RULES COMMITTEE: 02-18-09
ITEM: 10.2

CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE

FROM: Sharon W. Erickson, City Auditor

SUBJECT: *Monthly Report of Activities for January 2009*

DATE: February 5, 2009

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for January 2009.

SUMMARY OF RESULTS

Charter Section 8.05(e) requires the City Auditor to submit a monthly report to the City Council of our activities, findings, and recommendations. This report summarizes reports issued, other activities, assignments in process, and the status of the City Auditor's Fiscal Year 2008-09 Work Plan during the month of January 2009.

Audit Reports Issued During the Month of January:

Service Efforts and Accomplishments Report – The first annual report providing information about the cost, quality, quantity, and timeliness of City services was issued on January 23, 2009 and was presented at the February 3, 2009 City Council Meeting. The report incorporated existing performance measurement data, showing 5-10 year historical trends, comparisons to other cities, and the results of previous resident surveys.

Other Activities During the Month of January:

- Distributed nearly 100 copies of the Service Efforts and Accomplishment Report to participants at the San Jose Neighborhood Associations' Priority Setting Session and to the City Labor Alliance. We also notified members of the City's Boards and Commissions about the availability of the report.
- The City Auditor participated in the New Council Member Orientation.
- As part of our ongoing efforts to improve our web presence, we completed an initial phase of web updates and improvements.
- Met with City staff and external financial auditors regarding retirement issues.

Assignments In Process:

1. **Annual Review of Team San Jose Performance 2007-08** – To determine whether Team San Jose met its performance metrics and implemented outstanding audit recommendations.
   Project Status: A final draft report was issued for comment/response.
   Anticipated Release Date: Scheduled for the PSFSS Committee on February 19, 2009.

2. **Semi-Annual Compliance Audit of the City's Investment Program** – Macias Gini & O'Connell is conducting this review of the City's pooled portfolio to determine compliance with the City's Investment Policy, internal controls, and department procedures.
   Project Status: The report regarding compliance during six months ended June 30, 2008 is complete; fieldwork in process for six months ended December 31, 2008.
   Anticipated Release Date: The reports will be distributed as attachments to the Finance Department's next Quarterly Investment Reports, tentatively scheduled for the February 19, 2009 and March 19, 2009 PSFSS Committee meetings.

3. **Annual Audit of Library and Park Bond Funds (Measures O and P) and the Library Parcel Tax Special Revenue Fund (Measure S)** – Macias Gini & O'Connell is conducting these audits as specified in the voter-approved bond measures.
   Project Status: Fieldwork in process.
   Anticipated Release Date: Tentatively scheduled for the Library Citizen's Oversight Committee on March 11, 2009; for the Parks Citizens Oversight Committee on April 11, 2009, and the PSFSS Committee on April 16, 2009.

4. **Audit of Auto Theft Investigations** – To assess workload, communication of information, and completeness and accuracy of auto theft data.
   Project Status: A preliminary draft was issued and an exit conference is scheduled.
   Anticipated Release Date: March 2009.

5. **Audit of San Jose Conservation Corps Agreements** – To review contract compliance and oversight of the various agreements between the City and the Conservation Corps.
   Project Status: A pre-exit conference was held and report writing is in process.
   Anticipated Release Date: March 2009.

6. **Audit of Workers' Compensation** – The purpose of this review is to assess the impact of state reforms and local cost containment efforts.
   Project Status: Fieldwork nearly complete. Held several pre-exit conferences with the department to discuss preliminary audit issues. Report writing in process.
   Anticipated Release Date: TBD.

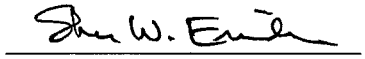
7. **Audit of Employee Health Benefits** – The purpose of this audit is to evaluate the City's Health Benefits Program and identify areas where the City can realize savings and improve service delivery.
   Project Status: Preliminary survey and risk assessment were completed, and audit fieldwork is in process.
   Anticipated Release Date: TBD.

8. **Audit of Parks Trust Fund Administration** – To review policies and procedures for reconciling revenues and expenditures, improving recordkeeping, interdepartmental coordination, and timely disbursement of funds.
   Project Status: An entrance conference was held; however, this project is on hold pending completion of other audit projects.
   Anticipated Release Date: TBD.

9. **Audit of Animal Care and Services** – The Animal Care and Services Division provides spay and neuter programs, animal licensing programs, patrol services, animal adoption and rescue programs, and medical services for homeless animals. The Division is responsible for all animal field services for the City of San Jose and the contract cities of Cupertino, Los Gatos, Milpitas, and Saratoga. The focus of our review is the cost-recovery status of fees and charges, including services provided to other jurisdictions.
   Project Status: An entrance conference has been held and preliminary survey in underway.
   Anticipated Release Date: TBD.

Information on the status of the City Auditor's FY 2008-09 Work Plan is attached. On behalf of the Auditor's Office, I would like to express my appreciation to City staff for their cooperation and assistance during our reviews.

Respectfully submitted,



Sharon W. Erickson
City Auditor

SE:bh
Attachment: Status of the City Auditor's FY 2008-09 Work Plan

Status of the City Auditor's FY 2008-09 Work Plan[1]
as of January, 2009

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date[2]
Assignments Completed					
Service Efforts and Accomplishments (SEA) Report	N/A	N/A	Completed	Completed	January 2009
Bay 101 Compliance Review for Quarter Ended 9/30/08	N/A	N/A	N/A	Completed	December 2008
Annual Single Audit as of June 30, 2008	N/A	N/A	Completed	Completed	December 2008
CBO Financial Reporting and Accountability	Completed	Completed	Completed	Completed	November 2008
Annual External Financial Audit as of June 30, 2008	N/A	N/A	Completed	Completed	October 2008
Recommendations Follow-Up Report as of June 30, 2008	N/A	N/A	Completed	Completed	October 2008
Commercial Solid Waste Franchise Fees and AB 939 Fees	Completed	N/A	Completed	Completed	September 2008
Bay 101 Compliance Review for Quarter Ended 6/30/08	N/A	N/A	N/A	Completed	September 2008
Foxworthy Bridge Replacement	Completed	Completed	Completed	Completed	August 2008
Sister City Grant Reimbursements	N/A	N/A	Completed	Completed	August 2008
Bay 101 Compliance Review for Quarter Ended 3/31/08	N/A	N/A	N/A	Completed	August 2008
Retirement Services Travel Expenses	Completed	Completed	Completed	Completed	August 2008
Assignments In Process					
Annual Review of Team San Jose Performance	Completed	N/A	Completed	Completed	February 2009
Semi-Annual Compliance Audit of the City's Investment Program as of June 30, 2008	N/A	N/A	Completed	In Process	February 2009
Semi-Annual Compliance Audit of the City's Investment Program as of December 30, 2008	N/A	N/A	Completed	In Process	March 2009
Annual Audit of Library and Park Bond Funds (Measures O & P) From Inception Through June 30, 2008	N/A	N/A	In Process		March 2009
Library Parcel Tax Special Revenue Fund (Measure S) From Inception Through June 30, 2008	N/A	N/A	In Process		March 2009
Auto Theft Investigations	Completed	Completed	Completed	In Process	March 2009
San Jose Conservation Corps Agreements	Completed	Completed	Completed	In Process	March 2009
Workers' Compensation	Completed	Completed	Completed	In Process	
Employee Health Benefits	Completed	Completed	In Process		
Animal Care and Services	In Process				
Park Trust Fund Administration	On Hold				
Assignments Not Yet Started					
Retirement Rolls[3]					
Redevelopment DDAs – Museum Park					
Decentralized Cash Handling					
Major City Contracts					
Permitting Process for High-Rise Residential					
Police Sworn/Non-Sworn Staffing Ratios					
Community Center Staffing					
Traffic Control at Road Construction Projects					

[1] The approved work plan is on the web at www.sanjoseca.gov/auditor/workplan.asp

[2] 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.

[3] Macias Gini & O'Connell currently is conducting agreed upon procedures to determine the accuracy of pensionable salaries, contributions and adjustments. At the conclusion of their review, we will assess the need for additional work in this area.