

Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE
FROM: Sharon W. Erickson, City Auditor
SUBJECT: *Monthly Report of Activities for December 2008*
DATE: January 7, 2009

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for December 2008.

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 2008-09 Work Plan during the month of December 2008.

Audit Reports Issued During the Month of December:

- **Quarterly Bay 101 Compliance Review - Third Quarter 2008** – The report was issued, and appears on the January 13, 2009 City Council Consent Calendar for approval.
- **Annual External Financial Audit and Single Audit as of June 30, 2008** – Macias, Gini & O'Connell completed the annual audit of the City's financial transactions in October 2008. The Single Audit and management letters were issued in December 2008 and presented to the Public Safety, Finance and Strategic Support Committee on December 18, 2008.

Other Activities During the Month of December:

- Provided input to the Department of Transportation regarding proposed improvements to the Parking Compliance Program.

Assignments In Process:

1. **Service Efforts and Accomplishments Report** – First annual report providing information about the cost, quality, quantity, and timeliness of City services. The report will incorporate existing performance measurement data, showing 5-10 year historical trends, comparisons to other cities, and the results of previous resident surveys.

Project Status: Preliminary draft report was issued to departments for review and comment.

Anticipated Release Date: Scheduled for January 27, 2009.

2. **Semi-Annual Compliance Audit of the City's Investment Program** – Macias Gini & O'Connell is conducting this review of the City's pooled portfolio to determine compliance with the City's Investment Policy, internal controls, and department procedures.
Project Status: Report in process for compliance during six months ended June 30, 2008; fieldwork in process for six months ended December 31, 2008.
Anticipated Release Date: Feb-2009 (both reports).
3. **Annual Audit of Library and Park Bond Funds (Measures O and P) and the Library Parcel Tax Special Revenue Fund (Measure S)** – Macias Gini & O'Connell is conducting these audits as specified in the voter-approved bond measures.
Project Status: Fieldwork in process.
Anticipated Release Date: Feb-2009.
4. **Annual Review of Team San Jose Performance 2007-08** – To determine whether Team San Jose met its performance metrics and implemented outstanding audit recommendations.
Project Status: Team San Jose provided necessary documents and an entrance/exit conference was held in December 2008. Report writing in process.
Anticipated Release Date: Feb-2009.
5. **Audit of Auto Theft Investigations** – To assess workload, communication of information, and completeness and accuracy of auto theft data.
Project Status: Held entrance conference, completed preliminary survey and risk assessment, and held a second conference with Police Department management to discuss our scope and objectives. Audit fieldwork is complete and a pre-exit conference with the department was held. Report writing in process.
Anticipated Release Date: March 2009.
6. **Audit of Workers' Compensation** – The purpose of this review is to assess the impact of state reforms and local cost containment efforts.
Project Status: Fieldwork nearly complete. Held several pre-exit conferences with the department to discuss preliminary audit issues. Report writing in process.
Anticipated Release Date: TBD.
7. **Audit of San Jose Conservation Corps Agreements** – To review contract compliance and oversight of the various agreements between the City and the Conservation Corps.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
8. **Audit of Employee Health Benefits** – The purpose of this audit is to evaluate the City's Health Benefits Program and identify areas where the City can realize savings and improve service delivery.
Project Status: Preliminary survey and risk assessment were completed, and audit fieldwork is in process.
Anticipated Release Date: TBD.

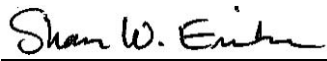
9. **Audit of Parks Trust Fund Administration** – To review policies and procedures for reconciling revenues and expenditures, improving recordkeeping, interdepartmental coordination, and timely disbursement of funds.

Project Status: An entrance conference was held; however, this project is on hold pending completion of other audit projects.

Anticipated Release Date: TBD.

Information on the status of the City Auditor's FY 2008-09 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.

Respectfully submitted,



Sharon W. Erickson
City Auditor

SE:bh

Attachment: Status of the City Auditor's FY 2008-09 Work Plan

**Status of the City Auditor's FY 2008-09 Work Plan¹
as of December, 2008**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date²
Assignments Completed					
Bay 101 Compliance Review for Quarter Ended 9/30/08	N/A	N/A	N/A	Completed	December 2008
Annual Single Audit as of June 30, 2008	N/A	N/A	Completed	Completed	December 2008
CBO Financial Reporting and Accountability	Completed	Completed	Completed	Completed	November 2008
Annual External Financial Audit as of June 30, 2008	N/A	N/A	Completed	Completed	October 2008
Recommendations Follow-Up Report as of June 30, 2008	N/A	N/A	Completed	Completed	October 2008
Commercial Solid Waste Franchise Fees and AB 939 Fees	Completed	N/A	Completed	Completed	September 2008
Bay 101 Compliance Review for Quarter Ended 6/30/08	N/A	N/A	N/A	Completed	September 2008
Foxworthy Bridge Replacement	Completed	Completed	Completed	Completed	August 2008
Sister City Grant Reimbursements	N/A	N/A	Completed	Completed	August 2008
Bay 101 Compliance Review for Quarter Ended 3/31/08	N/A	N/A	N/A	Completed	August 2008
Retirement Services Travel Expenses	Completed	Completed	Completed	Completed	August 2008
Assignments In Process					
Service Efforts and Accomplishments (SEA) Report	N/A	N/A	Completed	In Process	January 2009
Semi-Annual Compliance Audit of the City's Investment Program as of June 30 th and December 30, 2008	N/A	N/A	Completed	In Process	February 2009
Annual Review of Team San Jose Performance	Completed	N/A	Completed	In Process	February 2009
Annual Audit of Library and Park Bond Funds (Measures O & P) From Inception Through June 30, 2008	N/A	N/A	In Process		February 2009
Library Parcel Tax Special Revenue Fund (Measure S) From Inception Through June 30, 2008	N/A	N/A	In Process		February 2009
Auto Theft Investigations	Completed	Completed	Completed	In Process	March 2009
Workers' Compensation	Completed	Completed	In Process		
San Jose Conservation Corps Agreements	Completed	Completed	In Process		
Employee Health Benefits	Completed	Completed	In Process		
Park Trust Fund Administration	On Hold				
Assignments Not Yet Started					
Retirement Rolls ³					
Redevelopment DDAs – Museum Park					
Decentralized Cash Handling					
Major City Contracts					
Permitting Process for High-Rise Residential					
Police Sworn/Non-Sworn Staffing Ratios					
Community Center Staffing					
Traffic Control at Road Construction Projects					
Animal Care and Services					

¹ The approved work plan is on the web at www.sanjoseca.gov/auditor/workplan.asp

² Projected Issuance Dates are usually six weeks after Report Writing is completed to accommodate exit conferences, draft report revisions and a three week allowance for the administration to prepare a written response. For the Assignments Completed, the date shown is the actual month of report issuance.

³ Macias Gini & O'Connell currently is conducting agreed upon procedures to determine the accuracy of pensionable salaries, contributions and adjustments. At the conclusion of their review, we will assess the need for additional work in this area.