

**TO:** Public Safety, Finance and Strategic Support Committee  
**FROM:** Sharon W. Erickson, City Auditor  
**SUBJECT:** *Monthly Report of Activities for February 2013*  
**DATE:** March 12, 2013

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## RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for February 2013.

## 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 February 2013.

### Reports Issued During the Month of February:

- 1. Office of Economic Development Performance Measures** (one in a series of on-going projects reviewing the accuracy and reporting of city performance measures) – We performed a review and validation of The Office of Economic Development's performance measures for the year ended June 30, 2012. The report made four recommendations and was presented at the February 20, 2013 meeting of the Public Safety, Finance and Strategic Support Committee and at the March 5, 2013 meeting of the City Council.
- 2. 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 focused on handling and crediting of employees' deferred compensation accounts. The report made eight recommendations and will be presented at the March 18, 2013 meeting of the Deferred Compensation Advisory Committee, the March 21, 2013 meeting of the Public Safety, Finance and Strategic Support Committee, and at a City Council meeting TBD.

### Activities During the Month of February:

- Hosted a traveling delegation of auditors from Guangdong, China.
- Participated in Association of Local Government Auditors (ALGA) webinar on *Audit Issues Associated with Local Government Pensions*.

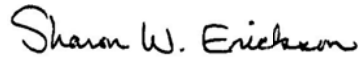
- Presented a session on performance auditing to a San Jose State University class on “Social Policy Analysis”.

**Assignments in Process:**

- 1. Fire Prevention** – Audit of fire prevention activities, including the causes and impacts of reported low compliance with state inspection requirements.  
**Project Status:** Report writing in process.  
**Anticipated Release Date:** April 2013.
- 2. 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.
- 3. Graffiti Abatement** – Assess the efficiency and effectiveness of outsourced graffiti abatement services.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** TBD.
- 4. Airport Taxi Dispatch and Service Model** – Audit of the existing service model, the Taxi San Jose contract, and of the effectiveness and impact of the current permit allocation.  
**Project Status:** Risk assessment in process.  
**Anticipated Release Date:** TBD.
- 5. Housing Programs** – The elimination of tax increment funding has dramatically impacted the City’s housing programs. This initial focus of this audit is the housing loan portfolio that remains in the City’s control. Revenue from the \$769 million loan portfolio is forecasted to generate \$12 million in proceeds in FY 2012-13.  
**Project Status:** Preliminary survey in process.  
**Anticipated Release Date:** TBD.
- 6. Water Pollution Control Plant’s Master Agreements** – Audit of master agreements for engineering services related to capital improvement projects at the Plant.  
**Project Status:** 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

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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 February 2013**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date <sup>2</sup>
<b>Assignments Completed</b>					
Deferred Compensation	Completed	Completed	Completed	Completed	February 2013
Office of Economic Development Performance Measures	Completed	Completed	Completed	Completed	February 2013
Single Audit and Management Letter	—	—	Completed	Completed	February 2013
Annual Review of Team San Jose Performance	—	—	Completed	Completed	January 2013
5 <sup>th</sup> Annual Service Efforts and Accomplishments	—	—	Completed	Completed	December 2012
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 6-30-12	N/A	N/A	Completed	Completed	September 2012
Environmental Services Department	Completed	Completed	Completed	Completed	August 2012
<b>Assignments In Process</b>					
Recommendation Follow-Up For 6 Months Ended 12-31-12	N/A	N/A	Completed	In Process	March 2013
Fire Prevention	Completed	Completed	Completed	In Process	April 2013
Santa Clara County Cities Association	N/A	N/A	In Process		
Consulting Agreements	Completed	Completed	In Process		
Graffiti Abatement	Completed	Completed	In Process		
Water Pollution Control Plant Master Agreements	Completed	Completed	In Process		
Airport Taxi Dispatch and Service Model	Completed	In Process			
Housing Programs	In Process				
<b>Assignments Not Yet Started</b>					
Overhead Reimbursements					
Library Hours and Staffing					
Community Code Enforcement					
Revenue Management					
Water Pollution Control Plant Asset Management & Maintenance					
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.