



THE CITY OF SAN DIEGO

DATE: May 17, 2013 VIA EMAIL
TO: Honorable Mayor, City Council, and Audit Committee Members
FROM: Eduardo Luna, City Auditor
SUBJECT: Office of the City Auditor Monetary Benefits

During the May 8, 2013 City Council Budget Review Committee meeting, Council Member Emerald requested additional information on the Office of the City Auditor’s (OCA) monetary benefits to the City resulting from audit recommendations. OCA records both the actual and potential monetary benefits resulting from our audit recommendations.

If there are potential monetary benefits associated with an audit recommendation, we document and report these estimates as a performance measure. The benefits, totaling \$60.9 million from July 2009 to April 2013, can be divided into four categories: Cost Savings, Increased Revenue, Cash Recoupment and Efficiency Gain. All monetary benefits are projected over a five year period with the exception of one-time savings such as cash recoupment.

Estimated Monetary Benefits, FY 2009-2013

Table with 2 columns: Category and Amount. Rows include Cost Savings (\$20,940,820), Increased Revenue (4,404,489), Cash Recoupment (20,326,974), Efficiency Gain (15,211,750), and Total (\$60,884,033).

Attachment A provides examples of monetary benefits by category.

Not all recommendations have a specific measurable monetary benefit, but have a direct positive impact on City operations. For instance, in the Performance Audit of the Economic Development Program, our recommendations provided an enhanced framework for the City’s economic development strategy and coordination between internal and external stakeholders. Additionally, the recommendation to “ improve performance goals by establishing measures, targets, outcomes and outputs for each goal” from the Performance Audit of the Real Estate Assets Department was not monetized, but will have direct positive effect if implemented.



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However, some recommendations are not fully implemented and therefore not all monetary benefits are realized. As you are aware, OCA makes every effort to work with City departments to ensure that our audit recommendations are reasonable and implementable.

Lastly, we are in the process of determining the realized benefits compared to our initial estimates, and plan to report additional information on both monetary and non-monetary benefits. This effort requires additional auditor fieldwork, and the results will be tracked as part of our ongoing recommendation follow-up process. Additional audit hours will be required in the FY 2014 Audit Plan to verify the actual monetary benefit amounts.

Thank you for your continued support and interest in the monetary and other non-financial benefits that the Office of the City Auditor generates through our audit recommendations.

Respectfully submitted,

A handwritten signature in black ink that reads "Eduardo Luna". The signature is written in a cursive, flowing style.

Eduardo Luna

City Auditor

Attachment A

Monetary Benefit Examples from OCA Recommendations

Category	Audit	Recommendation	Estimated Benefit
Cost Savings	Performance Audit of the Take-Home Use of City Vehicles	We identified 76 vehicles that could be eliminated from take home assignment saving the City \$568,525 annually and \$2,842,625 over a five year period.	\$2,842,625
Increased Revenue	Citywide Revenue	We found that a State audit determined that the County did not equitably distribute operating costs during the period 2004 - 2006, resulting in under-remittance to the City totaling \$1,047,103.	\$1,047,103
Cash Recoupment	Audit of the Parking Administration Program	Erroneous system programming and lack of Parking Administration oversight over its data systems resulted in 34,344 citations totaling approximately \$2.9 million not being appropriately referred to Collection.	\$2,900,000
Efficiency Gain (monetized) ¹	Street's Division's Pothole Repair Operations	We recommend that the department implement a regional strategy to reduce redundant trips to the same area. Reducing or eliminating redundant trips through more efficient routing can reduce the days taken to complete the work.	\$2,843,750

Note 1: It is important to note that the efficiency gains are monetized increases in efficiency rather than dollar amounts available for revenue or expenditures.

Source: OCA.