

Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE
FROM: Sharon W. Erickson, City Auditor
SUBJECT: *Monthly Report of Activities for May 2009*
DATE: June 4, 2009

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for May 2009.

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 May 2009.

Audit Reports Issued During the Month of May:

1. **Audit of Auto Theft Investigations** – We assessed workload, communication of information, and completeness and accuracy of auto theft data. The report included 15 recommendations, which were accepted at the May 21, 2009 Public Safety, Finance and Strategic Support (PSFSS) Committee and at the June 2, 2009 City Council Meeting.
2. **Audit of San Jose Conservation Corps Agreements** – We reviewed contract compliance and oversight of the various agreements between the City and the Conservation Corps. The report included 10 recommendations. The report was slated to be presented at the May 21, 2009 Public Safety, Finance and Strategic Support (PSFSS) Committee, but was deferred at the request of the Conservation Corps to the June 18, 2009 meeting.
3. **Semi-Annual Compliance Audit of the City's Investment Program** – Macias Gini & O'Connell conducted this review of the City's pooled portfolio to determine compliance with the City's Investment Policy, internal controls, and department procedures for the six months ended December 31, 2008. The report was accepted as part of the FY2008-09 Third Quarter Investment Report at the May 21, 2009 Public Safety, Finance and Strategic Support (PSFSS) Committee.

Other Activities During the Month of May:

- Conducted a training class for City staff – *“Risk Analysis: an Ounce of Prevention is Worth a Pound of Cure”* – through the Citywide Training Program.
- Requested input and audit suggestions from the Mayor, City Council, Council Appointees, and staff for the City Auditor’s FY2009-10 Audit Workplan, tentatively scheduled for the June 24, 2009 meeting of the Rules and Open Government Committee.
- Participated in FY2009-10 Budget Hearings regarding the City Auditor’s office budget.
- Audit staff attended the Association of Local Government Auditors (ALGA) 2009 Annual Conference in San Francisco and made several presentations including, *Collaborative Auditing: Practical Strategies for Minimizing Contentiousness*, *Auditing Police: Understanding Them and Holding Them Accountable*, and *Knighon Gold Award Presentation – Large Shops: “Auditing the Unfriendly Skies, An Audit of Retirement Services Travel Expenses”*.
- Provided input to the Finance Department on the annual review and update of the City’s Investment Policy.

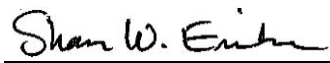
Assignments in Process:

1. **Audit of Employee Medical Benefits** – The purpose of this audit is to evaluate the medical benefits program and identify areas where the City can realize savings and improve service delivery.
Project Status: Exit conferences were held and a final draft was issued for comment.
Anticipated Release Date: Scheduled for the June 18, 2009 PSFSS Committee meeting.
2. **Audit of the City’s Management of Federal Recovery Act Funds** – The City expects to receive millions of dollars of Federal monies through the American Recovery and Reinvestment Act. The Office will monitor Federal and State guidelines regarding the significant accountability and transparency provisions in the Act and will conduct audits of funds as needed on a real time basis.
Project Status: Preliminary survey completed. Attended City Manager’s weekly Recovery Act coordination meetings. Phase I report on internal controls is in process.
Anticipated Release Date: Tentatively scheduled for the June 24, 2009 Rules and Open Government Committee.
3. **Service Efforts and Accomplishments (SEA) Follow-up** – Report on what we learned during the preparation of the 2007-08 SEA report to help streamline and enhance the performance measurement and reporting process and encourage performance management.
Project Status: A draft report is circulating for comment.
Anticipated Release Date: TBD.

4. **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: Audit fieldwork is in process.
Anticipated Release Date: TBD.
5. **Audit of Animal Care and Services** – The focus of our review is the cost-recovery status of fees and charges, including services provided to other jurisdictions.
Project Status: Audit fieldwork is in process.
Anticipated Release Date: TBD.
6. **Police Sworn/Non-Sworn Staffing** – This audit will assess the efficiency and effectiveness of current deployment of sworn versus non-sworn Police Department employees. This review will follow up on a recommendation raised in the January 2008 Management Partners report.
Project Status: Preliminary Survey in process.
Anticipated Release Date: TBD.
7. **Decentralized Cash Handling** – Revenue in the form of cash, checks, and credit cards is collected throughout the City at many locations. The audit will identify strategies and processes to increase accountability where cash handling is currently decentralized.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
8. **Audit of Pensionable Time Reporting (“Retirement Rolls”)** – The audit will review time reporting and payroll processes in so far as they impact pension rates and pensionable hours, describe City earnings codes and their governance, and the administrative process for determining pensionable amounts and pensionable hours. We will also examine risks around City earning codes.
Project Status: Met with Retirement and Finance Department staff regarding audit scope and objectives. Fieldwork in process.
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 May 31, 2009**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date²
Assignments Completed					
Auto Theft Investigations	Completed	Completed	Completed	Completed	May 2009
San Jose Conservation Corps Agreements	Completed	Completed	Completed	Completed	May 2009
Semi-Annual Compliance Audit of the City's Investment Program as of December 30, 2008	N/A	N/A	Completed	Completed	May 2009
Workers' Compensation	Completed	Completed	Completed	Completed	April 2009
Recommendations Follow-Up Report as of Dec. 31, 2008	N/A	N/A	Completed	Completed	April 2009
Annual Audit of Library and Park Bond Funds (Measures O & P) From Inception Through June 30, 2008	N/A	N/A	Completed	Completed	April 2009
Library Parcel Tax Special Revenue Fund (Measure S) From Inception Through June 30, 2008	N/A	N/A	Completed	Completed	April 2009
Semi-Annual Compliance Audit of the City's Investment Program as of June 30, 2008	N/A	N/A	Completed	Completed	February 2009
Annual Review of Team San Jose Performance	Completed	N/A	Completed	Completed	February 2009
Service Efforts and Accomplishments (SEA) Report	N/A	N/A	Completed	Completed	January 2009
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					
Employee Medical Benefits	Completed	Completed	Completed	In Process	June 2009
Federal Stimulus Funds Oversight – Phase I	Completed	N/A	N/A	In Process	June 2009
Service Efforts and Accomplishments Follow-Up	N/A	N/A	Completed	In Process	TBD
Retirement Rolls	Completed	Completed	In Process		
Animal Care and Services	Completed	Completed	In Process		
Park Trust Fund Administration	Completed	Completed	In Process		
Decentralized Cash Handling	Completed	In Process			
Police Sworn/Non-Sworn Staffing Ratios	In Process				
Assignments Not Yet Started					
Redevelopment DDAs – Museum Park					
Major City Contracts					
Permitting Process for High-Rise Residential					
Community Center Staffing					
Traffic Control at Road Construction Projects					

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.