

**Annual Audit Work Plan
Fiscal Year 2009**

**Office of the City Auditor
City of San Diego**

Audit Committee Meeting
September 8, 2008



Timeline

- Issued Annual Audit Work Plan FY 2009 on July 18, 2008
- Issued Revised Audit Work Plan FY 2009 on September 4, 2008



Annual Work Plan Is Based On Risk Assessment Process

- A means to help identify and prioritize the City's potential audits based on the measurable level of risk to the City.
 - Designed the work plan to address what we considered to be the highest priority audits, while limiting scope of work to what we can accomplish with staff resources available.
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Audit Resources

<u>Principal Auditors</u>		<u>Audit Hours</u>
1	Employed and auditing at the beginning of the fiscal year	1,580
2	Employed and auditing at the beginning of the fiscal year	1,580
3	Employed and auditing at the beginning of the fiscal year	1,580
4	Hired and auditing by the beginning of August 2008	1,450
5	Hired and auditing by the beginning of September 2008	1,320
6	Hired and auditing by the beginning of September 2008	1,320
7	Hired and auditing by the beginning of September 2008	1,320
8	Hired and auditing by the beginning of September 2008	1,320
Total Estimated Audit Hours Available for Fiscal Year 2009		<u><u>11,470</u></u>

Audits In Progress

- | | | | |
|----|-----------------------------------------------------------------------------------|-----------------------|-------------------------------|
| 1. | Enterprise Resource Planning System (One SD Project) Implementation Review | On-going
7 of 458 | 1,760 Hours
613 Risk Score |
| 2. | City Library Fee Collection Process Audit | On-going
58 of 458 | 440 Hours
517 Risk Score |
| 3. | Purchasing and Contracting – Requisition, Purchase Order, and Contract Management | On-going
19 of 458 | 800 Hours
574 Risk Score |
| 4. | City Attorney's Office – Criminal Division Proposition 64 Funds Audit | On-going
22 of 458 | 200 Hours
568 Risk Score |

Audits in Progress

5.	Audit of Internal Control Weakness Remediation - Comptroller's CAFR Preparation and Kroll Remediation	On-going 72 of 458	840 Hours 502 Risk Score
6.	Annual Central Stores Inventory Audit FY08	On-going 181 of 458	160 Hours 403 Risk Score
7.	Close-out Audits - Various	On-going N/A	240 Hours N/A

Planned Audits – High Risk

1.	Real Estate Assets - Qualcomm Stadium Administration Audit	1 of 458	440 Hours 675 Risk Score
2.	City Treasurer - Investment Activities Audit	2 of 458	600 Hours 644 Risk Score
3.	City Treasurer - Delinquent Account Collections Audit	16 of 458	800 Hours 576 Risk Score
4.	Park and Recreation - Recreation Facilities Operations Audit	23 of 458	480 Hours 564 Risk Score
5.	Risk Management - Public Liability and Loss Recovery Audit	25 of 458	800 Hours 564 Risk Score

Planned Audits – High Risk

6.	San Diego Housing Commission Audit	69 of 458	800 Hours 505 Risk Score
7.	City Treasurer - Parking Meter Operations Audit	93 of 458	600 Hours 468 Risk Score
8.	General Services - Streets Division Roadways Audit	123 of 458	800 Hours 443 Risk Score
9.	Purchasing and Contracting - Equal Opportunity Contracting and Labor Compliance Audit	130 of 458	400 Hours 441 Risk Score
10.	Annual Central Stores Inventory Audit FY09	181 of 458	80 Hours 403 Risk Score

Additional Audit Activities

- | | | |
|----|---------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 1. | Review of the Mathematical Accuracy of the Water Department's Proposed Water Rate Increase Calculations | Completed |
| 2. | Fraud, Waste and Abuse Hotline | 600 Hours - Fraud Investigations |
| 3. | Disclosure Practices Working Group | 240 Hours - Meetings |
| 4. | Follow-up on Previously Issued Audit Reports | 350 Hours - Includes SDDPC Follow-up audit |

Audit of Outside Agencies

San Diego Data Processing Corporation

- In 2004, the former Audit Division issued two audit reports that identified 16 findings pertaining to SDDPC meal and travel expenditures and procurement, billing, and credit card expenses.
- Follow-up on previously issued recommendations from 2004 report to determine if recommendations were implemented and if the recommendations are working as intended.
- Based on the result of the follow-up work, we can determine if additional audit work is required. SDDPC received a risk score of 538, considered high risk (38 out of 458).

San Diego Convention Center Corporation

- In Fiscal Year 2007, the SDCCC had \$33.9 million in revenues and \$30.5 million in total expenditures, including \$27.5 million in operating expenses and 620 employees.
- A performance audit should be conducted of this organization given the size of its budget and the lack of a recent performance audit of the organization.
- A performance audit of SDCCC would require at least 2,000 hours and would cost at least \$330,000 to \$400,000. SDCCC received a risk score of 322 (276 out of 458).
- The SDCCC President expressed interest in undergoing an ethics and accountability audit. This type of audit would entail reviewing standards and best practices associated with board oversight.
- After the completion of this review, my office can undertake a performance audit of the organization next fiscal year.

San Diego Housing Commission

- The City of San Diego has not conducted a performance audit of the SDHC.
- SDHC officials expressed interest in an audit of their development and asset management program. They feel this is an area that could benefit from an outside review.
- Propose conducting a performance audit of the SDHC in lieu of our originally planned Center City Development Corporation audit which will be conducted by an outside firm. We estimate allocating 800 audit hours to this project. The SDHC received a risk score of 505, considered high risk (69 out of 458).
- The audit will review procurement and compensation issues, as well as internal controls associated with asset management.

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Questions?

