

6/21/05
2.27



Memorandum

TO: Lee Price
City Clerk

FROM: Brad Handschy,
Executive Asst.
to the City Auditor

SUBJECT: *AGENDA ITEM - AUDITOR'S
REPORT OF ACTIVITIES AND FINDINGS
THROUGH MAY 15, 2005*

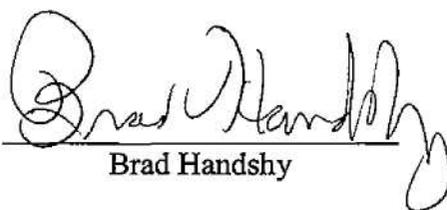
DATE: June 10, 2005

APPROVED

DATE

Please place the following on the "Consent Calendar" of the soonest possible (**preferably 6/21/05**) City Council agenda.

"Acceptance of the Office of the City Auditor's Report of Activities and Findings for the Period April 16 through May 15, 2005."


Brad Handschy

0541



**OFFICE OF THE
CITY AUDITOR**

**REPORT OF ACTIVITIES AND FINDINGS
FOR THE PERIOD
APRIL 16 THROUGH MAY 15, 2005**

A REPORT TO THE SAN JOSE CITY COUNCIL



GERALD A. SILVA
City Auditor

CITY OF SAN JOSÉ, CALIFORNIA

800 N. First Street, San Jose, California 95110 • Tel: (408) 277-4601

June 9, 2005

Honorable Members of the City Council
801 North First Street, Room 600
San Jose, CA 95110

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 April 16 through May 15, 2005 and schedule of audit costs for April 2005.

The monthly report contains the following sections:

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

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 May 15, 2005**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date*
Assignments Completed					
Public Art Project Allocation Process	Completed	Completed	Completed	In Progress	May 2005
City Fleet Special Purpose Vehicles	Completed	Completed	Completed	Completed	May 2005
Annual Financial Audit RFP	N/A	N/A	N/A	N/A	April 2005
Police Depart. Marked Patrol Vehicle Fleet Size	Completed	Completed	Completed	Completed	February 2005
Audit of City Manager's Reforms	Completed	Completed	Completed	Completed	December 2004
Audit Recommendation Follow-up Reports as of June 30, 2004, December 31, 2004	Completed	Completed	Completed	Completed	December 2004 April 2004
Quarterly Sales and Business Tax Results as of June 30, 2004 and September 30, 2004	N/A	N/A	On-going	N/A	December 2004 August 2004
An Audit of Family Camp	Completed	Completed	Completed	Completed	November 2004
Information Technology Department – Cell Phones	Completed	Completed	Completed	Completed	November 2004
San Jose Family Camp	Completed	Completed	Completed	Completed	November 2004
SJMWS Compliance with Council Ordinance 26903	Completed	Completed	Completed	Completed	October 2004
Converged Network RFP	Completed	Completed	Completed	Completed	August 2004
Assignments In Progress					
Allied Waste Expenditures	N/A	N/A	Completed	Completed	May 2005
Northside Community Center	Completed	Completed	Completed	In Progress	June 2005
Public Works Transportation Contract Cycle Times	Completed	Completed	Completed	In Progress	August 2005
San Jose Municipal Water System – Phase Two	Completed	Completed	In Progress		
Environmental Services Department Laboratory	Completed	Completed	In Progress		
Traffic Calming	Completed	In Progress			
Grant Oversight	In Progress				
Assignments Not Yet Started					
Call Center Information and Referral Services					
Los Lagos Golf Course Operations and Finances					
Public Works Cost Estimation Process					
Regional Parks Staffing & Maintenance Levels ***					
TEAM San Jose					
Workers' Compensation					
Vehicle Maintenance Procedures					
City and RDA Property Acquisitions					
Police Department Radio Channel Staffing **					
Information Technology**					
On-going Assignments					
Quarterly Sales Tax Audit					
Cardroom Audit Overview					
Audit Recommendation Follow-up Report					
Annual Financial Audit & Single Audit Overview					
Other Revenue Audits					
Petty Cash and Change Funds					
Information Systems Audits					
Fraud and Audit Hotline					

* 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

*** Dropped.

AN AUDIT OF THE PUBLIC ART PROGRAM

In accordance with the City Auditor's 2004-05 Audit Workplan, we have audited the Public Art Program of the Office of Cultural Affairs. We conducted this audit in accordance with generally accepted government auditing standards and limited our work to those areas specified in the Objective, Scope, and Methodology section of this report.

RECOMMENDATIONS

- We recommend that the City Manager's Office:
- Recommendation #1** **Notify the Arts Commission when eligible construction projects do not receive a public art allocation. (Priority 3)**
- We recommend that the Administration:
- Recommendation #2** **Better define public visibility and eligible capital projects for purposes of identifying all construction projects that should receive a two percent art allocation. (Priority 3)**
- We recommend that the Program Staff:
- Recommendation #3** **Submit for City Council consideration a proposal to allow art allocations to be increased in the event of increased project budgets beyond a specific percentage or dollar amount. (Priority 3)**
- We recommend that the City Manager's Office:
- Recommendation #4** **Require departments to coordinate with the Public Art Program Director prior to proposing any public art allocation reductions. (Priority 3)**
- We recommend that the Program:
- Recommendation #5** **Develop a means to track and monitor administrative cost information for each individual public art project. (Priority 3)**

We recommend that Program staff:

Recommendation #6 **Track and report information on pooled public art project funds to the City Council and the City Manager's Budget Office. (Priority 3)**

We recommend that the Program:

Recommendation #7 **Ensure Public Art Task Forces are established for all eligible art projects and report any exceptions in its quarterly reports to the Arts Commission. (Priority 3)**

Recommendation #8 **Establish guidelines for community members in the public art process and communicate those guidelines to potential and current Public Art Task Force members. (Priority 3)**

Recommendation #9 **Report accurate information regarding meeting participants in its quarterly reports. (Priority 3)**

Recommendation #10 **Develop a benchmark for community participation and develop a strategy to improve community participation. (Priority 3)**

We recommend that the Program:

Recommendation #11 **Include in its quarterly reports to the Arts Commission performance measures on its efforts to groom local artists for public art commissions. (Priority 3)**

OTHER ACTIVITIES

During April 16, 2005 through May 15, 2005, the City Auditor:

1. Issued *An Audit of the Public Art Program*.
2. Issued *Sales Tax Audit Results For The Quarter Ended December 31, 2004*.
3. Issued a preliminary draft report and held an exit conference on our audit of the Northside Community Center.
4. Held an exit conference and issued a final draft report on our audit of the Public Art Program.
5. Attended an orientation for District 7 City Council candidates.
6. Led a brainstorming session on Risk Assessment with the Public Safety Oversight Committee.
7. Met with the Director of Employee Relations regarding the City Fraud Hotline.
8. Taught a class on Risk Assessment to students at San Jose State University.
9. Celebrated his 20th Anniversary as City Auditor of the City of San Jose.
10. Participated in a conference call regarding planning the National Intergovernmental Audit Forum Conference to be held in San Jose in May 2006.
11. Participated in the National Association of Local Government Auditors (NALGA) peer review reciprocity process by sending a staff auditor Lynda Brouchoud to Miami-Dade Public School District.
12. Met with City Council Members regarding various audit assignments.

**OFFICE OF THE CITY AUDITOR
SCHEDULE OF AUDIT COSTS
FOR THE MONTH OF APRIL 2005**

Audit Assignment	Audit Hours	Audit Costs	% ¹
Northside Community Center	712	\$53,411	22.6%
Grant Oversight	351	26,330	11.1
Contract Cycle Times	279	20,929	8.8
Public Art Project Allocation Process	273	20,479	8.6
Annual Audit RFP	243	18,229	7.7
Vacation, Sick, and Other Leaves	232	17,404	7.3
Revenue Audits	175	13,128	5.5
Recommendations Follow-Up	171	12,828	5.4
San Jose Municipal Water System	166	12,453	5.3
Traffic Calming	116	8,702	3.7
Sales and Business License Taxes ²	290	8,450	3.6
Holiday	102	7,652	3.2
Training	97	7,276	3.1
VOIP RFP	31	2,325	1.0
Fraud Hotline	28	2,100	0.9
Administrative ³	35	2,017	0.9
Internal Quality Control	26	1,950	0.8
City Manager Reforms	11	825	0.3
MRC Compliance Review	2	150	0.1
Performance-Based Budgeting	2	150	0.1
Totals	3,342	\$236,788	100.0%
Total Cost Per FMS		\$236,788	

¹ These may be slightly off because of rounding.

² Includes 219 intern hours.

³ Includes 10 intern hours.