



THE CITY OF SAN DIEGO

DATE: November 17, 2011

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **City Auditor Activity Report – October 2011**

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

Audit Reports and Accomplishments:

- October 3, 2011 – Presented to the Audit Committee our Performance Audit of Public Utilities Capital Improvement Program. The presentation can be found on our website at:
http://www.sandiego.gov/auditor/reports/fy12_pdf/memo/111003pudcip.pdf
- October 3, 2011 – Presented to the Audit Committee our Recommendation Follow-Up Report as of July 1, 2011. The presentation can be found on our website at:
http://www.sandiego.gov/auditor/reports/fy12_pdf/memo/110630recommendation.pdf
- October 25, 2011 – Issued a Hotline Investigation Report regarding a false request for reimbursement. We conducted an investigation into an allegation that a non-profit organization knowingly submitted a Community Development Block Grant (CDBG) reimbursement request for over \$20,000 for work that did not qualify for reimbursement. In order to qualify for reimbursement under the CDBG contract, approval of a project must be obtained before the work is started. The complaint alleged that the organization submitted the request for work to be done knowing that the work had already been completed. We concluded that the allegation was substantiated. We recommend the Economic Development Division issue a demand letter for return of the CDBG funds that were paid to the non-profit organization for work that appears to have been completed before the reimbursement agreement was authorized. The report can be found on our website at:
http://www.sandiego.gov/auditor/reports/fy11_pdf/hotline/111025hotline.pdf

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- September 27, 2011 – Issued our Performance Audit of the San Diego Police Department’s Permits and Licensing Unit. We found that (1) The City and the San Diego Police Department (SDPD) would benefit from a more systematic approach to reviewing which types of occupations and businesses should be regulated through the permit and monitoring process; (2) The SDPD needs a more comprehensive approach to ensuring its permit and monitoring services are being delivered as effectively as possible; and (3) The SDPD’s procedures for checking application requirements, collecting fees, and reporting revenue need improvement. We made 15 recommendations to enhance public safety, while reducing City costs and potentially permit fees. The report can be found on our website at:
http://www.sandiego.gov/auditor/reports/fy12_pdf/audit/111031pdaudit.pdf

Current Audits and Activities:

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Annual Mission Bay Fund Audit FY10	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. Audit report writing is in progress.	November 2011	271	120
Development Services Department Audit	The objective of this audit is to conduct a performance audit of DSD systems. Audit fieldwork is in progress.	January 2012	1,760	1,600

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
Public Safety – Police, Fire and Life Guard Audits	We plan to conduct two audits. The objectives of these audits are: 1) to determine the efficiency and effectiveness of the Police, Fire and Lifeguard 9-1-1 emergency call and dispatch system; and 2) to determine the efficiency and effectiveness of the Police Department’s Patrol Operations. Audit fieldwork is in progress for the call and dispatch center audit.	TBD	1,250	4,800
Purchasing and Contracting Department Audits	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. Audit fieldwork is in progress.	TBD	1,113	3,400
Real Estate Assets Department Audit	The objective of this audit is to conduct a performance audit to determine the efficiency and effectiveness of the Real Estate Assets Department’s administration of City leases. Audit preliminary survey is in progress.	TBD	364	1,600
City Planning and Community Investments – Economic Development	The objective of this audit is to determine the efficiency and effectiveness of the City’s economic development process. Audit preliminary survey is in progress.	TBD	165	1,400

Audit Activity	Status	Target Completion Date	Audit Hours Used	Budgeted Hours
General Services – Facilities Audit	The objective of this audit is to determine the efficiency and effectiveness of the General Service’s Facilities Division. Audit preliminary survey is in progress.	TBD	149	1,400
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	458 (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 semi-annual follow-up report was issued on September 6, 2011. We plan to issue our next semi-annual follow-up report in February 2012.	On-going	266 (Fiscal Year 2012 Hours)	775 (Fiscal Year 2012 Hours)

Planned FY12 Audits Not Yet Started:

Planned Audit	Estimated Audit Hours
City Comptroller / Personnel Department Audits	2,300
Transportation and Storm Water – Pollution Prevention Audit	1,400
Annual Mission Bay Fund Audit FY11	240
Annual Central Stores Inventory Audit FY12	120

Respectfully Submitted,



Eduardo Luna
City Auditor

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