

Office of the City Auditor City of San Diego

Recommendation Follow-Up through July 2, 2010

Audit Committee Meeting, October 11, 2010



Purpose

- To provide semiannual updates as to the status of open recommendations
 - ♦ June 30th and December 31st Reports

Process

- Comptroller's Office coordinates the collection of audit responses from relevant departments/divisions
 - ♦ Maintain centralized database of all recommendations
- Comptroller provides weekly updates on implemented recommendations
- City Auditor conducts periodic review of implemented recommendations and assesses recommendation status based on sufficient and appropriate evidence

Scope and Classification

- 285 Open Recommendations for 41 Audit Projects
- Recommendation Classification:
 - ◆ Implemented
 - ◆ Partly Implemented
 - ◆ Not Implemented
 - ◆ Not Implemented – Disagree*

* Administration disagrees with implementing the recommendation. These recommendations will be retained in an appendix to the semiannual report for future reference.

Results

- City Management provided a status update for **112 of 285** (39%) recommendations
- **35 of 112** (31%) recommendations deemed Implemented based on supporting evidence
 - ♦ Future enhancement should improve the implementation rate

Results

	Under One Year	One to Two Years	Over Two Years	Total
Implemented	20	15	0	35 (12%)
Partly Implemented	9	20	1	30 (11%)
Not Implemented	106	99	12	217 (76%)
Not Implemented –Disagree	1	2	0	3 (1%)
Total	136 (48%)	136 (48%)	13 (4%)	285

Results

- 4 Recommendations highlighted for Audit Committee attention
 - ♦ 1 significant recommendation requiring redirect to City Management/City Attorney's Office
 - ♦ 3 Recommendations the City Management/Auditee choose not to fully implement
- ♦ ISSUE: City Auditor does not retain authority to mandate implementation of recommendations.
 - ✦ Future enhancement may provide alternative to encourage implementation.

Results

- 09-003 Account of Anna Tatar (Martinez), Library Director
 - ♦ Recommendation #1: The Office of the City Comptroller and Labor Relations Department should determine the practicability of recouping the \$7,327.68 overpayment from Ms. Tatar.
 - ♦ Recommendation #2: The Office of the City Comptroller, Payroll Division should research the other 7 individuals for potential overpayments. (under \$10,000 est.)
 - ✦ Comptroller reports they will not pursue repayment due to the cost estimate of recovering the monies. We believe the City should attempt to collect.
 - ✦ The City's concern is that ambiguity in regulations regarding sick leave would result in potential disagreement on the recoverability of the funds and thereby increase the likelihood that attempts for recovery would result in more cost than the amount identified.
 - ✦ **Recommended Solution:**
 - ✦ **Request City Attorney's Office to determine the recoverability of the funds given the ambiguity of sick leave regulations.**

Results

- 09-004 San Diego Public Library Fee Collection Process
 - ♦ Recommendation #2: Consult with San Diego Data Processing Corporation (DPC) to determine if there is recourse against the vendor, SirsiDynix, for the losses the City incurred when the Offline Process failed to perform as claimed by the vendor.
 - ♦ The recommendation was not updated in July 2010, but was shown as partly implemented due to communications between the Library and DPC to attempt to resolve the issue. Collections efforts ceased because original vendor contacts have left the company.
 - ✦ **Recommended Solution:**
 - ✦ **Request City Attorney's Office to work with DPC to determine the recoverability of the funds.**

Results

- 10-016 Citywide Revenue

- ♦ Recommendation #21: Based on the requirement for hotel operators to maintain records for a period of three years, the Revenue Audit Division should perform audits on a three-year cycle.
- ♦ Management disagrees with recommendation stating that City Treasurer's procedures already contain a 2-3 year audit cycle. Further, although the Municipal Code only requires entities to retain documentation for 3 years, the Revenue Audit Division does not believe any loss or potential uncollectability issue exist if audits are not conducted in three years.
 - ✦ **Recommended Solution:**
 - ✦ **Continue to track recommendation as not implemented.**

Future Enhancements

- Instituting a Priority System for new recommendations which highlight an implementation timeline-**Implemented**
- Provide listing of evidence needed to implement recommendations to Comptroller's Office – **In Progress**
- Report Management's estimated date for recommendation implementation – **In Progress**
- Adjust City Auditor's Citywide Risk Assessment to increase activity risk based on lack of recommendation implementation – **In Progress** (FY12 Risk Assessment)

Recommended Action

- We ask the Audit Committee to take action to:
 - ◆ Accept the report and recommended staff actions.

Questions