
Annual Citywide Risk Assessment and Audit Work Plan

FISCAL YEAR 2017

Office of the City
Auditor

City of San Diego



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THE CITY OF SAN DIEGO

DATE: June 23, 2016
TO: Honorable Members of the Audit Committee
FROM: Eduardo Luna, City Auditor
SUBJECT: **Annual Citywide Risk Assessment and Audit Work Plan – Fiscal Year 2017**

Attached is the Annual Audit Work Plan proposed by the Office of the City Auditor for Fiscal Year 2017. This report will be presented at the June 29th Audit Committee meeting for your review and consideration. The list of 23 proposed audit assignments for FY 2017 includes performance audits regarding various City departmental activity groups, and other audit projects and activities.

The Audit Work Plan was developed by considering the required audits mandated by the City Charter and the San Diego Municipal Code, results of the FY 2017 Citywide Risk Assessment, and input from the City Council and other sources. We designed our work plan to address what we considered to be risk areas, while limiting the scope of work to what we can realistically accomplish with the staff resources available.

Respectfully submitted,

Eduardo Luna
City Auditor

cc: Honorable Mayor Kevin Faulconer
Honorable City Councilmembers
Scott Chadwick, Chief Operating Officer
Stacey LoMedico, Assistant Chief Operating Officer
Mary Lewis, Chief Financial Officer
Marshall Anderson, Director of Council Affairs
Jan Goldsmith, City Attorney
Andrea Tevlin, Independent Budget Analyst

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Mission Statement

The mission of the Office of the City Auditor is to advance open and accountable government through accurate, independent, and objective audits and investigations that seek to improve the economy, efficiency, and effectiveness of City government.

Introduction

Government Auditing Standards and the Institute of Internal Auditors' Standards encourage the chief audit executive to establish a risk-based approach to determine the priorities for City Auditor activities. The Office of the City Auditor has completed a FY 2017 Citywide Risk Assessment as a means to help identify, measure, and prioritize the City's potential audits based on the level of risk to the City. Each Activity Group's risk score was considered when selecting audits for the City Auditor's FY 2017 Audit Work Plan.

Audit Resources

The FY 2017 budget for the Office of the City Auditor includes 22 staff members at a budgeted cost of approximately \$3.8 million for salaries, fringe benefits, and non-personnel expenses such as office equipment, training and supplies. The City Auditor's FY 2017 budget also includes \$424,491 for the cost of the City's Comprehensive Annual Financial Report (CAFR) audit that will be conducted by an outside independent audit firm. The City Auditor administers the CAFR audit contract. During FY 2017, the Office of the City Auditor will have one Assistant City Auditor, one Deputy City Auditor, four Supervising Senior Performance Auditors and thirteen auditors to conduct audits and investigations with an estimated 24,240 audit hours available to perform audits. The estimated audit hours available were calculated as follows:

Calculation of Estimated Audit Hours Available for FY 2017

One Full-Time Equivalent (FTE) Auditor:		Hours
Total Annual Hours Available		2,080
Less Hours For:		
Vacation and Sick Leave		-160
(10) Holidays and (1) Floating Holiday		-88
(3) Citywide Discretionary Leave Days Granted		-24
Continuing Professional Education		-60
Administrative Duties *		-106
Other Assigned Projects **		-242
Total Annual Audit Hours Available per Auditor		1,400
Number of Auditors		Audit Hours
2	Executive Management ¹ [(2 x 1,400) – 1,400]	1,400
17	Auditors ² [(17 x 1,400) - 960]	22,840
Total Estimated Audit Hours Available for FY 2016		24,240

Note: Audit supervision and administrative hours for the City Auditor and two Executive Assistants are not included.

* "Administrative Duties" include completion of timecards; leave slips; annual OCA forms; Performance Self-Evaluation forms; organization of office/projects/tasks, etc; research for training opportunities; and any time not attributed to a specific project or task assigned by management. The only exception is the Audit Manager who works with the Administrative staff on a daily basis on budget, payments, and trainings, etc.

** "Other Assigned Projects" include tasks such as responding to Council and other stakeholder requests, internal research projects, presentation preparations, stakeholder outreach meetings, and research and development for future audit issues, etc.

¹ Audit hours were reduced by 1,400 hours for executive management performing additional administrative duties.

² Audit hours were reduced by 160 to reflect planned maternity/paternity leave, and by 800 hours for anticipated vacancies, for a total of 960 hours.

Performance Audits and Other Audit Activities

The City Charter requires the Office of the City Auditor to conduct all of its audits under Government Auditing Standards, and there are three main types. They are financial audits, attestation engagements, and performance audits.

The City of San Diego hires an outside independent audit firm to perform the City's financial statement audit of the City's CAFR.

The City Auditor conducts performance audits of the City's departments, agencies, and their activities. Under Government Auditing Standards, performance audits provide objective analysis so that management and those charged with governance and oversight can use the information to improve program performance and operations, reduce costs, facilitate decision making, and contribute to public accountability. A performance audit is a dynamic process that includes consideration of applicable standards throughout the course of the audit. Performance audit objectives may vary widely and include assessments of program effectiveness, economy and efficiency, internal controls, compliance with laws and regulations, and prospective analysis. Examples of performance audit objectives may include but are not limited to:

- Assessing the extent to which legislative, regulatory, and/or organizational goals and objectives are being achieved;
- Analyzing the relative efficiency and cost-effectiveness of a program or activity;
- Evaluating whether the audited entity is following sound procurement practices;
- Assessing the reliability, validity, and/or relevance of performance measures concerning program effectiveness and results, or economy and efficiency;
- Assessing internal controls designed to provide reasonable assurance of achieving effective and efficient operations, and reliable financial and performance reporting; and
- Determining if program activities are in compliance with laws, regulations, contract provisions, grant agreements, and other requirements.

The Office of the City Auditor may also perform some attestation engagements based on agreed-upon procedures, which consists of specific testing procedures performed on a subject matter.

Additionally, we perform other non-audit services such as investigating complaints received through the City's Fraud Hotline regarding allegations of fraud, waste, and abuse. We will perform investigations following the procedures recommended by the Association of Certified Fraud Examiners for allegations of improper financial activity, fraud, waste and/or abuse that appear to be material in nature.

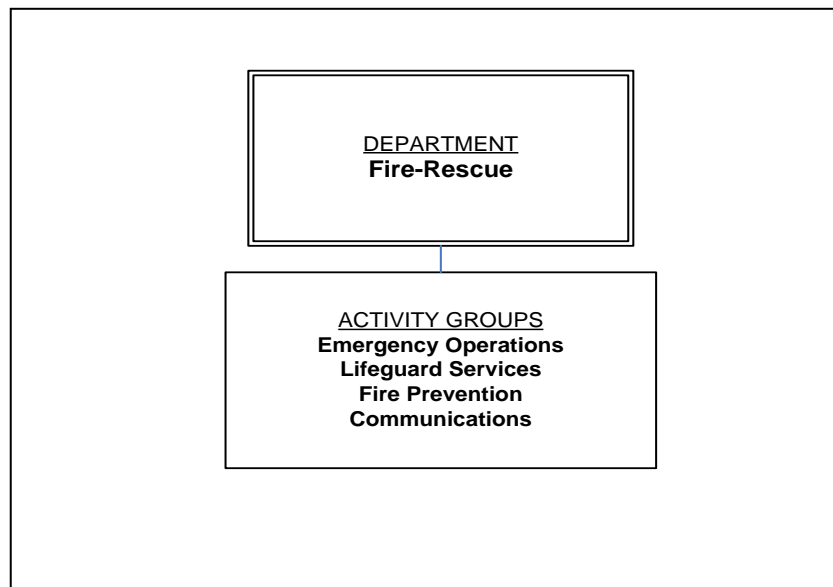
Citywide Risk Assessment - Fiscal Year 2017

Risk assessment is a process of systematically scoring (or rating) the relative impact of a variety of “risk factors.” A risk factor is an observable or measurable indicator of conditions or events that could adversely affect the organization. Risk factors can measure inherent risks (such as a large organizational structure) or organizational vulnerability (such as level of cash and assets easily converted to cash).

The first step in creating the City’s risk assessment model was to define the audit universe. The audit universe is a listing of all of the City’s significant Auditable Units (all of the City’s potential audits that could be performed). We created a list of City departments and significant City agencies and their primary Activity Groups as the Auditable Units. To accomplish this we utilized the City’s FY 2017 proposed budget data from SAP and the component unit information in the City’s most current financial statements. We have reduced the number of Activity Groups by combining some activities within departments in order to target more areas of risk using our existing resources, address cross-cutting issues which impact multiple units within a department, and create efficiencies in conducting future audits of Activity Groups. However, a department may still be broken out into several Activity Groups as in the example shown in **Exhibit 1**.

Exhibit 1

Sample Department and Activity Groups



The next step in creating the risk assessment model was to identify and rank the major risks associated with each of the City's significant Auditable Units (Activity Groups).

To achieve this, a management questionnaire which measured a variety of "risk factors" was developed, (**See Attachment A – Management Questionnaire**). City Management completed Management Questionnaires for the associated Activity Groups.

The questionnaire used had ten measurable risk factors as follows:

1. Interface with the external public.
2. "Mission critical" nature of Activity Group for the department to achieve its goals and objectives.
3. Support of internal operations is considered critical to achieving the objectives of other departments' mission or goals.
4. Failure to achieve the Activity Group's mission or goals leads to public displeasure or negative media coverage.
5. Level of cash or cash-convertible nature of Activity Group's transactions.
6. Activity Group's tracking and use of activity performance metrics.
7. Regulation effect or impact on operations.
8. Number of budgeted employees (FTE).
9. Level of budgeted annual revenues.
10. Level of budgeted annual expenses.

A Management Questionnaire was completed for each of the City's Auditable Units to determine a risk score of: 0 (low), 3 (medium-low), 5 (medium), 7 (medium-high), or 9 (high) for each of the ten risk factors listed above. The risk scores were used for risk factors 1 through 7 (listed above), and the risk scores for factors 8 through 10 (FTE, Revenue, Expenses) were updated based on the FY 2017 proposed budget. Audit staff reviewed the results, and based on professional judgment, adjusted scores if needed.

Additionally, weights were assigned to each factor based on relative importance as determined by input from audit staff (**See Attachment B – Calculation of Weights Used for Risk Factors**). An increase in risk score was calculated for activities that have not been audited in the prior five fiscal years.

The final step in completing the Citywide Risk Assessment was to calculate the total risk score for each Auditable Unit (list of the potential audits) in order of highest risk score to the lowest by tabulating the information gathered from the questionnaires and applying the weights assigned to the risk factors. We then calculated the overall risk score for each Activity Group, by stratifying the resulting rating in descending order by tenths, and identifying the top 30 percent (or those ranking 10, 9, or 8) as High Risk. The next 40 percent (ranking 7, 6, 5, or 4) were identified as Medium Risk, and the bottom 30 percent (score of 3, 2 or 1) of risk scores were ranked as Low Risk (**See Attachment C – Citywide Risk Assessment**).

Interpreting Risk Assessment Results

The weighted scores for ten risk factors were tabulated for each significant Departmental Activity Group identified in **Attachment C – Citywide Risk Assessment**. Additionally, to assess risks of fraud, we interviewed key City personnel. The risk assessment scores and information gathered during the interviews with key personnel were considered when preparing the Audit Work Plan – FY 2017 that follows. The departments and Activity Groups with a high risk score merely indicates that the services they provide, or the functions they are responsible for, are by nature a high risk activity because of such factors as having a large amount of expenditures and revenues, having a high level of liquid assets such as cash, or a high degree of public interest. A high risk score does not mean that an Activity Group is being managed ineffectively or that it is not functioning properly. High risk areas may indicate opportunities to address activities which are mission critical, provide substantial support for other internal City operations, reflect high public need, or consume significant financial resources. The overall results identify the activities with the highest risk factors that may warrant and benefit from additional management action or audit services.

Audit Work Plan (July 2016 through June 2017)

In FY 2017, we are proposing an ambitious work plan to address areas of critical importance to the City. The following Audit Work Plan includes our scheduled performance audits as well as additional audit activities. Included is the tentative audit objective for each assignment and estimated audit hours.

We will perform an in depth risk assessment on each activity group selected for audit to ensure our audit objective covers the areas of highest risk for that Activity Group and adjust the audit objective, procedures, and hours accordingly. Performance audit objectives vary widely and may include assessments of program effectiveness, economy, and efficiency; internal control; compliance; and prospective analyses. Our estimated audit hours for each audit activity are based on an analysis of average audit hours for our prior year's audits, and our knowledge of the complexity of the Activity Groups selected for audit. The actual hours may vary based on the audit scope determined by the detailed risk assessment for each engagement, as well as the extent and complexity of findings revealed during audit testing.

Additions to Audit Work Plan

Requests to add audits to the Audit Work Plan during the fiscal year will be presented to the Audit Committee with a City Auditor analysis of the impact the proposed audit will have on the other audits on the Work Plan. Audit priority will be given to those requests that pertain to the health and safety of residents, potential for significant financial savings or increased revenues, or issues of integrity.

Audit Work Plan – Fiscal Year 2017

PERFORMANCE AUDITS FY 2017 – CARRY OVER FROM FY 2016 AUDIT WORK PLAN						
Work Plan Item No.	Risk Assess Line # ¹	Risk Score	Activity Group Audit	Audit Objectives	FY 2017 Audit Hours	Status
1	8	675	San Diego Police Department (SDPD) - Property and Evidence Room	The objective of this audit is to evaluate the responses to and implementation of recommendations set forth in the FY 2015 San Diego County Grand Jury report pertaining to SDPD's controls over the Property and Evidence Room.	50	Report Writing
2	16	626	San Diego Housing Commission	The objective of this audit is to evaluate the efficiency and effectiveness of the management and operations of the San Diego Housing Commission.	250	Report Writing
3	8	675	San Diego Police Department, and Public Works–Engineering & Capital Projects: Right-of-Way Design Division – Pedestrian Safety	The objective of this audit is to evaluate the efficiency and effectiveness of the City's programs responsible for pedestrian safety.	250	Report Writing
4	23	587	Development Services Department (DSD) - Permitting	The objective of this audit is to review the efficiency and effectiveness of the Affordable/In-fill Housing Sustainable Buildings Expedite Program.	900	Fieldwork

¹ Risk Assessment scores and line number information for the carry over audits are from the FY16 Risk Assessment.

PERFORMANCE AUDITS FY 2017 – CARRY OVER FROM FY 2016 AUDIT WORK PLAN						
Work Plan Item No.	Risk Assess Ln #	Risk Score	Activity Group Audit	Audit Objectives	FY 2017 Audit Hours	Status
5	95	415	Convention Center	The objective of this audit is to evaluate the efficiency and effectiveness of the management and operations of the San Diego Convention Center.	1,400	Fieldwork
6	4 6	710 682	Capital Improvements Program (CIP)	The tentative objective of this audit is to evaluate the efficiency and effectiveness of selected CIP project management and implementation issues.	1,800	Planning
7	26	582	Streets Division – Streetlight Repair	The tentative objective of this audit is to review the efficiency and effectiveness of the City’s streetlight repair program.	700	Planning

PERFORMANCE AUDITS FY 2017 – PROPOSED AUDITS						
Work Plan Item No.	Risk Assess Ln #	Risk Score	Activity Group Audit	Audit Objectives	FY 2017 Audit Hours	Status
8	92	506	Special Events	The tentative objective is to determine the efficiency and effectiveness of the Special Events Application Process.	600	Not Started
9	96	498	Environmental Services	The tentative objective is to determine the accuracy of Streetlight Utility Billing.	600	Not Started
10	80	528	Communications	The tentative objective is to determine the accuracy of the Communications Department's charges for services to the City's Enterprise funds.	600	Not Started
11	36	635	Mayor's Office – Boards and Commissions	The tentative objective is to determine the efficiency and effectiveness of the management of Boards and Commissions.	600	Not Started
12	61 107 113	571 457 433	Economic Development	The tentative objective is to determine the efficiency and effectiveness of the Business and Industry Incentive Program.	1,600	Not Started
13	11 41 43	740 620 608	Park and Recreation	The tentative objective is to determine the efficiency and effectiveness of Park and Recreation's Citywide activities and programs.	1,950	Not Started
14	1	935	Transportation & Storm Water – Storm Water	The tentative objective is to determine the efficiency and effectiveness of the Storm Water Division.	1,800	Not Started

PERFORMANCE AUDITS FY 2017 – PROPOSED AUDITS						
Work Plan Item No.	Risk Assess Ln #	Risk Score	Activity Group Audit	Audit Objectives	FY 2017 Audit Hours	Status
15	9 10 17 25 35	753 753 720 688 635	City Attorney	Audit objectives will be established after an in-depth risk assessment is completed.	1,800	Not Started
16	127	394	Comptroller - Grants	The tentative objective is to determine the efficiency and effectiveness of the City's grant management.	1,800	Not Started
17	31	659	Development Services - Development Impact Fees (DIF)	The tentative objective is to determine if DIF revenues are used in compliance with applicable regulations and policies, and whether Financing Plans are regularly updated to ensure the proposed projects match current community needs / priorities.	1,800	Not Started

ADDITIONAL AUDIT ACTIVITIES FY 2017						
Work Plan Item No.	Risk Assess Ln #	Risk Score	Activity	Description	FY 2017 Audit Hours	Status
18	N/A	N/A	Fraud, Waste and Abuse Hotline	The Office of the City Auditor administers the City's Fraud Hotline to provide individuals a way to confidentially report evidence of fraud, waste or abuse involving City of San Diego employees or operations. Investigations are performed for all material accusations.	2,100	On-going
19	N/A	N/A	Follow-up on Previously Issued Audit Reports	The Office of the City Auditor tracks and follows-up on all audit recommendations to determine if they were properly implemented by City management.	670	On-going
20	N/A	N/A	Peer Review	A Peer Review will be conducted by the Association of Local Government Auditors, and it will require staff hours to prepare for and participate in the review. The objective of the Peer Review is to determine if our internal quality control system is operating effectively to provide reasonable assurance of compliance with Government Auditing Standards.	240	Not Started
21	N/A	N/A	IT Audits	The Office of the City Auditor will conduct a Risk Assessment on the City's IT Infrastructure and based on the level of risk the OCA will create a schedule of on-going IT audits.	2,300	Not Started
22	N/A	N/A	Annual Mission Bay Fund Audit FY16	The Annual Mission Bay Funds Audit is required by the City Charter, Article V, Section 55.2 (e). The objective of this audit is to verify the prior fiscal year collection, allocation, and use of Mission Bay Funds are in compliance with City Charter requirements.	400	Not Started

ADDITIONAL AUDIT ACTIVITIES FY 2017						
Work Plan Item No.	Risk Assess Ln #	Risk Score	Activity	Description	FY 2017 Audit Hours	Status
23	N/A	N/A	Annual Central Stores Inventory Audit FY17	San Diego Municipal Code Section §22.0501 requires an annual count of inventory in City storerooms and warehouses. The objective of this audit is to confirm the valuation of Central Stores inventory.	30	Not Started
Total Planned Audit Hours for FY 2017					24,240	

Additional Potential Audits

Due to limited staff resources, we will not be able to accommodate all requests for audit services or risk areas identified by the FY2017 Citywide Risk Assessment. In the event we complete all planned audits, we will propose initiating audits from the list below, which includes Councilmember requests.

- Real Estate Assets Department – Leasing Practices
- Real Estate Assets Department – City-owned Parking Facilities and Management Contracts
- Risk Management Department – Workers Compensation
- Transportation and Storm Water Department / Streets Division – Streetlight Installation
- Comprehensive General Fund User Fees
- Maintenance Assessment Districts and Business Improvement Districts – Assessment District Formation Process
- Public Utilities Departments - Shut-off Policies and Procedures
- Internal Operations - Fleet Services
- Planning Department – Community Plan Update Program
- 911 Dispatch, Including Calls Directly Related to Theft Under \$950 and Calls Responding to Transients With Drug Related Medical Responses
- Sidewalks Cost Sharing Program
- Citywide Email Retention Policy
- TransNet
- Fire Department – Brush Management
- Development Services Department – Permit Coordination with Outside Agencies
- Public Utilities Department – Water Meter Cover Replacement
- Street Tree Planting/Trimming/Removal
- Transportation and Storm Water Department / Streets Repair – Review of Quality Assurance Operations for Street Repair
- Development Services Department – Impact of Vacancies on Permit Applications (Alvarez)
- Transportation and Storm Water Department / Streets Repair – Street Repair Costs for Damage Caused by MTS Bus Service

Next Steps

I will provide the Audit Committee with monthly activity reports describing the status and progress towards completing the audit assignments listed, as well as quarterly fraud hotline statistics reports. The Audit Committee will receive the results of all completed audits in the form of an audit report, and I will present audit results at scheduled Audit Committee and City Council meetings upon request.

Respectfully submitted,

A handwritten signature in black ink that reads "Eduardo Luna". The signature is written in a cursive style with a large initial "E" and "L".

Eduardo Luna
City Auditor

Attachment A

Office of the City Auditor
Annual Risk Assessment
Management Questionnaire

1. To what extent does your activity group interface with the external public?

Description / Purpose: Assess how frequently your activity group works/interacts directly with the public or City residents. Little to no interaction is not a negative indicator, but rather an indicator that your activity group serves internal customers – internal customer interaction is addressed in question 3.

- a None.
- b Rarely or infrequently.
- c Monthly to quarterly level of interface.
- d Weekly level of interface.
- e Continual interface with the external public several times daily or more.

2. To what extent is your activity group considered to be “mission critical” for the department to achieve its goals and objectives?

Description / Purpose: Ascertain the significance that your activity group plays in your department’s overall mission relative to other activity groups. Little to no contribution is not a negative indicator, but rather an indicator that your activity group may provide services and be focused on other internal customers.

- a. No contribution towards the department’s goals / objectives.
- b. Minimal contribution towards attaining the department’s goals and
- c. Moderate contribution towards attaining the department’s goals and
- d. Significant contribution towards attaining the department’s goals and
- e. The success of the department’s goals and objectives is fully dependent on this activity group.

3. To what extent does your activity group support internal operations or are considered critical to achieving the objectives of other entity’s/department’s mission/goals?

Description / Purpose: Determine the level of support and role your department plays in helping other departments achieve their overall mission. This question identifies the interconnectedness that one activity group has with other internal operations.

- a. No support provided to other operations / departments.
- b. Infrequent (i.e. annual) support provided to other operations /
- c. Periodic (i.e. monthly) support provided to other operations /
- d. Regular (i.e. weekly) support provided to other operations / departments.
- e. Ongoing support provided to other operations / departments every day.

To what extent would failure to achieve your activity group’s mission or goals lead to public displeasure or negative media coverage?

Description / Purpose: Assess how the activity group’s level of visibility to the public, public interest in the group’s activities, interest of the media, or other public safety related factors would lead to an increased potential loss or embarrassment if the activity group did not perform its critical mission or goals. This could also be called the newspaper test – how much negative press or public disapproval would a failure cause?

- a. No risk of loss or embarrassment.
- b. Low risk of loss or embarrassment.
- c. Moderate risk of loss or embarrassment.
- d. Significant risk of loss or embarrassment.
- e. Very high risk of loss or embarrassment.

4. To what extent is there potential loss due to the cash or cash convertible nature of your activity group’s transactions?

Description / Purpose: Assess the risk associated with cash or cash-convertible assets. Be sure to factor in the amount of cash collected as compared to business transacted by other means (credit card, electronic funds transfer, invoice, journal entry, etc) , as well as risks associated with the volume, type and nature of existing assets that are susceptible to theft such as equipment, supplies and inventories.

- a. None.
- b. Minimal amount of cash transactions or assets are difficult to convert to cash
- c. Moderate amount of cash transactions or assets can be converted to cash with some difficulty.
- d. Nature of operations is primarily cash or assets are easily converted to cash
- e. Fully cash or cash equivalent operations.

5. To what extent does your activity group track activity performance / metrics?

Description / Purpose: Determine the extent to which your activity group captures, assesses, and responds to performance measurement data.

- a. We continuously capture performance metrics on key operations, assess achievement of goals and trends in the information, and adjust operations to improve upon our performance in all key areas.
- b. We track performance information in all key operations, assess and use data to improve operations, but we do not engage this process in a continuous, fluid manner.
- c. We track performance information in all our key operations and may assess data to some extent, but we do not use data to improve performance in all key areas.

- d. We collect some performance information, but the information does not account for all our key operations or we do not assess the data.
- e. We do not track performance measures or metrics.

6. To what extent do regulations affect or have impact on operations?

Description / Purpose: Assess how government regulations (federal, state, or local) impact your activity group operations and the exposure to sanctions and potential penalties for noncompliance. Please be sure to factor in the complexity, volume, and change in regulations, including ordinances, municipal codes, administrative regulations, MOUs, federal and state laws and regulations, contract conditions, and grant provisions that pertain to your department..

- a. None.
- b. Few regulations and little risk of noncompliance.
- c. Risk of either substantial regulations or significant penalties.
- d. Complex, voluminous, or frequently changing regulations with significant
- e. Heavily regulated with serious consequences for noncompliance.

The information detailed below was obtained from the FY 2017 Proposed Budget and scored accordingly.

7. Total number of budgeted full time employees (FTEs) for this Activity Group

- a. None.
- b. Greater than 0 to 10.
- c. Greater than 10 to 25.
- d. Greater than 25 to 75.
- e. Greater than 75.

8. Total annual budgeted revenues for this Activity Group

- a. \$0 to \$500,000.
- b. \$500,001 to \$5,000,000.
- c. \$5,000,001 to \$10,000,000.
- d. \$10,000,001 to \$25,000,000.
- e. Greater than \$25,000,000.

9. Total annual budgeted expenditures for this Activity Group

- a. \$0 to \$1,000,000.
- b. \$1,000,001 to \$10,000,000.
- c. \$10,000,001 to \$25,000,000.
- d. \$25,000,001 to \$40,000,000.
- e. Greater than \$40,000,000.

CITY OF SAN DIEGO
Citywide Risk Assessment FY2017
Calculation of Weights Used for Risk Factors (Based on City Auditor Staff Input)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	Total	Percent	Weight	Maximum Possible Score [1]
COMPARATIVE RISK FACTORS	Interface with the external public.	"Mission critical" nature of activity group for the department to achieve its goals and objectives.	Support of internal operations is considered critical to achieving the objectives of other entity's/department's mission/goals.	Failure to achieve the activity group's mission or goals leads to public displeasure or negative media coverage.	Potential loss due to the cash or cash convertible nature of your activity group's transactions.	Activity group's tracking of activity performance / metrics.	Regulations affect or impact on operations.	Number of Budgeted Employees (FTE).	Budgeted Annual Revenues.	Budgeted Annual Expenses.				
1. Interface with the external public.		3	3	5	4	4	6	5	2	0	32	6.49%	6	54
2. "Mission critical" nature of activity group for the department to achieve its goals and objectives.	8		8	9	7	6	8	7	5	4	62	12.58%	13	117
3. Support of internal operations is considered critical to achieving the objectives of other entity's/department's mission/goals.	8	3		8	6	7	9	8	4	2	55	11.16%	11	99
4. Failure to achieve the activity group's mission or goals leads to public displeasure or negative media coverage.	6	2	3		6	6	6	6	1	0	36	7.30%	7	63
5. Potential loss due to the cash or cash convertible nature of your activity group's transactions.	7	4	5	5		5	7	6	2	2	43	8.72%	9	81
6. Activity group's tracking of activity performance / metrics.	7	5	4	5	6		8	4	1	0	40	8.11%	8	72
7. Regulations affect or impact on operations.	5	3	2	5	4	3		5	2	0	29	5.88%	6	54
8. Number of Budgeted Employees (FTE).	6	4	3	5	5	7	6		2	0	38	7.71%	8	72
9. Budgeted Annual Revenues.	9	6	7	10	9	10	9	9		2	71	14.40%	14	126
10. Budgeted Annual Expenses.	11	7	9	11	9	11	11	9	9		87	17.65%	18	162
Total	67	37	44	63	56	59	70	59	28	10	493	100.0%	100	900

Notes:

Eleven staff members in the Office of the City Auditor were asked to record if they felt the factors listed on the left of this schedule has a greater level of inherent risk when compared to the factor listed on top of the schedule. The numbers above represent the results of this survey and will be used to calculate the weighted risk factors in the Citywide Risk Assessment.

e.g. The items highlighted above show that 11 people felt that the Budgeted Annual Expenses has greater inherent risk to a department's Interface with the external public, and 7 people felt that the Budgeted Annual Expenses has greater inherent risk than "mission critical" activities for a department to achieve their goals and objectives.

[1] City management was asked to answer a questionnaire for each of their Activity Groups, which had risk scores of 0, 3, 5, 7, 9, (with 0 as low risk and 9 as highest risk) for each of the 10 risk factors listed above (See Citywide Risk Assessment Questionnaire). The highest score that a single risk factor can be given is 9 multiplied by its weighted factor. Overall the highest risk score that an Auditable Unit can achieve is 900, as shown in the left hand column above.

See Footnotes for explanations of columns ->

Table with columns: Ln #, Department, Activity Group, FTEs, Wt FTEs, Wt Exp, Wt Rev, Wt Exp, Wt MC, Wt InOp, Wt Pub, Wt Csh, Wt Met, Wt Regs, Risk Score, Adjustments, Adjusted Risk Score, Rank 10ths. Rows 1-66.

See Footnotes for explanations of columns →

Ln #	Department	Activity Group	Wt FTEs		Wt Exp		Wt Rev		Wt ExP		Wt MC		Wt InOp		Wt Pub		Wt Csh		Wt Met		Wt Regs	Risk Score	Adjustments	Adjusted Risk Score	Rank 10ths		
			FTEs	8	Exp	18	Rev	14	Exp	6	MC	13	InOp	11	Pub	7	Csh	9	Met	8						Regs	6
127	City Comptroller	Gov't Accounting Grants & CIP	3	24	3	54	0	0	3	18	7	91	7	77	7	49	3	27	3	24	5	30	394		394	2	
	Department of Information Technology	Enterprise IT Sourcing Operations	3	24	3	54	0	0	3	18	7	91	9	99	7	49	3	27	0	0	5	30	392		392	2	
128	Fire-Rescue	Special Operations	3	24	3	54	3	42	7	42	7	91	3	33	9	63	0	0	0	0	7	42	391		391	2	
129	City Treasurer	Parking Administration	3	24	3	54	0	0	9	54	5	65	5	55	9	63	5	45	0	0	5	30	390		390	2	
130	Office of Homeland Security		3	24	3	54	3	42	3	18	5	65	5	55	7	49	3	27	3	24	5	30	388		388	2	
131	Library	Library Administration	3	24	3	54	0	0	7	42	9	117	5	55	7	49	3	27	0	0	3	18	386		386	2	
132	Major Revenues		0	0	0	0	9	126	3	18	7	91	5	55	9	63	0	0	0	0	5	30	383		383	2	
133	Performance & Analytics		3	24	3	54	0	0	3	18	7	91	7	77	3	21	0	0	0	0	3	18	303	76	379	2	
134	Financial Management	Budget Development	3	24	3	54	0	0	5	30	9	117	9	99	5	35	0	0	0	0	3	18	377		377	2	
135	Financial Management	Budget Monitoring & CIP	3	24	3	54	0	0	5	30	9	117	9	99	5	35	0	0	0	0	3	18	377		377	2	
136	Fire-Rescue	Emergency Medical Services-Fire	0	0	0	0	5	70	9	54	7	91	5	55	9	63	0	0	0	0	7	42	375		375	1	
137	Risk Management	Safety & Environmental	0	0	0	0	0	0	3	18	9	117	9	99	3	21	0	0	0	0	5	30	285	71	356	1	
138	Citywide Program Expenditures		0	0	9	162	0	0	0	0	5	65	5	55	0	0	0	0	0	7	56	3	18	356		356	1
139	Public Works - General Services	Administration	0	0	3	54	0	0	7	42	7	91	0	0	3	21	0	0	7	56	3	18	282	71	353	1	
140	Infrastructure/Public Works		0	0	0	0	0	0	7	42	7	91	7	77	7	49	3	27	3	24	5	30	340		340	1	
141	Special Promotional Programs	Economic Development Programs	0	0	3	54	0	0	0	0	3	39	3	33	7	49	0	0	9	72	3	18	265	66	331	1	
142	Financial Management	Financial Management	0	0	3	54	0	0	0	0	9	117	9	99	5	35	0	0	0	0	3	18	323		323	1	
143	Department of Information Technology	IT Contract Management	0	0	0	0	0	0	3	18	7	91	7	77	5	35	0	0	0	0	5	30	251	63	314	1	
144	Airports		3	24	3	54	5	70	5	30	3	39	0	0	3	21	3	27	0	0	5	30	295		295	1	
145	City Treasurer	Revenue Audit	0	0	0	0	3	42	7	42	5	65	3	33	5	35	0	0	0	0	3	18	235	59	294	1	
146	City Treasurer	Community Parking Districts Admin	0	0	0	0	0	0	3	18	3	39	7	77	5	35	0	0	3	24	3	18	211	53	264	1	

Note: Individual City Council Offices were not surveyed due to a conflict of interest, since the Office of the City Auditor reports directly to the Audit Committee of the City Council.

Footnotes:

- [1] FTE - Risk score associated with the number of budgeted full time employees (FTE). See Exhibit A - Management Questionnaire, question number 8.
- [2] Wt FTE - A weight (wt) of 8 was multiplied by the FTE risk score. See Exhibit B - Calculation of Weights Used for Risk Factors, line number 8.
- [3] Exp - Risk score associated with the amount of budgeted expenditures (Exp). See Exhibit A - Management Questionnaire, question number 10.
- [4] Wt Exp - A weight (wt) of 18 was multiplied by the Exp risk score. See Exhibit B - Calculation of Weights Used for Risk Factors, line number 10.
- [5] Rev - Risk score associated with the amount of budgeted revenue (Rev). See Exhibit A - Management Questionnaire, question number 9.
- [6] Wt Rev - A weight (wt) of 14 was multiplied by the Rev risk score. See Exhibit B - Calculation of Weights Used for Risk Factors, line number 9.
- [7] ExP - Risk score associated with Interface with the external public (ExP). See Exhibit A - Management Questionnaire, question number 1.
- [8] Wt ExP - A weight (wt) of 6 was multiplied by the ExP risk score. See Exhibit B - Calculation of Weights Used for Risk Factors, line number 1.
- [9] MC - Risk score associated with the "Mission Critical" activities (MC). See Exhibit A - Management Questionnaire, question number 2.
- [10] Wt MC - A weight (wt) of 13 was multiplied by the MC risk score. See Exhibit B - Calculation of Weights Used for Risk Factors, line number 2.
- [11] InOp - Risk score associated with the Internal Operations (InOp). See Exhibit A - Management Questionnaire, question number 3.
- [12] Wt InOp - A weight (wt) of 11 was multiplied by the InOp risk score. See Exhibit B - Calculation of Weights Used for Risk Factors, line number 3.
- [13] Pub - Risk score associated with public (Pub) exposure and interest. See Exhibit A - Management Questionnaire, question number 4.
- [14] Wt Pub - A weight (wt) of 7 was multiplied by the Pub risk score. See Exhibit B - Calculation of Weights Used for Risk Factors, line number 4.
- [15] Csh - Risk score associated with Cash or cash convertible (Csh). See Exhibit A - Management Questionnaire, question number 5.
- [16] Wt Csh - A weight (wt) of 9 was multiplied by the Csh risk score. See Exhibit B - Calculation of Weights Used for Risk Factors, line number 5.
- [17] Met - Risk score associated with Performance/Metrics (Met). See Exhibit A - Management Questionnaire, question number 6.
- [18] Wt Met - A weight (wt) of 8 was multiplied by the Met risk score. See Exhibit B - Calculation of Weights Used for Risk Factors, line number 6.
- [19] Regs - Risk score associated with compliance with laws and regulations (Regs). See Exhibit A - Management Questionnaire, question number 7.
- [20] Wt Regs - A weight (wt) of 6 was multiplied by the Regs risk score. See Exhibit B - Calculation of Weights Used for Risk Factors, line number 7.
- [21] Risk Score - This is the total risk score calculated by adding together all of the nine weighted risk scores.
- [22] Adjustment for prior year audits
- [23] Adjusted Risk Score - This is the total adjusted risk score calculated adjusting [21] as appropriate.
- [24] Rank 10ths - The activity groups were divided into tenths. Rank 10, 9, 8 (High Risk) 7, 6, 5, 4 (Medium Risk) 3, 2, 1 (Low Risk).