

**TO:** Public Safety, Finance and Strategic Support Committee  
**FROM:** Sharon W. Erickson, City Auditor  
**SUBJECT:** *Monthly Report of Activities for April 2012*  
**DATE:** May 7, 2012

---

## RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for April 2012.

## 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 April 2012.

### **Audit Reports Issued During the Month of April:**

- 1. Cities Association of Santa Clara County** (annual review at the request of the Association's Board) – We reviewed expenditures and controls for the year ending June 30, 2011. Our report was accepted at the April 19, 2012 meeting of the Public Safety, Finance and Strategic Support Committee and was distributed to Association Board members.

### **Other Activities During the Month of April:**

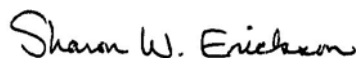
- As part of a reciprocal agreement with the Association of Local Government Auditors, a staff member participated in a peer review of the Internal Audit Department at the State of Maryland Judiciary
- The City Auditor presented a session on government auditing to a San Jose State University auditing class.
- The City Auditor's Office received an official announcement (attached) that our office won a 2011 Honorable Mention Knighton Award from the Association of Local Government Auditors (ALGA) for best performance audit in the Medium Audit Shop category for our *Audit of Key Drivers of Employee Compensation*.

**Assignments in Process:**

- 1. 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:** Report writing completed.  
**Anticipated Release Date:** May 2012.
- 2. 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.
- 3. 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:** Fieldwork in process.  
**Anticipated Release Date:** TBD.
- 4. Coordination of External Audit Work** – Identify other agencies’ audits of City programs, the audit scopes, and any open audit recommendations.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** TBD.
- 5. Fire Department Disability Rates** – Evaluation of workplace injuries and assessment of timeliness of treatment and recovery (follow-up to previous disability retirement and workers’ compensation audit reports).  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** TBD.
- 6. Impact of Staffing Reductions** –the impact of voluntary separations, layoffs, and bumping on the City’s capacity to effectively manage its operations, including the loss of employees with special or technical competence.  
**Project Status:** Fieldwork 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

Attachments: Announcement from ALGA,  
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 April, 2012**

	<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>					
Santa Clara County Cities Association	—	—	Completed	Completed	April 2012
Police Department Secondary Employment	Completed	Completed	Completed	Completed	March 2012
Recommendation Follow-up Report (December 31, 2011)	—	—	Completed	Completed	March 2012
City Open Purchase Orders for Office Supplies	Completed	Completed	Completed	Completed	January 2012
Team San Jose Convention and CVB Activities	—	—	Completed	Completed	January 2012
Information Technology General Controls	Completed	Completed	Completed	Completed	January 2012
Annual Service Efforts and Accomplishments	—	—	Completed	Completed	December 2011
External Audit and Single Audit	—	—	Completed	Completed	December 2011
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>					
Fire Department Performance Measures	Completed	Completed	Completed	Completed	May 2012
Environmental Services Department Funding and Staffing	Completed	Completed	In Process		
Water Pollution Control Plan Rehabilitation	Completed	Completed	In Process		
Coordination of External Audit Work	Completed	Completed	In Process		
Fire Department Disability Rates	Completed	Completed	In Process		
Impact of Staffing Reductions	Completed	Completed	In Process		
<b>Assignments Not Yet Started</b>					
Fire Prevention					
Deferred Compensation					
Overhead Reimbursements					
Consulting Agreements					
Housing Programs					
Cardroom Oversight					
Annual Financial Scan of CBOs					

<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.



# Association of Local Government Auditors

## OFFICERS

*President*  
**Ross Tate**  
Maricopa County Auditor  
Phoenix, AZ

*President Elect*  
**Drummond Kahn**  
Audit Services Director  
Portland, OR

*Secretary*  
**Jay Poole**  
City Auditor  
Chesapeake, VA

*Treasurer*  
**Corrie Stokes**  
Deputy City Auditor  
Austin, TX

*Past President*  
**Beth Breier**  
Audit Manager  
Tallahassee, FL

## BOARD MEMBERS AT LARGE

**Kymber Waltmunson**  
Principal Management Auditor  
King County, WA

**Theresa McGrady Weatherman**  
Audit Director  
Fairfax County Public Schools, VA

**Ruthe Holden**  
Chief Auditor  
LA Metropolitan Transportation  
Authority, CA

**Denny Nester**  
City Auditor  
Colorado Springs, CO

## MEMBER SERVICES

449 Lewis Hargett Circle  
Suite 290  
Lexington, KY 40503  
Phone: (859) 276-0686  
Fax: (859) 278-0507

[www.governmentauditors.org](http://www.governmentauditors.org)  
[memberservices@governmentauditors.org](mailto:memberservices@governmentauditors.org)

## FOR IMMEDIATE RELEASE

April 27, 2012

Contact: Pamela Weipert, ALGA Awards Committee, 248-858-0997  
Sharon Erickson, City Auditor, City of San Jose, 408-535-1238

## CITY AUDIT REPORT WINS NATIONAL RECOGNITION

LEXINGTON, KY -- The Association of Local Government Auditors (ALGA), a national audit association founded in 1985, has presented a 2011 Honorable Mention Knighton Award for best performance audit in the Medium Audit Shop category to the City of San Jose, Office of the City Auditor.

The audit report, *Audit of Key Drivers of Employee Compensation*, was judged on several key elements, such as the potential for significant impact, the persuasiveness of the conclusions, the focus on improving government efficiency and effectiveness, and its clarity, conciseness and innovation.

This audit relied on extensive analysis of 10 years of payroll data. Auditors identified \$20 million in potential savings and detailed personnel practices that result in additional (perhaps unintended) costs to the City.

Judges said the recommendations were well-designed to create budget savings, improve transparency, and encourage consideration of long-term costs. They commented the writing is clear and persuasive, and graphics assist readers in understanding the significance of audit findings.

Each year, local government audit organizations from around the U.S. and Canada submit their best performance audit reports for judging.

The purpose of the competition is to improve government services by encouraging and increasing levels of excellence among local government auditors. Judges from peer organizations determined that this audit was among the best of 2011.