



## THE CITY OF SAN DIEGO

DATE: September 25, 2012

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **City Auditor Activity Report – July and August 2012**

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This report provides information on the activities of the Office of the City Auditor for the months of July and August 2012. It includes the status of current audit projects and a summary of planned audits that we have not yet started.

### **Audit Reports Issued:**

July 16, 2012 – Issued the Central Stores Agreed-Upon Procedures Inventory Count, Fiscal Year 2012. The report can be found on our website at:  
[http://www.sandiego.gov/auditor/reports/fy13\\_pdf/audit/13-001\\_centralstoresfy12.pdf](http://www.sandiego.gov/auditor/reports/fy13_pdf/audit/13-001_centralstoresfy12.pdf)

July 19, 2012 – Issued the Performance Audit of the San Diego Convention Center's Information Technology Infrastructure. The report can be found on our website at:  
[http://www.sandiego.gov/auditor/reports/fy13\\_pdf/audit/13-002\\_sdcc.pdf](http://www.sandiego.gov/auditor/reports/fy13_pdf/audit/13-002_sdcc.pdf)

July 27, 2012 – Issued the City Auditor's Quarterly Fraud Hotline Report for the Fourth Quarter, Fiscal Year 2012. The report can be found on our website at:  
[http://www.sandiego.gov/auditor/reports/fy12\\_pdf/hotline/120727fraudhotlinereport.pdf](http://www.sandiego.gov/auditor/reports/fy12_pdf/hotline/120727fraudhotlinereport.pdf)

August 8, 2012 – Issued the Performance Audit of the Procurement Card Program. The report can be found on our website at:  
[http://www.sandiego.gov/auditor/reports/fy13\\_pdf/audit/13-003\\_pcard.pdf](http://www.sandiego.gov/auditor/reports/fy13_pdf/audit/13-003_pcard.pdf)

August 21, 2012 – Issued the Hotline Investigation Report of San Diego Convention Center Statistic Reporting. The report can be found on our website at:  
[http://www.sandiego.gov/auditor/reports/fy13\\_pdf/hotline/13-004\\_hotline.pdf](http://www.sandiego.gov/auditor/reports/fy13_pdf/hotline/13-004_hotline.pdf)



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**TO REPORT FRAUD, WASTE, OR ABUSE, CALL OUR FRAUD HOTLINE: (866) 809-3500**



**Current Audits and Activities:**

<b>Audit Activity</b>	<b>Status</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>City Planning and Community Investment – Economic Development</b>	The objective of this audit is to determine the efficiency and effectiveness of the City’s economic development process. A draft report was provided to management for review on August 15, 2012, and an exit conference was held on August 30, 2012.	September 2012	1,395	1,400
<b>Public Utilities Department</b>	We plan to conduct two Public Utilities audits. The objectives of these audits are: 1) to review the adequacy of the Department’s valve maintenance process and 2) to review chemical purchases/ processes to determine if they can be performed in a more cost effective or efficient manner. Report writing is in progress for the Valve Maintenance audit. A draft report for the Chemical Purchases audit was provided to management for review on September 21, 2012.	October 2012	2,997	2,200
<b>Real Estate Assets Department Audit</b>	The objective of this audit is to determine the efficiency and effectiveness of the Real Estate Assets Department’s administration of City leases. A draft report was provided to management for review on September 19, 2012.	October 2012	1,365	1,600
<b>City Comptroller / Personnel Department Audits</b>	We plan to conduct two audits. The objectives of these audits are: 1) to review the City’s payroll process in order to determine if payroll payments are being properly made and if adequate controls are in place, and 2) to determine if there are adequate controls over the City’s use of overtime. Report writing is in progress for the audit of overtime.	October 2012	2,838	2,300

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>General Services – Facilities Audit</b>	The objective of this audit is to determine the efficiency and effectiveness of the General Services’ Facilities Division. We issued one audit memo on March 20, 2012. Report writing is in progress for a second audit work product. A draft report was provided to management for review on September 11, 2012, and an exit conference is scheduled for September 26, 2012.	October 2012	1,807	1,400
<b>Pothole Tracking System Audit</b>	The objective of this audit is to determine the efficiency and effectiveness of the pothole repair system and process. An entrance conference was held on August 21, 2012.	TBD	134	800
<b>Police Patrol Operations Audit</b>	The objective of this audit is to determine the efficiency and effectiveness of Patrol Operations. An entrance conference was held on September 19, 2012.	TBD	155	2,500
<b>Fraud, Waste and Abuse Hotline</b>	City Auditor staff reviews all City Hotline calls received and performs investigations for accusations of material fraud, waste or abuse. Hotline reports are issued for fraud-related allegations that are substantiated.	On-going	249  (Fiscal Year 2013 Hours)	1,535  (Fiscal Year 2013 Hours)

<b>Audit Activity</b>	<b>Status</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Follow-up on Audit Report Recommendations</b>	The City Auditor tracks all audit recommendations made since fiscal year 2008. Comptroller staff contacts those responsible for implementing our recommendations and provides regular status data to the City Auditor on all implemented recommendations. We verify if recommendations have actually been implemented and report the implementation status on a semi-annual follow-up report. The last follow-up report was issued on April 5, 2012. We plan to issue our next report in September 2012.	On-going	20  (Fiscal Year 2013 Hours)	800  (Fiscal Year 2013 Hours)
<b>Close-out Audits</b>	Close-out audits are required by City Charter, Article VII, Section 111, when a City Official leaves office. The primary audit objectives are to verify that there are no outstanding debts owed by the City Official to the City, and to ensure that access to critical information and processes has been revoked. We will be conducting a close-out for Jeffrey Baer, former Director of Purchasing and Contracting.	November 2012	73	500

**Planned Audits Not Yet Started:**

<b>Planned Audit</b>	<b>Estimated Audit Hours</b>
<b>Zoological Exhibits Fund</b>	1,200
<b>Public Utilities – Customer Support</b>	1,600
<b>Park and Recreation – Community Parks II</b>	1,400
<b>IT – Web Services</b>	1,400
<b>Risk Management – Workers’ Compensation</b>	1,800
<b>City Comptroller – Payroll</b>	2,500
<b>Public Utilities – Environmental Monitoring and Technical Services</b>	1,400
<b>Public Works/Transportation and Storm Water – Utilities Undergrounding</b>	1,200
<b>City Administration – Business Office</b>	1,000

Respectfully submitted,



Eduardo Luna  
City Auditor

- cc: Honorable Mayor Jerry Sanders  
Honorable Members of the City Council  
Jay M. Goldstone, Chief Operating Officer  
Wally Hill, Assistant Chief Operating Officer  
Ken Whitfield, City Comptroller  
Jan Goldsmith, City Attorney  
Andrea Tevlin, Independent Budget Analyst