

Office of the City Auditor City of San Diego

Recommendation Follow-Up through June 30, 2012

Audit Committee Meeting, November 26, 2012



Purpose

- To provide semiannual updates as to the status of open recommendations
 - ♦ Week of June 30th and December 31st Reports

Process

- Comptroller's Office coordinates the collection of audit responses from relevant departments/divisions
 - ♦ Maintain centralized database of all recommendations
- Comptroller provides weekly updates on recommendations reported as implemented
- City Auditor conducts periodic review of recommendations reported as implemented and assesses recommendation status based on sufficient and appropriate evidence

Scope and Classification

- 204 Open Recommendations for 42 Audit Projects
- Recommendation Classification:
 - ♦ Implemented
 - ♦ Partly Implemented
 - ♦ Not Implemented
 - ♦ Not Implemented – N/A
 - ♦ Not Implemented – Disagree*

* Administration disagrees with implementing the recommendation. These recommendations will be retained in an appendix for the subsequent semiannual report after being raised for Audit Committee attention and afterwards, retained in the City Auditor's database.

Results

- The City Auditor reviewed updates for **89 of 204** (43%) recommendations deemed implemented in departments and entities
- **RESULTS: 67 of 89** (75%) recommendations deemed Implemented based on supporting evidence

Age and Status of Recommendations

	Under One Year	One to Two Years	Over Two Years	Total
Implemented	43	17	7	67(33%)
Partly Implemented	7	4	14	25 (12%)
Not Implemented	52	28	25	105(51%)
Not Implemented –Disagree	7	0	0	7 (3%)
Total	109 (53%)	49 (24%)	46 (23%)	204

Administration Target Performance

	Past Targets for January 2009 through December 2011	CURRENT PERIOD	Planned Implementation for July 2012 and beyond
Recommendations Targeted for Implementation	74	60	30
Implemented	22	30	9
Partly Implemented	16	5	2
Not Implemented	36	25	19
Percent of Targets Achieved	30%	50%	-

* City departments and entities **implemented 6 of 40 recommendations** where **no implementation date** was provided.

Audit Committee Attention

5 Recommendations highlighted for Audit Committee attention

- ♦ Implemented Recommendation: One previous Disagree Recommendation
- ♦ Responsible entity change: Two Recommendations
- ♦ Two recommendations deemed Not Implemented-Not Applicable

Audit Committee Attention

- 09-015 Audit of the San Diego Public Library Cash Handling
 - ♦ Recommendation #13: Require staff to lock unattended trucks holding cash. (Implemented)
 - ✦ Library management originally disagreed with the recommendation.
 - ✦ After a City restructuring, Purchasing & Contracting took over delivery services. The new department installed lock boxes into the vehicles, which meets the internal control intent of the recommendation.

Audit Committee Attention

- 10-009 Audit of the San Diego Data Processing Corporation
 - ♦ Recommendation #9: City and San Diego Data Processing Corporation (DPC) should develop policies and procedures to ensure compliance with competitive standards applicable to federally funded technology projects. (Partly Implemented)
 - ✦ Responsibility for IT procurement transferred from DPC to Purchasing & Contracting.
 - ✦ Purchasing & Contracting indicated they had implemented the recommendations; however, they did not provide documentation to substantiate implementation.
 - ✦ Recommendation is redirected to Purchasing & Contracting. We will follow-up in the next reporting cycle to verify implementation.

Audit Committee Attention

- 10-009 Audit of the San Diego Data Processing Corporation
 - ♦ Recommendation #12: City should establish encumbrances for Information Technology Business Leadership Group approved new project costs procured through DPC to ensure actual costs do not exceed approved budgeted costs. (Partly Implemented)
 - ✦ Responsibility for IT procurement transferred from San Diego Data Processing Corporation to Purchasing & Contracting.
 - ✦ Purchasing & Contracting indicated they had implemented the recommendations; however, they did not provide documentation to substantiate implementation.
 - ✦ Recommendation is redirected to Purchasing & Contracting. We will follow-up in the next reporting cycle to verify implementation.

Audit Committee Attention

- 10-009 Audit of the San Diego Data Processing Corporation
 - ♦ Recommendation #11: DPC should allow city employees to access contract, invoice and vendor payment history to ensure accurate billings. (Not Implemented-N/A)
 - ✦ City employees did not retain open access to San Diego Data Processing Corporation (DPC) financial transaction information to allow the City to verify DPC's billings. To improve transparency and the ability to audit billings, this recommendation intended to provide the access necessary to City staff.
 - ✦ Responsibility for IT procurement transferred from DPC to Purchasing & Contracting. DPC no longer services this activity for the City.
 - ✦ Since DPC no longer services the City, this recommendation is no longer applicable.

Audit Committee Attention

- 11-017 Fire-Rescue Emergency Medical Services Audit
 - ♦ Recommendation #2: City should demand that all outstanding revenue not offset by expense credits should be deposited into the San Diego Medical Services bank account. (Not Implemented-N/A)
 - ✦ The City and its ambulance company, Rural/Metro, formed a corporation called San Diego Medical Services to provide ambulance services. The agreement between both entities required all revenue be deposited in the corporation's bank account.
 - ✦ The audit identified that revenues were not properly deposited; however, the ambulance company indicated that revenues were offset by expense credits. A subsequent financial review resulted in the City and ambulance company coming to a settlement agreement.
 - ✦ Due to the settlement agreement, this recommendation is no longer applicable.

Recommended Action

- We ask the Audit Committee take action and accept the report.

Questions

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Office of the City Auditor

