



## THE CITY OF SAN DIEGO

DATE: June 18, 2018  
TO: Honorable Members of the Audit Committee  
FROM: Eduardo Luna, City Auditor  
SUBJECT: City Auditor Activity Report – May 2018

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This report provides information on the Office of the City Auditor's activities as of May 31, 2018. This includes any audit reports issued during the month of May, the status of current audit projects, a list of planned audits that have not yet started, and a list of audit and hotline investigation reports completed during Fiscal Year 2018.

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.

We should also note that the displacement of our office in January 2018 continues to have an impact on the day-to-day activities of our staff and audit operations. A new office location has been secured for us by the Real Estate Assets Department, but the equipment needed to move in has not yet been installed.

### Reports Issued May 2018:

May 16, 2018– Issued our Fraud Hotline Investigation of Disabled Person Placard Fraud. The report can be found on our website at:

[https://www.sandiego.gov/sites/default/files/fraud\\_hotline\\_investigation\\_of\\_disabled\\_person\\_placard\\_fraud.pdf](https://www.sandiego.gov/sites/default/files/fraud_hotline_investigation_of_disabled_person_placard_fraud.pdf)

May 21, 2018– Issued our Fraud Hotline Investigation of Water Theft and Theft of Cleaning Supplies. The report can be found on our website at:

[https://www.sandiego.gov/sites/default/files/fraud\\_hotline\\_investigation\\_of\\_water\\_theft\\_and\\_theft\\_of\\_cleaning\\_supplies\\_0.pdf](https://www.sandiego.gov/sites/default/files/fraud_hotline_investigation_of_water_theft_and_theft_of_cleaning_supplies_0.pdf)

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



**Audits in Progress – Report Writing Stage**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours <sup>1</sup>
<b>Facilities Financing - Development Impact Fees (DIF)</b>	The objective of this audit is to determine if fees are collected and deposited into the applicable community fund, the methodology for assessing and spending fees can be improved, and expenditures are in compliance with the Mitigation Fee Act.	Reports Issued June 5, 2018	2,033	1,800
<b>Data Security Controls Audit of Sensitive Police Department Data</b>	The objective of this audit is to determine if the Police Department utilizes sufficient IT controls over their sensitive data to prevent loss or theft.	Report Issued June 5, 2018	892	800
<b>Transportation &amp; Storm Water – Storm Water</b>	The objective is to evaluate Storm Water Division’s asset management and revenue generation strategies.	Report Issued June 14, 2018	3,049	1,800
<b>City’s Fiscal Sustainability and Financial Condition</b>	The objective for this audit is to review the fiscal sustainability and financial condition of the City of San Diego by analyzing trends in the City’s financial data over a 10-year period.	June 2018	329	600
<b>Human Capital Audit – Office of the Chief Operating Officer/ Personnel/ Human Resources</b>	The objective for this audit is to evaluate the efficiency and effectiveness of the City’s recruitment, retention, and development of employees. Because the subject matter is broad, this is the first of a series of audits reviewing various aspects of human capital issues.	June 2018	1,085	1,800

<sup>1</sup> For audits carried over from FY17, “Budgeted Hours” reflects the hours used in FY17 Audit Work Plan.

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours <sup>1</sup>
<b>Real Estate Assets – Leased and Surplus Properties</b>	The objective for this audit is to evaluate the management of City-owned surplus property.	June 2018	1,379	1,400
<b>Transportation Storm Water – Transportation Engineering Ops Division and Streets Division – Curb Painting Process/Program</b>	The objective for this audit is to evaluate the efficiency and effectiveness of the City's Curb Painting process/program.	July 2018	572	600
<b>Public Utilities – Water Operations – Construction &amp; Maintenance – Water Meter Cover Replacement Process</b>	The objective for this audit is to evaluate the efficiency and effectiveness of the Water Meter Cover Replacement Process.	July 2018	962	800

**Audits in Progress – Fieldwork Stage**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>Public Utilities – Customer Support Services Division and Water Billing<sup>2</sup></b>	The objective for this audit has been changed to include a review of the accuracy of water billing. Once this audit is completed, a separate audit will review the efficiency and effectiveness of the Customer Support Division call center – call wait times and customer service.	July 2018 (for the water billing report)	2,198	2,000

<sup>2</sup> The scope of the Public Utilities Customer Support Services Division Audit has been changed to include a review of Water Billing Accuracy, and the estimated budgeted hours has been increased from 800 to 2,000 hours.

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>Community Planning Group Audit<sup>3</sup></b>	The objectives for this audit are to determine if Community Planning Groups have an effective control environment, are they in compliance with key elements of Council Policy 600-24 and Administrative Guidelines, and are they a contributing factor to permit approval delays.	July 2018	990	1,800
<b>Fleet Services – Vehicle Acquisition</b>	The objective for this audit is to determine if Fleet Operations’ vehicle acquisition process is efficiently meeting the City’s needs.	July 2018	1,093	1,800
<b>IT Audit of the Accela Software Implementation</b>	This is a cursory audit of the Accela software implementation. The objective of this audit is to help ensure Accela is configured to mitigate the risks identified in prior audit recommendations and proper system implementation procedures are followed.	July 2018	454	500
<b>Annual Mission Bay Fund Audit FY17</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.	July 2018	104	420

<sup>3</sup> This audit replaced the Risk Management – Public Liability Audit as mentioned during the July 26, 2017 Audit Committee Meeting.

**Audits in Progress – Planning Stage**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<b>Security Audit of Cityhub and Supporting Infrastructure</b>	The tentative objective is to determine whether Cityhub data is adequately secured through the application and supporting infrastructure as a data repository for department sensitive information.	TBD	115	700
<b>Annual Central Stores Inventory Audit FY18</b>	San Diego Municipal Code Section §22.0501 requires an annual count of inventory in City storerooms and warehouses. The objective of this audit is to confirm the valuation of Central Stores inventory.	TBD	28	20

**Other Audit Activity**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
<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. Our most recent report was issued on March 29, 2018.	On-going	860	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	2,466	3,100

**FY 2018 Planned Audits Not Yet Started**

Planned Audits	Estimated Audit Hours
IT Audit of Disaster Recovery Preparedness	1,100

**Audit and Hotline Investigation Reports Completed During FY 2018**

July 13, 2017

[Performance Audit of the City's Quality Management of Street Repaving Projects](#)

August 31, 2017

[Audit of Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2016](#)

September 8, 2017

[Agreed-Upon Procedures Related to the Central Stores Physical Inventory - Fiscal Year 2017](#)

September 19, 2017

[Performance Audit of the La Jolla Children's Pool Lifeguard Station](#)

September 20, 2017

[Confidential IT Security Audit Report: PUD Wastewater Industrial Control Systems](#)

September 25, 2017

[Hotline Investigation of Charitable Activities Conducted on City Time](#)

September 28, 2017

[Performance Audit of the Economic Development Department's Business Cooperation Program](#)

October 12, 2017

[Confidential IT Security Audit Report: PUD Water Ops Industrial Control Systems](#)

October 12, 2017

[Performance Audit of the Park and Recreation Department's Maintenance Operations](#)

October 19, 2017

[Performance Audit of the Communications Department's Charges for Services to Enterprise Funds](#)

October 20, 2017

[Performance Audit of the City's Grant Management](#)

December 4, 2017

[Hotline Investigation of an Information Technology Contract](#)

December 22, 2017

[Fraud Hotline Investigation Report of Waste in the Transportation Alternatives Program](#)

December 28, 2017

[Fraud Hotline Investigation of Water Theft](#)

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January 16, 2018  
[Performance Audit of the Economic Development Department's Business and Industry Incentives Program](#)

February 6, 2018  
[Hotline Investigation of Attempted Theft of City-Provided Clothing](#)

March 29, 2018  
[Fraud Hotline Investigation of City Youth Sports League Referee Background Checks](#)

May 16, 2018  
[Fraud Hotline Investigation of Disabled Person Placard Fraud](#)

May 21, 2018  
[Fraud Hotline Investigation of Water Theft and Theft of Cleaning Supplies](#)

Respectfully submitted,



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Eduardo Luna  
City Auditor

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