

TO: Public Safety, Finance and Strategic Support Committee
FROM: Sharon W. Erickson, City Auditor
SUBJECT: *Monthly Report of Activities for May 2013*
DATE: June 11, 2013

RECOMMENDATION

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

Reports Issued During the Month of May:

1. **Taxi Service Model** – We audited the existing service model, the Taxi San Jose contract, and of the effectiveness and impact of the current permit allocation. The report made 6 recommendations and was presented at the June 3, 2013 meeting of the Transportation and Environment Committee.
2. **Semi-Annual Compliance Review of the City's Investment Program as of December 31, 2012 (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 December 31, 2013. The City Auditor's Office facilitated and helped to coordinate this audit. The report can be found on-line at <http://www.sanjoseca.gov/index.aspx?nid=323>

Activities During the Month of May:

- The City Auditor and two staff members participated in the conference of the Association of Local Government Auditors (ALGA) in Nashville, Tennessee. At this conference, we accepted our Knighton Award and the City Auditor served on a discussion panel regarding pension reform.

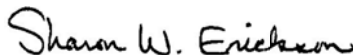
Assignments in Process:

3. **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: June 2013.

- 4. Graffiti Abatement** – Assess the efficiency and effectiveness of outsourced graffiti abatement services.
Project Status: Report writing 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: Report writing 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: Fieldwork in process (in June 2013, we put this audit on temporary hold due to staffing issues).
Anticipated Release Date: TBD.
- 7. Overhead Cost Allocation** – Review the calculation and allocation of overhead among various City funds.
Project Status: Risk Assessment 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 Plan¹
as of May 2013**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date ²
Assignments Completed					
Taxi Service Model	Completed	Completed	Completed	In Process	May 2013
Fire Prevention	Completed	Completed	Completed	Completed	April 2013
Santa Clara County Cities Association	N/A	N/A	Completed	Completed	April 2013
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 th 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
Assignments In Process					
Consulting Agreements	Completed	Completed	Completed	Completed	June 2013
Graffiti Abatement	Completed	Completed	Completed	Completed	June 2013
Water Pollution Control Plant Master Agreements	Completed	Completed	Completed	Completed	June 2013
Housing Loan Portfolio	Completed	On Hold			
Overhead Cost Allocation	In Process				
Assignments Not Yet Started					
Library Hours and Staffing *					
Community Code Enforcement *					
Travel Expenditures *					
Revenue Management					
Water Pollution Control Plant Asset Management & Maintenance					
Overview of San Jose's Civil Service System					

*Assignments started in June 2013.

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.