

# Memorandum

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**TO:** RULES AND OPEN GOVERNMENT COMMITTEE  
**FROM:** Sharon W. Erickson, City Auditor  
**SUBJECT:** *Monthly Report of Activities for November 2008*  
**DATE:** December 4, 2008

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## RECOMMENDATION

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

### **Audit Reports Issued During the Month of November:**

- **An Audit of the City's Oversight of Financial Assistance to Community-Based Organizations** – The report found that 1) the City does not have a central mechanism to track all forms of financial assistance; 2) the City needs to improve its monitoring of community-based organizations that operate City facilities, 3) the City's process for leasing property to community-based organizations needs better coordination and oversight; and 4) further improvements are needed to ensure appropriate oversight of grants and all other forms of financial assistance. The report made 21 recommendations and was presented at the November 20 meeting of the Public Safety, Finance and Strategic Support Committee. The report appears on the agenda of the December 9, 2008 City Council Meeting for approval.

### **Other Activities During the Month of November:**

- The City Auditor met with the City Council as part of her performance evaluation.
- In conjunction with the local chapter of the Institute of Internal Auditors (I. I. A.), the City Auditor's Office hosted two college students for the I.I.A.'s *Auditor for a Day*.
- Met with the City Manager's Office regarding improved coordination of audit recommendations with potential budget impacts.

- Met with the Fire Department regarding implementation of outstanding audit recommendations.
- Met with City staff regarding the City's retirement and O.P.E.B. obligations.

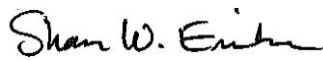
### **Assignments In Process:**

1. **Annual External Financial Audit and Single Audit as of June 30, 2008** – Macias, Gini & O'Connell is conducting the annual audit of the City's financial transactions.  
**Project Status:** The Annual Audit was completed. The Single Audit is in the report writing phase.  
**Anticipated release date:** The Single Audit and Management Letter are expected in December 2008.
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:** Fieldwork complete, report writing in process.  
**Anticipated Release Date:** Jan-2009.
3. **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:** Met with multiple departments regarding their performance measures. Data gathering in process  
**Anticipated Release Date:** Jan-2009.
4. **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:** TBD.
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 nearly complete; a pre-exit conference with the department has been scheduled.  
**Anticipated Release Date:** TBD.
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 a pre-exit conference with the department to discuss preliminary audit issues.  
**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 was completed, and risk assessment is in process.  
**Anticipated Release Date:** TBD.
  
9. **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 has provided necessary documents and an entrance conference is scheduled.  
**Anticipated Release Date:** TBD.
  
10. **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 Plan<sup>1</sup>  
as of November, 2008**

	<b>Preliminary Survey</b>	<b>Risk Assessment</b>	<b>Audit Field Work</b>	<b>Report Writing</b>	<b>Projected Issuance Date<sup>2</sup></b>
<b>Assignments Completed</b>					
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
<b>Assignments In Process</b>					
Annual Single Audit as of June 30, 2008	N/A	N/A	Completed	In Process	December 2008
Semi-Annual Compliance Audit of the City's Investment Program as of June 30 <sup>th</sup> and December 30, 2008	N/A	N/A	Completed	In Process	January 2009
Service Efforts and Accomplishments (SEA) Report	N/A	N/A	Completed	In Process	January 2009
Annual Audit of Library and Park Bond Funds (Measures O & P) From Inception Through June 30, 2008	N/A	N/A	In Process		
Library Parcel Tax Special Revenue Fund (Measure S) From Inception Through June 30, 2008	N/A	N/A	In Process		
Workers' Compensation	Completed	Completed	In Process		
San Jose Conservation Corps Agreements	Completed	Completed	In Process		
Auto Theft Investigations	Completed	Completed	In Process		
Employee Health Benefits	Completed	In Process			
Annual Review of Team San Jose Performance	In Process				
Park Trust Fund Administration	On Hold				
<b>Assignments Not Yet Started</b>					
Retirement Rolls <sup>3</sup>					
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					

<sup>1</sup> The approved work plan is on the web at [www.sanjoseca.gov/auditor/workplan.asp](http://www.sanjoseca.gov/auditor/workplan.asp)

<sup>2</sup> 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.

<sup>3</sup> 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.