



Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE
FROM: Sharon W. Erickson, City Auditor
SUBJECT: *Monthly Report of Activities for March 2010*
DATE: April 8, 2010

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for March 2010.

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 2009-10 Work Plan during the month of March 2010.

Audit Reports Issued During the Month of March:

- 1. Semi-Annual Follow-up Report On All Outstanding Audit Recommendations For the Six Months Ended December 31, 2009** – The report gave the status of the 107 recommendations outstanding from all previous audit reports, including the 52 new recommendations made since our last semi-annual report. During this reporting period, 23 recommendations became fully implemented. The report was accepted at the March 18, 2010 Public Safety, Finance and Strategic Support (PSFSS) Committee meeting and at the March 30, 2010 City Council Meeting.
- 2. Verification of Performance Costs of the Sewer Line Cleaning Program** – Our audit reviewed and validated baseline information relating to the performance and costs associated with the Department of Transportation's Sanitary Sewer Line Cleaning Program. Our report made no recommendations and was accepted at the March 18, 2010 PSFSS Committee meeting and at the March 30, 2010 City Council meeting.
- 3. Review of Community Center Staffing** – Our audit assessed the efficiency and effectiveness of community center staffing. We found that that need for efficient staffing of community centers has never been greater. The report made 17 recommendations and was accepted at the March 18, 2010 PSFSS Committee meeting and at the March 30, 2010 City Council meeting.

Activities During the Month of March:

- Won the Silver Knighton Award from the Association of Local Government Auditors (ALGA) for our *Audit of Pensionable Earning and Time Reporting*.
- Issued an RFP for external audit services for the City's annual financial statements.
- Hired Kenny Ramirez as a volunteer student intern.
- The City Auditor participated in meetings of the City Manager's Use of Force Advisory Group.

Assignments in Process:

4. **Audit of the City's Licensing and Permitting of Cardroom Owners and Employees (Cardroom Oversight)** – To assess the efficiency and effectiveness of the cardroom regulatory function, specifically benchmarking the scope and cost of licensing and permitting procedures.
Project Status: A final draft report was issued for comment.
Anticipated Release Date: Scheduled for the April 15, 2010 meeting of the PSFSS Committee.
5. **Audits of Major Contracts – Airport Parking Management Agreement.** 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: A final draft report was issued for comment.
Anticipated Release Date: Scheduled for the April 15, 2010 meeting of the PSFSS Committee.
6. **Annual Financial Scan of City-Funded Community-Based Organizations** – Review and analysis of the annual financial statements submitted by outside organizations receiving more than \$250,000 in City funding in FY 2009-10 that will summarize key financial data, findings of the agencies' external auditors, and percent of funding from the City.
Project Status: Report writing in process.
Anticipated Release Date: April 2010.
7. **Audit of Pension Sustainability (Pension and Retiree Medical Costs)** – To assess the long-term sustainability of pension benefits and the potential impact of retiree benefit payments on City operations.
Project Status: Preliminary survey in process.
Anticipated Release Date: TBD.
8. **Procurement Card Transactions** – To test departmental compliance with the City's Procurement Card Policy.
Project Status: Preliminary survey in process.
Anticipated Release Date: TBD.

- 9. Disability Retirements** – To assess potential factors leading to a high disability retirement rate in the City of San Jose. This is a follow-up to the 2009 *Audit of the City of San Jose's Workers' Compensation Program*.
Project Status: Preliminary survey in process.
Anticipated Release Date: TBD.
- 10. Take-home Vehicles** – To assess the cost and reasonableness of current practices and potential opportunities to reduce the number of take-home vehicles.
Project Status: Preliminary survey in process.
Anticipated Release Date: TBD.

Information on the status of the City Auditor's FY 2009-10 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 2009-10 Work Plan

**Status of the City Auditor's FY 2009-10 Work Plan¹
as of March 31, 2010**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date ²
Assignments Completed					
Semi-annual Audit Recommendation Status Reports For the 6 Months Ended December 31, 2009.	N/A	N/A	N/A	Completed	March 2010
Review of Community Center Staffing	Completed	Completed	Completed	Completed	March 2010
DOT Sewer Line Cleaning Program	Completed	Completed	Completed	Completed	March 2010
Redevelopment DDAs – Legacy Partners-Museum Park	Completed	Completed	Completed	Completed	February 2010
Decentralized Cash Handling	Completed	Completed	Completed	Completed	February 2010
Civilianization Opportunities in the Police Department	Completed	Completed	Completed	Completed	January 2010
2008-09 Annual Audit of Team San Jose	N/A	N/A	Completed	Completed	January 2010
Annual Single Audit and Management Letter	N/A	N/A	Completed	Completed	January 2010
Annual Service Efforts and Accomplishments 2008-09	N/A	N/A	Completed	Completed	January 2010
Pensionable Earnings and Time Reporting	Completed	Completed	Completed	Completed	December 2009
Biennial Peer Review	N/A	N/A	Completed	Completed	November 2009
Annual Audits of Library Bond Project Fund, Parks and Recreation Bond Project Fund, Library Parcel Tax Revenue Fund, and Public Safety Bond Project Fund	N/A	N/A	Completed	Completed	November 2009
Annual External Financial Audit	N/A	N/A	Completed	Completed	November 2009
Compliance Review of the City's Investment Program	N/A	N/A	Completed	Completed	November 2009
Recovery Act Funds - First Quarterly Reports	N/A	N/A	Completed	Completed	November 2009
Animal Care and Services	Completed	Completed	Completed	Completed	October 2009
Semi-annual Audit Recommendation Status Reports For the 6 Months Ended June 30, 2009	N/A	N/A	Completed	Completed	October 2009
Park Trust Fund Administration	Completed	Completed	Completed	Completed	September 2009
Service Efforts and Accomplishments Follow-Up	N/A	N/A	Completed	Completed	September 2009
Assignments In Process					
Card Room Oversight	Completed	Completed	Completed	Completed	April 2010
Major City Contracts – Airport Parking Mgmt Agreement	Completed	Completed	Completed	Completed	April 2010
Financial Scan of Community-based Organizations	Completed	Completed	Completed	In Process	April 2010
Pension and Retiree Medical Costs	In Process				
Procurement Card Transactions	In Process				
Disability Retirements	In Process				
Take-home Vehicles	In Process				
Assignments Not Yet Started					
Major City Contracts – Airport Concessions					
Police Secondary Employment					
Personnel Costs					
Information Technology General Controls					
Traffic Citation Revenue					
Affordable Housing Fee Exemptions					
Housing Department Programs					
Contract Documentation and Insurance					
Community Code Enforcement					
Audit of a Community-based Organization TBD					

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.