

TO: Rules and Open Government
Committee

FROM: Sharon W. Erickson,
City Auditor

SUBJECT: *Monthly Report of Activities for
December 2014*

DATE: January 22, 2015

RECOMMENDATION

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

Reports Issued During the Month of December:

- 1. Accounts Receivable: The City Can Enhance Revenue Collections By Improving Its Billing and Collection Practices** – One in a series of audits of City revenues, this audit focused on the billing and collection of accounts receivable that originate in City departments. The report included 18 recommendations and was accepted at the December 11, 2014 meeting of the Public Safety, Finance and Strategic Support (PSFSS) Committee and is scheduled to be heard by the City Council on January 27, 2015.
- 2. City Of San Jose Service Efforts and Accomplishments Report 2013-14** – We issued our seventh annual report providing data about the cost, quality, quantity, and timeliness of City services. It incorporates existing performance measurement data, showing ten-year historical trends, a variety of comparisons to other cities, and the results of resident surveys. The purpose of this report is to strengthen public accountability and help improve government efficiency and effectiveness. The report was presented at the December 9, 2014 meeting of the City Council and is scheduled to be presented again (particularly for the benefit of new City Councilmembers) at the February 3, 2015 meeting of the City Council.
- 3. Annual External Financial Audits as of June 30, 2014** (contracted audit service) – The external financial accounting firm of Macias, Gini & O'Connell LLP (MGO) 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, as well as the annual Single Audit. The City Auditor's Office helps coordinate the external financial audits. The City's Comprehensive Annual Financial Report (CAFR)

was accepted at the December 11, 2014 meeting of the Public Safety Finance and Strategic Support Committee, and subsequently at the December 16, 2014 meeting of the City Council. The reports can be found online at: <http://www.sanjoseca.gov/index.aspx?NID=323>.

- 4. Annual audits of voter-approved bond and parcel tax measures as of June 30, 2014** (contracted audit service) – The outside accounting firm, Macias, Gini & O’Connell LLP, also conducted the audits of the Branch Library Bond Projects Fund, the Parks and Recreation Bond Projects Fund, the Library Parcel Tax Special Revenue Fund, and the Public Safety Bond Projects Fund. The City Auditor’s Office helps coordinate these audits. The audit of the Parks and Recreation bond was presented at the December 3, 2014 Parks Citizens Oversight Committee. The audits of the Library parcel tax and bond measure were presented at the December 17, 2014, meeting of the Library Citizens Oversight Committee. The audit of the Public Safety Bond is scheduled to be presented at the January 21, 2015 Public Safety Oversight Committee. The reports can be found online at: <http://www.sanjoseca.gov/index.aspx?NID=323>.

Assignments in Process:

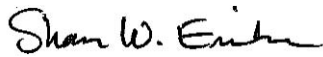
- 1. Performance Measure Review** – Review performance measure methodology sheets for the Housing and Public Works departments.
Project Status: Report writing in process.
Anticipated Release Date: February 2015 (Public Safety, Finance and Strategic Support Committee).
- 2. Street Pavement Maintenance** – Assess the current condition and prioritization of street repair and preventative maintenance.
Project Status: Fieldwork in process.
Anticipated Release Date: March 2015 (Transportation and Environment Committee).
- 3. 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: Report writing in process.
Anticipated Release Date: March 2015 (Public Safety, Finance and Strategic Support Committee).
- 4. Employee Hiring** – Review the timeliness of the process for prioritizing, recruiting, and hiring new City employees.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD (Public Safety, Finance and Strategic Support Committee).

- 5. Parks, Recreation and Neighborhood Services Department Cost Recovery Fee Programs** – Review the calculation, collection, and cost recovery status of the department’s General Fund Fee Activity Program.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD (Neighborhood Services and Education Committee).

- 6. Curbside Recycling** – Assess the effectiveness of the single-family residential single-stream curbside recycling program, including compliance with contract requirements.
Project Status: Preliminary Survey in process.
Anticipated Release Date: TBD (Transportation and Environment Committee).

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 December 2014 ***

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date²
Assignments Completed					
External Audit: Financial Statements	N/A	N/A	Completed	Completed	December 2014
External Audit: Bond and Parcel Tax Measures	N/A	N/A	Completed	Completed	December 2014
Accounts Receivable	Completed	Completed	Completed	Completed	December 2014
7 th Annual Service Efforts and Accomplishments	N/A	N/A	Completed	Completed	December 2014
Public Works Facility Maintenance	Completed	Completed	Completed	Completed	November 2014
2013-14 Annual Review of Team San Jose	N/A	N/A	Completed	Completed	October 2014
External Audit: Investment Compliance (6 mos. ended 6/30/14)	N/A	N/A	Completed	Completed	September 2014
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
Customer Call Handling	Completed	Completed	Completed	Completed	August 2014
Assignments In Process					
Performance Measure Review	N/A	N/A	Completed	In Process	February 2015
Fund Balance and Reserve Policies	Completed	Completed	Completed	In Process	March 2015
Street Pavement Maintenance	Completed	Completed	In Process		March 2015
Recommendation Follow-Up For Six Months Ended 12/31/14	N/A	N/A	In Process		March 2015
Employee Hiring	Completed	Completed	In Process		
PRNS Cost Recovery Fee Programs	Completed	Completed	In Process		
Curbside Recycling	In Process				
Assignments Not Yet Started					
External Audit: Investment Compliance (6 mos. ended 12/31/14)					
Cardroom Tax Revenue and Contributions					
Cities Association of Santa Clara County					
Police Department Recruiting and Hiring					
South Bay Water Recycling					
Street Sweeping					
Use and Coordination of Volunteers					
Golf Course Fund					
Police Department Resources Spent on VTA/County Properties					
Workers' Compensation Utilization Review Service Provider					

* Two additional projects were added to the Auditor's Work Plan in January 2015 – 1) Police Sworn Disability Retirement Scenarios, and 2) Review of the Structure For Conducting Personnel Investigations. They will appear on the next Monthly Report.

¹ The Auditor's Work Plan (approved by the Rules and Open Government Committee on August 13, 2014) 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.