

# Office of the City Auditor City of San Diego

## **San Diego County Grand Jury Recommendations to the Audit Committee and City Auditor**

**Audit Committee, September 13, 2010**



# County Grand Jury Reports

- **Ethics In Government: Codes Of Ethics, Internal Controls, Fraud Hotlines - May 27, 2010**
- **San Diego's City Financial Crisis: The Past, Present, and Future - June 8, 2010**

# Responses to Grand Jury Reports

- In responding to each finding, the City is required to either 1) agree with the finding or 2) disagree wholly or partially with the finding.
- Responses to recommendations must indicate that the recommendation 1) has been Implemented; 2) has not yet been implemented, but will be in the future; 3) requires further analysis; or 4) will not be implemented because it is not warranted or is not reasonable.

# Ethics In Government

- Reviewed fraud hotline practices, internal control processes, and code of ethics by various government entities within the County.
- 18 findings and 21 recommendations to various local government entities.
- 4 findings regarding the City of San Diego's fraud hotline program
- 3 recommendations for the Audit Committee and the City Auditor.
- Response is due October 1, 2010.

# Ethics In Government Findings

- Finding 05: The City appears to have no integrated comprehensive Code of Ethics designed, for example, for classified employees and parties dealing with the City and addressing basics such as fraud, waste, abuse and conflict of interest. However, the City Auditor publishes, on the departmental web page, explicit definitions of fraud, waste and abuse, accessed either as a separate link or through the City Employee Fraud Hotline Policy and Procedures Manual.

Proposed Response: **Partially disagree**

# Ethics In Government Findings

- Finding 06: The City has an effective charter-based internal audit and hotline process managed by the City Auditor and resulting in identification of significant recoverable funds and cost savings.

Proposed Response: **Agree**

# Ethics In Government Findings

- Finding 07: Investigations and audits by the City Auditor, whether initiated by City Hotline calls or otherwise, often result in savings due to prevention and increased efficiency, not quantified in dollars.

Proposed Response: **Agree**

- Finding 08: The City Hotline phone number is not posted on the Home page of the City website.

Proposed Response: **Agree**

# Ethics In Government Recommendations

- 10-63: Consider collecting and posting an integrated comprehensive Code of Ethics designed for classified employees and parties dealing with the City and addressing basics such as fraud, waste, abuse and conflict of interest.

Proposed Response: **Implemented**

- 10-64: Consider posting the City Hotline phone number on the Home page of the City website, on the City Television Network (Channel 24), and post prominently the phone number in City workplaces.

Proposed Response: **Partially Implemented**

- 10-65: Consider including a non-binding recommendation regarding disposition in City Auditor staff reports of cases involving fraud, waste, abuse and conflicts of interest.

Proposed Response: **Implemented**

# San Diego's City Financial Crisis

- Reviewed financial issues facing the City and the causes of the current financial condition; and proposed strategies for mitigating the City's deficits.
- The report had 27 findings and 15 recommendations for the Mayor, City Council, and/or SDCERS.
- 1 finding and 2 recommendations directed to the Audit Committee and City Auditor.
- Response is due December 1, 2010.

# San Diego's City Financial Crisis Finding

- **Finding 20:** Performance audits of the major City departments may identify operational efficiencies and expenditure reductions.

**Proposed Response: Agree**

# San Diego's City Financial Crisis Recommendations

10-128: Conduct a performance audit of SDCERS' administration of the City's pension system.

Proposed Response: **Agree to implement**

- 10-132: Evaluate each department of the City to determine potential cost savings, operations efficiencies, and revenue enhancements.

Proposed Response: **Requires Further Analysis**

# Next Steps

## **Ethics In Government**

- Upon receipt of Audit Committee feedback, the proposed response will be docketed for City Council consideration during the last week of September in order to provide a timely response to the Superior Court.

## **San Diego's City Financial Crisis**

- Subsequent to Audit Committee review, the responses will be forwarded to the Independent Budget Analyst for inclusion in the larger response to be considered by the Rules Committee and City Council.