



## THE CITY OF SAN DIEGO

DATE: December 17, 2010

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **City Auditor Activity Report – November 2010**

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This report provides information on the activities and accomplishments of the Office of the City Auditor for the month of November 2010. 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:**

- November 3, 2010 – Issued a report on the status of implementation of audit recommendations for Centre City Development Corporation (CCDC). On July 10, 2009 we issued an audit report to CCDC with 24 recommendations. Our review of evidence provided by CCDC indicates that 18 recommendations have been implemented and 6 have been partially implemented. The report can be found on our website at:  
[http://www.sandiego.gov/auditor/reports/fy11\\_pdf/memo/ccdc\\_audit\\_rec\\_update.pdf](http://www.sandiego.gov/auditor/reports/fy11_pdf/memo/ccdc_audit_rec_update.pdf)
- November 29, 2010 – Issued our Performance Audit of Street Maintenance. Based on our audit, we found that the City needs to improve planning, coordination, and oversight to effectively manage transportation assets. We made 14 recommendations to improve the management of transportation assets, including assessing the most effective organizational structure, appointing a leader to advocate for investment, and beginning to implement transportation asset management. We recommended that the City establish a 24-month excavation plan for all maintenance work and share this with City departments and private entities; require that nonlinear cuts and trenchless technologies are subject to the trench cut moratorium similarly to linear cuts; and establish written policies and procedures and internal controls for inspections of work performed by private entities in City streets. The audit report can be found on our website at:  
[http://www.sandiego.gov/auditor/reports/fy11\\_pdf/audit/11-009.pdf](http://www.sandiego.gov/auditor/reports/fy11_pdf/audit/11-009.pdf)

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**New Staff Members**

**Sara Glick, MPP, CIA, Performance Auditor**

Sara Glick joined the City Auditor's Office in November 2010 as a Performance Auditor. Sara's experience includes six years as an Internal Auditor - four years as a supervisor – in the Performance Audit Division of the Los Angeles City Controller's Office. Prior to that, Sara worked as a Bank Examiner with the Federal Reserve Bank of New York for three years and she worked with non-profit organizations in Washington, DC for two years. Sara holds a Master of Public Policy from the University of Michigan and a Bachelor of Arts in Economics from Virginia Tech. Sara is a Certified Internal Auditor.

**Luis Briseño, Assistant to the City Auditor**

Luis Briseño joined the City Auditor's Office in November 2010. Luis previously worked for a local technology firm as an assistant in their Finance and Human Resources departments. Prior to that, Luis held an internship at the California State Assembly, where he provided legislative assistance for the Majority Leader's Office. Luis holds a Bachelor of Arts degree from the University of California, Berkeley with double majors in International Political Economy and Political Science. He may be reached on extension 3-3039.

**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>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 close-outs for Jim Barrett, former Public Utilities Director, and Patti Boekamp, former Director of Engineering and Capital Projects. We plan to issue both reports by January.	January 2011	55	240
<b>Enterprise Resource Planning (ERP) System Implementation Review</b>	The objectives of this audit are: (a) determine if the City’s key financial activities were adequately reviewed and documented prior to the new system implementation to ensure key financial processes are properly addressed by the new system (b) determine if the system was adequately tested prior to implementation and (c) review high risk interfaced and impacted systems post SAP go-live. A draft audit report has been sent to management for review. One report has already been issued during this audit.	January 2011	3,343	3,407

<b>Audit Activity</b>	<b>Status</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Police Department – Fiscal Services (Animal Services Contract) Audit</b>	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. Audit fieldwork is in progress.	February 2011	350	600
<b>Capital Improvement Projects Audit</b>	The objective of this audit is to determine the extent to which the City effectively initiates, prioritizes, and implements CIP projects. Audit fieldwork is in progress.	February 2011	2,518	2,880
<b>Fraud, Waste and Abuse Hotline</b>	We review and administer the City’s Hotline calls that are received. Investigations are performed by the Office of the City Auditor for accusations of material fraud, waste or abuse, and we issue Hotline reports on fraud related allegations that are substantiated. During the month of November, there were 5 new Hotline calls received.	On-going	632  (Fiscal Year 2011 Hours)	1,560  (Fiscal Year 2011 Hours)

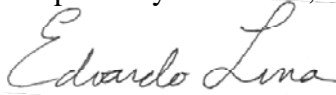
<b>Audit Activity</b>	<b>Status</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Follow-up on Audit Report Recommendations</b>	The City Auditor tracks all audit recommendations made since FY08. Comptroller staff contacts those responsible for implementing our recommendations 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 October 6, 2010. On November 3, 2010, we issued a report on the status of audit recommendations for Centre City Development Corporation.	On-going	366  (Fiscal Year 2011 Hours)	600  (Fiscal Year 2011 Hours)
<b>Public Utilities – Water Department and Metropolitan Wastewater Audits</b>	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 will be conducting an audit of Public Utilities CIP, and a review of goal measures for the Bid-to-Goal Program.	TBD	332	2,600

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>Fire Rescue – Emergency Medical Services Audit</b>	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. Audit fieldwork is in progress.	TBD	1,593	1,800
<b>City Treasurer – Parking Administration Audit</b>	The objective of this audit is to determine if the collections for parking citations is being properly accounted for and efficiently and effectively handled. Audit background and preliminary survey are in progress.	TBD	434	1,280
<b>Police Department – Fiscal Services (License and Permit Fees)</b>	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 background and preliminary survey are in progress.	TBD	34	1,300
<b>Development Services Department Audit</b>	The objective of this audit is to conduct a performance audit of DSD systems. Audit background and preliminary survey are in progress.	TBD	34	1,600
<b>General Services – Fleet Services Audit</b>	The objective of this audit is to evaluate the efficiency and effectiveness of the City's fleet vehicle utilization. This audit has been put on hold until audit staff become available.	TBD	4	1,400

**Planned FY11 Audits Not Yet Started (as of November 30, 2010):**

<b>Planned Audit</b>	<b>Estimated Audit Hours</b>
<b>City Comptroller / Personnel Department – Payroll Audit</b>	1,500
<b>City Retirement System Audit</b>	1,700
<b>Real Estate Assets Department Audit</b>	1,800
<b>Annual Mission Bay Fund Audit</b>	120
<b>Annual Central Stores Inventory Audit FY11</b>	80

Respectfully Submitted,



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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