

AUDIT ASSIGNMENTS

The list of proposed audit assignments for FY 2025-26 includes a mix of audits already in process, recurring audits, and additional audit projects that address a range of concerns consistent with the City Auditor's areas of responsibility.

In December 2020, the City Council directed that the City Auditor's annual work plan include performance audits of at least three constituent-facing departments, the purpose of which should be to identify cost savings and process efficiencies.¹ In addition, audits of constituent-facing departments should reoccur every four years. This proposed work plan satisfies the City Council's direction, with audits covering programs in the departments of the Office of Economic Development and Cultural Affairs and the departments of Environmental Services; Fire; Housing; Parks, Recreation and Neighborhood Services; Police; and Transportation.

Each audit listed includes a tentative, high-level objective that will be refined during the scoping phase of the audit project.

Audits in process:

1. **City costs for special events** – Assess City-required security or other costs to organizers for special events. (*Request from the Mayor*) Target date: Heard at the Community and Economic Development Committee on June 16. Scheduled for the August 19, City Council meeting.
2. **Access to and use of critical services by traditionally marginalized communities** – This is the second project in what is intended to be a series of audits related to the access and use of critical services by traditionally marginalized communities. This project will focus on Traffic Safety programs or services in the Increasing Community Safety City Council focus area. Target Date: Aug-2025
3. **Procurement** – Assess the efficiency of the City's procurement processes for goods and services, not including public works projects. (*Outstanding audit requests from a Councilmember and the Mayor*) Target date: Aug-2025
4. **Homelessness** – Audit to explore the City's internal department structure related to homelessness response, including assessing coordination of activities and benchmarking with other jurisdictions. (*Per City Council direction at the June 11, 2024 City Council meeting*) Target date: Oct-2025
5. **Police Staffing, Expenditures, and Workload** – Follow up to the City Auditor's 2021 Police Staffing, Expenditures, and Workload audit. Target date: TBD
6. **Fire Department Inventory Controls over Controlled Substances** – Assess inventory controls over controlled substances in the Fire Department. Target date: TBD
7. **Sewer rates (NEW)** – Assess the process for setting sewer rates for residential, commercial, and industrial customers. (*per Councilmember request*)

¹ For more information see <https://sanjose.legistar.com/LegislationDetail.aspx?ID=4700466&GUID=E5EDF9DA-6660-4DF9-90C9-A5720C35F33C&Options=&Search=>

Annual/recurring projects:

8. **Semi-annual audit recommendation status reports** (on-going) – The City Auditor’s Office will maintain an online dashboard of audit recommendations and issue a report on the implementation status of all open audit recommendations as of June 30th and December 31st. Target dates: Sep-2025 and Mar-2026.
9. **Annual Performance Review of Team San Jose and the Convention and Visitors Bureau** (as required in the City’s agreements with Team San Jose) – Annual review to determine whether Team San Jose met their performance metrics as of June 30, 2024. Target date: Nov-2025.
10. **Annual Report on City Services** (on-going) – 18th annual report providing data about the cost, quality, quantity, and timeliness of City services. The report incorporates existing performance measurement data, showing ten-year historical trends, a variety of comparisons to other cities, and the results of resident surveys. Target date: Dec-2025.
11. **Biennial peer review for FYs 2023-24 and 2024-25** (contracted audit service) – The City Charter requires a performance audit of the Office of the City Auditor be conducted at least once every two years. To fulfill this requirement, the Office participates in the Association of Local Government Auditors’ peer review program. The last peer review was conducted in 2023. Target date: Nov-2025
12. **Annual external financial audit and single audit** (contracted audit service) – The City Charter requires an annual audit of the City’s financial transactions. The independent certified public accounting firm Macias Gini & O’Connell LLP (MGO) will conduct the annual audits of the Annual Comprehensive Financial Reports of the City and the Airport. MGO will also conduct audits of the financial statements of the Successor Agency to the Redevelopment Agency, Convention Center, Deferred Compensation, Tier 3 Defined Contribution Plan, Voluntary Employee Beneficiary Association (VEBA), Metropolitan Transportation Commission (MTC) grant compliance, South Bay Water Recycling, San José Clean Energy (SJCE), and the Single Audit (including Airport passenger facility charges and customer facility charges). Target dates: Sep-2025 through Feb-2026.
13. **Annual audits of voter-approved bond and parcel tax measures** (contracted audit service) – MGO will conduct audits of the Branch Library Bond Projects Fund, the Parks and Recreation Bond Projects Fund, the Library Parcel Tax Fund, and the Public Safety and Infrastructure (“Measure T”) Bond Fund satisfying the City’s obligation for guaranteed annual audits. Target date: Oct-2025.
14. **Semi-annual compliance reviews of the City’s investment program** (contracted audit service) – The City’s investment policy requires semi-annual compliance audits of the City’s investment portfolio. MGO will conduct the agreed-upon procedures as of June 30th and December 31st. Target dates: Sep-2025 and Mar-2026.
15. **Compliance review of San José Clean Energy’s risk management practices** (contracted audit service) – MGO will conduct tests of SJCE investment and risk management practices to ensure compliance with the City’s Energy Risk Management Policy and Energy Risk Management Regulations as of FY Ended June 30, 2025. Target date: Nov-2025.

New projects:

16. **Housing loan portfolio (NEW)** – Assess the Housing Department’s processes for managing the affordable housing loan portfolio, including loan servicing and compliance monitoring. (*outstanding audit request*)
17. **Employee turnover (NEW)** – Review turnover across departments and identify potential causes and strategies to mitigate negative impacts on services, including succession planning. (*per Councilmember request*)
18. **Office of Economic Development and Cultural Affairs performance measures (NEW)** – Assess the reliability, validity, and usefulness of the Office’s reported or tracked performance measures. (*Councilmembers have made multiple requests for audits about the City’s performance management in prior years. This is the second of what is expected to be an ongoing series of audits related to the City’s performance measurement and management systems*)
19. **Vehicle Abatement (NEW)** – A follow up to the 2018 audit of vehicle abatement. Scope still to be determined but could review customer service and effectiveness of the vehicle abatement program for different types of vehicles or requests. (*Outstanding audit requests*)
20. **Fire technology needs (NEW)** – Assess the Fire Department’s technology strategic planning and resources.
21. **Park maintenance (NEW)** – As directed by the City Council on March 17, 2026, study the park maintenance program, with a scope to include staffing routes, processes for evaluating maintenance needs, and geographic equity and provide recommendations on best practices.

PROJECTS CONSIDERED BUT NOT RECOMMENDED AT THIS TIME:

We designed the above list of projects to address high priority areas, while limiting the scope of work to what we can realistically accomplish. Additional items considered but not recommended include the following topics. Each have outstanding audit requests and/or score high on the Citywide risk assessment.

1. *311 service delivery and tracking*
2. *Affordable housing NOFA process*
3. *BeautifySJ – efficiency and coordination of activities*
4. *Capital project planning – replacement of aging infrastructure*
5. *Citywide contracting*
6. *Conditional Use Permits*
7. *Digital equity performance measurement*
8. *Fire recruitment and retention*
9. *Fleet procurements*
10. *Interjurisdictional agreements/services*
11. *Long-range planning – equity considerations*
12. *Park in-lieu fees (on prior year’s work plan, but deferred because of the addition of different priority projects)*

13. Police recruitment

14. Procurement – Public Works projects

15. Traffic signal and streetlight maintenance

NEXT STEPS

As audit work proceeds, I will bring to the Rules and Open Government Committee of the City Council monthly reports describing the status and progress towards completing audit projects. As part of our normal audit process, we will notify Councilmembers when we start each audit to determine if there are any interests or concerns that we can address during our audit. This is intended to ensure that our audits are responsive to your needs. Any subsequent additions to the work plan will be forwarded to the Rules and Open Government Committee for approval. Generally, audit reports are heard by the appropriate City Council Committee and then cross-referenced to the full City Council for acceptance.



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City Auditor