled to the cash slip and recorded by the vault personnel/Event Supervisor.  
Finding: No exceptions were noted as a result of applying our procedures.

4. We determined whether the deposit is reconciled to the bank statement as part of the bank reconciliation by the Senior Accountant.

Finding: No exceptions were noted as a result of applying our procedures.

- C. We randomly selected and tested five (5) food and beverage revenue transactions processed from July 1, 2009 through March 31, 2010.

1. We determined whether the Event Manager enters the new customer into the system.

Finding: No exceptions were noted as a result of applying our procedures.

2. We determined whether the Event Manager enters a service order in the system consistent with the signed contract.

Finding: No exceptions were noted as a result of applying our procedures.

3. We determined whether the affected department/Event Manager documents the delivery of goods and services on the service order.

Finding: No exceptions were noted as a result of applying our procedures.

4. We determined whether the affected department/Event Manager records the completed service order. Final submission of all service orders are forwarded to the Event Services Coordinator for review and approval. The Accounting Department enters approved service orders into the accounts receivable module.

Finding: No exceptions were noted as a result of applying our procedures.

5. We determined whether the City approves uncollectible receivables for write-off and the AR Specialist records the write-off.

Finding: None of the five transactions selected for testing were subject to write-off as the five food and beverage revenue transactions selected for testing were paid by the customers.

6. We determined whether the AR Specialist applies the payment in the deposit to the appropriate accounts receivable.

Finding: No exceptions were noted as a result of applying our procedures.

7. We determined whether the deposit is reconciled to the bank statement as part of the bank reconciliation by the Senior Accountant.

Finding: No exceptions were noted as a result of applying our procedures.

- D. We randomly selected and tested five (5) food and beverage inventory transactions processed from July 1, 2009 through March 31, 2010.

1. We determined whether the Purchasing Manager approves and records the purchase request documented in the Daily Market List prepared by the Chef.

Finding: For 2 of the 5 transactions tested, both of which were from the vendor, Peet's Coffee, the Purchasing Manager ordered the inventory without the Chef recording it on the Daily Market List.

2. We determined whether the Purchasing Staff receives the product and verifies that it is consistent with the purchase order.

Finding: No exceptions were noted as a result of applying our procedures.

3. We determined whether the AP Specialist records the completed purchase order into the inventory module.

Finding: No exceptions were noted as a result of applying our procedures.

4. We determined whether the Concessions Coordinator/Production Manager prepares a requisition form for an event and the Purchasing Manager reviews and approves the form.

Finding: No exceptions were noted as a result of applying our procedures.

5. We determined whether the Senior Accountant records inventory usage.

Finding: No exceptions were noted as a result of applying our procedures.

6. We determined whether the Senior Accountant reconciles the physical inventory counts to the general ledger and the reconciliation is reviewed and approved by the Assistant Controller prior to recording in the general ledger by the Senior Accountant.

Finding: No exceptions were noted as a result of applying our procedures.

7. We determined whether the Senior Accountant performs a quarterly inventory valuation analysis and the Assistant Controller records any valuation adjustments into the inventory module.

Finding: No exceptions were noted as a result of applying our procedures.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the effectiveness of internal controls over the transaction streams of the Convention Center for the nine months ended March 31, 2010. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties and is not intended to be and should not be used by anyone other than those specified parties.

*Macias Gini & Connell LLP*

Certified Public Accountants  
Walnut Creek, California

May 28, 2010