




THE CITY OF SAN DIEGO

DATE: January 8, 2009

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor 

SUBJECT: **Monthly City Auditor Activity Report – December 2008**

This report provides information on the activities and accomplishments of the Office of the City Auditor for the month of December 2008. It includes the audit reports issued and other accomplishments during this period, the status of current audit projects and activities, and a summary of planned audits that we have not yet started.

Audit Reports and Accomplishments:

- December 1, 2008 – The City Auditor received and distributed the SEDC Board Chairman's response to the SEDC Performance Audit Report. The response can be found on our website at:
<http://www.sandiego.gov/auditor/pdf/sedcauditresponse.pdf>
- December 1, 2008 – Presented the Audit Committee with an update regarding the CCDC Performance Audit contract. The presentation can be found on our website at: <http://www.sandiego.gov/auditor/pdf/ccdcauditupdate4.pdf>
- December 1, 2008 – Provided the Audit Committee with a presentation on the Public Utility Department Incentive Program and Audit Process. The presentation can be found on our website at:
<http://www.sandiego.gov/auditor/pdf/utilitiesincentiveprogram.pdf>
- December 10, 2008 – Coordinated a joint Report Writing Training Course with The San Diego County Auditors Office and all City audit staff attended.
- December 19, 2008 – Issued our Audit of the 2007 Wildfire Debris Removal Program. Based on our review, we found the rates paid to the contractors were generally reasonable, but the billing to the City contained error and omissions; and from a contract management perspective, the City was not prepared to administer a large-scale debris removal program. We made 14 recommendations to correct the weaknesses identified. The report can be found on our website at:
<http://www.sandiego.gov/auditor/pdf/debrisremovalreport.pdf>



Current Audits and Activities:

Audit Activity	Status	Target Completion Date
Annual Central Stores Inventory Audit FY08	The San Diego Municipal Code Section §22.0501 requires an annual audit of inventory in the City storerooms and warehouses. The objectives of this audit are to confirm the valuation of Central Stores inventory and to evaluate the storerooms' internal controls to safeguard inventory. We have used approximately 338 audit hours, and we estimate an additional 24 hours will be needed.	February 13, 2009
Proposition 64 Funds Audit	The objective of this requested audit is to determine if Proposition 64 funds are being properly budgeted and used solely for the enforcement of consumer protection laws. We have used approximately 393 audit hours, and we estimate an additional 24 hours will be needed.	February 13, 2009
Close-out Audits	Close-out audits are required by City Charter, Article VII, Section 111 when a City Official leaves office. The primary audit objectives are to verify that there are no outstanding debts owed by the City Official to the City, and to ensure that access to critical information and processes has been revoked. We are performing close-out audits for the four City Councilmembers and the City Attorney that recently left office. We have used approximately 11 audit hours, and we estimate an additional 109 hours will be needed.	February 20, 2009

Current Audits and Activities (Continued):

Audit Activity	Status	Target Completion Date
Real Estate Assets-Qualcomm Stadium Administration Audit	The objective of this audit is to determine if the revenue generated by Qualcomm Stadium is being properly collected and accurately reported by the City. We have used approximately 306 audit hours, and we estimate an additional 134 hours will be needed.	February 27, 2009
San Diego Housing Commission Audit	The objective of this audit is to determine if the San Diego Housing Commission has sound procurement and executive compensation practices. We will also review their development and asset management program. We have used approximately 392 audit hours, and we estimate an additional 408 hours will be needed.	March 13, 2009
Purchasing and Contracting – Requisition, Purchase Order and Contract Management	The objective of this audit is to determine if Purchasing and Contracting has sound procurement procedures in place and to evaluate the efficiency and effectiveness of the department’s procedures. We completed the audit of the contracts associated with the debris removal program to clear homes destroyed in the wildfires within the scope of this audit. We are now auditing the Citywide purchasing and contracting procedures. We have used approximately 1,559 audit hours to date and we estimate an additional 280 audit hours will be needed.	March 20, 2009

Current Audits and Activities (Continued):

Audit Activity	Status	Target Completion Date
Park and Recreation - Recreation Facilities Operations Audit	The objective of this audit is to determine if Park and Recreation's recreation facilities are properly collecting and accounting for fees. We have used approximately 12 audit hours, and we estimate an additional 348 hours will be needed.	March 27, 2009
Audit of Internal Control Remediations	The objective of this audit is to test and verify management's remediation efforts to correct weaknesses identified in the Kroll Report, external auditors' reports and the Internal Auditor's reports. We have used approximately 1,750 audit hours, and we estimate an additional 690 hours will be needed to test the remaining 44 items.	April 30, 2009
Centre City Economic Development Corporation (CCDC) Audit	Sjoberg Evashenk Consulting, Inc has been awarded the contract to conduct a performance audit of CCDC. Audit fieldwork is in progress.	June 15, 2009
San Diego Convention Center Corporation Audit	Prepared the audit scope for the RFP to hire an audit firm to perform an ethics and accountability review of the San Diego Convention Center Corporation. The RFP responses were due December 2, 2008. A Technical Evaluation Committee is finalizing its review of the proposals received.	TBD

Current Audits and Activities (Continued):

Audit Activity	Status	Target Completion Date
Enterprise Resource Planning (ERP) System Implementation Review	<p>The objectives of this audit are to: (a) determine if the City’s key financial activities are being adequately reviewed and documented prior to the new system implementation to ensure key financial processes are properly addressed by the new system and (b) determine if the system was adequately tested prior to implementation. Approximately 702 audit hours have been used for this review, and we estimate an additional 1,229 hours will be needed.</p>	<p>TBD</p>
Disclosure Practices Working Group (DPWG)	<p>City Auditor staff participates in DPWG meetings as an ex officio member. Approximately 4 hours were spent participating in various DPWG meetings during the month.</p>	<p>On-going</p>
Fraud, Waste and Abuse Hotline	<p>We review and administer the City’s Hotline calls that are received. We prepare hotline reports for the calls that are personnel related and they are reviewed at biweekly hotline intake committee meetings by Labor Relations, Personnel and the Office of Ethics and Integrity. Investigations are performed by the Office of the City Auditor for accusations of material fraud, waste or abuse. During the month of December 2008, there were approximately 6 new hotline calls received. We have spent approximately 598 hours investigating calls this fiscal year.</p>	<p>On-going</p>

Current Audits and Activities (Continued):

Audit Activity	Status	Target Completion Date
Follow-up on Previously Issued Audit Reports – San Diego Data Processing Corporation	We are performing a follow-up audit on the recommendations made to the San Diego Data Processing Corporation in an audit report issued in 2004. We have used approximately 47 audit hours and we estimate an additional 154 audit hours will be needed.	On-going

Planned Audits Not Yet Started:

Planned Audit	Description	Estimated Audit Hours
City Treasurer - Investment Activities Audit	The objective of this audit is to determine if investments are being properly handled, accounted for and accurately reported in the City's financial statements.	600
City Treasurer - Delinquent Account Collections Audit	The objective of this audit is to determine if overdue accounts due to the City are being properly noticed, collected, accounted for, and accurately reported in the City's financial statements.	800
Risk Management - Public Liability and Loss Recovery Audit	The objective of this audit is to determine if public liability and loss recovery is being properly handled, accounted for and accurately reported in the City's financial statements.	800

Planned Audits Not Yet Started (Continued):

Planned Audit	Description	Estimated Audit Hours
City Treasurer - Parking Meter Operations Audit	The objective of this audit is to determine if the collections for parking meters is being properly accounted for and efficiently and effectively handled.	600
General Services - Streets Division Roadways Audit	The objective of this audit is to determine if the City streets are being efficiently and effectively maintained by the City.	800
Purchasing and Contracting - Equal Opportunity Contracting and Labor Compliance Audit	The objective of this audit is to determine the efficiency and effectiveness of the City's equal opportunity contracting and labor compliance.	400
Annual Central Stores Inventory Audit FY09	The San Diego Municipal Code Section §22.0501 requires an annual audit of inventory in the City storerooms and warehouses. The objective of this audit is to confirm the valuation of Central Stores inventory and to evaluate the storerooms' internal controls to safeguard inventory.	80 (FY09) 160 (FY10)

cc: Honorable Mayor Jerry Sanders
Honorable City Council Members
Jay M. Goldstone, Chief Operating Officer
Mary Lewis, Chief Financial Officer
Jan Goldsmith, City Attorney
Andrea Tevlin, Independent Budget Analyst
Stanley Keller, Independent Oversight Monitor