

TO: Public Safety, Finance and Strategic Support Committee
FROM: Sharon W. Erickson, City Auditor
SUBJECT: *Monthly Report of Activities for June and July 2013*
DATE: August 6, 2013

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for the combined months of June and July 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 months of June and July 2013.

Reports Issued During the Months of June and July:

- 1. 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). We performed an audit of the procurement, monitoring, and payment of consulting agreements. The report made 15 recommendations and was presented at the June 20, 2013 meeting of the Public Safety, Finance and Strategic Support Committee.
- 2. Graffiti Abatement** – We assessed the efficiency and effectiveness of outsourced graffiti abatement services. The report made 20 recommendations and was presented at the June 20, 2013 meeting of the Public Safety, Finance and Strategic Support Committee.
- 3. Regional Wastewater Facility Agreements** – We audited the master agreements for engineering services related to capital improvement projects at the Water Pollution Control Plant. The report made 7 recommendations and was presented at the June 20, 2013 meeting of the Public Safety, Finance and Strategic Support Committee.

Activities During the Month of June and July:

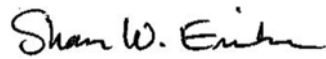
- Brandon Camhi joined the office for the summer as part of Stanford University's *Stanford in Government* Fellowship Program. He is assisting on the Library Hours and Staffing audit.
- The City Auditor was called to testify in the Measure B trial consolidating several of the lawsuits filed against the City of San Jose.

Assignments in Process:

- 4. 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.
Anticipated Release Date: TBD.
- 5. Overhead Cost Allocation** – Review the calculation and allocation of overhead among various City funds.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
- 6. Library Hours and Staffing** – Assess the impact of budget reductions on Library hours and staffing and identify opportunities to increase the efficiency and effectiveness of scheduling and staffing.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
- 7. Community Code Enforcement** – Assess the efficiency and effectiveness of operations and consequences of staffing reductions.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
- 8. Travel Expenditures** – Routine audit of employee travel expenditures for appropriateness and compliance with City policies and procedures.
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. The City Auditor’s Fiscal Year 2013-14 Workplan will be heard by the Rules Committee on August 7, 2013. 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 July 2013**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date²
Assignments Completed					
Consulting Agreements	Completed	Completed	Completed	Completed	June 2013
Graffiti Abatement	Completed	Completed	Completed	Completed	June 2013
Regional Wastewater Facility Master Agreements	Completed	Completed	Completed	Completed	June 2013
Taxi Service Model	Completed	Completed	Completed	Completed	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					
Housing Loan Portfolio	Completed	Completed	In Process		
Overhead Cost Allocation	Completed	Completed	In Process		
Library Hours and Staffing	Completed	Completed	In Process		
Community Code Enforcement	Completed	Completed	In Process		
Travel Expenditures	Completed	Completed	In Process		
Assignments Not Yet Started					
Water Pollution Control Plant Asset Management & Maintenance					
Revenue Management					
Overview of San Jose's Civil Service System					

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.