

**TO:** Public Safety, Finance and Strategic Support Committee  
**FROM:** Sharon W. Erickson, City Auditor  
**SUBJECT:** *Monthly Report of Activities for November 2012*  
**DATE:** December 3, 2012

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## RECOMMENDATION

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

### Reports Issued During the Month of November:

- 1. Impact of Staffing Reductions** – The objective of our audit was to determine how the City's elimination of 2,130 budgeted positions, including 337 layoffs, have affected the organization. Our report included 7 recommendations. The report was accepted at the November 15, 2012 meeting of the Public Safety, Finance and Strategic Support Committee, and is scheduled to be presented at the January 8, 2013 meeting of the City Council.
- 2. Annual External Financial Audits as of June 30, 2012 (contracted audit service)** – Macias, Gini & O'Connell LLP conducted the annual financial audits of the City, Convention Center, Hayes Mansion, Clean Water Financing Authority, Deferred Compensation, MTC Compliance, Police and Fire Retirement Plan, Federated Retirement System, Redevelopment Agency Successor Agency, Airport, Single Audit, and Management Letter. The reports have been or will be presented to the City Council or to the relevant committee. The City Auditor's Office facilitated and helped coordinate the external audits. The reports can be found on-line at <http://www.sanjoseca.gov/index.aspx?NID=3342>
- 3. Annual audits of voter-approved bond and parcel tax measures as of June 30, 2012 (contracted audit service)** – Macias, Gini & O'Connell LLP conducted the annual financial audits of Branch Library Bond Projects Fund, the Parks and Recreation Bond Projects Fund, the Library Parcel Tax Special Revenue Fund, and the Public Safety Bond Projects Fund. The City Auditor's Office facilitated and helped to coordinate these audits, all of which were issued. The Library parcel tax and bond measure audits were presented at the Citizens Oversight Committee on November 14, 2012. The Parks and Recreation bond and Public Safety bond project audits are scheduled to be presented at their respective Citizens Oversight Committees on December 5, 2012 and a date TBD in 2013, respectively.

- 4. Semi-annual compliance review of the City's investment program as of June 30, 2011 (contracted audit service)** – Macias, Gini & O'Connell LLP evaluated whether the pooled investment portfolio is in compliance with the City's Investment Policy for the six months ended June 30, 2012. The City Auditor's Office facilitated and helped to coordinate this audit. The reports can be found on-line at <http://www.sanjoseca.gov/index.aspx?NID=3342>

#### **Activities During the Month of November:**

- Spoke regarding performance audit success techniques to the California County Audit Chiefs.

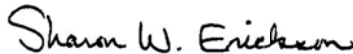
#### **Assignments in Process:**

- 1. Service Efforts and Accomplishments (SEA) Report** – Fifth annual report providing data about the cost, quality, quantity, and timeliness of City services. The purpose of SEA reporting is to strengthen public accountability and help improve government efficiency and effectiveness. It incorporates existing performance measurement data, showing five-year historical trends, a variety of comparisons to other cities, and the results of resident surveys.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** December 2012.
- 2. Team San Jose Convention Center Performance and Convention Visitors Bureau (CVB) Activities** – The purpose of our annual convention center review is to determine whether Team San Jose met its performance metrics and other key requirements in the management agreement between the City and Team San Jose for the fiscal year ended June 30, 2012.  
**Project Status:** Report writing in process.  
**Anticipated Release Date:** January 2013.
- 3. 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. This audit focuses on handling and crediting of employees' deferred compensation accounts.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** TBD.

- 4. 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:** Fieldwork in process.  
**Anticipated Release Date:** TBD
- 5. Fire Prevention** – Causes and impacts of reported low compliance with state inspection requirements.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** TBD.
- 6. 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:** Fieldwork 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

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Status of the City Auditor's FY 2012-13 Work Plan

**Status of the City Auditor's FY 2012-13 Work Plan<sup>1</sup>  
as of November, 2012**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date <sup>2</sup>
<b>Assignments Completed</b>					
Impact of Staffing Reductions	Completed	Completed	Completed	Completed	November 2012
External Financial Audits	—	—	Completed	Completed	November 2012
Annual Audits of Bond and Parcel Tax Measures	—	—	Completed	Completed	November 2012
Semi-annual Compliance Reviews of City's Investment Program	—	—	Completed	Completed	November 2012
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
Environmental Services Department	Completed	Completed	Completed	Completed	August 2012
<b>Assignments In Process</b>					
5 <sup>th</sup> Annual Service Efforts and Accomplishments	—	—	Completed	In Process	December 2012
Annual Review of Team San Jose Performance	—	—	Completed	In Process	January 2013
Single Audit and Management Letter	—	—	Completed	In Process	January 2013
Deferred Compensation	Completed	Completed	In Process		
Office of Economic Development Performance Measures	Completed	Completed	In Process		
Fire Prevention	Completed	Completed	In Process		
Consulting Agreements	Completed	Completed	In Process		
<b>Assignments Not Yet Started</b>					
Airport Taxi Dispatch and Services Model					
Graffiti Abatement					
Housing Programs					
Santa Clara County Cities Association					
Water Pollution Control Plant Asset Management & Maintenance					
Library Hours and Staffing					
Community Code Enforcement					
Revenue Management					
Overhead Reimbursements					
Water Pollution Control Plant Master Agreements					
Overview of San Jose's Civil Service System					
Travel Expenditures					

<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.