



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Sharon W. Erickson,
City Auditor

SUBJECT: *Monthly Report of Activities for
May 2010*

DATE: June 8, 2010

RECOMMENDATION

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

Activities During the Month of May:

- *Audit of the City's Licensing and Permitting of Cardroom Owners and Employees* was accepted at the May 20, 2010 meeting of the Public Safety, Finance and Strategic Support Committee.
- Audit staff attended the Bay Area Local Government Auditors (BALGA) quarterly meeting in Oakland and made a presentation on *Recovery Act Auditing – City of San Jose*.
- Audit staff attended the Association of Local Government Auditors (ALGA) 2010 Conference in San Antonio, Texas, and participated in a panel presentation on *Auditing the Federal Stimulus: Experience, Tools and Strategies*.

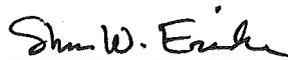
Assignments in Process:

1. **Expenditure Review of the Santa Clara County Cities Association** – To review the Association's expenditures to determine whether they are being accurately reported to their Board of Directors and whether controls are in place to protect the Association's assets. The City Auditor's Office has conducted these audits for a number of years.
Project Status: Report writing completed.
Anticipated Release Date: Scheduled for the June 17, 2010 meeting of the PSFSS Committee.

2. **Pension Costs** – To assess the long-term sustainability of pension benefits and the potential impact of retiree benefit payments on City operations.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
3. **Procurement Card Transactions** – To test departmental compliance with the City's Procurement Card Policy.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
4. **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: Fieldwork in process.
Anticipated Release Date: TBD.
5. **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: Fieldwork in process.
Anticipated Release Date: TBD.
6. **Airport Concession Agreements** – This audit is the second in a series of audits of large contracts. It focuses on food, beverage, and retail concession agreements.
Project Status: Fieldwork 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 May 31, 2010**

	Preliminary Survey	Risk Assessment	Audit Field Work	Report Writing	Projected Issuance Date ²
Assignments Completed					
Financial Scan of Community-Based Organizations	Completed	Completed	Completed	Completed	April 2010
Card Room Oversight	Completed	Completed	Completed	Completed	April 2010
Airport Parking Management Agreement	Completed	Completed	Completed	Completed	April 2010
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					
Santa Clara County Cities Association Expenditures	Completed	Completed	Completed	Completed	June 2010
Pension Costs	Completed	Completed	In Process		
Procurement Card Transactions	Completed	Completed	In Process		
Disability Retirements	Completed	Completed	In Process		
Take-home Vehicles	Completed	Completed	In Process		
Airport Concessions	In Process	Completed	In Process		
Assignments Not Yet Started					
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.