



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Drew Corbett

**SUBJECT:** See Below

**DATE:** November 18, 2024

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Approved	Date:
	11/21/24

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**COUNCIL DISTRICT:** Citywide

**SUBJECT:** External Auditor’s Report: Report to Those Charged with Governance for the Year Ended June 30, 2024

**RECOMMENDATION**

Accept the external auditor’s Report to Those Charged with Governance for the year ended June 30, 2024, as issued by Macias Gini & O’Connell LLP, the City’s external auditor.

**SUMMARY AND OUTCOME**

The Report to Those Charged with Governance is a required communication between the City of San José’s external auditor and the City Council. It aims to enhance transparency, clarify responsibilities, disclose significant audit matters, and promote accountability in the auditing process.

**BACKGROUND**

The City’s external auditor (Auditor) is responsible for communicating significant matters related to the audit that are relevant to the City Council’s responsibility in overseeing the financial reporting process. The Report to Those Charged with Governance is presented concurrently with the Annual Comprehensive Financial Report.

## **ANALYSIS**

**Attached** for the City Council's review is the Report to Those Charged with Governance for the year ended June 30, 2024.

### **Report to Those Charged with Governance**

During the course of the audit, the Auditor conducted a limited examination of the City's internal controls and management practices. The Auditor looked for material weakness or reportable conditions that would require immediate disclosure to the City Council in accordance with generally accepted auditing standards. A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements in a timely basis.

- Material weakness is a deficiency in internal control, such that there is a reasonable possibility that a material misstatement of the City financial statements will not be prevented, or detected and corrected, in a timely basis.
- Significant deficiency is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- Control deficiency is the least severe deficiency in that potential misstatements are not material. Control deficiencies still warrant identification and remediation.

**The Auditor's Report to Those Charged with Governance for the Year Ended June 30, 2024 contains no reportable conditions.**

This is the third consecutive year that the City received a favorable Report to Those Charged with Governance with no findings.

## **EVALUATION AND FOLLOW-UP**

The Single Audit Report is currently being prepared and the final report will be issued by the federal reporting deadline of March 31, 2025. Once complete, an informational memorandum regarding the Single Audit Report will be prepared for the City Council to disclose any audit findings, as well as include a link to the final report.

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### **COORDINATION**

This memorandum has been coordinated with the City Attorney's Office and the City Manager's Budget Office.

### **PUBLIC OUTREACH**

This memorandum will be posted to the City Council Agenda website for the December 10, 2024 City Council meeting.

### **COMMISSION RECOMMENDATION AND INPUT**

No commission recommendation or input is associated with this action.

### **CEQA**

Not a Project, File No. PP17-010, City Organizational and Administrative Activities resulting in no changes to the physical environment.

### **PUBLIC SUBSIDY REPORTING**

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

Drew Corbett  
Acting Director of Finance

For questions, please contact Drew Corbett, Acting Director of Finance, at (408) 535-7000 or via email at [drew.corbett@sanjoseca.gov](mailto:drew.corbett@sanjoseca.gov).

**ATTACHMENT:** Report to Those Charged with Governance for the year ended June 30, 2024