



## THE CITY OF SAN DIEGO

DATE: February 11, 2010

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **City Auditor Activity Report – January 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 January 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:**

- January 12, 2010 – Issued the Close-Out Audit report for Theresa (Tracy) Jarman, former Fire Chief. We found that Ms. Jarman 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 the following location:

[January 2010 Close Out Audit of Theresa \(Tracy\) Jarman, Former Fire Chief](#)

- January 29, 2010 – Issued the City Auditor's Quarterly Fraud Hotline Report for the Second Quarter of Fiscal Year 2010. The report can be found on our website at the following location:

[City Auditor's Quarterly Fraud Hotline Report – Qtr 2 Fiscal Year 2010](#)



**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>Public Utilities - Bid-To-Goal Program Audit</b>	The objectives of this audit are to determine the efficiency and effectiveness of the Public Utilities Department's Bid to Goal Program. The report was issued on February 2, 2010. The audit exceeded budgeted hours due to the complexity of issues identified and number of findings for this audit.	February 2010	1,954	1,580
<b>Citywide Revenue Audit</b>	The objective of this audit is to assess the risk associated with the various revenues collected by the City, identify revenue categories that have not been audited by the City, and recommend a strategy for auditing revenues based on risk to the City. Furthermore, this audit will review the activities of the Treasurer's Revenue Audit and Appeals Division. A draft audit report is under review by City Management. Issuing this report has taken more time than anticipated due to the volume and complexity of issues identified during the audit.	February 2010	1,194	860
<b>City Treasurer - Investment Activities Audit</b>	The objective of this audit is to determine if investments are being properly handled, accounted for and accurately reported in the City's financial statements. A draft audit report is under review.	February 2010	795	849

**Current Audits and Activities (Continued):**

<b>Audit Activity</b>	<b>Status</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Purchasing and Contracting – Requisition, Purchase Order and Contract Management</b>	The objective of this audit is to determine if Purchasing and Contracting has sound procurement procedures in place and to evaluate the efficiency and effectiveness of the Department’s procedures. We completed an audit of the contracts associated with the debris removal program to clear homes destroyed in the 2007 wildfires and a report regarding unclaimed monies within the scope of this audit. We have now finished fieldwork on auditing Citywide purchasing and contracting procedures. A draft audit report is under review.	February 2010	2,057	2,467
<b>Close-out Audits</b>	Close-out audits are required by City Charter, Article VII, Section 111 when a City Official leaves office. The 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 conducting close-out audits for Anna Danegger, former Business Office Department Director (report issued February 8, 2010), and David Wescoe, former Retirement Administrator.	February 2010	92	240

**Current Audits and Activities (Continued):**

<b>Audit Activity</b>	<b>Status</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Purchasing and Contracting - Equal Opportunity Contracting and Labor Compliance Audit</b>	The objective of this audit is to determine the efficiency and effectiveness of the City's equal opportunity contracting and labor compliance. A draft audit report has been prepared and is under review. The timing of key audit activities from several audits resulted in delaying the target completion date.	March 2010	987	841
<b>Audit of Development Services' Process for the Collection of Public Utilities Fees</b>	The objective of this audit is to determine if Development Services has adequate procedures in place to ensure the proper collection of Public Utilities fees. Audit fieldwork is nearly completed and we are beginning the report writing stage.	March 2010	701	880
<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. Audit fieldwork is in progress. One report has already been issued during this audit.	March 2010	2,345	3,207

**Current Audits and Activities (Continued):**

<b>Audit Activity</b>	<b>Status</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>General Services - Streets Division Roadways Audit (Part I, II, &amp; III)</b>	The objective of this audit is to determine if City streets are being efficiently and effectively maintained by the City. Audit fieldwork is in progress. We issued a report on Part I, and we plan to issue two additional reports. Our preliminary testing uncovered risks which required additional audit testing. As a result, this audit will exceed the budgeted hours allocated to this project.	TBD Part II and III	1,550	1,374
<b>City Treasurer - Delinquent Account Collections Audit</b>	The objective of this audit is to determine if overdue accounts due to the City are being properly noticed, collected, accounted for, and accurately reported in the City's financial statements. We issued a report on December 2, 2009 regarding Development Services Department's lack of referrals to City Treasurer's for collection efforts. Audit fieldwork for a second and final report is in progress.	TBD	511	621
<b>Engineering and Capital Projects – CIP Audit</b>	The objective of this audit is to evaluate the efficiency and effectiveness of Engineering and Capital Projects' administration of CIP projects. This audit is in the planning stage.	TBD	149	1,880

**Current Audits and Activities (Continued):**

<b>Audit Activity</b>	<b>Status</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Fire Rescue – Fire Prevention Audit</b>	The objective of this audit is to assess the efficiency and effectiveness of the City’s fire prevention program. This audit is in the planning stage.	TBD	42	920
<b>Risk Management – Public Liability and Loss Recovery Audit</b>	The objective of this audit is to determine if public liability and loss recovery is being properly handled, accounted for and accurately reported. This audit is in the planning stage.	TBD	41	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 any fraud related allegations that are substantiated. During the month of January, there were 2 new hotline calls received.	On-going	914  (Fiscal Year 2010 Hours)	1,660  (Fiscal Year 2010 Hours)
<b>Disclosure Practices Working Group (DPWG)</b>	City Auditor staff participates in DPWG meetings as an ex officio member. We did not spend any hours participating in DPWG meetings during the month of January.	On-going	21  (Fiscal Year 2010 Hours)	210  (Fiscal Year 2010 Hours)

**Current Audits and Activities (Continued):**

<b>Audit Activity</b>	<b>Status</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<p><b>Follow-up on All Audit Report Recommendations Issued in FY08 Through the First Quarter of FY09</b></p>	<p>We have created a database to track all of our audit recommendations made since FY08. We provided our database to City Comptroller staff for follow-up. Comptroller staff will contact those responsible for implementing our recommendations and provide status data to the City Auditor on all recommendations. The Comptroller's original target date to provide the status was November 30, 2009, and we have not yet received the data. City Auditor staff will conduct follow-up testing to verify that the recommendations marked as completed have actually been implemented once we receive the status data from the Comptroller.</p>	<p>On-going</p>	<p>3</p>	<p>600</p>

**Planned FY10 Audits Not Yet Started:**

<b>Planned Audit</b>	<b>Estimated Audit Hours</b>
<b>City Treasurer – Parking Administration Audit</b>	640
<b>Police Department – Fiscal Services (Animal Services Contract) Audit</b>	600
<b>City Comptroller / Personnel Department – Payroll Audit</b>	1,280
<b>Risk Management – Workers’ Compensation Audit</b>	1,200
<b>Annual Central Stores Inventory Audit FY10</b>	45

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  
Mary Lewis, Chief Financial Officer  
Jan Goldsmith, City Attorney  
Andrea Tevlin, Independent Budget Analyst  
Stanley Keller, Independent Oversight Monitor