



THE CITY OF SAN DIEGO

DATE: January 7, 2020
TO: Honorable Members of the Audit Committee
FROM: Kyle Elser, Interim City Auditor
SUBJECT: City Auditor Activity Report – December 2019

This report provides information on the Office of the City Auditor's activities as of December 31, 2019. This includes any audit reports issued during the month of December, the status of current audit projects, and a list of planned audits that have not yet started.

The "Target Completion Date" provided for each audit project indicates our estimate of when the audit report will be issued. However, future circumstances may delay report issuance, such as delays in receiving data for review, numerous and extensive findings that require further evaluation, and additional discussions with management to prove and demonstrate that our audit findings are valid and recommendations for improvement are necessary.

Reports Issued December 2019:

December 3, 2019 – Issued our Performance Audit of the City's Financial Condition. The report can be found on our website at:

https://www.sandiego.gov/sites/default/files/20-006_fiscal_condition.pdf

December 13, 2019 – Issued out Hotline Report of Public Records Act Responses. The report can be found on our website at:

https://www.sandiego.gov/sites/default/files/hotline_report_of_public_records_act_responses.pdf

Audits in Progress – Report Writing Stage

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours¹
Neighborhood Services - Homelessness	The objectives of this audit are to evaluate the City's strategic planning efforts for addressing homelessness, including its organizational structure, outreach efforts, and the use of alternative or interim housing solutions.	January 2020	3,431	2,636
Development Services – Charges for Deposit Accounts	The objective is to determine if Deposit Accounts have sufficient project accounting and reconciliation procedures, determine if the project cost billed to Deposit Accounts is reasonable and necessary and determine if Deposit Accounts are closed in a timely manner with any outstanding dollar amounts collected or refunded to the customer.	January 2020	2,266	2,079
Strategic Human Capital Management	The objective for this audit is to evaluate the City's effectiveness at strategically managing its human capital resources, including opportunities to increase City employee incentives, discipline, and pay competitiveness.	Part I January 2020	1,434	2,198

¹ For audits carried over from Fiscal Year (FY) 2019, "Budgeted Hours" reflects the actual hours used in FY 2019 plus the Budgeted hours for FY 2020.

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours ¹
Risk Management / City Attorney - Liability Payouts	The objective for this audit is to assess Public Liability payouts and review the process for implementing corrective actions to reduce potential liability.	February 2020	2,267	2,358

Audits in Progress - Fieldwork Stage

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours ¹
IT Audit of Citywide Sensitive Data Encryption Standards and Data Classification	The tentative objective of this IT Audit is to assess the maturity of the City's sensitive data encryption and data classification process.	March 2020	415	468
San Diego Police Department - Support Operations - Crime Analysis Unit	The tentative objective of this audit is to determine the completeness and reliability of data collected by SDPD, and the methodologies used by SDPD to analyze and report this data.	May 2020	546	1,500

Audits in Progress – Planning Stage

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours ¹
IT Audit of Legacy Applications	The tentative objective of this IT Audit is to assess the impact of the legacy applications to the City’s IT security posture and assess additional impacts.	TBD	4	600

Other Audit Activity

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
Follow-up on Audit Report Recommendations	We report the implementation status on a semi-annual follow-up report, and we periodically issue other recommendation follow-up reports. October 21, 2019 –Issued our Recommendation Follow-Up Report for the period ending June 30, 2019. Follow-up Report	On-going	370	800
Fraud, Waste and Abuse Hotline	City Auditor investigative staff reviews Fraud Hotline calls received and performs investigations for allegations of material fraud, waste or abuse. Reports are issued for substantiated fraud-related allegations, and we issue a Quarterly Fraud Hotline Report with the status of activities.	On-going	1,525	2,820

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
Peer Review / Office Improvements	<p>A Peer Review was conducted by the Association of Local Government Auditors requiring staff hours to prepare for and participate in the review. The independent peer review team found that the Office of the City Auditor has conducted work in full compliance with Government Auditing Standards for the period July 1, 2016 through June 30, 2019. ALGA's Peer Review Report</p> <p>We are also conducting office process improvements to ensure compliance with the revised 2018 Government Auditing Standards.</p>	February 2020	147	300

FY 2020 Planned Audits Not Yet Started

Planned Audits	Estimated Audit Hours
Annual Central Stores Inventory Audit FY 2020	20
Annual Mission Bay Fund Audit FY 2019	420
Purchasing & Contracting - Equal Opportunity Contracting	600
Audit of IT Service Delivery Effectiveness	885
Public Utilities – EMTS – Industrial Wastewater Control Program	1,000
Transportation & Storm Water – Storm Water Division	1,000

Planned Audits	Estimated Audit Hours
Real Estate Assets Department	1,400
Sustainability – Climate Action Plan	1,400
Public Works - Engineering & Capital Projects - Department Charges	1,800
Neighborhood Services	2,400

Audit and Hotline Investigation Reports Completed During FY 2020

July 10, 2019

[Hotline Report of Improper Free Trash Collection at Short-Term Residential Occupancy Units](#)

July 11, 2019

[Performance Audit of Public Utilities Department's Advanced Metering Infrastructure Implementation](#)

September 11, 2019

[Hotline Report of Abuse Related to the Unfair Award of a Multi-Million-Dollar Contract](#)

September 19, 2019

[Agreed-Upon Procedures Related to the Central Stores Physical Inventory - Fiscal Year 2019](#)

November 7, 2019

[CONFIDENTIAL – Performance Audit of IT Network Perimeter Security](#)

December 3, 2019

[Performance Audit of the City's Financial Condition](#)

December 13, 2019

[Hotline Report of Public Records Act Responses](#)

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Honorable Members of the Audit Committee
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Respectfully submitted,



Kyle Elser
Interim City Auditor

cc: Honorable Mayor Kevin Faulconer
Honorable Members of the City Council
Honorable City Attorney Mara Elliott
Kris Michell, Chief Operating Officer
Ron Villa, Assistant Chief Operating Officer
Jessica Lawrence, Policy Advisor, Office of the Mayor
Andrea Tevlin, Independent Budget Analyst