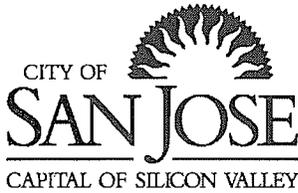




OFFICE OF THE
CITY AUDITOR

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

A REPORT TO THE SAN JOSE CITY COUNCIL



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

September 29, 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 August 15 through September 15, 2006 and schedule of audit costs for August 2006.

The monthly report contains the following sections:

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

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 September 15, 2006

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date*
Assignments Completed					
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
Quarterly Sales Tax Audit for Quarter Ended 3/31/06	N/A	N/A	On-going	Completed	July 2006
Assignments In Progress					
San Jose Repertory Theatre	N/A	N/A	N/A	N/A	October 2006
American Musical Theatre of San Jose	N/A	N/A	N/A	N/A	October 2006
TEAM San Jose	Completed	Completed	Completed	In Progress	October 2006
Public Works Transportation Contract Cycle Times	Completed	Completed	Completed	In Progress	November 2006
Traffic Calming	Completed	Completed	Completed	In Progress	November 2006
Arena Management	Completed	Completed	In Progress	In Progress	November 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				
Santa Clara County Cities Association	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					
Information Technology**					
Housing Rehabilitation					
Workers' Compensation					
CBO Financial Reporting and Accountability					
Decentralized Cash Handling Processes					
Convention and Visitors Bureau					
Consolidated Water Utility Fund					
On-going Assignments					
Quarterly Sales Tax Audit					
Review of significant RFPs					
Cardroom Audit Overview					
Redevelopment DDAs					
Audit Recommendation Follow-up Report					
Other Revenue Audits					
Annual Assignments					
Annual Financial Audit & Single Audit Overview t					
Allied Waste Contract Expenditures					
TEAM San Jose (2005-06)					
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

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

OTHER ACTIVITIES

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

1. Issued a memorandum, *City Auditor Review of Recycle Plus RFP Protest*.
2. Issued finding report from Kafoury, Armstrong, & Company, LLP for the quarter ended June 30, 2006 relating to the Bay 101 Conditional Approval of Stock Transfer.
3. Issued *An Audit of the City of San Jose's Procurement Card Program*.
4. Issued a preliminary draft report of and held an exit conference on the 2004-05 Annual Performance Audit of TEAM San Jose, Inc.
5. Participated in the City Council District 6 candidate orientation.
6. Held an entrance conference on our audit of workers' compensation.
7. Spoke to the Santa Clara County Grand Jury about the City Auditor's Office.
8. Met with the Finance Department staff regarding our audit of the City's Debt and Investment Program.
9. Attended FEMA training.
10. Taught an audio class on Risk Assessment for the Association of Government Accountants (AGA).
11. Made a presentation to the Silicon Valley Council of Nonprofits.
12. Hired two Program Performance Auditor positions.
13. Met with City Council Members regarding various audit assignments.

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

Audit Assignment	Audit Hours	Audit Costs	% ¹
Vacation, Sick, and Other Leaves	473	38,154	22.0
TEAM San Jose	374	30,168	17.4
Recycle Plus RFP	204	16,455	9.5
Sales and Business License Taxes ²	294	12,878	7.4
Traffic Calming	147	11,858	6.8
City Purchase (Credit) Cards	138	11,132	6.4
Contract Cycle Times	127	10,244	5.9
RDA DDA – Park Townsend	127	10,244	5.9
Administrative ³	127	9,325	5.4
Internal Quality Control	50	4,033	2.3
RDA DDA – 101 San Fernando St	41	3,307	1.9
Peer Review Reciprocation	40	3,227	1.9
Northside Community Center	31	2,501	1.4
Arena Fees	28	2,259	1.3
Performance-Based Budgeting	23	1,855	1.1
City Debt and Investment Administration	19	1,533	0.9
Santa Clara County Cities Association	13	1,049	0.6
Recommendations Follow-Up	11	887	0.5
Revenue Audits	11	887	0.5
Assistance to SJPD on Bay 101	8	645	0.4
Citywide Risk Assessment	3	242	0.2
Training	2	161	0.1
MRC Compliance Review	2	161	0.1
San Jose Municipal Water System	2	161	0.1
Totals	2,295	\$173,366	100.0%
Total Cost Per FMS		\$173,366	

¹ These may be slightly off because of rounding.

² Includes 165 intern hours

³ Includes 14 intern hours