

**TO:** RULES AND OPEN GOVERNMENT COMMITTEE  
**FROM:** Sharon W. Erickson, City Auditor  
**SUBJECT:** *Monthly Report of Activities for September 2009*  
**DATE:** October 9, 2009

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## RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for September 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 2009-10 Work Plan during the month of September 2009.

### Activities During the Month of September:

- Conducted a training class for City staff on *Risk Analysis: An Ounce of Prevention Is Worth a Pound of Cure* through the Citywide Training program.
- Began preparation for the biannual audit of the City Auditor's Office by the Association of Local Government Auditors (ALGA) scheduled for November 2009.
- Audit staff, in conjunction with the Budget Office, conducted training on performance measures for city staff teams.

### Audit Reports Issued During the Month of September:

1. **Service Efforts and Accomplishments (SEA) Follow-up** – While preparing the 2007-08 SEA report, a number of issues surfaced with the City's performance management and reporting system. In a joint memorandum with the City Manager, entitled *Performance Management And Reporting In San Jose: A Proposal For Improvement*, we outlined a series of next steps to help streamline and enhance the performance measurement and reporting process and encourage performance management. The report was accepted at the 9/30/09 Rules and Open Government Committee.
2. **Audit of Park Trust Fund Administration** – We reviewed policies and procedures for reconciling revenues and expenditures, and improving recordkeeping, interdepartmental coordination, and timely disbursement of funds. We made 14

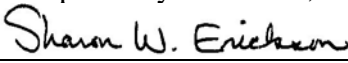
recommendations and presented the report at the 09/17/09 PSFSS Committee meeting and the 09/29/09 City Council Meeting.

### **Assignments in Process:**

- 1. Semi-annual Audit Recommendation Follow-up Report On All Outstanding Audit Recommendation For the 6 Months Ended June 30, 2009**  
**Project Status:** A preview copy of the report was sent to the City Manager's Office..  
**Anticipated Release Date:** Scheduled for the October 15, 2009 PSFSS Committee.
- 2. 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:** An exit conference was held and a final draft report issued for comment.  
**Anticipated Release Date:** Scheduled for the October 15, 2009 PSFSS Committee.
- 3. Audit of Pensionable Time Reporting (“Retirement Rolls”)** – To review time reporting and payroll processes that impact pension rates and pensionable hours, City earnings codes and their governance, and the administrative process for determining pensionable amounts and pensionable hours.  
**Project Status:** Fieldwork and report writing completed. A preliminary draft has been issued and an exit conference scheduled.  
**Anticipated Release Date:** November 2009.
- 4. Annual External Financial Audit and Single Audit as of June 30, 2009** – Macias, Gini, & O’Connell is conducting the annual audit of the City financial transactions.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** November 2009.
- 5. Semi-Annual Compliance Review of the City’s Investment Program** – Macias, Gini, & O’Connell is conducting the audit as of June 30, 2009.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** November 2009
- 6. Police Sworn/Non-Sworn Staffing** – To assess the efficiency and effectiveness of current deployment of sworn versus non-sworn Police Department employees. This review follows up on a recommendation raised in the January 2008 Management Partners report.  
**Project Status:** Audit fieldwork is in process. We are holding bi-weekly progress meetings with the Police Department and City Manager staff.  
**Anticipated Release Date:** November/December 2009.
- 7. Annual Audits of the Branch Library Bond Projects Fund, Parks and Recreation Bond Projects Fund, Library Parcel Tax, Special Revenue Fund, and the Public Safety Bond Project Fund** – Macias, Gini, & O’Connell is conducting these audits as of June 30, 2009.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** December 2009.

- 8. 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.
- 9. Review of Community Center Staffing** – We will assess the efficiency and effectiveness of community center staffing.  
**Project Status:** Completed preliminary survey and initiating fieldwork.  
**Anticipated Release Date:** TBD.
- 10. Audits of Major Contracts – Airport Parking Management Agreement.** This audit is the first in a series of audits of large contracts to confirm that the City is getting the service that it is paying for and the revenues to which it is entitled.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** TBD.
- 11. Redevelopment Agency DDA** – An audit of the loan agreement between the Redevelopment Agency and Legacy Partners for the 117-unit Museum Park multiple housing development  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** TBD.

Information on the status of the City Auditor's FY 2009-10 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 2009-10 Work Plan

**Status of the City Auditor's FY 2009-10 Work Plan<sup>1</sup>  
as of September 30, 2009**

	<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>					
Park Trust Fund Administration	Completed	Completed	Completed	Completed	September 2009
Service Efforts and Accomplishments Follow-Up	N/A	N/A	Completed	Completed	September 2009
<b>Assignments In Process</b>					
Animal Care and Services	Completed	Completed	Completed	Completed	October 2009
Semi-annual Audit Recommendation Status Reports For the 6 Months Ended June 30, 2009	N/A	N/A	Completed	Completed	October 2009
Pensionable Time Reporting ("Retirement Rolls")	Completed	Completed	Completed	In Process	November 2009
Annual External Financial Audit and Single Audit	N/A	N/A	In Process		November 2009
Annual Audits of Library Bond Project Fund, Parks and Recreation Bond Project Fund, Library Parcel Tax Revenue Fund, and Public Safety Bond Project Fund	N/A	N/A	In Process		November 2009
Police Sworn/Non-Sworn Staffing Ratios	Completed	Completed	Completed	In Process	Nov/Dec 2009
Compliance Review of the City's Investment Program	N/A	N/A	In Process		December 2009
Decentralized Cash Handling	Completed	Completed	In Process		
Review of Community Center Staffing	Completed	Completed	In Process		
Major City Contracts – Airport Parking Mgmt Agreement	Completed	Completed	In Process		
Redevelopment DDAs – Museum Park	Completed	Completed	In Process		
<b>Assignments Not Yet Started</b>					
Annual Review of Team San Jose					
Annual Service Efforts and Accomplishments 2008-09					
Information Technology General Controls					
Take-home Vehicles					
Traffic Citation Revenue					
Pension and Retiree Medical Costs					
Community Code Enforcement					
DOT Sewer Line Cleaning Program					
Financial Scan of Community-based Organizations					
Personnel Costs					
Contract Documentation and Insurance					
Procurement Card Transactions					
Affordable Housing Fee Exemptions					
Disability Retirements					
Police Secondary Employment					
Biennial Peer Review					
Recovery Act 9/30/09 Status					
Card Room Oversight					
Audits of Community-based Organizations TBD					
Semi-annual Audit Recommendation Status Reports For the 6 Months Ended December 31, 2009.					
Other Major City Contracts					

<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.