



THE CITY OF SAN DIEGO

DATE: November 19, 2020
TO: Honorable Members of the Audit Committee
FROM: Andy Hanau, City Auditor
SUBJECT: City Auditor Activity Report – October 2020

This report provides information on the Office of the City Auditor's activities as of October 31, 2020. 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 during October 2020:

10/7/2020

[City Auditor's Quarterly Fraud Hotline Report - Q1 Fiscal Year 2021](#)

10/14/2020

[October 2020 - Audit Recommendation Follow-Up Report](#)

10/14/2020

[Request for Independent Legal Counsel for the Office of the City Auditor – Response to the City Attorney's Memo](#)

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Audits in Progress – Report Writing Stage

| Audit | Audit Objective | Target Completion Date | Audit Hours Used | Budgeted Hours¹ |
|---|--|-------------------------------|-------------------------|-----------------------------------|
| IT Audit of Legacy Applications | The 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. | November 2020 | 1,058 | 994 |
| Purchasing & Contracting - Equal Opportunity Contracting | The objectives of this audit are to (1) to determine if the Purchasing & Contracting annual reports are an accurate and complete representation of Small and Local Business Enterprises (SLBE) program objectives and results, (2) determine if the SLBE program is achieving the economic benefits described in policy, and (3) determine if the cost of contracting with SLBE's is captured and weighed against the economic benefits. | November 2020 | 1,357 | 994 |
| Performance Audit of Employee Discipline and Incentives | The objective for this audit is to evaluate the City's effectiveness at strategically managing its human capital resources, including reviewing opportunities to improve City processes for employee rewards and discipline. | November 2020 | 849 | 1,000 |

¹ For audits carried over from Fiscal Year (FY) 2020, "Budgeted Hours" reflects the actual hours used in FY 2020 plus the Budgeted hours for FY 2021.

| Audit | Audit Objective | Target Completion Date | Audit Hours Used | Budgeted Hours¹ |
|---|--|-------------------------------|-------------------------|-----------------------------------|
| Sustainability - Climate Action Plan | The objective of this audit is to determine whether internal controls can be strengthened to ensure successful implementation of the City's Climate Action Plan, including: (1) Whether some form of cost or benefit analyses for implementation measures is performed; (2) How annual Climate Action Plan monitoring reports are used to drive decision-making and tailor strategies going forward; and (3) Whether additional policies and procedures could improve oversight and coordination between City departments. | December 2020 | 2,276 | 1,943 |

Audits in Progress - Fieldwork Stage

| Audit | Audit Objective | Target Completion Date | Audit Hours Used | Budgeted Hours¹ |
|--|--|-------------------------------|-------------------------|-----------------------------------|
| Public Utilities - EMTS - Industrial Wastewater Control Program | The objective for this audit is to determine if the Industrial Wastewater Control Program (IWCP) tracks, monitors, and reports inspection activities effectively and accurately. | February 2021 | 711 | 800 |

Audits in Progress – Planning Stage

| Audit | Audit Objective | Target Completion Date | Audit Hours Used | Budgeted Hours |
|--|---|-------------------------------|-------------------------|-----------------------|
| Audit of IT Service Delivery Effectiveness | The tentative objective for this audit is to review the strengths and weaknesses of the IT Departments service delivery from an internal customer’s perspective. Because the subject matter is broad, this is the first of a series of audits reviewing various aspects of IT service deliveries. | TBD | 250 | 570 |
| Office of the COO - Cares Act Funding | The tentative objective is to review the controls in place to ensure that all CARES Act Funding, retained for internal use and provided for external use, are properly managed, supported, and tracked to meet Federal requirements. This will include a review of the funds related to the Small Business Relief and Rental Assistance programs. | TBD | 188 | 1,600 |
| Real Estate Assets – Asset Acquisition (Including 101 Ash St. Building) | The objective for this audit is to review the City’s acquisition and due diligence process for procuring new real estate assets, including the purchase of 101 Ash Street and potentially other major acquisitions. | TBD | 79 | 1,800 |

Other Audit Activity

| Audit | Audit Objective | Target Completion Date | Audit Hours Used | Budgeted Hours |
|--|---|-------------------------------|-------------------------|-----------------------|
| Follow-up on Audit Report Recommendations | We report the implementation status on a semi-annual follow-up report, and we periodically issue other recommendation follow-up reports. | On-going | 280 | 720 |
| Fraud, Waste and Abuse Hotline | 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 | 1,290 | 2,960 |

FY 2021 Planned Audits Not Yet Started

| Planned Audits | Estimated Audit Hours |
|--|------------------------------|
| Annual Central Stores Inventory Audit FY 2021 | 20 |
| Annual Mission Bay Fund Audit FY 2020 | 300 |
| San Diego Police Department – Data Reliability – Crime Data | 400 |
| IT Application Audit of the Fire Department’s Emergency Response Management System | 600 |
| Audit of the IT Procurement and Vendor Management Process | 1,000 |
| Public Utilities – Water System Operations – Lakes | 1,000 |

| Planned Audits | Estimated Audit Hours |
|--|------------------------------|
| Real Estate Assets Department – Leasing City Property | 1,400 |
| Department of Finance - User Fees | 1,600 |
| Parks & Recreation – Program Equity | 1,600 |
| Risk Management – Workers’ Compensation | 1,600 |
| Public Works - Engineering & Capital Projects - Department Charges | 1,800 |
| San Diego Police Department – Community Policing | 2,000 |

Audit Reports Completed During FY 2021

07/15/2020

[Follow-Up Performance Audit of the Public Utilities Department’s Industrial Wastewater Control Program](#)

09/14/2020

[Agreed-Upon Procedures Related to the Central Stores Physical Inventory - Fiscal Year 2020](#)

09/22/2020

[Performance Audit of the Transportation and Stormwater Department’s Street Sweeping Section](#)

09/28/2020

[Performance Audit of San Diego Police Department’s Data Analysis](#)

Respectfully submitted,



Andy Hanau
City Auditor

cc: Honorable Mayor Kevin Faulconer
Honorable Members of the City Council
Honorable City Attorney Mara Elliott
Aimee Faucett, Interim Chief Operating Officer
Jeff Sturak, Assistant Chief Operating Officer
Almis Udrys, Assistant Chief Operating Officer
Matthew Helm, Chief Compliance Officer
Jessica Lawrence, Policy Advisor, Office of the Mayor
Andrea Tevlin, Independent Budget Analyst