

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

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for the month of November 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 2013-14 Work Plan during the month of November 2013.

Reports Issued During the Month of November:

1. **Overhead Cost Allocation** – We reviewed the calculation and allocation of indirect or overhead costs among various City funds. Our report made 13 recommendations and was accepted at the November 21, 2013 meeting of the Public Safety, Finance and Strategic Support Committee.
2. **Community Code Enforcement** – We assessed the efficiency and effectiveness of operations and consequences of staffing reductions. Our report made 22 recommendations and was accepted at the November 21, 2013 meeting of the Public Safety, Finance and Strategic Support Committee.
3. **Annual External Financial Audits as of June 30, 2013 (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 Successor Agency, and Airport. The City Auditor's Office manages the contracts and helps coordinate the external financial audits. The reports can be found on-line at: <http://www.sanjoseca.gov/index.aspx?NID=323>. The City's Comprehensive Annual Financial Report (CAFR) was accepted at the November 21, 2013 meeting of the Public Safety, Finance and Strategic Support (PSFSS) Committee.
4. **Semi-annual compliance review of the City's investment program as of June 30, 2013 (contracted audit service)** – Macias, Gini & O'Connell LLP conducted the semi-annual review of compliance with the City's Investment Policy for the six months ended June 30, 2013. The report was accepted at the November 21, 2013 meeting of the PSFSS Committee as part of the *First Quarter Financial Reports for Fiscal Year 2013-14*.

Activities During the Month of November:

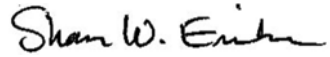
- Two members of an *Association of Local Government Auditors (ALGA)* peer review team performed the City Charter-required biennial audit of the City Auditor's Office, and issued a full compliance opinion letter, to be presented to the PSFSS committee on December 19, 2013.

Assignments in Process:

- 1. Travel Expenditures** – Routine audit of employee travel expenditures for appropriateness and compliance with City policies and procedures.
Project Status: Report writing in process.
Anticipated Release Date: December 2013.
- 2. Service Efforts and Accomplishments (SEA) Report** – Sixth 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: Report writing in process.
Anticipated Release Date: December 2013
- 3. 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.
- 4. Housing Loan Portfolio** – Evaluation of the housing loan portfolio, including the efficiency and effectiveness of loan repayment, compliance monitoring, and administration.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
- 5. Children's Health Initiative** – Per the June Budget message, determine whether the City fund spend since 2001 on administrative expense and outreach efforts were spent on political outreach or in support of organizations or individuals who are engaged in any activities other than providing health insurance to children.
Project Status: Preliminary Survey in process.
Anticipated Release Date: TBD.

Information on the status of the City Auditor's FY 2013-14 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,

A handwritten signature in black ink, reading "Sharon W. Erickson", is written over a horizontal line.

Sharon W. Erickson
City Auditor

SE:bh

Status of the City Auditor's FY 2013-14 Work Plan

**Status of the City Auditor's FY 2013-14 Work Plan¹
as of November 2013**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date ²
Assignments Completed					
Biennial Peer Review	N/A	N/A	Completed	Completed	November 2013
Overhead Cost Allocation	Completed	Completed	Completed	Completed	November 2013
External Financial Audits	N/A	N/A	Completed	In Process	November 2013
Semi-Annual Review of City's Investment Program as of 6/30/13	N/A	N/A	Completed	In Process	November 2013
Community Code Enforcement	Completed	Completed	Completed	Completed	November 2013
Annual Review of Team San Jose Performance	N/A	N/A	Completed	Completed	October 2013
Recommendation Follow-Up For 6 Months Ended 6-30-13	N/A	N/A	Completed	Completed	September 2013
Assignments In Process					
Travel Expenditures	Completed	Completed	Completed	In Process	December 2013
Annual Audits of Bond and Parcel Tax Measures	N/A	N/A	Completed	In Process	December 2013
6 th Annual Service Efforts and Accomplishments	N/A	N/A	Completed	In Process	December 2013
Single Audit and Management Letter	N/A	N/A	Completed	In Process	December 2013
Library Hours and Staffing	Completed	Completed	In Process		
Housing Loan Portfolio	Completed	Completed	In Process		
Children's Health Initiative	In Process				
Assignments Not Yet Started					
Senior Advisory Council Funds					
Fund Balance and Reserve Policies					
Development Center Application and Permitting Process					
Customer Call Handling					
Public Works Facility Maintenance					
Revenue Management					
Santa Clara County Cities Association					
Procurement Card Usage					
Stormwater Management					
Regional Wastewater Facility Maintenance					
Performance Measure Review					

¹ The approved work plan is on the web at <http://www.sanjoseca.gov/DocumentCenter/View/20155>

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.