

Memorandum

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

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for June and July 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 months of June and July 2012.

Activities During the Months of June and July:

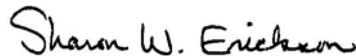
- Notification of other external audits: The City Auditor's FY 2011-12 Audit Work Plan included a project to identify other agencies' audits of City programs. As part of this project, we compiled available audits that have been issued over the last few years. We also updated the Audit Review and Follow-Up Procedures in the City Administrative Policy Manual to reflect the current practices in the City Auditor's Office and to require departments to notify the City Auditor of any other audits that may be conducted by outside agencies that result in a written audit report. Departments are to provide copies of any written report to the City Auditor. Those reports are now being posted online at <http://www.sanjoseca.gov/auditor/OtherExternal.asp>.
- In July, the California State Auditor held an exit conference with City staff to discuss the preliminary results of the state's review of San Jose's finances and pension obligations. The State Auditor is expected to release the report on August 21, 2012.
- In June, Erica Janoff joined the Office of the City Auditor as a Program Performance Auditor.
- Issued the City Auditor's Fiscal Year 2012-13 Work Plan (<http://www.sanjoseca.gov/auditor/Workplan/2012-13.pdf>). The workplan was approved by the Rules and Open Government Committee on August 1, 2012.

Assignments in Process:

- 1. Environmental Services Department** – Staffing and management audit of ESD, with special focus on how ratepayer funds are used, and a review of the Water Pollution Control Plant Rehabilitation Project for opportunities to reduce the costs, expedite the project, and create savings for ratepayers.
Project Status: Completed.
Anticipated Release Date: August 2012.
- 2. 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: Report writing in process.
Anticipated Release Date: September 2012.
- 3. 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.
- 4. Fire Prevention** – causes and impacts of reported low compliance with state inspection requirements (according to the Proposed 2011-12 Operating Budget, an estimated 36% of dwellings received a state-mandated inspection in 2010-11 compared to a target of 100%).
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

Status of the City Auditor's FY 2011-12 Work Plan

**Status of the City Auditor's FY 2011-12 Work Plan¹
as of July, 2012**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date²
Assignments Completed					
Coordination of External Audit Work	Completed	Completed	Completed	N/A	June 2012
Fire Department Performance Measures	Completed	Completed	Completed	Completed	May 2012
Semi-annual Compliance Review of City's Investment Program	—	—	Completed	Completed	May 2012
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 Review 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
Assignments In Process					
Environmental Services Department	Completed	Completed	Completed	Completed	August 2012
Fire Department Disability Rates	Completed	Completed	Completed	In Process	September 2012
Impact of Staffing Reductions	Completed	Completed	In Process		
Fire Prevention	Completed	Completed	In Process		
Assignments Not Yet Started					
Deferred Compensation					
Overhead Reimbursements					
Consulting Agreements					
Housing Programs					
Cardroom Oversight					
Annual Financial Scan of CBOs					

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.