

**TO:** Rules & Open Government Committee

**FROM:** Joe Rois,  
City Auditor

**SUBJECT:** *Monthly Report of Activities for  
March 31, 2022*

**DATE:** April 5, 2022

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## RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for the month of March 2022.

## 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 (FY) 2021-22 Work Plan during the month of March 2022.

### Activities During the Month of March:

1. Issued **Status of Open Audit Recommendations as of December 31, 2021**. The report is online at: <https://www.sanjoseca.gov/home/showpublisheddocument/83376>.
2. Issued **Environmental Review for New Developments: Better Project Management and Reviewing Resources Can Improve the CEQA Process**. The report is online at: <https://www.sanjoseca.gov/home/showpublisheddocument/83400>.
3. Macias, Gini & O'Connell (MGO) issued the City's Single Audit Report for the year ended June 30, 2021. The City's financial audit reports are online at: <https://www.sanjoseca.gov/your-government/appointees/city-auditor/external-financial-audits>.

Information on the status of the City Auditor's FY 2021-22 Work Plan is attached. 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.



Joe Rois  
City Auditor

Attachment

**Status of the City Auditor's FY 2021-22 Audit Work Plan  
 As of March 2022**

	<b>Objective</b>	<b>Status</b>	<b>Projected Issuance Date</b>
<b>Assignments Completed</b>			
1. Code Enforcement Management Controls	Evaluation of oversight and management of Code Enforcement officials ( <i>request by Councilmembers, added to work plan by the Rules Committee November 18, 2020</i> ).	Completed	September 2021
2. Municipal Water Billing and Customer Service	Accuracy of billing and customer service responses for Municipal Water services.	Completed	October 2021
3. 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 30 <sup>th</sup> .	Completed	October 2021
4. 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.	Completed	November 2021
5. Annual performance review of Team San José and the Convention and Visitors Bureau	Annual review to determine whether Team San José met their performance metrics as of June 30, 2021.	Completed	November 2021
6. Biennial peer review for FY 2019-20 and 2020-21 (contracted audit service)	The City Charter requires a performance audit of the Office of the City Auditor be conducted at least once every two years. To fulfill this requirement, the Office participates in the Association of Local Government Auditors' peer review program. The last audit was conducted in 2019.	Completed	November 2021
7. Compliance review of San José 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 as of FY ended June 30, 2020.	Completed	November 2021
8. Compliance review of San José 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 as of FY Ended June 30, 2021.	Completed	November 2021
9. Annual services report	14 <sup>th</sup> 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 a resident survey. The office will also maintain an online dashboard of CSA dashboard measures.	Completed	December 2021
10. Citywide Information Technology Audit (contracted service)	Conduct assessments of the City's priority information systems, controls, risks, and susceptibilities, and recommendations for policy and organizational improvements.	Completed	January 2022
11. Annual external financial audit and single audit (contracted audit service)	The City Charter requires an annual audit of the City's financial transactions. MGO will conduct the annual audits of the Annual Comprehensive Financial Reports 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, South Bay Water Recycling, SJCE, and the Single Audit (including	Completed	March 2022

	Objective	Status	Projected Issuance Date
	Airport passenger facility charges and customer facility charges).		
12. Semi-annual audit recommendation status reports	Report on the implementation status of all open audit recommendations as of June 30, 2021 and December 31, 2021. The office will also maintain an online dashboard of audit recommendations.	Completed	September 2021 and March 2022
13. Environmental Review for New Development	Assess the time required to complete the City's CEQA review process.	Completed	March 2022
<b>Assignments in Process</b>			
14. Citywide Grant Monitoring	Review and assess Citywide management of federal awards across departments.	In process	April 2022
15. Fleet (take-home vehicles)	Assessment of current practices for take-home vehicles.	In process	April 2022
16. 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 December 31 <sup>st</sup> .	In process	April 2022
17. Bill of Rights for Children and Youth	Review the adherence to and implementation of the Bill of Rights for Children and Youth. <i>(request by Councilmember, added by the Rules Committee on May 12, 2021)</i>	In process	TBD
18. COVID-19 Recovery Expenditures	Audit of COVID-19 related expenditures of Coronavirus Relief Fund, American Rescue Plan, or other funding sources. Per Council request, objective of this audit will be to document and review the dispersal of COVID-19 related funds for food distribution for transparency and fiscal accountability.	In process	TBD
<b>Assignments Not Yet Started</b>			
19. Firearm Regulatory Processes and Policies	Audit the City's firearm regulatory processes and policies, including a review of trends in firearm violence in the city. <i>(request by Councilmember, added by the Rules Committee on September 22, 2021)</i>		TBD
20. Tree-related mitigation funds and cost-effectiveness of tree planting efforts	An audit of a) how and whether the City is collecting tree-related mitigation fees from developers, b) how and whether the City is enforcing tree-planting conditions on development, c) how the City is spending tree mitigation funds, and d) how the City can most cost-effectively plant more trees. <i>(request by the Mayor and Councilmembers, added by the City Council on February 8, 2022)</i>		TBD
21. Wage Theft Prevention Policy	Review the administration of the City's wage theft and related labor policies identified in the City Council's Wage Theft Prevention Policy by the Public Works Office of Equality Assurance. This is a follow up to our 2017 Audit of the Office of Equality Assurance. <i>(request by Councilmember)</i>		TBD
22. San José Conservation Corps	Review the service delivery and expenditures of funds under City contracts. <i>(request by Councilmember, added by the Rules Committee on August 4, 2021)</i>		TBD
23. Our City Forest	Audit the expenditure of City funding and service delivery under the terms of grant agreements with the City. This is a follow up to our 2017 Audit of Our City Forest. <i>(request by the Mayor)</i>		TBD

	<b>Objective</b>	<b>Status</b>	<b>Projected Issuance Date</b>
24. Development permitting	Assess the timeliness of the building permit process for single-family residential additions or alterations, including accessory structures. <i>(request by Councilmember, added by the Rules Committee on August 4, 2021)</i>		TBD
25. Equity Pledge	Assess progress of the City's adherence to the principles outlined in the City Council's Equity Pledge. <i>(request by Councilmember, added by the Rules Committee on August 4, 2021)</i>		TBD

Note: The approved work plan includes 24 projects. The two compliance reviews of the investment program are listed as one project but separated here to show progress.

The City Auditor's Fiscal Year 2021-22 Work Plan is online at:  
<https://www.sanjoseca.gov/home/showpublisheddocument/76011>