



## THE CITY OF SAN DIEGO

DATE: November 15, 2019  
TO: Honorable Members of the Audit Committee  
FROM: Kyle Elser, Interim City Auditor  
SUBJECT: City Auditor Activity Report – October 2019

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This report provides information on the Office of the City Auditor's activities as of October 31, 2019. This includes any audit reports issued during the month of October, 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.

### **Reports Issued October 2019:**

October 15, 2019 – Issued our City Auditors Quarterly Fraud Hotline Report – Q1 Fiscal Year 2020. The report can be found on our website at:

[https://www.sandiego.gov/sites/default/files/quarterly\\_hotline\\_report\\_fy20\\_qtr1.pdf](https://www.sandiego.gov/sites/default/files/quarterly_hotline_report_fy20_qtr1.pdf)

October 21, 2019 – Issued our Audit Recommendation Follow-Up Report. The report can be found on our website at:

[https://www.sandiego.gov/sites/default/files/recommendation\\_follow-up\\_06\\_30\\_2019.pdf](https://www.sandiego.gov/sites/default/files/recommendation_follow-up_06_30_2019.pdf)

**Audits in Progress – Report Writing Stage**

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours<sup>1</sup></b>
<b>IT Audit of Network Perimeter Controls</b>	The objective of this IT Audit is to assess the City's network perimeter controls.	Confidentially Issued November 7, 2019	580	583
<b>Neighborhood Services - Homelessness</b>	The objectives of this audit are to evaluate the City's strategic planning efforts for addressing homelessness, including its organizational structure, outreach efforts, and the use of alternative or interim housing solutions.	December 2019	2,937	2,636

**Audits in Progress – Fieldwork Stage**

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours<sup>1</sup></b>
<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.	December 2019	1,927	2,358

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<sup>1</sup> For audits carried over from Fiscal Year (FY) 2019, "Budgeted Hours" reflects the actual hours used in FY 2019 plus the Budgeted hours for FY 2020.

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours<sup>1</sup></b>
<b>Development Services - Charges for Deposit Accounts</b>	The objective is to determine if Deposit Accounts have sufficient project accounting and reconciliation procedures, determine if the project cost billed to Deposit Accounts is reasonable and necessary and determine if Deposit Accounts are closed in a timely manner with any outstanding dollar amounts collected or refunded to the customer.	December 2019	1,925	2,079
<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 December 2019	1,191	2,198
<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.	December 2019	151	560

**Audits in Progress – Planning Stage**

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours <sup>1</sup>
<b>IT Audit of Citywide Sensitive Data Encryption Standards and Data Classification</b>	The tentative objective of this IT Audit is to assess the maturity of the City's sensitive data encryption and data classification process.	TBD	131	468
<b>San Diego Police Department – Support Operations – Crime Analysis Unit</b>	The tentative objective of this 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.	TBD	304	1,500

**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. October 21, 2019 –Issued our Recommendation Follow-Up Report for the period ending June 30, 2019.	On-going	361	800

<b>Audit</b>	<b>Audit Objective</b>	<b>Target Completion Date</b>	<b>Audit Hours Used</b>	<b>Budgeted Hours</b>
<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	944	2,820
<b>Peer Review / Office Improvements</b>	A Peer Review will be conducted the week of December 16, 2019 by the Association of Local Government Auditors requiring staff hours to prepare for and participate in the review. The objective of the Peer Review is to determine if our internal quality control system is operating effectively to provide reasonable assurance of compliance with Government Auditing Standards. We are also conducting office process improvements to ensure compliance with the revised 2018 Government Auditing Standards.	February 2020	59	300

**FY 2020 Planned Audits Not Yet Started**

<b>Planned Audits</b>	<b>Estimated Audit Hours</b>
Annual Central Stores Inventory Audit FY20	20
Annual Mission Bay Fund Audit FY 2019	420
Purchasing & Contracting - Equal Opportunity Contracting	600
IT Audit of Legacy Applications	600
Audit of IT Service Delivery Effectiveness	885
Public Utilities – EMTS – Industrial Wastewater Control Program	1,000
Transportation & Storm Water – Storm Water Division	1,000
Real Estate Assets Department	1,400
Sustainability – Climate Action Plan	1,400
Public Works - Engineering & Capital Projects - Department Charges	1,800
Neighborhood Services	2,400

Respectfully submitted,



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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  
Ron Villa, Assistant Chief Operating Officer  
Jessica Lawrence, Policy Advisor, Office of the Mayor  
Andrea Tevlin, Independent Budget Analyst