

TO: Public Safety, Finance and Strategic Support Committee **FROM:** Sharon W. Erickson, City Auditor
SUBJECT: *Monthly Report of Activities for August 2012* **DATE:** September 10, 2012

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for August 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 2012-13 Work Plan during the month of August 2012.

Reports Issued During the Month of August:

- 1. Environmental Services Department** – We audited the staffing and management 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. Our report included 22 recommendations. On August 15, 2012, we presented the report to the Water Pollution Control Plant's technical advisory committee. The report was accepted at the August 28, 2012 City Council Meeting (it was deferred from the August 16, 2012 meeting of the Public Safety, Finance and Strategic Support Committee due to lack of quorum).

Activities During the Month of August:

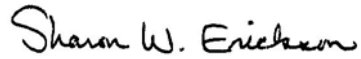
- Alison McInnis, Brenna Silbory, and Minh Dan Vuong joined the Office of the City Auditor as a Program Performance Auditors.
- On August 21, 2012, the State Auditor issued a report titled "City of San Jose - Some Retirement Projections Were Unsupported, Although Rising Retirement Costs Have Led to Reduced City Services." The report included one recommendation regarding development of cost projections. The City agreed with the recommendation. The report is posted on our website at www.sanjoseca.gov/auditor/otherexternal.asp
- Spoke regarding the role and responsibility of the City Auditor's Office to the Human Relations Commission.

Assignments in Process:

- 1. Fire Department Injuries** – 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.
- 2. Semi-Annual Follow-up Report On All Outstanding Audit Recommendations For the Six Months Ended June 30, 2012** – The report will list all recommendations outstanding from all previous audit reports, including potential budget impacts where applicable and target dates where available.
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.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
- 5. Consulting Agreements** (one in a series of audits reviewing large contracts to confirm that the city is getting the service that it is paying for and/or the revenues to which it is entitled) – Audit of the procurement, monitoring, and payment for consulting agreements.
Project Status: Initiated audit; preliminary survey in process.
Anticipated Release Date: TBD.
- 6. Deferred Compensation** – The City maintains deferred compensation plans for its employees. The assets of two plans are held in trust and administered by the Deferred Compensation Advisory Committee. As of June 30, 2011, net assets totaled \$668 million. This audit will focus on handling and crediting of employees' deferred compensation accounts.
Project Status: Initiated audit; preliminary survey in process.
Anticipated Release Date: TBD.
- 7. Office of Economic Development Performance Measures** (one in a series of on-going projects reviewing the accuracy and reporting of city performance measures) – Review and validation of performance measures for the year ended June 30, 2012.
Project Status: Initiated audit; preliminary survey in process.
Anticipated Release Date: TBD.

Information on the status of the City Auditor's FY 2012-13 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 2012-13 Work Plan

**Status of the City Auditor's FY 2012-13 Work Plan¹
as of August, 2012**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date ²
Assignments Completed					
Environmental Services Department	Completed	Completed	Completed	Completed	August 2012
Assignments In Process					
Fire Department Injuries (disability rates)	Completed	Completed	Completed	Completed	September 2012
Recommendation Follow-Up For 6 Months Ended June 30, 2012	N/A	N/A	Completed	Completed	September 2012
Annual Audits of Bond and Parcel Tax Measure	—	—	In Process		
Semi-annual Compliance Reviews of City's Investment Program	—	—	In Process		
External Audit and Single Audit	—	—	In Process		
Impact of Staffing Reductions	Completed	Completed	In Process		
Fire Prevention	Completed	Completed	In Process		
Deferred Compensation	In Process				
Office of Economic Development Performance Measures	In Process				
Consulting Agreements	In Process				
Assignments Not Yet Started					
5 th Annual Service Efforts and Accomplishments Report					
Annual Review of Team San Jose Performance					
Overview of San Jose's Civil Service System					
Housing Programs					
Santa Clara County Cities Association					
Water Pollution Control Plant Asset Management & Maintenance					
Library Hours and Staffing					
Community Code Enforcement					
Graffiti Abatement					
Overhead Reimbursements					
Revenue Management					
Water Pollution Control Plant Master Agreements					
Travel Expenditures					

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.