



THE CITY OF SAN DIEGO

DATE: October 14, 2019
TO: Honorable Members of the Audit Committee
FROM: Kyle Elser, Interim City Auditor
SUBJECT: City Auditor Activity Report – September 2019

This report provides information on the Office of the City Auditor's activities as of September 30, 2019. This includes any audit reports issued during the month of September, 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 September 2019:

September 11, 2019 – Issued our Hotline Report of Abuse Related to the Unfair Award of a Multi-Million-Dollar Contract. The report can be found on our website at:

https://www.sandiego.gov/sites/default/files/20-003-hotline_report_of_abuse_related_to_the_unfair_award_of_a_multi-million-dollar_contract.pdf

September 19, 2019 – Issued our Annual Agreed-Upon Procedures Related to the Central Stores Physical Inventory – Fiscal Year 2019. The report can be found on our website at:

https://www.sandiego.gov/sites/default/files/20-004_fy19_central_stores_aup.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 Hours¹
IT Audit of Network Perimeter Controls	The objective of this IT Audit is to assess the City's network perimeter controls.	October 2019	455	583
Neighborhood Services - Homelessness	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.	November 2019	2,772	2,636

Audits in Progress – Fieldwork Stage

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours¹
Development Services – Charges for Deposit Accounts	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	1,521	2,079

¹ 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.

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours¹
Risk Management / City Attorney - Liability Payouts	The objective for this audit is to assess Public Liability payouts and review the process for implementing corrective actions to reduce potential liability.	November 2019	1,649	2,358
Strategic Human Capital Management	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	1,066	2,198
City's Fiscal Sustainability and Financial Condition	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	121	560

Audits in Progress - Planning Stage

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours¹
IT Audit of Citywide Sensitive Data Encryption Standards and Data Classification	The tentative objective of this IT Audit is to assess the maturity of the City's sensitive data encryption and data classification process.	TBD	54	468

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours ¹
San Diego Police Department - Support Operations - Crime Analysis Unit	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	205	1,500

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. May 1, 2019 -Issued our Recommendation Follow-Up Report for the period ending December 31, 2018.	On-going	165	800
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	557	2,820

Audit	Audit Objective	Target Completion Date	Audit Hours Used	Budgeted Hours
Peer Review / Office Improvements	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	58	300

FY 2020 Planned Audits Not Yet Started

Planned Audits	Estimated Audit Hours
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

Planned Audits	Estimated Audit Hours
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,



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