



Memorandum

TO: Rules & Open Government Committee

FROM: Joe Rois,
City Auditor

SUBJECT: *Monthly Report of Activities for
November 2021*

DATE: December 2, 2021

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for the month of November 2021.

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 (FY) 2021-22 Work Plan during the month of November 2021.

Activities During the Month of November:

1. Issued **Team San Jose Performance FY 2020-21**. The report is online at: <https://www.sanjoseca.gov/home/showpublisheddocument/79565/637723266275400000>.
2. Issued **External Quality Control Review of the Office of the City Auditor, San Jose, CA for the Period July 1, 2019 to June 30, 2021**. The report is online at: <https://www.sanjoseca.gov/home/showpublisheddocument/79874/637729143108397191>
3. Macias, Gini & O'Connell (MGO) issued several of the City's annual financial audits. The reports are online at: <https://www.sanjoseca.gov/your-government/appointees/city-auditor/external-financial-audits>.

Information on the status of the City Auditor's FY 2021-22 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.

Joe Rois
City Auditor

Attachment

**Status of the City Auditor's FY 2021-22 Audit Work Plan
As of November 2021**

	Objective	Status	Projected Issuance Date
Assignments Completed			
1. Code Enforcement Management Controls	Evaluation of oversight and management of Code Enforcement officials (added to work plan by the Rules Committee November 18, 2020).	Completed	September 2021
2. Semi-annual audit recommendation status report	The City Auditor's Office will maintain an online dashboard of audit recommendations, and issue a report on the implementation status of all open audit recommendations as of June 30, 2021.	Completed	September 2021
3. Municipal Water Billing and Customer Service	Accuracy of billing and customer service responses for Municipal Water services.	Completed	October 2021
4. Semi-annual compliance reviews of the City's investment program (contracted audit service)	The City's investment policy requires semi-annual compliance audits of the City's investment portfolio. MGO will conduct the agreed-upon procedures as of June 30 th .	Completed	October 2021
5. Annual audits of voter-approved bond and parcel tax measures (contracted audit service)	MGO will conduct audits of the Branch Library Bond Projects Fund, the Parks and Recreation Bond Projects Fund, the Public Safety Bond Projects Fund, the Library Parcel Tax Fund, and the Public Safety and Infrastructure ("Measure T") Bond Fund satisfying the City's obligation for guaranteed annual audits.	Completed	November 2021
6. Annual performance review of Team San José and the Convention and Visitors Bureau	Annual review to determine whether Team San José met their performance metrics as of June 30, 2021.	Completed	November 2021
7. Biennial peer review for FY 2019-20 and 2020-21 (contracted audit service)	The City Charter requires a performance audit of the Office of the City Auditor be conducted at least once every two years. To fulfill this requirement, the Office participates in the Association of Local Government Auditors' peer review program. The last audit was conducted in 2019.	Completed	November 2021
8. Compliance review of San José Clean Energy's risk management practices (contracted audit service)	MGO will conduct tests of SJCE investment and risk management practices to ensure compliance with the City's Energy Risk Management Policy and Energy Risk Management Regulations as of FY ended June 30, 2020.	Completed	November 2021
9. Compliance review of San José Clean Energy's risk management practices (contracted audit service)	MGO will conduct tests of SJCE investment and risk management practices to ensure compliance with the City's Energy Risk Management Policy and Energy Risk Management Regulations as of FY Ended June 30, 2021.	Completed	November 2021
Assignments in Process			
10. Annual services report	14 th annual report providing data about the cost, quality, quantity, and timeliness of City services. The report incorporates existing performance measurement data, showing ten-year historical trends, a variety of comparisons to other cities, and the results of resident surveys.	In process	December 2021
11. Citywide Information Technology Audit (contracted service)	Conduct assessments of the City's priority information systems, controls, risks, and susceptibilities, and recommendations for policy and organizational improvements.	In process	January 2022
12. Annual external financial audit and single audit (contracted audit service)	The City Charter requires an annual audit of the City's financial transactions. MGO will conduct the annual audits of the Annual Comprehensive Financial Reports of the City and the Airport. MGO will also conduct audits of the financial statements of the Successor Agency to the Redevelopment Agency, Convention Center, the Clean Water Financing Authority, Deferred Compensation, Tier 3 Defined Contribution Plan, Voluntary Employee Beneficiary Association (VEBA), MTC compliance,	Multiple projects completed, remaining in process	March 2022

	Objective	Status	Projected Issuance Date
	South Bay Water Recycling, SJCE, and the Single Audit (including Airport passenger facility charges and customer facility charges).		
13. Environmental Review for New Development	Assess the time required to complete the City's CEQA review process.	In process	TBD
14. Citywide Grant Monitoring	Review and assess Citywide management of federal awards across departments.	In process	TBD
15. Fleet (take-home vehicles)	Assessment of current practices for take-home vehicles.	In process	TBD
Assignments Not Yet Started			
16. Semi-annual audit recommendation status report	The City Auditor's Office will maintain an online dashboard of audit recommendations, and issue a report on the implementation status of all open audit recommendations as of December 31, 2021.		March 2022
17. Semi-annual compliance reviews of the City's investment program (contracted audit service)	The City's investment policy requires semi-annual compliance audits of the City's investment portfolio. MGO will conduct the agreed-upon procedures as of June 30 th and December 31 st .		March 2022
18. Bill of Rights for Children and Youth	Review the adherence to and implementation of the Bill of Rights for Children and Youth. <i>(request by Councilmember and approved for inclusion by the Rules Committee May 12, 2021)</i>		TBD
19. COVID-19 Recovery Expenditures	Audit scope to be determined based on a review of risks and controls around COVID-19 related expenditures of Coronavirus Relief Fund, American Rescue Plan, or other funding sources.		TBD
20. Wage Theft Prevention Policy	Review the administration of the City's wage theft and related labor policies identified in the City Council's Wage Theft Prevention Policy by the Public Works Office of Equality Assurance. This is a follow up to our 2017 Audit of the Office of Equality Assurance. <i>(request by Councilmember)</i>		TBD
21. Our City Forest	Audit the expenditure of City funding and service delivery under the terms of grant agreements with the City. This is a follow up to our 2017 Audit of Our City Forest. <i>(request by the Mayor)</i>		TBD
22. Development permitting	Assess the timeliness of the building permit process for single-family residential additions or alterations, including accessory structures. <i>(request by Councilmember and added by the Rules Committee on August 4, 2021)</i>		TBD
23. San José Conservation Corps	Review the service delivery and expenditures of funds under City contracts. <i>(request by Councilmember and added by the Rules Committee on August 4, 2021)</i>		TBD
24. Equity Pledge	Assess progress of the City's adherence to the principles outlined in the City Council's Equity Pledge. <i>(request by Councilmember and added by the Rules Committee on August 4, 2021)</i>		TBD
25. Firearm Regulatory Processes and Policies	Audit the City's firearm regulatory processes and policies, including a review of trends in firearm violence in the city. <i>(request by Councilmember and added by the Rules Committee on September 22, 2021)</i>		TBD

Note: The approved work plan includes 23 projects. The two semi-annual recommendation status reports are listed as one project but separated here to show progress. The semi-annual compliance reviews of the investment program are similarly shown as one project on the work plan but separate here.

The City Auditor's Fiscal Year 2021-22 Work Plan is online at:
<https://www.sanjoseca.gov/home/showpublisheddocument/76011>