

Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE
FROM: Sharon W. Erickson, City Auditor
SUBJECT: *Monthly Report of Activities for October 2008*
DATE: November 6, 2008

RECOMMENDATION

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

Audit Reports Issued During the Month of October:

- **Semi-Annual Follow-Up Report On All Outstanding Audit Recommendations For The Six Months Ended June 30, 2008** – The report gave the status of the 68 recommendations outstanding from all previous audit reports, including the 27 new recommendations made since our last semi-annual report. During this reporting period, twenty recommendations were fully implemented. We presented the report to the Public Safety, Finance and Strategic Support Committee at its October 17th meeting.
- **Annual External Financial Audit as of June 30, 2008** – Macias Gini & O'Connell completed the annual audit of the City's financial transactions and presented the report to the Public Safety, Finance and Strategic Support Committee at its October 17th meeting.

Other Activities During the Month of October:

- Issued a preliminary draft, held an exit conference, and issued a final draft on *An Audit of the City's Oversight of Financial Assistance to Community-Based Organizations*.
- The City Auditor and two staff members attended the *Association of Government Accountants' Fourth Annual National Performance Management Conference* in Seattle, Washington.

- The City Auditor participated in meetings regarding I. T. security and the City's O.P.E.B. liability.
- The City Auditor spoke on using auditors to improve accountability and efficiency in San Jose at the first annual conference of the International Law Enforcement Auditors Association in Santa Clara.
- City Auditor staff prepare an informational/recruiting brochure regarding the role and responsibilities of the City Auditor's Office.
- The City Auditor, along with several staff members, made a presentation on Performance Auditing to a class of accounting students at San Jose State University, and attended a networking event for Stanford University students interested in government careers
- Updated and streamlined the office's policies and procedures to comply with recently revised government auditing standards.
- Made a job offer to and received an acceptance from Renata Khoshroo. Ms. Khoshroo will join the office as a Senior Program Performance Auditor in January 2009.

Assignments In Process:

1. **An Audit of the City's Oversight of Financial Assistance to Community-Based Organizations** – To identify efficiencies and improvements in the City's oversight of all forms of financial assistance to community-based organizations.
Project Status: Fieldwork is complete and a draft report is in process.
Anticipated Release Date: Nov-2008.
2. **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.
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: Initial planning and data gathering in process.
Anticipated Release Date: Dec-2008.
4. **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 in process.
Anticipated Release Date: Dec-2008.

5. **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: Jan-2009.

6. **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 in process.
Anticipated Release Date: TBD.

7. **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 in process.
Anticipated Release Date: TBD.

8. **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.

9. **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.

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 and preliminary survey is 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 October 31, 2008**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date²
Assignments Completed					
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					
CBO Financial Reporting and Accountability	Completed	Completed	Completed	Completed	November 2008
Annual Single Audit as of June 30, 2008	N/A	N/A	Completed	In Process	December 2008
Service Efforts and Accomplishments (SEA) Report	N/A	N/A	In Process		December 2008
Semi-Annual Compliance Audit of the City's Investment Program as of June 30 th and December 30, 2008	N/A	N/A	In Process		December 2008
Annual Audit of Library and Park Bond Funds (Measures O & P) From Inception Through June 30, 2008	N/A	N/A	In Process		January 2009
Library Parcel Tax Special Revenue Fund (Measure S) From Inception Through June 30, 2008	N/A	N/A	In Process		January 2009
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			
Park Trust Fund Administration	In Process				
Assignments Not Yet Started					
Retirement Rolls ³					
Annual Review of Team San Jose Performance					
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.