



THE CITY OF SAN DIEGO

DATE: April 15, 2011
TO: Honorable Members of the Audit Committee
FROM: Eduardo Luna, City Auditor
SUBJECT: **City Auditor Activity Report – March 2011**

This report provides information on the activities and accomplishments of the Office of the City Auditor for the month of March 2011. 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.

Awards

- The Association of Local Government Auditors recognized the City Auditor's Street Maintenance audit report with its prestigious Silver Knighton Award. The Knighton Award competition recognizes the best performance audit reports submitted by government audit shops throughout the United States and Canada.
- Performance Auditor Toufic Tabshouri earned the William S. Smith Certificate of Honor Award for outstanding performance on the 2010 Certified Internal Auditor examination.

Audit Reports and Accomplishments:

- March 3, 2011 – Issued a Hotline Investigation Report regarding the misappropriation of City funds. The Office of the City Auditor conducted an investigation of Park and Recreation employees in response to a complaint made to the City's Fraud Hotline. The complaint alleged that an employee may have been responsible for missing funds at a recreation center. We determined that the allegations of missing funds, making false entries into financial records and concealing or destroying financial records were substantiated, and the missing funds totaled \$100,998. This case was referred to the San Diego Police Department for investigation. The report can be found on our website at: http://www.sandiego.gov/auditor/reports/fy11_pdf/hotline/hotline_inv_misappropriation_of_funds.pdf

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- March 7, 2011 – Presented to the Audit Committee our Recommendation Follow-up Report through January 3, 2011. The presentation can be found on our website at: http://www.sandiego.gov/auditor/reports/fy11_pdf/memo/pres_rec_flw-up.pdf
- March 7, 2011 – Presented to the Audit Committee our ERP System Implementation Audit. The presentation can be found on our website at: http://www.sandiego.gov/auditor/reports/fy11_pdf/memo/pres_11-011.pdf
- March 15, 2011 – Issued the Close-Out Audit report for Patti Boekamp, former Engineering and Capital Projects Director. We found that Ms. Boekamp had no outstanding debt to the City and nothing came to our attention requiring further review. The audit report can be found on our website at: http://www.sandiego.gov/auditor/reports/fy11_pdf/audit/boekamp_close_out.pdf

Current Audits and Activities:

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Fire Rescue – Emergency Medical Services Audit	The objective of this audit is to determine the efficiency and effectiveness of the City's Emergency Medical Services and related partnership with Rural/Metro of San Diego. A draft report was sent to management for review on March 14, 2011, and an exit conference was held on March 29, 2011. The report will be issued in April.	April 2011	3,030	1,800

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
City Treasurer – Parking Administration Audit	The objective of this audit is to determine if the collections for parking citations are being properly accounted for and efficiently and effectively handled. A draft report was sent to management for review on March 4, and the exit conference has been scheduled for April 25, 2011.	April 2011	1,349	1,280
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 close-outs for David Jarrell, Former Assistant Deputy Chief Operating Officer for Public Works, and former City Councilmembers Donna Frye and Ben Hueso. We plan to issue these reports by April 2011.	April 2011	74	240

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Capital Improvement Projects Audit	The objective of this audit is to determine the extent to which the City effectively initiates, prioritizes, and implements CIP projects. A draft audit report was sent to management for review on March 11, 2011, and an exit conference was held on March 30, 2011. City management is still reviewing the report in order to provide feedback and a written response.	May 2011	3,806	2,880
Police Department – Fiscal Services (Animal Services Contract) Audit	The objective of this audit is to review the City’s contract for Animal Services and determine if the service provider is in compliance with the terms of the contract. A draft report was sent to management for review on April 11, and the exit conference has been scheduled for May 3, 2011.	May 2011	786	600
Police Department – Fiscal Services (License and Permit Fees)	The objective of this audit is to determine if the Police Department is efficiently and effectively collecting license and permit fees owed to the City with adequate internal controls in place. Audit fieldwork is in progress.	June 2011	614	1,300
Development Services Department Audit	The objective of this audit is to conduct a performance audit of DSD systems. Audit fieldwork is in progress.	June 2011	280	1,600

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
City Retirement System Audit	The objective of this audit is to evaluate the efficiency and effectiveness of the San Diego City Employee Retirement System's administration. Audit fieldwork is in progress.	June 2011	503	1,700
General Services – Fleet Services Audit	The objective of this audit is to evaluate the efficiency and effectiveness of the City's fleet vehicle utilization. Audit fieldwork is in progress.	June 2011	586	1,400
Public Utilities – Water Department and Metropolitan Wastewater Audits	The City Auditor entered into a Service Level Agreement with Public Utilities and the Independent Rates Oversight Committee (IROC) to conduct audits of the Public Utilities Department. We performed a risk assessment, and we are conducting an audit of Public Utilities CIP with a target completion date of July 2011. We are also performing a review of goal measures for the Bid-to-Goal program. This report will be issued in April 2011.	July 2011	783	2,600

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. During the month of March, there were 5 new Hotline calls received.	On-going	1,188 (Fiscal Year 2011 Hours)	1,560 (Fiscal Year 2011 Hours)
Follow-up on Audit Report Recommendations	The City Auditor tracks all audit recommendations made since FY08. 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 semi-annual follow-up report was issued on February 28, 2011. We plan to issue our next semi-annual follow-up report in September 2011.	On-going	593 (Fiscal Year 2011 Hours)	600 (Fiscal Year 2011 Hours)

Planned FY11 Audits Not Yet Started:

Planned Audit	Estimated Audit Hours
Real Estate Assets Department Audit	1,800
Annual Mission Bay Fund Audit	120
Annual Central Stores Inventory Audit FY11	80
City Comptroller / Personnel Department – Payroll Audit (The start of this audit has been postponed at management’s request)	1,500

Respectfully Submitted,



Eduardo Luna
City Auditor

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