

**TO:** Public Safety, Finance and Strategic Support Committee  
**FROM:** Sharon W. Erickson, City Auditor  
**SUBJECT:** *Monthly Report of Activities for March 2013*  
**DATE:** April 9, 2013

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## RECOMMENDATION

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

### Reports Issued During the Month of March:

- 1. Semi-Annual Follow-up Report On All Outstanding Audit Recommendations For the Six Months Ended December 31, 2012** – The report gave the status of the 219 recommendations outstanding from all previous audit reports, including the 44 new recommendations made since our last semi-annual report. During this reporting period, 11 recommendations became fully implemented. The report was accepted at the March 21, 2012 Public Safety, Finance and Strategic Support (PSFSS) Committee meeting.

### Activities During the Month of March:

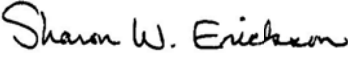
- Presented the audit of Deferred Compensation at the March 18, 2013 meeting of the Deferred Compensation Advisory Committee, and the March 21, 2013 meeting of the Public Safety, Finance and Strategic Support (PSFSS) Committee.
- Presented a summary of prior audits and outstanding audit items to a joint meeting of the audit committees of the Federated City Employees' Retirement System and the Police and Fire Department Retirement Plan on March 21, 2013.
- Met with Police Department staff regarding the number and tracking of performance measures.

### 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 complete.  
**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:** Report writing in process.  
**Anticipated Release Date:** May 2013.
- 3. Taxi 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:** Fieldwork in process.  
**Anticipated Release Date:** May 2013. (Scheduled for the June 3, 2013 meeting of the Transportation and Environment Committee)
- 4. Graffiti Abatement** – Assess the efficiency and effectiveness of outsourced graffiti abatement services.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** June 2013.
- 5. Water Pollution Control Plant’s Master Agreements** – Audit of master agreements for engineering services related to capital improvement projects at the Plant.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** June 2013.
- 6. Housing Loan Portfolio** – 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:** Risk assessment in process.  
**Anticipated Release Date:** TBD.
- 7. Overhead Cost Allocation** – Review the calculation and allocation of overhead among various City funds.  
**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

SE:bh

**Status of the City Auditor's FY 2012-13 Work Plan<sup>1</sup>  
as of March 2013**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date <sup>2</sup>
<b>Assignments Completed</b>					
Recommendation Follow-Up For 6 Months Ended 12-31-12	N/A	N/A	Completed	Completed	March 2013
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>					
Fire Prevention	Completed	Completed	Completed	Completed	April 2013
Santa Clara County Cities Association	N/A	N/A	Completed	Completed	April 2013
Consulting Agreements	Completed	Completed	Completed	In Process	May 2013
Taxi Service Model	Completed	Completed	In Process		May 2013
Graffiti Abatement	Completed	Completed	In Process		June 2013
Water Pollution Control Plant Master Agreements	Completed	Completed	In Process		June 2013
Housing Loan Portfolio	Completed	In Process			
Overhead Cost Allocation	In Process				
<b>Assignments Not Yet Started</b>					
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.