

Memorandum

TO: RULES AND OPEN GOVERNMENT COMMITTEE
FROM: Sharon W. Erickson, City Auditor
SUBJECT: *Monthly Report of Activities for November, 2010*
DATE: December 2, 2010

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for November, 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 2010-11 Work Plan during the month of November, 2010.

Audit Reports Issued During the Month of November:

- 1. 2009-10 Annual Performance Audit of Team San Jose's Management of the City's Convention and Cultural Facilities** – The purpose of our annual review was to determine whether Team San Jose met its performance metrics and other key requirements in the management agreement between the City and Team San Jose. On August 18, 2010, the City issued a notice of default after determining that Team San Jose's expenditures in FY2009-10 exceeded the approved budget by more than \$750,000. As a result, the scope of our review was broader this year than in previous years. The report made 13 recommendations and is scheduled to be heard at the December 7, 2010 City Council meeting.

Other Activities During the Month of November:

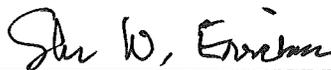
- Presented the Pension Sustainability audit (issued September 2010) to employees at the Water Pollution Control Plant.
- The City Audit and staff conducted performance measurement training through Human Resources' Citywide Training Program.

Assignments in Process:

1. **Annual External Financial Audit as of June 30, 2010** – Macias, Gini & O'Connell LLP is conducting the annual financial audits of the City Redevelopment Agency, Retirement, Airport, Hayes Mansion, Convention and Cultural Facilities, Clean Water Financing Authority, and Deferred Compensation..
Project Status: Report writing is in process.
Anticipated Release Date: December 2010.
2. **Police Management** – The Mayor's June Budget Message for Fiscal Year 2010-11 directed the Auditor's Office to identify opportunities for efficiencies and consolidation in the Police Department that would maximize the number of officers on patrol, including four proposals by Councilmember Constant.
Project Status: Report writing in process.
Anticipated Release Date: December 2010.
3. **Service Efforts and Accomplishments (SEA) Report** – Third annual report providing data about the cost, quality, quantity, and timeliness of City services. The purpose of SEA reporting is to strengthen public accountability and help improve government efficiency and effectiveness. It incorporates existing performance measurement data, showing five-year historical trends, a variety of comparisons to other cities, and the results of resident surveys.
Project Status: Data is being collected and report writing is in process.
Anticipated Release Date: January 2011.
4. **Disability Retirements** – To assess potential factors leading to a high disability retirement rate in the City of San Jose.
Project Status: Fieldwork in process.
Anticipated Release Date: TBD.
5. **Personnel Costs** – Review of labor costs, including overtime, premium pay, step increase, and leave costs.
Project Status: Held an entrance conference with City staff. Preliminary Survey in process.
Anticipated Release Date: TBD.

Information on the status of the City Auditor's FY 2010-11 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 2010-11 Work Plan

**Status of the City Auditor's FY 2010-11 Work Plan¹
as of November, 2010**

| | Preliminary Survey | Risk Assessment | Audit Field Work | Report Writing | Projected Issuance Date ² |
|---|--------------------|-----------------|------------------|----------------|--------------------------------------|
| Assignments Completed | | | | | |
| 2009-10 Annual Performance Audit of Team San Jose, Inc. | Completed | Completed | Completed | Completed | November 2010 |
| Audit recommendation status report as of 6/30/10 | N/A | N/A | Completed | Completed | October 2010 |
| Take-home Vehicles | Completed | Completed | Completed | Completed | October 2010 |
| Airport Concessions | Completed | Completed | Completed | Completed | October 2010 |
| Pension Sustainability | Completed | Completed | Completed | Completed | September 2010 |
| Procurement Card Transactions | Completed | Completed | Completed | Completed | September 2010 |
| Review of the City's Investment Program as of 12/31/09 | N/A | N/A | Completed | Completed | August 2010 |
| Assignments In Process | | | | | |
| Annual External Financial Audit | N/A | N/A | Completed | In Process | December 2010 |
| Review of the City's Investment Program as of 6/30/10 | N/A | N/A | In Process | In Process | December 2010 |
| Police Management | Completed | Completed | Completed | In Process | December 2010 |
| Annual Audits of Bond & Parcel Tax Measures | N/A | N/A | In Process | In Process | December 2010 |
| Service Efforts and Accomplishments (SEA) Report | N/A | N/A | In Process | In Process | January 2011 |
| Disability Retirements | Completed | Completed | In Process | | |
| Personnel Costs | In Process | | | | |
| Assignments Not Yet Started | | | | | |
| Housing Programs | | | | | |
| Second Annual Financial Scan of CBOs | | | | | |
| Santa Clara County Cities Association | | | | | |
| Supplemental Military Pay Calculations and Processing | | | | | |
| Recovery Act Funding | | | | | |
| Audit Recommendation Status Report as of 12/31/10 | | | | | |
| Traffic Citation Revenue | | | | | |
| Police Department Secondary Employment | | | | | |
| Fire Department Performance Measures | | | | | |
| Form 700 Filers | | | | | |
| City Open Purchase Orders for Office Supplies | | | | | |
| Information Technology General Controls | | | | | |
| Cardroom Oversight | | | | | |
| Redevelopment Agency Development Agreements | | | | | |

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.