



## THE CITY OF SAN DIEGO

DATE: March 20, 2018  
TO: Honorable Members of the Audit Committee  
FROM: Eduardo Luna, City Auditor  
SUBJECT: City Auditor Activity Report – February 2018

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This report provides information on the Office of the City Auditor's activities for February 2018. This includes any audit reports issued during the month, the status of current audit projects, and a list of planned audits that have not yet started. However, I would like to first bring some issues and information to your attention that will impact the completion of our Annual Audit Work Plan as expected.

### **Construction and Temporary Office Relocation**

In August 2017, the owner of our office building began construction for the removal and replacement of windows and exterior walls, which created noise and difficult working conditions during office hours. On January 26, 2018, we were notified to immediately evacuate and not return to our building because asbestos had been detected as a result of the construction. We were unable to complete any meaningful work for over two weeks after being removed from our office. We are still being impacted by these events because we have not yet been provided our own work space, and we do not have access to some electronic and ergonomic equipment left in the building. We will not have access to these items until a new long term work location can be found.

In addition to my staff being troubled by the health concerns from the exposure to asbestos, we are required to identify temporary work sites until Real Estate Assets staff are able to lease alternative office space for us. Various City Departments and staff such as the Council Administration, IBA, Comptroller, Library and City Clerk have all generously allowed us to occupy their unused offices and cubicles on a temporary and revolving basis. However, having audit staff spread across various locations, and constantly searching for temporary work sites has also had an impact on our efficiency to complete projects.

### **PUD Water Billing Audit and Changes to Annual Audit Work Plan**

As I notified the Audit Committee at our last meeting, we changed the scope of the Public Utilities Department (PUD) Customer Service audit to determine if PUD is accurately billing customers, and to evaluate their procedures to detect and correct inaccurate water billings. I have increased the estimated budgeted hours from 800 to 2,000 for this audit. In order to accommodate this change in scope, I am recommending dropping the Economic Development Climate Action Plan Audit from this year's Audit Work Plan. We also plan to drop the Police Department Youth Curfew Program Audit because the Police Department advised that they are no longer conducting youth curfew sweeps.



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Furthermore, I have reassigned staff from other audits to complete the PUD water billing audit by June 2018, which will likely delay the completion of other audits. Finally, I plan to initiate separate audits of the implementation of the Automated Meter Infrastructure (AMI/smart meter) Installation Program and the PUD Customer Service audit. I will discuss these plans and issues at the April 11, 2018 Audit Committee meeting.

### Reports Issued February 2018

February 6, 2018– Issued our Hotline Investigation of Attempted Theft of City-Provided Clothing. The report can be found on our website at:

[https://www.sandiego.gov/sites/default/files/18-016\\_hotline\\_investigation\\_of\\_attempted\\_theft\\_of\\_city-provided\\_clothing.pdf](https://www.sandiego.gov/sites/default/files/18-016_hotline_investigation_of_attempted_theft_of_city-provided_clothing.pdf)

February 23, 2018– Issued our Activities and Accomplishments Report. The report can be found on our website at:

[https://www.sandiego.gov/sites/default/files/accomplishment\\_report\\_jan\\_2017\\_through\\_dec\\_2017.pdf](https://www.sandiego.gov/sites/default/files/accomplishment_report_jan_2017_through_dec_2017.pdf)

### Audits in Progress – Report Writing

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours <sup>1</sup>
Transportation & Storm Water – Storm Water	The objective is to evaluate Storm Water Division’s asset management and revenue generation strategies.	March 2018	2,001	1,800

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<sup>1</sup> For audits carried over from FY17, “Budgeted Hours” reflects the hours used in FY17 Audit Work Plan.

**Audits in Progress – Fieldwork**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>Facilities Financing - Development Impact Fees (DIF)</b>	The objective of this audit is to determine if fees are collected and deposited into the applicable community fund, the methodology for assessing and spending fees can be improved, and expenditures are in compliance with the Mitigation Fee Act.	April 2018	1,503	1,800
<b>City's Fiscal Sustainability and Financial Condition</b>	The objective for this audit is to review the fiscal sustainability and financial condition of the City of San Diego by analyzing trends in the City's financial data over a 10-year period.	April 2018	126	600
<b>Human Capital Audit – Office of the Chief Operating Officer/ Personnel/ Human Resources</b>	The objective for this audit is to evaluate the efficiency and effectiveness of the City's recruitment, retention, and development of employees. Because the subject matter is broad, this is the first of a series of audits reviewing various aspects of human capital issues.	April 2018	630	1,800
<b>Data Security Controls Audit of Sensitive Police Department Data</b>	The objective of this audit is to determine if the Police Department utilizes sufficient IT controls over their sensitive data to prevent loss or theft.	April 2018	559	800

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>Public Utilities – Water Operations – Construction &amp; Maintenance – Water Meter Cover Replacement Process</b>	The objective for this audit is to evaluate the efficiency and effectiveness of the Water Meter Cover Replacement Process.	April 2018	559	800
<b>Transportation Storm Water – Transportation Engineering Ops Division and Streets Division – Curb Painting Process/Program</b>	The objective for this audit is to evaluate the efficiency and effectiveness of the City’s Curb Painting process/program.	May 2018	310	600
<b>Community Planning Group Audit<sup>2</sup></b>	The objectives for this audit are to determine if Community Planning Groups have an effective control environment, are they in compliance with key elements of Council Policy 600-24 and Administrative Guidelines, and are they a contributing factor to permit approval delays.	May 2018	704	1,800
<b>Fleet Services – Vehicle Acquisition</b>	The objective for this audit is to determine if Fleet Operations’ vehicle acquisition process is efficiently meeting the City’s needs.	May 2018	754	1,800
<b>Real Estate Assets – Leased and Surplus Properties</b>	The objective for this audit is to evaluate the management of City-owned surplus property.	May 2018	798	1,400

<sup>2</sup> This audit replaced the Risk Management – Public Liability Audit as mentioned during the July 26, 2017 Audit Committee Meeting.

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>IT Audit of the Accela Software Implementation</b>	This is a cursory audit of the Accela software implementation. The objective of this audit is to help ensure Accela is configured to mitigate the risks identified in prior audit recommendations and proper system implementation procedures are followed. This audit will not be completed until the system is implemented. Management has not determined when full implementation will be completed.	TBD	450	500

**Audits in Progress – Planning**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>Public Utilities – Customer Support Services Division and Water Billing<sup>3</sup></b>	The objective for this audit has been changed to include a review of the accuracy of water billing. Once this audit is completed, a separate audit will review the efficiency and effectiveness of the Customer Support Division call center – call wait times and customer service.	June 2018 (for the water billing report)	376	2,000 <sup>3</sup>
<b>Security Audit of Cityhub and Supporting Infrastructure</b>	The tentative objective is to determine whether Cityhub data is adequately secured through the application and supporting infrastructure as a data repository for department sensitive information.	TBD 2018	91	700

<sup>3</sup> The scope of the Public Utilities Customer Support Services Division Audit has been changed to include a review of Water Billing Accuracy, and the estimated budgeted hours has been increased from 800 to 2,000 hours.

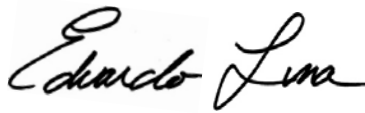
**Other Audit Activity**

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Follow-up on Audit Report Recommendations</b>	We report the implementation status on a semi-annual follow-up report, and we periodically issue other recommendation follow-up reports. Our most recent report was issued on October 31, 2017.	On-going	625	800
<b>Fraud, Waste and Abuse Hotline</b>	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	2,018	3,100

**FY 2018 Planned Audits Not Yet Started**

Planned Audits	Estimated Audit Hours
Economic Development—Climate Action Plan <sup>4</sup>	1,200
San Diego Police Department—Youth Curfew Program <sup>5</sup>	1,200
IT Audit of Disaster Recovery Preparedness	1,100
Annual Mission Bay Fund Audit FY17	420
Annual Central Stores Inventory Audit FY18	20

Respectfully submitted,



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Eduardo Luna  
City Auditor

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

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<sup>4</sup> The Economic Climate Action Plan Audit will be replaced with the ongoing Public Utilities Department Water Billing Accuracy Audit.

<sup>5</sup> The San Diego Police Department Youth Curfew Program Audit will be dropped because the Police Department advised that they are no longer conducting youth curfew sweeps.