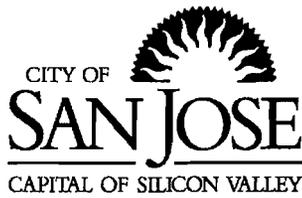


**OFFICE OF THE  
CITY AUDITOR**

**REPORT OF ACTIVITIES FOR THE PERIOD  
SEPTEMBER 16 THROUGH OCTOBER 15, 2006**

**A REPORT TO THE SAN JOSE CITY COUNCIL**



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

October 30, 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 September 16 through October 15, 2006 and schedule of audit costs for September 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 October 15, 2006**

|   | Preliminary Survey | Risk Assessment | Audit Field Work | Report Writing | Projected Issuance Date* |
|---|--------------------|-----------------|------------------|----------------|--------------------------|
| <b>Assignments Completed</b>                        |                    |                 |                  |                |                          |
| San Jose Repertory Theatre                          | N/A                | N/A             | N/A              | N/A            | 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              |
| Quarterly Sales Tax Audit for Quarter Ended 3/31/06 | N/A                | N/A             | On-going         | Completed      | July 2006                |
| <b>Assignments In Progress</b>                      |                    |                 |                  |                |                          |
| American Musical Theatre of San Jose                | N/A                | N/A             | N/A              | N/A            | October 2006             |
| Public Works Transportation Contract Cycle Times    | Completed          | Completed       | Completed        | In Progress    | December 2006            |
| Traffic Calming                                     | Completed          | Completed       | Completed        | In Progress    | December 2006            |
| Arena Management                                    | Completed          | Completed       | In Progress      | In Progress    | December 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        |                 |                  |                |                          |
| <b>Assignments Not Yet Started</b>                  |                    |                 |                  |                |                          |
| 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                     |                    |                 |                  |                |                          |
| <b>On-going Assignments</b>                         |                    |                 |                  |                |                          |
| Quarterly Sales Tax Audit                           |                    |                 |                  |                |                          |
| Review of significant RFPs                          |                    |                 |                  |                |                          |
| Cardroom Audit Overview                             |                    |                 |                  |                |                          |
| Redevelopment DDAs                                  |                    |                 |                  |                |                          |
| Audit Recommendation Follow-up Report               |                    |                 |                  |                |                          |
| Other Revenue Audits                                |                    |                 |                  |                |                          |
| <b>Annual Assignments</b>                           |                    |                 |                  |                |                          |
| 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 September 16, 2006 through October 15, 2006, the City Auditor:

1. Issued a memorandum, *San Jose Repertory Theatre Short-Term and Long-Term Financial Needs*.
2. Issued a memorandum, *Financial Assessment of the San Jose Repertory Theatre*.
3. Held an exit conference on our audit of Team San Jose.
4. Issued *The 2004-05 Annual Performance Audit of Team San Jose, Inc.*
5. Met with the City Manager's Budget Director regarding sales tax issues.
6. Presented a workshop, *Case Study on Performance Auditing*; and a training session, *Performance Auditing Standards*, for the American Institute of Certified Public Accountants (AICPA) Not for Profit Training Program.
7. Met with City Manager's Office staff regarding the San Jose Repertory Theatre and American Musical Theatre of San Jose.
8. Hosted FEMA training for all City Auditor's Office employees.
9. Met with City Council Members regarding various audit assignments.

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

| Audit Assignment                              | Audit Hours  | Audit Costs      | % <sup>1</sup> |
|---|--------------|------------------|----------------|
| TEAM San Jose                                 | 635          | \$49,286         | 18.5%          |
| San Jose Repertory Theatre                    | 495          | 38,420           | 14.5           |
| Vacation, Sick, and Other Leaves              | 447          | 34,695           | 13.1           |
| City Debt and Investment Administration       | 339          | 26,312           | 9.9            |
| RDA DDA – Park Townsend                       | 319          | 24,760           | 9.3            |
| Contract Cycle Times                          | 224          | 17,386           | 6.5            |
| Traffic Calming                               | 199          | 15,446           | 5.8            |
| Sales and Business License Taxes <sup>2</sup> | 339          | 14,411           | 5.4            |
| Recycle Plus RFP                              | 132          | 10,245           | 3.9            |
| Holiday                                       | 118          | 9,159            | 3.4            |
| City Purchase (Credit) Cards                  | 117          | 9,081            | 3.4            |
| Revenue Audits                                | 59           | 4,579            | 1.7            |
| Administrative <sup>3</sup>                   | 49           | 3,428            | 1.3            |
| Northside Community Center                    | 30           | 2,328            | 0.9            |
| RDA DDA – 101 San Fernando St                 | 26           | 2,018            | 0.8            |
| Workers' Compensation                         | 21           | 1,630            | 0.6            |
| Performance-Based Budgeting                   | 9            | 699              | 0.3            |
| Training                                      | 8            | 621              | 0.2            |
| PRNS Northside Community Center RFP           | 6            | 466              | 0.2            |
| Recommendations Follow-Up                     | 5            | 388              | 0.1            |
| American Musical Theatre of San Jose          | 4            | 310              | 0.1            |
| MRC Compliance Review                         | 2            | 155              | 0.1            |
| <b>Totals</b>                                 | <b>3,583</b> | <b>\$265,824</b> | <b>100.0%</b>  |
| <b>Total Cost Per FMS</b>                     |              | <b>\$265,824</b> |                |

<sup>1</sup> These may be slightly off because of rounding.

<sup>2</sup> Includes 190 intern hours

<sup>3</sup> Includes 6 intern hours