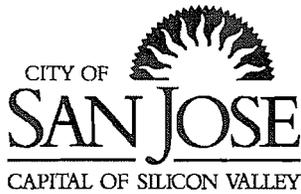




OFFICE OF THE
CITY AUDITOR

**REPORT OF ACTIVITIES AND FINDINGS
FOR THE PERIOD
JULY 16 THROUGH AUGUST 15, 2006**

A REPORT TO THE SAN JOSE CITY COUNCIL



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

September 7, 2006

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 July 1y through August 15, 2006 and schedule of audit costs for July 2006.

The monthly report contains the following sections:

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

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 August 15, 2006

| | Preliminary Survey | Risk Assessment | Audit Field Work | Report Writing | Projected Issuance Date* |
|--|--------------------|-----------------|------------------|----------------|------------------------------|
| Assignments Completed | | | | | |
| Review of Significant RFPs—Recycle Plus RFP | N/A | N/A | Completed | Completed | August 2006 |
| Follow-up of Transport & Metered Equipment Audit Recommendations | N/A | N/A | Completed | Completed | June 2006 |
| Review of Allied Waste Expenditures | Completed | Completed | Completed | Completed | May 2006 |
| SJ Municipal Water System – Hydrant Maintenance | Completed | Completed | Completed | Completed | May 2006 |
| Review of Significant RFPs—Airport Integrated Systems RFP | N/A | N/A | Completed | N/A | February 2006 |
| Grant Oversight | Completed | Completed | Completed | Completed | February 2006 |
| Administration of the Investigation into the Grand Jury Report on Recycle Plus | N/A | N/A | N/A | N/A | December 2005 |
| Workers' Compensation | Completed | Completed | Completed | Completed | December 2005 |
| Environmental Services Department Laboratory | Completed | Completed | Completed | Completed | October 2005 |
| The Fil-Am SODC, Inc.'s Cash Flow Analysis for the Operation of the Northside Community Center | N/A | N/A | Completed | Completed | October 2005, November 2005 |
| Joint Memorandum with the Finance and ES Departments on Workers' Compensation Liability | N/A | N/A | Completed | Completed | October 2005 |
| 2005-06 Marked Patrol Sedan Budget Reduction | N/A | N/A | Completed | Completed | September 2005 |
| Update on Northside Community Center Operations | N/A | N/A | Completed | Completed | September 2005 |
| Quarterly Sales Tax Audit for Quarter Ended 6/30/05, 9/30/05 | N/A | N/A | On-going | Completed | September 2005, January 2006 |
| Police Patrol Vehicle Contingency | N/A | N/A | Completed | Completed | August 2005 |
| Assignments In Progress | | | | | |
| TEAM San Jose | Completed | Completed | Completed | In Progress | September 2006 |
| Purchase Card Utilization | Completed | Completed | Completed | In Progress | September 2006 |
| Public Works Transportation Contract Cycle Times | Completed | Completed | Completed | In Progress | October 2006 |
| Traffic Calming | Completed | Completed | Completed | In Progress | October 2006 |
| Arena Management | Completed | Completed | In Progress | In Progress | October 2006 |
| Northside RFP *** | N/A | N/A | In Progress | | |
| Re-Use Strategy RFP *** | N/A | N/A | In Progress | | |
| City Debt & Investment Program | In Progress | | | | |
| Redevelopment DDAs | In Progress | | | | |
| Housing Rehabilitation *** | In Progress | | | | |
| Assignments Not Yet Started | | | | | |
| Los Lagos Golf Course Operations and Finances | | | | | |
| Public Works Cost Estimation Process | | | | | |
| Vehicle Maintenance Procedures | | | | | |
| Specialized Vehicle Use | | | | | |
| Risk Management | | | | | |
| Police Overtime | | | | | |
| Police Department Radio Channel Staffing ** | | | | | |
| Information Technology** | | | | | |
| Workers' Compensation | | | | | |
| On-going Assignments | | | | | |
| Quarterly Sales Tax Audit | | | | | |
| Review of significant RFPs | | | | | |
| 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

*** On Hold due to staff reassignment to other City Council-requested audits.

OTHER ACTIVITIES

During July 16, 2006 through August 15, 2006, the City Auditor:

1. Issued *City Auditor Review of Recycle Plus RFP*.
2. Issued a Preliminary Draft of *An Audit of the City of San Jose's Procurement Card Program*.
3. Issued *Sales Tax Audit Results for the Quarter Ended March 31, 2006*.
4. Held an exit conference on *An Audit of the City of San Jose's Procurement Card Program*.
5. Met with the City Manager to discuss the status of various audit assignments.
6. Extended job offers for two Program Performance Auditor positions.
7. Met with City Council Members regarding various audit assignments.

**OFFICE OF THE CITY AUDITOR
SCHEDULE OF AUDIT COSTS
FOR THE MONTH OF JULY 2006**

| Audit Assignment | Audit Hours | Audit Costs | % ¹ |
|---|--------------|------------------|----------------|
| Vacation, Sick, and Other Leaves | 347 | \$33,328 | 33.2% |
| RDA DDA – Park Townsend | 105 | 10,085 | 10.0 |
| City Purchase (Credit) Cards | 103 | 9,893 | 9.8 |
| Holiday | 94 | 9,028 | 9.0 |
| Administrative | 81 | 7,780 | 7.7 |
| Sales and Business License Taxes ² | 118 | 7,199 | 7.1 |
| Contract Cycle Times | 62 | 5,955 | 5.9 |
| TEAM San Jose ³ | 61 | 5,698 | 5.7 |
| Peer Review Reciprocity | 40 | 3,842 | 3.8 |
| Performance-Based Budgeting | 32 | 3,074 | 3.1 |
| Recycle Plus RFP | 31 | 2,977 | 3.0 |
| Northside Community Center | 9 | 864 | 0.9 |
| Revenue Audits | 4 | 384 | 0.4 |
| City Debt and Investment Administration | 3 | 288 | 0.3 |
| Recommendations Follow-Up | 1 | 96 | 0.1 |
| Totals | 1,091 | \$100,491 | 100.0% |
| Total Cost Per FMS | | \$100,491 | |

¹ These may be slightly off because of rounding.

² Includes 51 intern hours

³ Includes 2 intern hours