

**TO:** Rules & Open Government Committee

**FROM:** Sharon W. Erickson,  
City Auditor

**SUBJECT:** *Monthly Report of Activities for  
June and July 2016*

**DATE:** August 11, 2016

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## RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for the months of June and July 2016 and

- Add "Audit of Police Overtime" to the Public Safety, Finance & Strategic Support Committee September 15, 2016 agenda.

## 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 2015-16 Work Plan during the months of June and July.

### Activities During the Months of June and July:

1. Issued **Police Response to Animal Calls for Service** (June 2016). The report is online at: <http://www.sanjoseca.gov/DocumentCenter/View/57401>.
2. Issued **Office of the City Clerk: Streamlining Processes and Clarifying Roles Can Better Ensure Compliance with Statutory Responsibilities** (June 2016). The report is online at: <http://www.sanjoseca.gov/DocumentCenter/View/57415>.

Information on the status of the City Auditor's FY 2015-16 Work Plan is attached. Overall in FY 2015-16, the Office completed 19 audits and made 58 recommendations. In spite of significant staff turnover in our office, we completed 63 percent of our workplan. The ratio of identified monetary benefit to the audit costs was \$2 to \$1. 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.

*Sharon W. Erickson*  
Sharon W. Erickson  
City Auditor

**Status of the City Auditor's FY 2015-16 Audit Work Plan  
 As of July 2016**

	Objective	Status	Projected Issuance Date
<b>Assignments Completed</b>			
1. Golf Course Fund	Examine the causes of decline in net operating income to the Golf Course Fund and potential alternatives.	Completed	September 2015
2. Police Department Recruiting and Hiring	Analyze the department's recruiting, backgrounding, and hiring processes. Identify barriers and resources needed, and determine to what extent San José is subsidizing other jurisdictions with our academy.	Completed	September 2015
3. Semi-Annual Audit Recommendation Status as of 6/30/15	Provide the City Council with an update on the status of all open audit recommendations.	Completed	October 2015
4. Cities Association of Santa Clara County Expenditure Review	Annual review of financial transactions at the request of the association's board.	Completed	October 2015
5. Personnel Investigation Structure	Review the structure for conducting personnel investigations.	Completed	November 2015
6. Audit of Team San José's Performance 2014-15	Annual review to determine whether Team San José met its performance metrics and key requirements in the new Management Agreement as of June 30, 2015, and a review of the structure for collecting per ticket fees to fund theater presentation.	Completed	November 2015
7. Semi-Annual Compliance Review of Investments as of 6/30/15	Semi-annual review required by the city's investment policy (contracted audit service).	Completed	November 2015
8. Annual Report on City Services FY 2014-15	Annual report providing data about the cost, quality, quantity, and timeliness of city services. The report shows ten-year historical trends, a variety of comparisons to other cities, and the results of resident surveys.	Completed	December 2015
9. Annual External Financial Audit and Single Audit	Required annual audit of financial transactions (contracted audit service).	Completed	December 2015
10. Annual Audits of Voter-Approved Bond and Parcel Tax Measures	Guaranteed annual audits of tax measures approved by voters (contracted audit service).	Completed	December 2015
11. Financial Condition Report	Prepare an annual summary of financial condition using graphics and standardized measures with benchmarking to other jurisdictions.	Completed	February 2016
12. Street Sweeping	Assess the efficiency and effectiveness of street sweeping services.	Completed	February 2016
13. Use and Coordination of Volunteers	Evaluate the use and coordination of volunteers to augment city services.	Completed	March 2016
14. Technology Deployments	Assess the barriers to timely technology deployment.	Completed	March 2016
15. Status of Open Audit Recommendations as of 12/31/15	Provide the City Council with an update on the status of all open audit recommendations.	Completed	March 2016
16. Recycled Water	Assess the efficiency and cost-recovery status of recycled water services.	Completed	March 2016

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17. Semi-Annual Compliance Review of Investments as of 12/31/15	Semi-annual review required by the city's investment policy (contracted audit service).	Completed	April 2016
18. City Clerk's Office	Assess the office's performance of its primary responsibilities including, but not limited to, candidate information and City Council office budgets and hiring (added by the Rules Committee 9/9/15).	Completed	June 2016
19. Police Response for Animal-Related Calls	Analysis of police response data for animal-related calls for service and identification of possible alternatives (referred by Manager's Budget Addendum #14).	Completed	June 2016
<b>Assignments In Process</b>			
20. Police Overtime	Routine audit of the appropriate use of overtime in the Police Department (whistleblower hotline referral).	In process	September 2016
21. Housing Department	Performance audit of Housing department functions (added by the Rules Committee 8/19/15). Focus of part 1 is apartment rent ordinance and related programs. Part 2 is housing department grant programs.	In process	TBD
22. Mobile Devices	Assess the cost, usage, and management accountability for the growing number of mobile devices distributed to city employees.	In process	TBD
23. Airport Operations and Business Development	Review the history and financial projections for airport operations and debt service.	On hold	TBD
<b>Assignments Not Yet Started</b> (items marked with ** have been designated as priority items)			
24. Police Department Civilian Staffing	Assess the level of civilian support in the Police Department (follow-up to 2010 audit of civilianization opportunities).		
25. Sunshine Requirements	Review compliance with sunshine requirements.		
26. Employee Benefit Funds	Routine audit and reconciliation of contributions and expenditures in the benefit funds.		
27. Encumbrance Balances	Routine audit of the appropriateness of carryover encumbrances.		
28. Pensionable Earnings	Audit the accuracy of pensionable earnings, calculations, and the status of corrections pending from 2011 audit.		
29. Business Tax Revenue	Review the basis, calculation, and collection of annual business tax revenue. The 2008 General Fund Structural Deficit Elimination Plan proposed modernizing rates by indexing to current consumer price index and restructuring the business tax formula.		
30. Cardroom Tax Revenue and Contributions	Review the calculation and collection of city cardroom taxes, and determine whether recent AACI contributions have been in accordance with the settlement agreement.		

The City Auditor's Fiscal Year 2015-16 Work Plan is online at:  
<http://www.sanjoseca.gov/DocumentCenter/View/45609>.