

TO: Public Safety, Finance and Strategic Support Committee
FROM: Sharon W. Erickson, City Auditor
SUBJECT: *Monthly Report of Activities for September 2014*
DATE: October 9, 2014

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for the month of September 2014.

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 2014-15 Work Plan during the month of September 2014.

Reports Issued During the Month of September:

- 1. Procurement Card Usage** – Routine audit of procurement card usage for appropriateness and compliance with City policies. The report made 7 recommendations and was accepted at the September 25, 2014 meeting of the Public Safety, Finance and Strategic Support (PSFSS) Committee.
- 2. Development Services Application and Permitting Process** – We assessed the efficiency and effectiveness of the application and permitting processes and wait times for single-family residential projects. The report made 22 recommendations and was accepted at the September 25, 2014 meeting of the Public Safety, Finance and Strategic Support (PSFSS) Committee.
- 3. Semi-Annual Follow-up Report On All Outstanding Audit Recommendations For the Six Months Ended June 30, 2014** – The report summarized the status of the 311 open audit recommendations. The report was accepted at the September 25, 2014 meeting of the Public Safety, Finance and Strategic Support (PSFSS) Committee.
- 4. Annual External Financial Audits as of June 30, 2014 (contracted audit service)** – Macias, Gini & O'Connell LLP (MGO) issued the semi-annual compliance review of the City's investment program for the six months ended June 30, 2014. No exceptions were noted. MGO also issued reports with a clean opinion on the San Jose-Santa Clara Clean Water Financing Authority, the City of San Jose Deferred Compensation Plans, and the Hayes Mansion Conference Center. The City Auditor's Office manages the contracts and helps coordinate these external financial audits. Work on the remaining external financial audits and single audit is underway. As they become available, the reports are posted on-line at: <http://www.sanjoseca.gov/index.aspx?NID=323>.

Activities During the Month of September:

- The Office hosted a delegation of five auditors from Anhui Province, China.

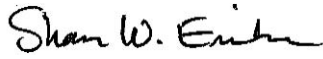
Assignments in Process:

- 5. Annual Review of Team San Jose (TSJ) Performance** – Annual review to determine whether TSJ met its performance metrics for the fiscal year ended June 30, 2014.
Project Status: Report writing completed.
Anticipated Release Date: October 2014.
- 6. Public Works Facilities Maintenance** – Assessment of the process for prioritizing repair and improvement projects.
Project Status: Reporting writing in process.
Anticipated Release Date: November 2014.
- 7. Accounts Receivable** – One in a series of audits of City revenues, this audit focuses on the billing and collection of accounts receivable that originate in City departments.
Project Status: Report writing in process.
Anticipated Release Date: December 2014.
- 8. Service Efforts and Accomplishments (SEA) Report** – Seventh 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: Fieldwork in process.
Anticipated Release Date: December 2014.
- 9. Fund Balance and Reserve Policies** – Review and assess the adequacy and appropriateness of ending fund balances and reserves compared to established targets and industry standards. Review the annual accounting to budgetary basis reconciliations of the City's operating and capital funds to ensure budgetary fund balances are accounted for properly.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
- 10. Employee Hiring** – Review the timeliness of the process for prioritizing, recruiting, and hiring new City employees.
Project Status: Preliminary Survey in process.
Anticipated Release Date: TBD.

- 11. Street Pavement Maintenance** – Assess the current condition and prioritization of street repair and preventative maintenance.
Project Status: Preliminary Survey in process.
Anticipated Release Date: TBD.

Information on the status of the City Auditor's FY 2014-15 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 2014-15 Work Plan

**Status of the City Auditor's FY 2014-15 Work Plan¹
as of September 2014**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date ²
Assignments Completed					
Recommendation Follow-Up For 6 Months Ended 6-30-14	N/A	N/A	Completed	Completed	September 2014
Procurement Card Usage	Completed	Completed	Completed	Completed	September 2014
Development Center Application and Permitting Process	Completed	Completed	Completed	Completed	September 2014
Assignments In Process					
2013-14 Annual Review of Team San Jose	N/A	N/A	Completed	In Process	October 2014
Public Works Facility Maintenance	Completed	Completed	Completed	In Process	November 2014
Accounts Receivable	Completed	Completed	Completed	In Process	December 2014
7 th Annual Service Efforts and Accomplishments	N/A	N/A	In Process		
Fund Balance and Reserve Policies	Completed	Completed	In Process		
Employee Hiring	In Process				
Street Pavement Maintenance	In Process				
Assignments Not Yet Started					
PRNS Cost Recovery Fee Programs					
Performance Measure Review					
Curbside Recycling					
Cardroom Tax Revenue and Contributions					
Workers' Compensation Utilization Review Service Provider					
Cities Association of Santa Clara County					
Police Department Recruiting and Hiring					
Police Department Resources Spent on VTA/County Properties					
South Bay Water Recycling					
Street Sweeping					
Use and Coordination of Volunteers					
Golf Course Fund					

¹ The approved work plan is on the web at <http://www.sanjoseca.gov/DocumentCenter/View/33922>

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.