



THE CITY OF SAN DIEGO

DATE: August 12, 2019
TO: Honorable Members of the Audit Committee
FROM: Kyle Elser, Interim City Auditor
SUBJECT: City Auditor Activity Report – July 2019

This report provides information on the Office of the City Auditor's activities as of July 31, 2019. This includes any audit reports issued during the month of July, 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 July 2019:

July 10, 2019 – Issued our Hotline Report of Improper Free Trash Collection at Short-Term Residential Occupancy Units. The report can be found on our website at:

https://www.sandiego.gov/sites/default/files/20-001_hotline_report_of_improper_free_trash_collection_at_short-term_residential_occupancy_units.pdf

July 11, 2019 – Issued our Performance Audit of the Public Utilities Department's Advanced Metering Infrastructure Implementation. The report can be found on our website at:

https://www.sandiego.gov/sites/default/files/20-002_ami_implementation.pdf



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Audits in Progress – Report Writing Stage

| Audit | Audit Objective | Target Completion Date | Audit Hours Used | Budgeted Hours¹ |
|--|---|-------------------------------|-------------------------|-----------------------------------|
| Neighborhood Services - Homelessness | The objectives for this audit are to review and evaluate the City's sources of funding and expenditures related to homelessness programming and determine if the City's organizational structure for addressing homelessness can be improved to better coordinate decision-making and operations. | September 2019 | 2,248 | 2,636 |
| Annual Central Stores Inventory Audit FY 2019 | 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. | September 2019 | 9 | 20 |
| IT Audit of Network Perimeter Controls | The objective of this IT Audit is to assess the City's network perimeter controls. | September 2019 | 286 | 583 |

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.

Audits in Progress – Fieldwork Stage

| Audit | Audit Objective | Target Completion Date | Audit Hours Used | Budgeted Hours¹ |
|--|---|-------------------------------|-------------------------|-----------------------------------|
| 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. | October 2019 | 861 | 2,079 |
| 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. | October 2019 | 1,168 | 2,358 |

Audits in Progress – Planning Stage

| Audit | Audit Objective | Target Completion Date | Audit Hours Used | Budgeted Hours¹ |
|---|--|-------------------------------|-------------------------|-----------------------------------|
| Strategic Human Capital Management | The tentative 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. | TBD | 706 | 2,198 |
| 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. | TBD | 53 | 468 |
| City's Fiscal Sustainability and Financial Condition | 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. | TBD | 59 | 560 |

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. May 1, 2019 –Issued our Recommendation Follow-Up Report for the period ending December 31, 2018. | On-going | 13 | 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 | 180 | 2,820 |

FY 2020 Planned Audits Not Yet Started

| Planned Audits | Estimated Audit Hours |
|--|------------------------------|
| Annual Central Stores Inventory Audit FY20 | 20 |
| Peer Review / Office Improvements | 300 |
| Annual Mission Bay Fund Audit FY 2019 | 420 |
| Purchasing & Contracting - Equal Opportunity Contracting | 600 |

| Planned Audits | Estimated Audit Hours |
|--|-----------------------|
| IT Audit of Legacy Applications | 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 |
| Real Estate Assets Department | 1,400 |
| Sustainability – Climate Action Plan | 1,400 |
| San Diego Police Department – Support Operations – Crime Analysis Unit | 1,500 |
| Public Works - Engineering & Capital Projects - Department Charges | 1,800 |
| Neighborhood Services | 2,400 |

Respectfully submitted,



Kyle Elser
Interim City Auditor

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