



## THE CITY OF SAN DIEGO

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

---

This report provides information on the Office of the City Auditor's activities as of January 31, 2020. This includes any audit reports issued during the month of January, 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 January 2020:**

January 6, 2020 – Issued our City Auditors Quarterly Fraud Hotline Report – Q2 Fiscal Year 2020. The report can be found on our website at:

[https://www.sandiego.gov/sites/default/files/quarterly\\_hotline\\_report\\_fy20\\_qtr2.pdf](https://www.sandiego.gov/sites/default/files/quarterly_hotline_report_fy20_qtr2.pdf)

January 24, 2020 – Issued our Request for Independent Legal Counsel for the Office of the City Auditor. The memorandum can be found on our website at:

[https://www.sandiego.gov/sites/default/files/request\\_for\\_independent\\_legal\\_counsel\\_for\\_the\\_office\\_of\\_the\\_city\\_auditor.pdf](https://www.sandiego.gov/sites/default/files/request_for_independent_legal_counsel_for_the_office_of_the_city_auditor.pdf)

January 30, 2020 – Issued our Activities and Accomplishments of the Office of the City Auditor January 2019 through December 2019. The report can be found on our website at:

[https://www.sandiego.gov/sites/default/files/accomplishment\\_report\\_jan\\_2019\\_through\\_dec\\_2019.pdf](https://www.sandiego.gov/sites/default/files/accomplishment_report_jan_2019_through_dec_2019.pdf)



OFFICE OF THE CITY AUDITOR  
600 B STREET SUITE 1350 • SAN DIEGO, CA 92101  
PHONE (619) 533-3165 • FAX (619) 533-3036

**TO REPORT FRAUD, WASTE, OR ABUSE, CALL OUR FRAUD HOTLINE (866) 809-3500**



**Audits in Progress – Report Writing Stage**

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours<sup>1</sup></b>
<b>Neighborhood Services - Homelessness</b>	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.	February 2020	3,856	2,636
<b>Development Services – Charges for Deposit Accounts</b>	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.	February 2020	2,484	2,079
<b>Strategic Human Capital Management</b>	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 February 2020	1,597	2,198

---

<sup>1</sup> 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 <sup>1</sup>
<b>Risk Management / City Attorney - Liability Payouts</b>	The objective for this audit is to assess Public Liability payouts and review the process for implementing corrective actions to reduce potential liability.	March 2020	2,438	2,358

**Audits in Progress – Fieldwork Stage**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours <sup>1</sup>
<b>IT Audit of Citywide Sensitive Data Encryption Standards and Data Classification</b>	The objective of this IT Audit is to assess the maturity of the City's sensitive data encryption and data classification process.	March 2020	576	468
<b>San Diego Police Department - Support Operations - Crime Analysis Unit</b>	The overall objective of the 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	782	1,500

**Audits in Progress – Planning Stage**

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours<sup>1</sup></b>
<b>IT Audit of Legacy Applications</b>	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	42	600
<b>Public Utilities – EMTS – Industrial Wastewater Control Program</b>	The objective for this audit is to review the issues addressed in both the August 2013 public Performance Audit of the Industrial Wastewater Control Program (IWCP), and the May 2013 confidential memo.	TBD	12	1,000
<b>Sustainability – Climate Action Plan</b>	We received several requests for an audit related to the Climate Action Plan. We plan to conduct a detailed risk assessment to identify the objective(s) for this audit, and potentially identify Climate Action Plan-related objectives for future audits.	TBD	36	1,400
<b>Transportation &amp; Storm Water – Storm Water Division</b>	The tentative objective of this audit is to review the efficiency and effectiveness of the street sweeping program.	TBD	9	1,000

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours <sup>1</sup>
<b>Purchasing &amp; Contracting - Equal Opportunity Contracting</b>	The tentative objective of this audit is to review the efficiency and effectiveness of the Small and Local Business Enterprise (SLBE) and Emerging and Local Business Enterprise (ELBE) programs.	TBD	2	600
<b>Annual Mission Bay Fund Audit FY 2019</b>	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.	TBD	8	420

**Other Audit Activity**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<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. October 21, 2019 –Issued our Recommendation Follow-Up Report for the period ending June 30, 2019. <a href="#">Follow-up Report</a>	On-going	378	800

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<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	1,829	2,820
<b>Peer Review / Office Improvements</b>	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. <a href="#">ALGA's Peer Review Report</a>  We are also conducting office process improvements to ensure compliance with the revised 2018 Government Auditing Standards.	February 2020	147	300

**FY 2020 Planned Audits Not Yet Started**

<b>Planned Audits</b>	<b>Estimated Audit Hours</b>
Annual Central Stores Inventory Audit FY 2020	20
Audit of IT Service Delivery Effectiveness	885
Real Estate Assets Department	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](#)

Page 8  
Honorable Members of the Audit Committee  
February 7, 2020

Respectfully submitted,

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

---

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