



## THE CITY OF SAN DIEGO

DATE: April 14, 2020  
TO: Honorable Members of the Audit Committee  
FROM: Kyle Elser, Interim City Auditor  
SUBJECT: Office of the City Auditor Update

---

Since the Audit Committee meeting for April 8, 2020 has been adjourned due to the pandemic, I wanted to keep the Audit Committee informed of how the Office of the City Auditor has been operating since the City's COVID-19 protocols went into effect. On March 13, 2020, we activated our Office's Continuity of Operations Plan, and all City Auditor staff began working from home in accordance with our Telework Policy. We limit the number of staff that can have access to the office at any one time for essential duties to keep everyone safe. Because we have had a Telework Policy in place for several years, there were only a few staff members that did not have remote access to City systems, and the Department of IT (DoIT) quickly provided access for those remaining staff members. I would like to thank DoIT for their prompt service

I would also like to thank City Auditor staff for their perseverance and hard work during this challenging time. We have been able to remain productive working on our audit projects and investigations while teleworking. In addition to our audit projects, five staff members offered to work as medical screeners two to three days a week at the Convention Center and like many City employees, they were willing and able to go above and beyond their normal duties during this time of need.

Of course, City management's top priority is dealing with this crisis and keeping critical City services operating, and this does make it more challenging for us to get access to the information and records needed for our projects. I would like to thank City management and staff for finding time to meet with us and providing information while dealing with all their vast new commitments. We have extended our timelines for completing projects to accommodate their other important responsibilities.

Lastly, I would like to thank the Audit Committee for its' unanimous support of our proposal to place a measure on the November 2020 ballot to provide our Office with independent legal counsel. Our proposal was scheduled to be presented to the Rules Committee in April, however, that meeting was adjourned and it will now be presented to the Rules Committee on May 13, 2020. We have continued to make progress to advance our measure to the November



OFFICE OF THE CITY AUDITOR  
600 B STREET SUITE 1350 • SAN DIEGO, CA 92101  
PHONE (619) 533-3165 • FAX (619) 533-3036

TO REPORT FRAUD, WASTE, OR ABUSE, CALL OUR FRAUD HOTLINE (866) 809-3500



Page 2  
Honorable Members of the Audit Committee  
April 14, 2020

2020 ballot, such as by providing the Human Resources Department with details on our proposal to help address meet and confer issues.

As the Audit Committee is already aware, the ongoing COVID-19 emergency has significantly impacted City revenues. We are in the process of completing several audits that will help the City during this time. For example, our Performance Audit of the City's Strategic Human Capital Management provides a range of data that will help the City make extremely difficult decisions about how to allocate declining resources; our Performance Audit of the City's Equal Opportunity Contracting Program is reviewing whether the program is maximizing cost-effectiveness while assisting small local businesses; and our IT Audit of Citywide Sensitive Data Encryption Standards will help ensure the City minimizes the risk of IT security breaches that have cost other agencies millions of dollars.

To that end, we realize that our assessment and planning for next year's audit plan, starting in July 2020, should help to address the short-term and long-term effects resulting from the pandemic. This will require a collaborative effort to develop the strategic, financial, employee-focused, customer-based audits necessary to provide timely results. As we do every year, we will also begin soliciting audit topic suggestions from the Audit Committee, City Council, and City management this spring. We welcome all suggestions that can help the City identify savings, increase revenues, or more efficiently use its resources during this critical time.

Please see the attached City Auditor Activity Report for March 2020, and contact me if you have questions.

Respectfully submitted,

A handwritten signature in black ink that reads "Kyle Elser". The signature is written in a cursive, flowing style.

---

Kyle Elser  
Interim City Auditor



## THE CITY OF SAN DIEGO

DATE: April 14, 2020  
TO: Honorable Members of the Audit Committee  
FROM: Kyle Elser, Interim City Auditor  
SUBJECT: City Auditor Activity Report – March 2020

---

This report provides information on the Office of the City Auditor's activities as of March 31, 2020. This includes any audit reports issued during the month of March, the status of current audit projects, and a list of planned audits that have not yet started.

The "Target Completion Date" provided for each audit project indicates our estimate of when the audit report will be issued. However, future circumstances may delay report issuance, such as delays in receiving data for review, numerous and extensive findings that require further evaluation, and additional discussions with management to prove and demonstrate that our audit findings are valid and recommendations for improvement are necessary.

### No Reports Issued During March 2020.

### Audits in Progress – Report Writing Stage

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>Strategic Human Capital Management</b>	The objective for this audit is to evaluate the City's effectiveness at strategically managing its human capital resources, including opportunities to increase City employee incentives, discipline, and pay competitiveness.	Part I April 2020	1,978	2,198



Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>IT Audit of Citywide Sensitive Data Encryption Standards and Data Classification</b>	The objective of this IT Audit is to assess the maturity of the City's sensitive data encryption and data classification process.	May 2020	811	468
<b>Risk Management / City Attorney - Liability Payouts</b>	The objective for this audit is to assess Public Liability payouts and review the process for implementing corrective actions to reduce potential liability.	May 2020	2,654	2,358

**Audits in Progress - Fieldwork Stage**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>San Diego Police Department - Support Operations - Crime Analysis Unit</b>	The overall objective of the audit is to determine the completeness and reliability of data collected by SDPD, and the methodologies used by SDPD to analyze and report this data.	June 2020	1,227	1,500

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>Annual Mission Bay Fund Audit FY 2019</b>	The Annual Mission Bay Funds Audit is required by the City Charter, Article V, Section 55.2 (e). The objective of this audit is to verify the prior fiscal year collection, allocation, and use of Mission Bay Funds are in compliance with City Charter requirements.	June 2020	130	420

**Audits in Progress - Planning Stage**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>IT Audit of Legacy Applications</b>	The tentative objective of this IT Audit is to assess the impact of the legacy applications to the City's IT security posture and assess additional impacts.	TBD	289	600
<b>Public Utilities - EMTS - Industrial Wastewater Control Program</b>	The objective for this audit is to review the issues addressed in both the August 2013 public Performance Audit of the Industrial Wastewater Control Program (IWCP), and the May 2013 confidential memo.	TBD	476	1,000

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Sustainability - Climate Action Plan</b>	We received several requests for an audit related to the Climate Action Plan. We plan to conduct a detailed risk assessment to identify the objective(s) for this audit, and potentially identify Climate Action Plan-related objectives for future audits.	TBD	479	1,400
<b>Transportation &amp; Storm Water - Storm Water Division</b>	The tentative objective of this audit is to review the efficiency and effectiveness of the street sweeping program.	TBD	754	1,000
<b>Purchasing &amp; Contracting - Equal Opportunity Contracting</b>	The tentative objective of this audit is to review the efficiency and effectiveness of the Small and Local Business Enterprise (SLBE) and Emerging and Local Business Enterprise (ELBE) programs.	TBD	219	600

**Other Audit Activity**

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<b>Follow-up on Audit Report Recommendations</b>	We report the implementation status on a semi-annual follow-up report, and we periodically issue other recommendation follow-up reports. October 21, 2019 –Issued our Recommendation Follow-Up Report for the period ending June 30, 2019. <a href="#">Follow-up Report</a>	On-going	575	800
<b>Fraud, Waste and Abuse Hotline</b>	City Auditor investigative staff reviews Fraud Hotline calls received and performs investigations for allegations of material fraud, waste or abuse. Reports are issued for substantiated fraud-related allegations, and we issue a Quarterly Fraud Hotline Report with the status of activities.	On-going	2,722	2,820
<b>Peer Review / Office Improvements</b>	A Peer Review was conducted by the Association of Local Government Auditors requiring staff hours to prepare for and participate in the review. The independent peer review team found that the Office of the City Auditor has conducted work in full compliance with Government Auditing Standards for the period July 1, 2016 through June 30, 2019. <a href="#">ALGA's Peer Review Report</a>	June 2020	147	300

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
	We are also conducting office process improvements to ensure compliance with the revised 2018 Government Auditing Standards.			

**FY 2020 Planned Audits Not Yet Started**

Planned Audits	Estimated Audit Hours
Annual Central Stores Inventory Audit FY 2020	20
Audit of IT Service Delivery Effectiveness	885
Real Estate Assets Department	1,400
Public Works - Engineering & Capital Projects - Department Charges	1,800
Neighborhood Services	2,400

**Audit and Hotline Investigation Reports Completed During FY 2020**

July 10, 2019

[Hotline Report of Improper Free Trash Collection at Short-Term Residential Occupancy Units](#)

July 11, 2019

[Performance Audit of Public Utilities Department's Advanced Metering Infrastructure Implementation](#)

September 11, 2019

[Hotline Report of Abuse Related to the Unfair Award of a Multi-Million-Dollar Contract](#)

September 19, 2019

[Agreed-Upon Procedures Related to the Central Stores Physical Inventory - Fiscal Year 2019](#)

November 7, 2019

[CONFIDENTIAL – Performance Audit of IT Network Perimeter Security](#)



Page 7  
Honorable Members of the Audit Committee  
April 14, 2020

December 3, 2019  
[Performance Audit of the City's Financial Condition](#)

December 13, 2019  
[Hotline Report of Public Records Act Responses](#)

February 7, 2020  
[Performance Audit of Development Services Department Administration of Deposit Accounts for Development Projects](#)

February 12, 2020  
[Performance Audit of the City's Efforts to Address Homelessness](#)

Respectfully submitted,



---

Kyle Elser  
Interim City Auditor

cc: Honorable Mayor Kevin Faulconer  
Honorable Members of the City Council  
Honorable City Attorney Mara Elliott  
Kris Michell, Chief Operating Officer  
Jeff Sturak, Assistant Chief Operating Officer  
Jessica Lawrence, Policy Advisor, Office of the Mayor  
Andrea Tevlin, Independent Budget Analyst