



# Memorandum

**TO:** RULES AND OPEN GOVERNMENT COMMITTEE  
**FROM:** Sharon W. Erickson, City Auditor  
**SUBJECT:** *Monthly Report of Activities for June 2009*  
**DATE:** July 22, 2009

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## RECOMMENDATION

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

### **Audit Reports Issued During the Month of June:**

- 1. Audit of Employee Medical Benefits** – We evaluated the medical benefits program and identified areas where the City can realize savings and improve service delivery. The report included 17 recommendations, which were accepted at the June 18, 2009 Public Safety, Finance and Strategic Support (PSFSS) Committee.
- 2. Audit of the City's Management of Federal Recovery Act Funds** – In this preliminary report (Phase I) on internal controls, we assessed the City's readiness to receive American Recovery and Reinvestment Act funding. We determined that the City is making appropriate progress toward establishing additional internal controls. The report was scheduled to be presented at the June 24, 2009 Rules and Open Government Committee, but since that meeting was cancelled, it is now slated for the July 29, 2009 meeting.
- 3. Audit of San Jose Conservation Corps Agreements** – We reviewed contract compliance and oversight of the various agreements between the City and the Conservation Corps. The report included 10 recommendations. The report was issued in May and was slated to be presented at the May 21, 2009 Public Safety, Finance and Strategic Support (PSFSS) Committee. At the request of the Conservation Corps, it was deferred, and the report was presented at the June 18, 2009 PSFSS meeting. Additional information is due back from the Conservation Corps in August and the PSFSS Committee is scheduled to hear an update on the matter at its September 17, 2009 meeting.

**Other Activities During the Month of June:**

- Audit staff attended the Western Intergovernmental Audit Forum (WIAF) Spring 2009 Conference in Los Angeles and made a presentation on *Auditing American Recovery Act Funds: Perspectives From Local Audit Organizations*.

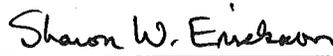
**Assignments in Process:**

1. **Service Efforts and Accomplishments (SEA) Follow-up** – Report on what we learned during the preparation of the 2007-08 SEA report to help streamline and enhance the performance measurement and reporting process and encourage performance management.  
**Project Status:** A draft report is circulating for comment.  
**Anticipated Release Date:** August 2009.
2. **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:** Audit fieldwork is complete.  
**Anticipated Release Date:** Tentatively scheduled for the September 17, 2009 PSFSS Committee.
3. **Audit of Animal Care and Services** – The focus of our review is the cost-recovery status of fees and charges, including services provided to other jurisdictions.  
**Project Status:** Audit fieldwork is in process.  
**Anticipated Release Date:** TBD.
4. **Police Sworn/Non-Sworn Staffing** – This audit will assess the efficiency and effectiveness of current deployment of sworn versus non-sworn Police Department employees. This review will follow up on a recommendation raised in the January 2008 Management Partners report.  
**Project Status:** Audit fieldwork is in process.  
**Anticipated Release Date:** TBD.
5. **Decentralized Cash Handling** – Revenue in the form of cash, checks, and credit cards is collected throughout the City at many locations. The audit will identify strategies and processes to increase accountability where cash handling is currently decentralized.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** TBD.

- 6. Audit of Pensionable Time Reporting (“Retirement Rolls”)** – The audit will review time reporting and payroll processes in so far as they impact pension rates and pensionable hours, describe City earnings codes and their governance, and the administrative process for determining pensionable amounts and pensionable hours. We will also examine risks around City earning codes.  
**Project Status:** Fieldwork in process.  
**Anticipated Release Date:** TBD.
- 7. Review of Community Center Staffing** – We will assess the efficiency and effectiveness of community center staffing. This review will provide baseline information about staffing levels pending implementation of a Recreation and eCommerce system that would track facility usage information.  
**Project Status:** An entrance conference was held and preliminary survey in process.  
**Anticipated Release Date:** TBD.
- 8. Audits of Major Contracts** – This audit is the first in a series of audits of large contracts to confirm that the City is getting the service that it is paying for and the revenues to which it is entitled.  
**Project Status:** Preliminary survey in process.  
**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,



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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<sup>1</sup>  
as of June 31, 2009**

	<b>Preliminary Survey</b>	<b>Risk Assessment</b>	<b>Audit Field Work</b>	<b>Report Writing</b>	<b>Projected Issuance Date<sup>2</sup></b>
<b>Assignments Completed</b>					
Employee Medical Benefits	Completed	Completed	Completed	Completed	June 2009
Federal Stimulus Funds Oversight – Phase I	Completed	N/A	N/A	Completed	June 2009
Auto Theft Investigations	Completed	Completed	Completed	Completed	May 2009
San Jose Conservation Corps Agreements	Completed	Completed	Completed	Completed	May 2009
Semi-Annual Compliance Audit of the City's Investment Program as of December 30, 2008	N/A	N/A	Completed	Completed	May 2009
Workers' Compensation	Completed	Completed	Completed	Completed	April 2009
Recommendations Follow-Up Report as of Dec. 31, 2008	N/A	N/A	Completed	Completed	April 2009
Annual Audit of Library and Park Bond Funds (Measures O & P) From Inception Through June 30, 2008	N/A	N/A	Completed	Completed	April 2009
Library Parcel Tax Special Revenue Fund (Measure S) From Inception Through June 30, 2008	N/A	N/A	Completed	Completed	April 2009
Semi-Annual Compliance Audit of the City's Investment Program as of June 30, 2008	N/A	N/A	Completed	Completed	February 2009
Annual Review of Team San Jose Performance	Completed	N/A	Completed	Completed	February 2009
Service Efforts and Accomplishments (SEA) Report	N/A	N/A	Completed	Completed	January 2009
Bay 10I 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 10I 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 10I 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
<b>Assignments In Process</b>					
Service Efforts and Accomplishments Follow-Up	N/A	N/A	Completed	In Process	August 2009
Park Trust Fund Administration	Completed	Completed	Completed	In Process	September 2009
Pensionable Time Reporting ("Retirement Rolls")	Completed	Completed	In Process		
Animal Care and Services	Completed	Completed	In Process		
Police Sworn/Non-Sworn Staffing Ratios	Completed	Completed	In Process		
Decentralized Cash Handling	Completed	Completed	In Process		
Review of Community Center Staffing	In Process				
Redevelopment DDAs – Museum Park	In Process				
Major City Contracts	In Process				
<b>Assignments Not Yet Started</b>					
Permitting Process for High-Rise Residential					
Traffic Control at Road Construction Projects					

<sup>1</sup> The approved work plan is on the web at [www.sanjoseca.gov/auditor/workplan.asp](http://www.sanjoseca.gov/auditor/workplan.asp)

<sup>2</sup> 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.