

San José Office of the City Auditor

Approved Fiscal Year 2020-21 Work Plan

AUDIT ASSIGNMENTS

The list of audit assignments for FY 2020-21 includes a mix of audits already in process, recurring audits, and additional audit projects that address a wide range of concerns consistent with the City Auditor's areas of responsibility. Each audit listed includes a tentative objective that may be refined during the scoping phase of the project. The list of audit assignments was approved at the August 5, 2020 meeting of the City Council's Rules & Open Government Committee and reflects the status as of that date.

Audits in process:

1. **Fleet maintenance** – Efficiency of operations and timeliness of repairs for the City's vehicles and equipment. *(request by Councilmember)*
2. **Park maintenance** – Efficiency and effectiveness of park maintenance operations. *(request by Councilmember)*
3. **Fire safety code compliance** – Timeliness, efficiency, and consistency of on-site fire code inspections during the construction phase of development projects.
4. **Development fee work in progress reserves** – Tracking of development fee work in progress reserves.
5. **Police staffing, expenditures, and workload** – Review and compare Police Department staffing over time, including allocation of staff by bureau or division, vacancies, and use of overtime, as well as an analysis of the 1.2 million calls for police service, budgetary allocations, and progress toward civilianization *(request by Councilmember, high on Citywide risk assessment, and further direction from Council)*.
6. **COVID-19 expenditure documentation reviews** – Reviews of costs, documentation, or other COVID-19 risk areas to be determined.

Annual/recurring projects:

7. **Semi-annual audit recommendation status reports** (on-going) – The City Auditor's Office will maintain an online dashboard of audit recommendations and issue a report on the implementation status of all open audit recommendations as of December 31st. Target date: Mar-2021. (Note: Because of the COVID-19 pandemic and the City's emergency operations beginning in March 2020, we recommend issuing only one recommendation status report for FY 2020-21)
8. **Annual performance review of Team San José and the Convention and Visitors Bureau** (as required in the City's agreements with Team San José) – Annual review to determine whether Team San José met their performance metrics as of June 30, 2020. Target date: Nov-2020.
9. **Santa Clara County Cities Association Expenditure Review Fiscal Years Ending June 30, 2019 and 2020** – Routine audit of expenditures provided gratis to the Association (last audit was 2018). Target date: Sep-2020.
10. **Annual services report** (on-going) – 13th annual report providing data about the cost, quality, quantity, and timeliness of City services. The report incorporates existing performance measurement data, showing ten-year historical trends, a variety of comparisons to other cities, and the results of resident surveys. It also incorporates information about the financial condition of the City through graphics, standardized measures, and benchmarking to other jurisdictions. Target date: Dec-2020.
11. **Annual external financial audit and single audit** (contracted audit service) – The City Charter requires an annual audit of the City's financial transactions. The independent certified public accounting firm Macias Gini & O'Connell LLP (MGO) will conduct the annual audits of the

Comprehensive Annual Financial Reports (CAFRs) of the City and the airport. MGO will also conduct audits of the financial statements of the Successor Agency to the Redevelopment Agency, Convention Center, the Clean Water Financing Authority, Deferred Compensation, Tier 3 Defined Contribution Plan, Voluntary Employee Beneficiary Association (VEBA), MTC compliance, San José Clean Energy (SJCE), and the Single Audit (including Airport passenger facility charges and customer facility charges). Target date: Dec-2020.

12. **Annual audits of voter-approved bond and parcel tax measures** (contracted audit service) – MGO will conduct audits of the Branch Library Bond Projects Fund, the Parks and Recreation Bond Projects Fund, the Public Safety Bond Projects Fund, the Library Parcel Tax Fund, and the Public Safety and Infrastructure (“Measure T”) Bond Fund satisfying the City’s obligation for guaranteed annual audits. Target date: Dec-2020.
13. **Semi-annual compliance reviews of the City’s investment program** (contracted audit service) – The City’s investment policy requires semi-annual compliance audits of the City’s investment portfolio. MGO will conduct the agreed-upon procedures as of June 30th and December 31st. Target dates: Sep-2020 and Mar-2021.
14. **<NEW> Compliance review of San Jose Clean Energy’s risk management practices** (contracted audit service) – MGO will conduct tests of SJCE investment and risk management practices to ensure compliance with the City’s Energy Risk Management Policy and Energy Risk Management Regulations. Target date: Nov-2020.

Carryover projects and new projects:

15. **Housing Department grant programs** – Assess the allocation and monitoring of COVID-19 related grants.
16. **Real estate services** – Process for tracking City properties and revenues.
17. **<NEW> Police Department protocols around community advocate referrals** – Assess protocols for and timeliness of community advocate referrals for survivors of sexual assault, domestic violence, child/sexual abuse, and human trafficking. *(request by Councilmember and added by the Rules Committee on August 5, 2020)*
18. **<NEW> Citywide information security audit** (contracted audit service) – Conduct assessments of the City’s priority information systems, controls, and susceptibilities, detailing risks, required recommendations, and recommendations for policy and organizational improvements.
19. **<NEW> Beautify SJ programming** – Assessment of the coordination and delivery of Beautify SJ services across the City.
20. **<NEW> Environmental review for new development** – Assess the time required to complete the City’s CEQA review process. *(request by Councilmember and added by the Rules Committee on August 5, 2020)*
21. **Municipal Water billing and customer service** – Accuracy of billings and customer service responses for Municipal Water services. *(Request by resident and high on Citywide risk assessment)*
22. **<NEW> Citywide grant monitoring** – Assess the tracking and monitoring of expenditures for federal awards across departments. *(Errors in reporting expenditures from federal awards has been a recurring finding in the City’s Single Audit reports conducted by the City’s outside financial auditors)*
23. **Fleet (take-home vehicles)** – Assessment of current practices for take-home vehicles.
24. **Timeliness of code enforcement responses** – Timeliness for community code enforcement responses to complaints and violations for select programs. *(request by Councilmembers and high on Citywide risk assessment)*

25. **<NEW> Integrated Waste Management** – Review costs of Integrated Waste Management programs. *(high on the Citywide risk assessment)*
26. **<NEW> Code Enforcement management controls** – Evaluation of oversight and management of Code Enforcement officials. *(requested by the Mayor and two Councilmembers and added by the Rules Committee on November 18, 2020)*

PROJECTS CONSIDERED BUT NOT RECOMMENDED AT THIS TIME:

We designed the above list of projects to address high priority areas, while limiting the scope of work to what we can realistically accomplish. Items considered but not recommended at this time include:

1. *Animal services (on prior year work plan, recommend putting on hold)*
2. *Call center operations – after hour services*
3. *Citywide procurement policies (request by Councilmember)*
4. *Citywide service response times (request by Councilmember)*
5. *Cultural affairs grants (resident and Councilmember request)*
6. *Downtown off-street parking (request by Councilmember)*
7. *Emergency Bridge Housing (request by Councilmember)*
8. *Emergency medical response times – compliance with agreed-upon response time standards (ranked high on Citywide risk assessment)*
9. *Employee hiring – update analyses of hiring, vacancies, and turnover rates (personal services ranked high on Citywide risk assessment)*
10. *Employee performance evaluations Citywide*
11. *Fire Department responses to homeless-related calls (request by a Councilmember)*
12. *Housing loan portfolio management (request by resident)*
13. *Inclusionary housing fees*
14. *Marketing efforts – coordination of City marketing efforts and strategy (request by Councilmember)*
15. *Office of Economic Development (request by Councilmember)*
16. *Park in lieu fees*
17. *Park reservation system*
18. *Part-time employees – Cost, turnover, training, hiring (request by Councilmember)*
19. *Pedestrian and bicycle safety (Vision Zero) (Transportation Safety and Operations ranked high on Citywide risk assessment)*
20. *Planning and permitting processes (request by Councilmember)*
21. *Police investigative services (ranked high on the Citywide risk assessment)*
22. *Professional development/training (request by a Councilmember)*
23. *Project Hope (request by a Councilmember)*
24. *PRNS scholarship program*
25. *Public records request procedures (request by a resident)*
26. *Public Works capital projects – procurement (request by a Councilmember)*
27. *Remote work policies and resources*
28. *San Jose Family Camp (request by a resident)*
29. *Senior programs (request by Councilmember)*

30. Sidewalk repair program (on prior year work plan, recommending putting on hold)

31. Wage theft enforcement (request by Councilmember)

As audit work proceeds, I will forward to the City Council monthly reports describing the status and progress towards completing audit projects. Any subsequent additions to the work plan will be forwarded to the Rules Committee for approval. Generally, audit reports are heard by the appropriate City Council Committee and then cross-referenced to the full City Council for acceptance.

A handwritten signature in black ink, appearing to read 'JR' or similar initials, written in a cursive style.

Joe Rois
City Auditor