

Office of the City Auditor

Joe Rois, City Auditor

M
I
S
S
I
O
N

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

Office of the City Auditor

Service Delivery Framework

PROGRAM	DESCRIPTION
<i>Audit Services Core Service</i>	
Performance Audits	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.
<i>Strategic Support Core Service</i>	
City Auditor Management and Administration	Provides administrative oversight for the department, including executive management, financial management, and human resources.

Office of the City Auditor

Department Budget Summary

Expected 2020-2021 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 2020-2021 Audit Workplan will be submitted to the Rules and Open Government Committee in August 2020, with a continued focus on searching for operational efficiencies, revenues, and cost-saving opportunities.
- Issue the Annual Report on City Services. 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, Public Safety and Infrastructure Bond, and Parcel Tax Funds; and the Semi-Annual Reviews for Compliance with the City's Investment Policy.

2020-2021 Key Budget Actions

- Eliminates 1.0 filled Program Performance Auditor I/II position, which will result in fewer performance audits.
- Adds funding, from San Jose Clean Energy Operating Fund, for San Jose Clean Energy (SJCE) audits of financial statements and tests for compliance with the SJCE Energy Risk Management Policy and Energy Risk Management Regulations.

Operating Funds Managed

N/A

Office of the City Auditor

Department Budget Summary

	2018-2019 Actuals ***	2019-2020 Adopted	2020-2021 Forecast	2020-2021 Adopted
Dollars by Core Service				
Audit Services	2,473,106	2,935,690	2,897,438	2,903,770
Strategic Support - City Council Appointees	0	155,153	163,031	161,822
Strategic Support - Other - Council Appointees	380,188	0	0	0
Total	\$2,853,294	\$3,090,843	\$3,060,469	\$3,065,592
Dollars by Category				
<i>Personal Services and Non-Personal/Equipment</i>				
Salaries/Benefits	2,332,325	2,506,481	2,438,999	2,298,504
Subtotal Personal Services	\$2,332,325	\$2,506,481	\$2,438,999	\$2,298,504
Non-Personal/Equipment	69,862	69,153	74,153	74,153
Total Personal Services & Non-Personal/Equipment	\$2,402,187	\$2,575,634	\$2,513,152	\$2,372,657
<i>Other Costs*</i>				
City-Wide Expenses	380,188	406,209	435,214	455,151
Other	70,919	109,000	112,104	237,785
Other - Capital	0	0	0	0
Overhead Costs	0	0	0	0
Total Other Costs	\$451,107	\$515,209	\$547,318	\$692,936
Total	\$2,853,294	\$3,090,843	\$3,060,469	\$3,065,592

* Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document. The amounts in the 2019-2020 Adopted Budget column may vary from the published Adopted Budget due to the realignment of Other Costs (primarily City-Wide Expenses and General Fund Capital) between Departments.

** The positions displayed in the 2018-2019 Actuals column reflect those included in the 2018-2019 Adopted Budget.

*** 2018-2019 Actuals may not subtotal due to rounding.

Office of the City Auditor

Department Budget Summary

	2018-2019 Actuals ***	2019-2020 Adopted	2020-2021 Forecast	2020-2021 Adopted
Dollars by Fund				
General Fund (001)	2,782,375	2,981,843	2,948,366	2,827,808
San José Clean Energy Operating Fund (501)	0	0	0	124,920
Airport Maintenance And Operation Fund (523)	46,224	78,250	80,593	80,593
Sewer Service And Use Charge Fund (541)	24,695	30,750	31,510	32,272
Total	\$2,853,294	\$3,090,843	\$3,060,469	\$3,065,592
Positions by Core Service**				
Audit Services	14.00	14.00	14.00	13.00
Strategic Support - City Council Appointees	1.00	1.00	1.00	1.00
Total	15.00	15.00	15.00	14.00

* Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document. The amounts in the 2019-2020 Adopted Budget column may vary from the published Adopted Budget due to the realignment of Other Costs (primarily City-Wide Expenses and General Fund Capital) between Departments.

** The positions displayed in the 2018-2019 Actuals column reflect those included in the 2018-2019 Adopted Budget.

*** 2018-2019 Actuals may not subtotal due to rounding.

Office of the City Auditor

Department Budget Summary

	2018-2019 Actuals**	2019-2020 Adopted	2020-2021 Forecast	2020-2021 Adopted	2020-2021 Adopted Positions
Dollars by Program*					
Audit Services					
Performance Audits	2,473,106	2,935,690	2,897,438	2,903,770	13.00
Sub-Total	2,473,106	2,935,690	2,897,438	2,903,770	13.00
Strategic Support - City Council Appointees					
City Auditor Management and Administration	0	155,153	163,031	161,822	1.00
Sub-Total	0	155,153	163,031	161,822	1.00
Strategic Support - Other - Council Appointees					
City Auditor Other Departmental - City-Wide	380,188	0	0	0	0.00
Sub-Total	380,188	0	0	0	0.00
Total	\$2,853,294	\$3,090,843	\$3,060,469	\$3,065,592	14.00

* Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document.

** 2018-2019 Actuals may not subtotal due to rounding.

Office of the City Auditor

Budget Reconciliation

Personal Services and Non-Personal/Equipment (2019-2020 Adopted to 2020-2021 Adopted)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2019-2020):	15.00	2,575,634	2,575,634
<hr/> Base Adjustments <hr/>			
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes		(73,082)	(73,082)
• Professional Development Program		5,600	5,600
• Contract Services: Translation Services		5,000	5,000
Technical Adjustments Subtotal:	0.00	(62,482)	(62,482)
2020-2021 Forecast Base Budget:	15.00	2,513,152	2,513,152
<hr/> Budget Proposals Approved <hr/>			
1. City Auditor's Office Staffing	(1.00)	(124,605)	(124,605)
2. City Retirement Contributions Pre-Funding		(15,890)	(15,890)
Total Budget Proposals Approved	(1.00)	(140,495)	(140,495)
2020-2021 Adopted Budget Total:	14.00	2,372,657	2,372,657

Office of the City Auditor

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




2020-2021 Adopted Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Program Performance Auditor Staffing <i>Strategic Support CSA</i> <i>Strategic Support Core Service</i> <i>Performance Audits Program</i> This action eliminates 1.0 filled Program Performance Auditor I/II position and reduces the City Auditor's Office Personal Services appropriation on a one-time basis by \$30,000 to reflect anticipated savings from a planned unpaid leave. Due to the elimination of the position, fewer performance audits will be performed, resulting in fewer audit recommendations to improve service delivery. (Ongoing savings: \$103,206)	(1.00)	(124,605)	(124,605)
2. City Retirement Contributions Pre-Funding <i>Strategic Support CSA</i> <i>Strategic Support Core Service</i> <i>Program: Department-wide</i> This action reduces the City Auditor Office's Personal Services appropriation by \$15,890, all in the General Fund, to reflect the anticipated expenditure savings associated with lower retirement contributions from the prepayment of the City's retirement costs for both the Tier 1 pension costs and the Unfunded Actuarial Liability in the Federated City Employees' Retirement System Plan and the Police and Fire Department Retirement Plan. By the City making annual prepayments of its employer contributions to the Retirement Plans in lieu of biweekly contributions, this will generate approximately \$13.9 million in savings in all funds, \$11.4 million in the General Fund. In the General Fund, these savings will be offset by an estimated loss in interest earnings of \$2.6 million and costs in TRANS debt service of \$1.4 million, giving a total net savings of \$7.4 million. (Ongoing savings: \$15,890)	0.00	(15,890)	(15,890)
2020-2021 Adopted Budget Changes Total	(1.00)	(140,495)	(140,495)

Office of the City Auditor

Performance Summary

Audit Services

Performance Measures

	2018-2019 Actual	2019-2020 Target	2019-2020 Estimated	2020-2021 Target
 % of audit recommendations implemented (cumulative over 5 years) ¹	70%	80%	57%	80%
 Ratio identified monetary benefit to audit cost	\$1.18 to \$1	\$2 to \$1	\$3.67 to \$1	\$2 to \$1
 % of approved workplan completed or substantially completed during the fiscal year	83%	80%	70%	80%

¹ This performance measure was adjusted in the 2018-2019 Adopted Budget to measure the percentage of audit recommendations implemented from (cumulative over 10 years) to (cumulative over 5 years).

Activity and Workload Highlights

	2018-2019 Actual	2019-2020 Forecast	2019-2020 Estimated	2020-2021 Forecast
# of audit reports issued	19	18	19	18
# of audit recommendations adopted	129	50	81	50
# of audit reports per auditor	1.7 to 1	1.5 to 1	1.6 to 1	1.5 to 1
Identified monetary benefits (i.e., revenue enhancements and cost savings) ¹	\$3,011,086	\$8,000,000	\$9,340,942	\$8,000,000

¹ The 2018-2019 Actual identified monetary benefits is an estimate based on potential cost savings identified in the Audit of Community Center Reuse, the Audit of Towing Contract Terms and Consolidated Oversight, the Audit of 9-1-1 and 3-1-1, and the Audit of Employee Benefit Fund Administration. The 2019-2020 Estimated identified monetary benefits is an estimate based on potential cost savings identified in the Procurement Cards Audit, Audit of Street and Utility In-Lieu Fees, Audit of Fleet Maintenance, Audit of Fire Safety Code and Compliance, Audit of Park Maintenance and the Audit of Development Fee Work in Process Reserves.

Office of the City Auditor

Departmental Position Detail

Position	2019-2020 Adopted	2020-2021 Adopted	Change
City Auditor	1.00	1.00	-
Executive Assistant to City Auditor	1.00	1.00	-
Program Performance Auditor I/II	8.00	7.00	(1.00)
Senior Program Performance Auditor	3.00	3.00	-
Supervising Auditor	2.00	2.00	-
Total Positions	15.00	14.00	(1.00)