



## THE CITY OF SAN DIEGO

DATE: July 20, 2012

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **City Auditor Activity Report – June 2012**

---

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

### **Audit Reports Issued:**

June 26, 2012 – Issued the Performance Audit of the Mission Bay Improvement Fund, Fiscal Year 2011. The report can be found on our website at:

[http://www.sandiego.gov/auditor/pdf/report/audit/2012/12-014\\_062612\\_MBIF.pdf](http://www.sandiego.gov/auditor/pdf/report/audit/2012/12-014_062612_MBIF.pdf)

June 29, 2012 – Issued the Performance Audit of the Development Services Department's Project Tracking System. The report can be found on our website at:

<http://www.sandiego.gov/auditor/pdf/report/audit/2012/projecttrackingsystemaudit.pdf>

### **Current Audits and Activities:**

<b>Audit Activity</b>	<b>Status</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Annual Central Stores Inventory Audit FY12</b>	The 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. A draft report was provided to management for review on June 26, 2012. A final report was issued on July 16, 2012.	June 2012	26	120



Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>Annual Mission Bay Fund Audit FY11</b>	The Annual Mission Bay Fund Audit is required by the City Charter, Article V, Section 55.2 (e). The objective of this audit is to verify that the prior fiscal year collection, allocation, and use of Mission Bay Funds are in compliance with City Charter requirements. A draft report was provided to management for review on June 15, 2012. A final report was issued on June 26, 2012.	June 2012	231	240
<b>Close-out Audits</b>	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debts owed by the City Official to the City, and to ensure that access to critical information and processes has been revoked.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
<b>Development Services Department Audit</b>	The objective of this audit is to conduct a performance audit of DSD systems. A final report was issued on June 29, 2012.	June 2012	4,188	1,600
<b>Convention Center IT System Audit</b>	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. A draft report was completed at the end of June and provided to Convention Center management for review. A final report was issued on July 19, 2012.	June 2012	290	336

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>City Planning and Community Investment – Economic Development</b>	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	1,297	1,400
<b>Public Utilities Department</b>	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 Valve Maintenance audit. Report Writing is in progress for Chemical Purchases audit.	Aug/ Sept 2012	1,916	2,200
<b>Purchasing and Contracting Department Audit</b>	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. A draft report for objective 2 was provided to management for review on June 21, 2012, and an exit conference is scheduled for July 18, 2012.	July 2012	3,208	3,400
<b>Real Estate Assets Department Audit</b>	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	1,140	1,600

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>City Comptroller / Personnel Department Audits</b>	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	2,065	2,300
<b>General Services – Facilities Audit</b>	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 one audit memo on March 20, 2012. Report writing is in progress for a second audit work product.	August 2012	1,608	1,400
<b>Fraud, Waste and Abuse Hotline</b>	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	1,408  (Fiscal Year 2012 Hours)	1,535  (Fiscal Year 2012 Hours)
<b>Follow-up on Audit Report Recommendations</b>	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:**

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

Respectfully submitted,



Eduardo Luna  
City Auditor

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