

Office of the City Auditor

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Independently assess and report on City operations
and services

City Service Area

Strategic Support

Core Service

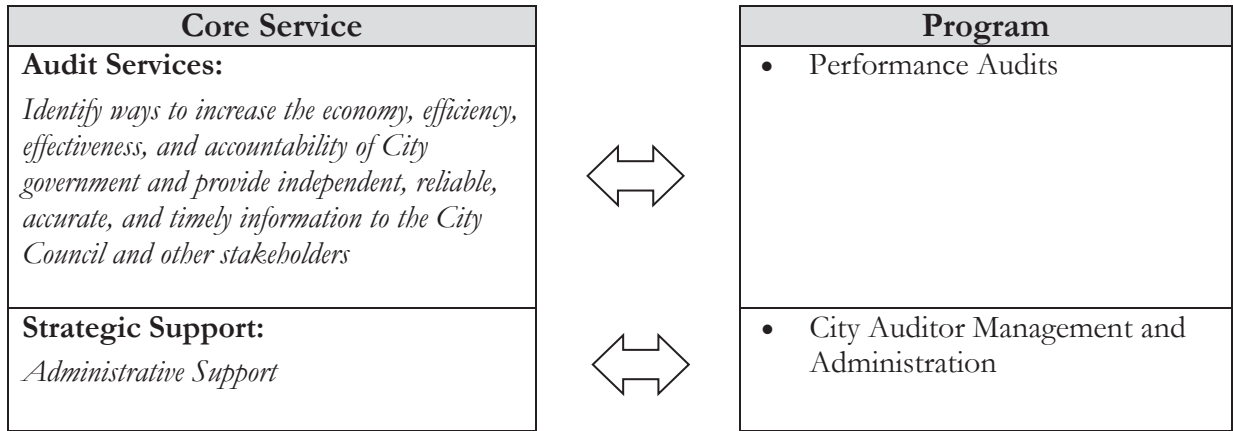
Audit Services

Identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders

Strategic Support: Administrative Support

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Service Delivery Framework



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Department Budget Summary

Expected 2017-2018 Service Delivery

- Conduct program performance audits identifying ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders. The 2017-2018 Audit Workplan was submitted to the Rules and Open Government Committee in August 2017 with continued focus on searching for revenues and cost-savings opportunities.
- Issue the Annual Report on City Services annually. This report details the cost, workload, and performance data for City services and is intended to improve government transparency and accountability and provide consolidated performance information to the public, allowing informed decision making by City officials, staff, and the public.
- Provide oversight of external auditors on the City of San José Annual Financial Audit and Single Audit; the Audits of Parks and Recreation Bond, Library Bond, Public Safety Bond, and Parcel Tax Funds; and the Semi-Annual Reviews for Compliance with the City's Investment Policy.

2017-2018 Key Budget Actions

N/A

Operating Funds Managed

N/A

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Department Budget Summary

	2015-2016 ¹ Actual 1	2016-2017 ¹ Adopted 2	2017-2018 ¹ Forecast 3	2017-2018 ¹ Adopted 4
Dollars by Core Service				
Audit Services	n/a	n/a	n/a	\$ 2,294,160
Strategic Support	n/a	n/a	n/a	159,932
Strategic Support - Other Cost	n/a	n/a	n/a	475,000
Total	n/a	n/a	n/a	\$ 2,929,092
Dollars by Category				
Personal Services and Non-Personal/Equipment				
Personal Services	\$ 2,067,169	\$ 2,404,183	\$ 2,381,406	\$ 2,384,939
Overtime	15	0	0	0
Subtotal Personal Services	\$ 2,067,184	\$ 2,404,183	\$ 2,381,406	\$ 2,384,939
Non-Personal/Equipment	65,040	69,153	69,153	69,153
Total Personal Services & Non-Personal/Equipment	\$ 2,132,224	\$ 2,473,336	\$ 2,450,559	\$ 2,454,092
Other Costs				
City Auditor Other Dept - City-Wide	n/a	n/a	n/a	\$ 475,000
Total Other Costs	n/a	n/a	n/a	\$ 475,000
Total	n/a	n/a	n/a	\$ 2,929,092
Dollars by Fund				
General Fund	n/a	n/a	n/a	\$ 2,820,092
Airport Maint & Oper	n/a	n/a	n/a	78,250
Sewer Svc & Use Charge	n/a	n/a	n/a	30,750
Total	n/a	n/a	n/a	\$ 2,929,092
Authorized Positions by Core Service				
Audit Services	n/a	n/a	n/a	14.00
Strategic Support	n/a	n/a	n/a	1.00
Total	n/a	n/a	n/a	15.00

¹ Some data for the 2015-2016 Actual, 2016-2017 Adopted, and 2017-2018 Forecast columns are not available. With the change to a program-based budgeting model in 2017-2018, historical budget data by the new programs and core services is not available for prior periods. Beginning with the 2018-2019 Proposed Budget, data by program and core service will be provided for all budget periods.

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Department Budget Summary

	2015-2016 ¹ Actual	2016-2017 ¹ Adopted	2017-2018 ¹ Forecast	2017-2018 ¹ Adopted	2017-2018 Adopted FTE
Dollars by Program					
Audit Services					
Performance Audits	n/a	n/a	n/a	\$ 2,294,160	14.00
Sub-Total	n/a	n/a	n/a	\$ 2,294,160	14.00
Audit Strategic Support					
City Auditor Management and Administration	n/a	n/a	n/a	\$ 159,932	1.00
Sub-Total	n/a	n/a	n/a	\$ 159,932	1.00
Strategic Support - Other - Council Appointees					
City Auditor Other Departmental - City-Wide	n/a	n/a	n/a	\$ 475,000	
Sub-Total	n/a	n/a	n/a	\$ 475,000	0.00
Total	n/a	n/a	n/a	\$ 2,929,092	15.00

¹ Data for the 2015-2016 Actual, 2016-2017 Adopted, and 2017-2018 Forecast columns are not available. With the change to a program-based budgeting model in 2017-2018, historical budget data by the new programs and core services is not available for prior periods. Beginning with the 2018-2019 Proposed Budget, data by program and core service will be provided for all budget periods.

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Budget Reconciliation

Personal Services and Non-Personal/Equipment (2016-2017 Adopted to 2017-2018 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2016-2017):	15.00	2,473,336	2,473,336
<hr/> Base Adjustments <hr/>			
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes and the following position reallocations:		(22,777)	(22,777)
- 2.0 Senior Program Performance Auditor to 2.0 Supervising Auditor			
Technical Adjustments Subtotal:	0.00	(22,777)	(22,777)
2017-2018 Forecast Base Budget:	15.00	2,450,559	2,450,559
<hr/> Budget Proposals Approved <hr/>			
1. Alternative Pension Reform Measure F Implementation		3,533	3,533
TOTAL BUDGET PROPOSALS APPROVED	0.00	3,533	3,533
2017-2018 Adopted Budget Total:	15.00	2,454,092	2,454,092

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Budget Changes By Department
Personal Services and Non-Personal/Equipment




2017-2018 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Alternative Pension Reform Measure F Implementation		3,533	3,533
<i>Strategic Support CSA</i> <i>Core Service: Department-Wide</i> <i>Program: Department-Wide</i>			
<p>This action increases the Personal Services appropriation in various funds to account for additional retirement costs associated with the implementation of the Alternative Pension Reform Framework Settlement Agreement and the corresponding ballot measure, also known as Measure F, which was approved by the voters in November 2016. In 2015, the City entered into Alternative Pension Reform Framework Agreements with the eleven (11) bargaining units that represent City employees. The changes impact Tier 2 employees in the Federated City Employees' Retirement System and the Police and Fire Department Retirement Plan. As part of these Agreements, the City and the bargaining units agreed to enhance the Tier 2 pension benefits so that Tier 2 would be comparable to the CalPERS benefits at surrounding agencies. These revised pension benefits will assist with the recruitment and retention of City employees by making the City more competitive with other public agencies. The revised pension benefit structures have resulted in increased pension contribution rate costs for the City and employees. In addition, the revised pension contribution rates contain the unfunded liability associated with enhancing the Tier 2 benefit retroactively as each current employee's Tier 2 pension will be changed to the new formula retroactive to their date of hire. This cost is split on a 50/50 basis between the City and the Tier 2 employees. The Boards for the Federated City Employees Retirement System and the Police and Fire Department Retirement Plan approved the revised pension contribution rates factoring in Measure F on May 18, 2017 and June 1, 2017. (Ongoing costs: \$3,533)</p>			
2017-2018 Adopted Budget Changes Total	0.00	3,533	3,533

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Performance Summary

Audit Services

Performance Measures

	2015-2016 Actual	2016-2017 Target	2016-2017 Estimated	2017-2018 Target
 % of audit recommendations implemented (cumulative over 10 years)	68%	80%	74%	80%
 Ratio identified monetary benefit to audit cost	\$2 to \$1	\$4 to \$1	\$1.28 to \$1	\$4 to \$1
 % of approved workplan completed or substantially completed during the fiscal year	63%	80%	64%	80%

Activity and Workload Highlights

	2015-2016 Actual	2016-2017 Forecast	2016-2017 Estimated	2017-2018 Forecast
# of audit reports issued	19	18	16	18
# of audit recommendations adopted	77	50	65	50
# of audit reports per auditor	1.6 to 1	1.5 to 1	1.4 to 1	1.5 to 1
Identified monetary benefits (i.e., revenue enhancements and cost savings) ¹	\$5,000,000 ¹	\$8,000,000	\$3,170,000	\$8,000,000

¹ The 2015-2016 identified monetary benefits amount is an estimate based on revenue enhancements and potential cost savings identified in the audits of Police Overtime, the Apartment Rent Ordinance, Mobile Devices, Our City Forest, and the Office of Equality Assurance.

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Departmental Position Detail

Position	2016-2017 Adopted	2017-2018 Adopted	Change
City Auditor	1.00	1.00	-
Executive Assistant to City Auditor	1.00	1.00	-
Program Performance Auditor I/II	8.00	8.00	-
Senior Program Performance Auditor	5.00	3.00	(2.00)
Supervising Auditor	0.00	2.00	2.00
Total Positions	15.00	15.00	0.00