

Memorandum

TO: Rules & Open Government Committee

FROM: Sharon W. Erickson,
City Auditor

SUBJECT: *Monthly Report of Activities for
June and July 2017*

DATE: August 10, 2017

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for the months of June and July 2017.

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 2016-17 Work Plan during the months of June and July 2017.

Information on the status of the City Auditor's FY 2016-17 Work Plan is attached. Overall, the Office completed 15 of the 26 items on our FY 2016-17 work plan, with a total of 24 of the 26 items on our work plan either completed or in process. 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
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City Auditor

**Status of the City Auditor's FY 2016-17 Audit Work Plan
 As of July 2017**

	Objective	Status	Projected Issuance Date
Assignments Completed			
1. Status of Open Audit Recommendations as of 6/30/16	Provide the City Council with an update on the status of all open audit recommendations.	Completed	September 2016
2. Police Overtime	Audit of the appropriate use of overtime in the Police Department (whistleblower hotline referral).	Completed	September 2016
3. Semi-annual Compliance Review of the City's Investment Program as of 6/30/16 (contracted audit service)	The City's investment policy requires semi-annual compliance audits to determine whether the investments in the City's pooled portfolio are in compliance with the City's investment policy, internal controls, and department procedures.	Completed	October 2016
4. Status of City Clerk Audit Recommendations (added 9/20/16)	As directed by the City Council on 9/20/16, prepare an analysis and update of the City Clerk's plan to implement recommendations outlined in the "Audit of the Office of the City Clerk: Streamlining Processes and Clarifying Roles Can Better Ensure Compliance with Statutory Responsibilities."	Completed	November 2016
5. Team San Jose Performance 2015-16	Annual review to determine whether Team San José met its performance metrics as of June 30, 2016 (as required in the City's agreement with Team San José).	Completed	November 2016
6. Apartment Rent Ordinance	Review the administration of the Apartment Rent Ordinance and related programs, and assess the department's readiness to administer modified programs.	Completed	November 2016
7. Mobile Devices	Assess the cost, usage, and management accountability for the growing number of mobile devices distributed to city employees.	Completed	December 2016
8. Annual Report on City Services FY 2015-16	Ninth 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 2016
9. Annual External Financial Audit and Single Audit (contracted audit service)	Required an annual audit of the City's financial transactions. This includes audits of the Comprehensive Annual Financial Reports (CAFRs) of the City, the airport, and the pension systems. It also includes the audits of the financial statements of the Successor Agency to the Redevelopment Agency, Convention Center, Hayes Mansion, the Clean Water Financing Authority, Deferred Compensation, MTC compliance, and the Single Audit (including Airport passenger facility charges and customer facility charges).	Completed	December 2016
10. Financial Condition	2 nd annual report communicating financial condition to the city council and the public through graphics and standardized measures with benchmarking to other jurisdictions.	Included in the Annual Report on City Services	December 2016
11. Annual Audits of Voter-Approved Bond and Parcel Tax Measures (contracted audit service)	Guaranteed annual audits of the Branch Library Bond Projects Fund, the Parks and Recreation Bond Projects Fund, the Public Safety Bond Projects Fund, and the Library Parcel Tax Special Revenue Fund.	Completed	December 2016

	Objective	Status	Projected Issuance Date
12. Our City Forest	Audit the expenditure of city funding, compliance with the terms of grant agreements with the City, and the off-site tree replacement program.	Completed	February 2017
13. Office of Equality Assurance	Review the administration and performance of the city's wage compliance and disadvantaged business enterprise efforts.	Completed	March 2017
14. Status of Open Audit Recommendations as of 12/31/16	Provide the City Council with an update on the status of all open audit recommendations.	Completed	March 2017
15. Semi-annual Compliance Review of the City's Investment Program as of 12/31/16 (contracted audit service)	The City's investment policy requires semi-annual compliances audits to determine whether the investments in the City's pooled portfolio are in compliance with the City's investment policy, internal controls, and department procedures.	Completed	April 2017
Assignments In Process			
16. Open Government Requirements	Assess progress towards meeting the city's open government goals as proposed by the 2006 Sunshine Reform Task Force, modified and approved by the City Council in 2009, and codified by the City Council in 2014.	In process	August 2017
17. Residential High-Rises	Evaluate the permitting and inspection of new residential high-rise buildings.	In process	August 2017
18. Environmental Services Department Consulting Agreements	Evaluate the use, monitoring, and payment for consulting services.	In process	September 2017
19. Retirement Services (Added by City Council 2/14/17)	Review the administration and performance of the Office of Retirement Services, and assess the need for an external review of investment performance.	In process	TBD
20. Employee Benefit Funds – Tier 3 Retirement Plan	Routine audit and reconciliation of contributions and expenditures in the benefit funds. The focus of this audit is the City's Tier 3 retirement plan for Unit 99 employees.	In process	TBD
21. San José Clean Energy (Added by the Rules and Open Government Committee 6/7/17)	Monitor development of the San José Clean Energy program for safeguards and risk management, and against guidelines prepared by the California Energy Commission.	In process	TBD
22. Employee Travel	Periodic audit of employee travel expenditures for appropriateness and compliance with city policies and procedures. Last audit conducted 2013.	In process	TBD
23. Airport Financial Projections	Review the history and financial projections for airport operations and debt service.	In process	TBD
24. Pensionable Earnings	Follow-up audit of the accuracy of the city's pensionable earnings calculations, and the status of corrections pending from the 2011 <i>Audit of Pensionable Earnings</i> . .	In process	TBD
Assignments Not Yet Started			
25. Housing Department Grant Programs	Assess the efficiency and effectiveness of the allocation process and monitoring of grantees, including whether grants are achieving the intended benefits.		
26. Encumbrance Balance	Review the appropriateness of carryover encumbrances budgeted at \$44 million.		