



THE CITY OF SAN DIEGO

DATE: June 18, 2012
TO: Honorable Members of the Audit Committee
FROM: Eduardo Luna, City Auditor
SUBJECT: City Auditor Activity Report – May 2012

This report provides information on the activities of the Office of the City Auditor for the month of May 2012. It includes the status of current audit projects and a summary of planned audits that we have not yet started.

Current Audits and Activities:

Table with 5 columns: Audit Activity, Status, Target Completion Date, Audit Hours Used, Budgeted Hours. Rows include Annual Central Stores Inventory Audit FY12 and Annual Mission Bay Fund Audit FY11.



Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
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debts owed by the City Official to the City, and to ensure that access to critical information and processes has been revoked.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 currently conducting a close-out for Hildred Pepper Jr., former Director of Purchasing and Contracting.	June 2012	73	200
Convention Center IT System Audit	The Office of the City Auditor will provide audit services to the San Diego Convention Center Corporation. The objective of this audit is to review Network Infrastructure Security. Audit fieldwork is in progress.	June 2012	104	336
Development Services Department Audit	The objective of this audit is to conduct a performance audit of DSD systems. A draft audit report was provided to management for review, and an exit conference was held on May 23, 2012.	June 2012	4,087	1,600
City Planning and Community Investment – Economic Development	The objective of this audit is to determine the efficiency and effectiveness of the City’s economic development process. Audit report writing is in progress.	July 2012	1,228	1,400
Public Utilities Department	We plan to conduct two Public Utilities audits. The objectives of these audits are: 1) to review the adequacy of the Department’s valve maintenance process 2) to review chemical purchases/processes to determine if they can be performed in a more cost effective or efficient manner. Audit fieldwork is in progress for both audits.	July 2012	1,336	2,200

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Purchasing and Contracting Department Audit	We plan to conduct two audits. The objectives of these audits are: 1) to determine the efficiency and effectiveness of the City's contract process; and 2) to determine the efficiency and effectiveness of the use and controls for procurement cards. A report was issued on March 1, 2012 for objective 1, and audit report writing is in progress for objective 2.	July 2012	3,053	3,400
Real Estate Assets Department Audit	The objective of this audit is to determine the efficiency and effectiveness of the Real Estate Assets Department's administration of City leases. Audit report writing is in progress.	July 2012	1,032	1,600
City Comptroller / Personnel Department Audits	We plan to conduct two audits. The objectives of these audits are: 1) to review the City's payroll process in order to determine if payroll payments are being properly made and if adequate controls are in place, and 2) to determine if there are adequate controls over the City's use of overtime. Audit fieldwork is in progress for the audit of overtime.	August 2012	1,621	2,300
General Services – Facilities Audit	The objective of this audit is to determine the efficiency and effectiveness of the General Services' Facilities Division. Audit fieldwork is in progress. We issued a report for one component of this audit on March 20, 2012.	August 2012	1,507	1,400

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Fraud, Waste and Abuse Hotline	City Auditor staff reviews all City Hotline calls received and performs investigations for accusations of material fraud, waste or abuse. Hotline reports are issued for fraud-related allegations that are substantiated.	On-going	1,277 (Fiscal Year 2012 Hours)	1,535 (Fiscal Year 2012 Hours)
Follow-up on Audit Report Recommendations	The City Auditor tracks all audit recommendations made since fiscal year 2008. Comptroller staff contacts those responsible for implementing our recommendations and provides regular status data to the City Auditor on all implemented recommendations. We verify if recommendations have actually been implemented and report the implementation status on a semi-annual follow-up report. The last follow-up report was issued on April 5, 2012. We plan to issue our next report in September 2012.	On-going	452 (Fiscal Year 2012 Hours)	775 (Fiscal Year 2012 Hours)

Planned FY12 Audits Not Yet Started:

Planned Audit	Estimated Audit Hours
Transportation and Storm Water – Pollution Prevention Audit (The start of this audit has been delayed at management’s request)	1,400

Respectfully submitted,



Eduardo Luna
City Auditor

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Honorable Members of the Audit Committee

June 18, 2012

cc: Honorable Mayor Jerry Sanders
Honorable Members of the City Council
Jay M. Goldstone, Chief Operating Officer
Wally Hill, Assistant Chief Operating Officer
Ken Whitfield, City Comptroller
Jan Goldsmith, City Attorney
Andrea Tevlin, Independent Budget Analyst