



## THE CITY OF SAN DIEGO

DATE: July 15, 2019  
TO: Honorable Members of the Audit Committee  
FROM: Kyle Elser, Interim City Auditor  
SUBJECT: City Auditor Activity Report – June 2019

---

This report provides information on the Office of the City Auditor's activities as of June 30, 2019. This includes any audit reports issued during the month of June, 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 June 2019:

June 4, 2019 – Issued our Performance Audit of the Public Utilities Department Customer Service Support Division Customer Service Office (Call Center). The report can be found on our website at:

[https://www.sandiego.gov/sites/default/files/19-019\\_pud\\_call\\_center.pdf](https://www.sandiego.gov/sites/default/files/19-019_pud_call_center.pdf)

June 24, 2019 – Issued our Annual Citywide IT Risk Assessment and Audit Work Plan – Fiscal Year 2020. The report can be found on our website at:

[https://www.sandiego.gov/sites/default/files/fy\\_20\\_it\\_risk\\_assessment\\_and\\_audit\\_work\\_plan.pdf](https://www.sandiego.gov/sites/default/files/fy_20_it_risk_assessment_and_audit_work_plan.pdf)

June 27, 2019 – Issued our Annual Citywide Risk Assessment and Audit Work Plan – Fiscal Year 2020. The report can be found on our website at:

[https://www.sandiego.gov/sites/default/files/fy\\_20\\_riskassessment\\_workplan.pdf](https://www.sandiego.gov/sites/default/files/fy_20_riskassessment_workplan.pdf)

June 27, 2019 – Issued our CONFIDENTIAL – IT Audit of Disaster Recovery Preparedness



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**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours <sup>1</sup>
<b>Public Utilities - Water Operations - Construction &amp; Maintenance - AMI Implementation Project</b>	The objectives for this audit are to 1) Evaluate the management of PUD’s AMI implementation project to-date to identify lessons learned that should inform the remaining AMI implementation as well as future major projects at PUD; and 2) Determine whether efficiency and effectiveness can be improved in the AMI implementation process to reduce costs, improve the speed of the rollout, and ensure accurate and timely billing.	Issued July 10, 2019	2,426	2,000
<b>Neighborhood Services - Homelessness</b>	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.	August 2019	2,036	2,000

---

<sup>1</sup> For audits carried over from Fiscal Year (FY) 2018, “Budgeted Hours” reflects the actual hours used in FY 2018 plus the Budgeted hours for FY 2019.

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours <sup>1</sup>
<b>Annual Central Stores Inventory Audit FY 19</b>	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.	August 2019	9	20

**Audits in Progress - Fieldwork Stage**

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.	TBD	958	2,200
<b>IT Audit of Network Perimeter Controls</b>	The objective of this IT Audit is to assess the City's network perimeter controls.	TBD	183	820

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours <sup>1</sup>
<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.	September 2019	579	2,000

**Audits in Progress – Planning Stage**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours <sup>1</sup>
<b>Strategic Human Capital Management</b>	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	398	2,200
<b>IT Audit of Citywide Sensitive Data Encryption Standards and Data Classification</b>	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	640

**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. May 1, 2019 – Issued our Recommendation Follow-Up Report for the period ending December 31, 2018.	On-going	1,136	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	2,680	3,100

**FY 2019 Planned Audits Not Yet Started**

<b>Planned Audits</b>	<b>Estimated Audit Hours</b>
Public Works - Engineering & Capital Projects - Department Charges	1,800

Page 6  
Honorable Members of the Audit Committee  
July 15, 2019

**Audit and Hotline Investigation Reports Completed During FY 2019**

July 9, 2018

[Citywide Human Capital Fact Book](#)

July 23, 2018

[Performance Audit of the Real Estate Assets Department's Portfolio Management Practices](#)

July 26, 2018

[Performance Audit of The Public Utilities Department's Water Billing Operations](#)

August 31, 2018

[Audit of Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2017](#)

August 31, 2018

[Performance Audit of the Public Utilities Department's Water Meter Cover Replacement Program](#)

September 4, 2018

[Agreed-Upon Procedures Related to the Central Stores Physical Inventory - Fiscal Year 2018](#)

September 27, 2018

[Performance Audit of the Fleet Operations' Vehicle Acquisition Process](#)

September 28, 2018

[Hotline Report of Jury Duty Service Fraud](#)

September 28, 2018

[Hotline Report of a Mishandled Payroll Check](#)

November 16, 2018

[Performance Audit of Development Services' Accela Permitting System Implementation](#)

November 16, 2018

[Performance Audit of the City's Annual Employee Compensation Reports](#)

December 10, 2018

[CONFIDENTIAL – IT Security Audit of Cityhub and Supporting Infrastructure](#)

Page 7  
Honorable Members of the Audit Committee  
July 15, 2019

December 13, 2018

[Performance Audit of Community Planning Groups](#)

February 11, 2019

[Performance Audit of the City's Curb Painting Process](#)

April 8, 2019

[Performance Audit of City Employee Pay Equity](#)

April 9, 2019

[Performance Audit of the City's Administration of Joint Use Agreements with San Diego Unified School District](#)

May 13, 2019

[Audit of Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2018](#)

May 31, 2019

[Performance Audit of the City's Right-of-Way Tree Trimming Maintenance Program](#)

June 4, 2019

[Performance Audit of the Public Utilities Department Customer Support Division Customer Service Office \(Call Center\)](#)

June 27, 2019

CONFIDENTIAL – IT Audit of Disaster Recovery Preparedness

Respectfully submitted,



---

Kyle Elser  
Interim City Auditor

Page 8

Honorable Members of the Audit Committee

July 15, 2019

cc: Honorable Mayor Kevin Faulconer  
Honorable Members of the City Council  
Kris Michell, Chief Operating Officer  
Stacey LoMedico, Assistant 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