CITY OF SAN JOSE
CAPITAL OF SILICON VALLEY

Memorandum

TO: Rules & Open Government Committee

FROM: Joe Rois, City Auditor

SUBJECT: *Monthly Report of Activities for December 2022*

DATE: January 3, 2023

RECOMMENDATION

Approve the Auditor's Office Monthly Report of Activities for the month of December 2022.

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) 2022-23 Work Plan during the month of December 2022.

Activities During the Month of December:

1. Issued **Firearm Regulations: The City Should Update Procedures Around Gun Violence Restraining Orders and Firearm Business Inspections**. The report is online at: https://www.sanjoseca.gov/home/showpublisheddocument/92902.

2. Issued **Annual Report on City Services FY 2021-22.** The report is online at: https://www.sanjoseca.gov/your-government/appointees/city-auditor/services-report/current-report.

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 2022-23 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 2022-23 Audit Work Plan
As of December 2022

	Objective	Status	Issuance Date
Assignments Completed			
1. Bill of Rights for Children and Youth	Review the adherence to and implementation of the Bill of Rights for Children and Youth. (*request by Councilmember*).	Completed	August 2022
2. Semi-annual audit recommendation status report	Report on the implementation status of all open audit recommendations as of June 30, 2022.	Completed	September 2022
3. COVID-19 Recovery Expenditures	Audit of COVID-19 related expenditures of Coronavirus Relief Fund, American Rescue Plan, or other funding sources. Per Council request, objective of this audit will be to document and review the dispersal of COVID-19 related funds for food distribution for transparency and fiscal accountability.	Completed	October 2022
4. Semi-annual compliance review 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. The City's outside financial statement auditor, Macias, Gini & O'Connell (MGO), will conduct the agreed-upon procedures as of June 30, 2022.	Completed	October 2022
5. 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, 2022.	Completed	November 2022
6. Tree-related mitigation funds and cost-effectiveness of tree planting efforts	An audit of a) how and whether the City is collecting tree-related mitigation fees from developers, b) how and whether the City is enforcing tree-planting conditions on development, c) how the City is spending tree mitigation funds, and d) how the City can most cost-effectively plant more trees. (*request by the Mayor and Councilmembers)*	Completed	November 2022
7. 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	October/ November 2022
8. 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. (*request by Councilmember)*	Completed	December 2022
9. Annual services report	15th 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 a resident survey. The office will also maintain an online dashboard of CSA dashboard measures.	Completed	December 2022
10. Compliance review of San José Clean Energy's risk management practices (contracted audit service)	MGO will conduct tests of San José Clean Energy (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, 2022.	Completed	December 2022
Assignments in Process			
11. 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, Deferred Compensation, Tier 3 Defined Contribution Plan, Voluntary Employee Beneficiary Association, MTC compliance, South Bay Water Recycling, SJCE, Airport passenger	Single Audit in process, all other projects complete	February 2023 (projected)

	Objective	Status	Issuance Date
	facility charges and customer facility charges, and the Single Audit.		
12. San José Conservation Corps	Review the service delivery and expenditures of funds under City contracts. (*request by Councilmember)*	In process	April 2023 (projected)
Assignments Not Yet Started			
13. Semi-annual audit recommendation status report	Report on the implementation status of all open audit recommendations as of December 31, 2022. The office will also maintain an online dashboard of audit recommendations.		March 2023 (projected)
14. Semi-annual compliance review 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 December 31, 2022.		April 2023 (projected)
15. Performance measure reviews (on-going)	Recurring projects to assess the validity and usefulness of performance metrics by City departments, programs, or City Service Areas. This work is intended to be ongoing to augment the Annual Services Report and assist the Administration to enhance the City's performance management systems in alignment with the "Outcome, Equity Indicators, and Performance Management" City Roadmap initiative. (*Councilmembers have made requests about the City's performance measurement and management in prior years)*		
16. Development permitting	Assess the timeliness of the building permit process for single-family residential additions or alterations, including accessory structures. (*request by Councilmember)*		
17. Integrated Waste Management Inspection Programs	Evaluation of the Integrated Waste Management (IWM) Enforcement Program's service delivery. *(IWM ranked high on the Citywide risk assessment; open audit request related to IWM)*		
18. Employee Travel Expenses	Periodic audit of employee travel expenditures for appropriateness and compliance with City policies and procedures. In FY 2021-22, travel expenses totaled roughly $400,000. *(Routine audit last conducted in 2017*)		
19. Language Accessibility	Assess City communications for compliance with the City's Language Access Policy. Specific scope to be determined. *(CMO's Lead and Manage the Organization core service ranked high on the Citywide risk assessment)*		
20. 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. (*request by the Mayor*)		
21. Non-management employee performance appraisals	"*% of Non-Management Employee Performance Appraisals Completed on Schedule*" is a dashboard performance measure in the Adopted Operating Budget's Strategic Support City Service Area. According to data provided to the City Auditor's Office for the Annual Services Report, just 52 percent of non-management employees had on-time performance appraisals in FY 2020-21. *(Open audit request and the Lead and Manage the Organization core service ranked high on the Citywide risk assessment)*		

Note: The approved work plan includes 19 projects. The two semi-annual recommendation status reports are listed as one project on the work plan but separated here to show progress. Similarly, the two semi-annual compliance reviews of the City's investment program are listed as one project on the work plan but separated here.

The City Auditor's Fiscal Year 2022-23 Work Plan is online at:
https://www.sanjoseca.gov/your-government/appointees/city-auditor/annual-work-plans