



# Memorandum

**TO:** RULES AND OPEN  
GOVERNMENT COMMITTEE

**FROM:** Mayor Chuck Reed

**SUBJECT:** AUDIT OF THE CITY  
AUDITOR'S OFFICE

**DATE:** September 23, 2009

Approved

*Chuck Reed*

Date

*9/24/09*

## RECOMMENDATION

That the Rules and Open Government Committee agendaize an item for the October 6, 2009 City Council meeting for adoption of a resolution authorizing the City Clerk to execute an agreement with the Association of Local Government Auditors (A.L.G.A.) to perform an audit of the City Auditor's Office for the period July 1, 2007 through June 20, 2009, pursuant to the peer review guidelines of the A.L.G.A., in exchange for reimbursement of expenses for the audit team and the provision of reciprocal audit services by the City Auditor's Office.

## BACKGROUND

City Charter Section 805.2 requires the City Council to contract with an independent audit firm, which has no other contracts with the City, to conduct a performance audit of the City Auditor's Office at least every two years. An audit team associated with A.L.G.A performed the last audit in San José two years ago.

The A.L.G.A peer review provides a mechanism for skilled and qualified audit personnel to perform audits of other local government audit organizations. A.L.G.A is prepared to send a team of three government auditors to conduct an audit of the San José City Auditor's Office beginning November 16, 2009. The review team will include Tina Adams, City of Charlotte, NC, as team leader; with Danica Rogers, City of Long Beach, CA and Wendy Gamble, Los Angeles Police Department, as team members.

The objectives of the audit will be to determine whether the City Auditor's Office's internal quality control system was 1) suitably designed, and 2) operating effectively to provide reasonable assurance of complying with applicable *Government Auditing Standards* issued by the Comptroller General of the United States.

The A.L.G.A team will select and review several audits the City Auditor issued in Fiscal Years for the period July 1, 2007 through June 20, 2009, and will submit a written report to the City Council no later than December 7, 2009.

**COST IMPLICATIONS**

The City Auditor's Office will pay reasonable expenses incurred by the review team members relating to the review. Meal and incidental travel expenses will be reimbursed based on the United States Federal Government GSA Schedule for the respective region. Air travel, hotel accommodations, rental car transportation, meal and incidental costs will be coordinated and arranged through A.L.G.A. Member Services. The value of each review team member's time will not be paid by the City Auditor's Office. Instead, the City Auditor's Office will commit audit personnel to conduct peer reviews coordinated by A.L.G.A. for its members.

The City Auditor's Office agrees to hold A.L.G.A. and all of its officers and representatives harmless of any liability arising from actions of the review team members during the course of the review and/or resulting from the review, except for liability arising from willful misconduct or the negligence of the review team members.