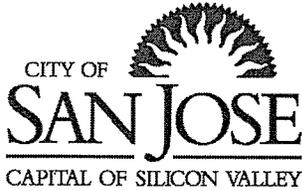




OFFICE OF THE
CITY AUDITOR

**REPORT OF ACTIVITIES FOR THE PERIOD
MARCH 16 THROUGH APRIL 15, 2007**

A REPORT TO THE SAN JOSE CITY COUNCIL



Office of the City Auditor
Gerald A. Silva, City Auditor

April 26, 2007

Honorable Members of the City Council
200 East Santa Clara Street
San Jose, CA 95113

In accordance with Charter Section 805(e), I am submitting a written report of the Office of the City Auditor's activities for the period of March 16 through April 15, 2007 and schedule of audit costs for March 2007.

The monthly report contains the following sections:

- Status of Assignments in Progress
- Other Activities
- Schedule of Audit Costs for March

If you need any additional information, please let me know.

Respectfully submitted,

Gerald A. Silva
City Auditor

GS:bh
Attachment

Office of the City Auditor
Status of Assignments in Progress as of April 15, 2007

| | Preliminary Survey | Risk Assessment | Audit Field Work | Report Writing | Projected Issuance Date* |
|--|--------------------|-----------------|------------------|----------------|--------------------------|
| Assignments Completed | | | | | |
| Consolidated Water Utility Fund Transfers | Completed | Completed | Completed | In Progress | April 2007 |
| Mexican Heritage Plaza | N/A | N/A | Completed | Completed | March 2007 |
| City Auditor Review of the Consolidated Storage & File Server Solution for City Hall | N/A | N/A | Completed | Completed | December 2006 |
| American Musical Theatre of San Jose | N/A | N/A | Completed | Completed | October 2006 |
| San Jose Repertory Theatre | N/A | N/A | Completed | Completed | October 2006 |
| TEAM San Jose | Completed | Completed | Completed | In Progress | October 2006 |
| Purchase Card Utilization | Completed | Completed | Completed | Completed | September 2006 |
| City Auditor Review of Recycle Plus RFP Protest | N/A | N/A | Completed | Completed | August 2006 |
| Review of Significant RFPs—Recycle Plus RFP | N/A | N/A | Completed | Completed | August 2006 |
| Northside RFP | N/A | N/A | Completed | N/A | N/A |
| Assignments In Progress | | | | | |
| Public Works Transportation Contract Cycle Times | Completed | Completed | Completed | Completed | May 2007 |
| Traffic Calming | Completed | Completed | Completed | Completed | May 2007 |
| Arena Management | Completed | Completed | Completed | In Progress | May 2007 |
| Los Lagos Golf Course Operations and Finances | Completed | Completed | Completed | In Progress | June 2007 |
| Redevelopment DDAs | Completed | N/A | Completed | In Progress | June 2007 |
| Santa Clara County Cities Association | Completed | N/A | In Progress | | |
| City Debt & Investment Program | Completed | Completed | In Progress | | |
| Franchise Fees | In Progress | | | | |
| Workers' Compensation | In Progress | | | | |
| Assignments Not Yet Started | | | | | |
| Housing Rehabilitation | | | | | |
| Public Works Cost Estimation Process | | | | | |
| Vehicle Maintenance Procedures | | | | | |
| Specialized Vehicle Use | | | | | |
| Risk Management | | | | | |
| Police Overtime | | | | | |
| Information Technology** | | | | | |
| CBO Financial Reporting and Accountability | | | | | |
| Decentralized Cash Handling Processes | | | | | |
| Convention and Visitors Bureau | | | | | |
| On-going Assignments | | | | | |
| Quarterly Sales Tax Audit | N/A | N/A | Completed | Completed | April 2007 |
| Review of significant RFPs | | | | | |
| Cardroom Audit Overview | N/A | N/A | Completed | Completed | April 2007 |
| Audit Recommendation Follow-up Report | N/A | N/A | Completed | In Progress | May 2007 |
| Other Revenue Audits | | | | | |
| Procurement Card Transactions | Completed | Completed | Completed | In Progress | May 2007 |
| Annual Assignments | | | | | |
| Annual Financial Audit & Single Audit Overview | | | | | |
| Allied Waste Contract Expenditures | Completed | Completed | In Progress | | |
| TEAM San Jose (2005-06) | Completed | Completed | In Progress | | |
| Workers' Compensation Program Claims Liability | | | | | |

* 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.

** Deferred

OTHER ACTIVITIES

During March 16, 2007 through April 15, 2007, the City Auditor:

1. Issued *A Review Of The Mexican Heritage Corporation's Ability To Operate And Maintain The Mexican Heritage Plaza.*
2. Issued *An Audit of the San Jose Municipal Water System Consolidated Water Utility Fund Transfers.*
3. Issued finding reports from Kafoury, Armstrong, & Company, LLP relating to the Bay 101 Conditional Approval of Stock Transfer for the quarter ended September 30, 2006.
4. Issued a final draft of and held an exit conference on *An Audit Of The Traffic Calming Program.*
5. Issued a final draft of *An Audit of The Department Of Transportation's Efforts To Secure Federal Highway Bridge Replacement and Rehabilitation Funds.*
6. Held an entrance conference on our audit of Franchise Fees.
7. Received notification that the Association of Local Government Auditors (ALGA) awarded the 2006 Knighton Award for best performance audit to the City Auditor's office's for its report, *Audit of Citywide Grant Oversight.*
8. Staff participated in FMS Training.
9. Made a speech in San Francisco to the International Association of Supreme Audit Organizations.
10. Met with City Manager's Office staff regarding our audit of the Mexican Heritage Plaza.
11. Staff provided audit training to the Chinese National Audit Office regional directors.
12. Provided SJSU Operation Auditing students with an overview of the City Auditor's Office and an introduction to Audit Risk Assessment.
13. Met with City Council Members regarding various audit assignments.

**OFFICE OF THE CITY AUDITOR
SCHEDULE OF AUDIT COSTS
FOR THE MONTH OF MARCH 2007**

| Audit Assignment | Audit Hours | Audit Costs | % ¹ |
|---|--------------|------------------|----------------|
| Mexican Heritage Plaza | 777 | \$60,922 | 22.5% |
| City Debt and Investment Administration | 468 | 36,694 | 13.6 |
| Vacation, Sick, and Other Leaves | 416 | 32,618 | 12.0 |
| Traffic Calming | 361 | 28,305 | 10.5 |
| RDA DDA – Park Townsend | 292 | 22,895 | 8.4 |
| Contract Cycle Times | 179 | 14,035 | 5.2 |
| Training | 178 | 13,956 | 5.2 |
| Holiday | 109 | 8,546 | 3.2 |
| Consolidated Water Utility Fund | 108 | 8,468 | 3.1 |
| RDA DDA – 101 San Fernando St. | 99 | 7,762 | 2.9 |
| Administrative | 96 | 7,527 | 2.8 |
| TEAM San Jose | 86 | 6,743 | 2.5 |
| Revenue Audits | 79 | 6,194 | 2.3 |
| Arena Fees | 64 | 5,018 | 1.8 |
| Internal Quality Control | 57 | 4,469 | 1.6 |
| On-Going Purchase Card Audits ² | 74 | 3,146 | 1.1 |
| San Jose Municipal Water System | 16 | 1,255 | 0.5 |
| Performance-Based Budgeting | 9 | 706 | 0.3 |
| Camera Cinemas | 8 | 627 | 0.2 |
| Assistance to SJPD on Bay 101 | 7 | 549 | 0.2 |
| Franchise Fees–Allied Waste and Stevens Creek D&R | 3 | 235 | 0.1 |
| Totals | 3,486 | \$270,670 | 100.0% |
| Total Cost Per FMS | | \$270,670 | |

¹ These may be slightly off because of rounding.

² Includes 42 intern hours.