



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: November 8, 2010 REPORT NO: n/a  
ATTENTION: Honorable Councilmember & Audit Committee Chair Kevin Faulconer  
Honorable Members of the Audit Committee  
SUBJECT: Internal Controls Progress Report – For the Month of October 2010

REQUESTED ACTION: This is an information only item, no action is required at this time.

STAFF RECOMMENDATION: n/a

SUMMARY: This is the Internal Controls Progress Report for the month ending October 31, 2010. In addition to the statistics presented in this report, we would like to provide an update on our accomplishments and activities.

We finished work on 15 process narratives and workflow diagrams in October for a total of 107 posted Process Narratives and 107 Workflow Diagrams. There are 58 additional written Process Narratives that have been submitted to Internal Controls as of October 31<sup>st</sup> that are in various stages of review. Our Master Schedule Summary indicates that there are now a total of 388 identified Process Narratives. Past due process narratives in October totaled 16. Generally speaking, employees have been responsive in meeting their self assigned due dates. We continue to publish our Master Schedule Summary each week and distribute it via email to the desktop of each assigned process owner.

We have continued to work on resolving segregation of duties user violations. There has been a decrease in the number of user violations reported this month. This is due to the continuous activity of deleting and assigning roles to users within the City. We will continue to be diligent in our on-going efforts to remediate user violations as they occur. Our goal is to keep this number to as close to zero as possible.

The Audit Master Database report is issued each Friday to audit response owners reminding them of their completion commitments. As of the end of October, there were 424 open audit recommendations in the database (both internal and external audits), with 216 recommendations showing as completed by City management. The City completed audit recommendations in this report reflect the results of the bi-annual Audit Recommendation Follow-up Report issued by the Office of the City Auditor in October 2010 for the measurement date of July 2, 2010. There are 45 individual audit reports that are marked as open. An audit will remain as open until all audit recommendations have been completed by City management and have been verified by the auditing agency (i.e. the Office of the City Auditor or an external auditing firm).

Included in our update report this month is a new table showing the number of open audit recommendations sorted by audit name and the responsible responding City Department. For each item listed, we have indicated the number of City completed audit recommendations and the number of audit recommendations where the department response is past due based on the response date provided by the respective department. This new table will now be included monthly in our Internal Controls Update report.

The chart below details the activities and accomplishments of the Internal Controls section within the Office of the City Comptroller for the month of October 2010.

Category	Beginning Balance	Cumulative Completed	Estimated Items Remaining	Current Activity by Month			
				9/1/2009	10/31/2010	Jul-10	Aug-10

**Operational**

Process Narratives	0	107	281	10	10	12	15
Workflow Diagrams	0	107	281	10	10	12	15

**Governance Risk and Compliance (GRC)**

Mitigating Access Controls Developed	27	19	100	1	2	0	0
Entity Level Controls Developed	32	3	Ongoing	0	0	0	0
Process Controls Developed	181	6	300	0	1	0	0
Automated Control Monitoring Performed				75	101	120	124

**Segregation of Duties**

Users Analyzed				10,368	10,321	10,289	10,275
Users with no Violations				10,362	10,321	10,282	10,274
Users with Violations				6	0	7	1

**Resources: Project Work Hours Available**

Principal Accountant	0	386	1,297	91	72	116	107
Supervising Accountant	0	1,319	604	0	0	168	160
Staff Accountant	0	1,482	385	82	148	151	81
Staff Accountant	0	1,211	421	140	120	143	152
	<b>0</b>	<b>4,399</b>	<b>2,707</b>	<b>313</b>	<b>340</b>	<b>578</b>	<b>500</b>

## Process Narrative Completion Report & Schedule as of 10/31/10

**16** Items Past Due

	Code	Status
223	1	Pending Process Owner - Requested Open Item
0	2	Unassigned - Pending Assignment by Internal Controls
58	3	Pending Internal Controls - Received and Currently Reviewing
107	4	Completed Document - Posted to Internal Controls Website
<b>388</b>	<b>Total</b>	

<i>Open Audit Summary Information</i>			Month Activity	
Audit Type	Number of Audits	Number of Audit Recommendations	City Completed	Auditor Completed
Internal-OCA	40	395	-14	42
External	5	29	2	0

*\*Internal-OCA reports include all reports with recommendations, Audits, Hotline, Close-outs*

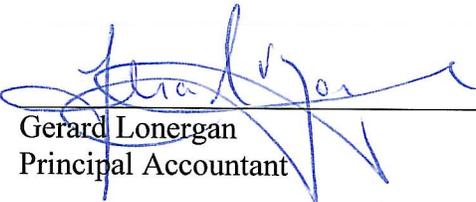
### *Audit Activity Since Prior Update Report - Added and Closed Audits*

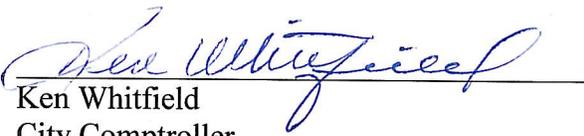
Status	Audit Type	Issue/Closed Date	Audit #	Audit Name	Number of Audit Recommendations
Open	Internal	4/30/2010	10-019	Performance Audit of the Sub-Contractor Outreach Program	13
Closed	Internal	3/12/2010	08-001	Community Facility District #3 Liberty Station Phase 1 Park Facilities	1
Closed	Internal	3/12/2010	09-012	Audit of Accounts of Scott Peters...	1
Closed	Internal	3/12/2010	09-020	Hotline Investigation of a City Employee	1
Closed	Internal	3/12/2010	09-022	Hotline Investigation of a City Employee	1
Open	Internal	6/22/2010	10-020	DSD Water & Sewer Collection Fees	7
Open	Internal	7/21/2010	10-021	Abuse from Sale of Metal (Hotline)	1
Open	Internal	8/31/2010	11-001	Performance Audit of Risk Management's Public Liability and Loss Recovery Division	23
Open	Internal	10/6/2010	11-006	Performance Audit of the Fire Prevention Activities Within the City of San Diego	23
Open	Internal	10/25/2010	11-007	Performance Audit of City Treasurer's Delinquent Accounts Program	7
Closed	Internal	10/6/2010	08-009	Central Stores Inventory Audit - General Services Department	1

Status	Audit Type	Issue/Closed Date	Audit #	Audit Name	Number of Audit Recommendations
Closed	Internal	10/6/2010	09-003	Audit of Accounts of Anna Tatar (Martinez), Library Director	4
Closed	Internal	10/6/2010	09-007	Hotline Investigation of the Handling of Scrap Metal at the Point Loma MWWWD Facility	1
Closed	Internal	10/6/2010	09-011	Audit of Accounts of Michael Aguirre, Former City Attorney	2
Closed	Internal	10/6/2010	10-013	Bid to Goal: Efficiencies have been achieved, but improvements are needed in documentation, management, and internal review of the program	14

Attachment: 1. Audit Recommendations Past Due Report Final

cc: Honorable Mayor Jerry Sanders  
Jay M. Goldstone, Chief Operating Officer  
Mary Lewis, Chief Financial Officer  
Andrea Tevlin, Independent Budget Analyst  
Eduardo Luna, City Auditor

  
Gerard Lonergan  
Principal Accountant

  
Ken Whitfield  
City Comptroller

## Open Audit Recommendations by Audit and Responding Department

Audit #	Audit Report Title	Department	Issue Date	Audit Recommendations				
				Total # of Recommend	Completed by Management	% Reported Complete	Past Due	% Past Due
08-010	CENTRAL STORES INVENTORY AUDIT - PURCHASING & CONTRACTING DEPARTMENT	Purchasing & Contracting (HP)	12/10/2007	9	5	56%	0	0%
08-011	CITY OVERSIGHT OF THE SAN DIEGO PUBLIC LIBRARY FOUNDATION	San Diego Public Library	2/19/2008	20	15	75%	0	0%
08-019	CASH COUNT AND BANK RECONCILIATION AUDIT - KROLL REMEDIATION OF THE CITY'S BANK RECONCILIATION PROCESS	City Treasurer	4/28/2008	6	5	83%	0	0%
08-020	AUDIT OF PERMITS ISSUED FOR THE BLACKWATER FACILITY	Developmental Services	6/5/2008	8	7	88%	0	0%
09-001	AUDIT OF THE INTERNAL CONTROL REMEDIATION RELATED TO THE SAN DIEGO CITY EMPLOYEES RETIREMENT SYSTEM	Mayors Office	8/29/2008	3	1	33%	0	0%
09-001	AUDIT OF THE INTERNAL CONTROL REMEDIATION RELATED TO THE SAN DIEGO CITY EMPLOYEES RETIREMENT SYSTEM	San Diego City Employees' Retirement System (SDCERS)	8/29/2008	3	3	100%	0	0%
09-004	AUDIT OF THE SAN DIEGO PUBLIC LIBRARY FEE COLLECTION PROCESS	San Diego Public Library	11/20/2008	9	9	100%	0	0%
09-005	AUDIT OF THE 2007 WILDFIRE DEBRIS REMOVAL PROJECT	Environmental Services Department	12/19/2008	14	5	36%	0	0%
09-006	HOTLINE INVESTIGATION OF THE JUNIOR LIFEGUARD PROGRAM'S DEPOSITS OF FUNDRAISER MONIES	Fire-Rescue	1/16/2009	1	1	100%	0	0%
09-008	HOTLINE INVESTIGATION OF THE DUPLICATION OF WATER METER BOX REPLACEMENT WORK	Metro Wastewater (MWWD-JF)	2/23/2009	1	1	100%	0	0%
09-009	HOTLINE INVESTIGATION OF THE FOURTH DISTRICT SENIOR RESOURCE CENTER	Parks & Recreation	4/7/2009	1	0	0%	0	0%
09-013	THE CITY OF SAN DIEGO FACES UNIQUE OPERATIONAL AND ADMINISTRATIVE CHALLENGES IN MANAGING QUALCOMM STADIUM	Real Estate Assets Department	5/8/2009	9	0	0%	6	67%
09-014	AUDIT OF SAN DIEGO DATA PROCESSING CORPORATION'S COMPENSATION AND BUDGETING PRACTICES	San Diego Data Processing Corporation (SDDPC)	5/5/2009	6	5	83%	0	0%
09-016	AUDIT OF ACCOUNTS OF WENDI BRICK, FORMER CUSTOMER SERVICES DIRECTOR, ELMER HEAP, FORMER DEPUTY CHIEF OPERATING OFFICER, JILLANNE (JILL) OLEN, FORMER DEPUTY CHIEF OPERATING OFFICER, AND JOANNE SAWYERKNOLL, FORMER DEPUTY CHIEF OPERATING OFFICER	Personnel	6/16/2009	3	2	67%	0	0%
09-017	PARK & RECREATION POOL AUDIT	Parks & Recreation	5/20/2009	17	12	71%	0	0%
09-018	AUDIT OF THE SAP ERP IMPLEMENTATION – CURRENT TO INTEGRATION TESTING, CYCLE 1	ERP Development Team	6/11/2009	7	6	86%	0	0%
09-021	HOTLINE INVESTIGATION OF PROMOTE LA JOLLA, INC.	Economic Development Division	6/29/2009	4	3	75%	0	0%
09-023	AUDIT OF THE CENTRAL STORES INVENTORY	Purchasing & Contracting (HP)	2/27/2009	7	0	0%	0	0%
09-027	CAFR AUDIT - YELLOW BOOK	Various	12/21/2009	10	5	50%	2	20%
09-028	SINGLE AUDIT	Comptroller's Office	12/21/2009	14	0	0%	0	0%
09-029	RDA ANNUAL FINANCIAL REPORT	Comptroller's Office	12/23/2009	3	1	33%	0	0%
09-030	TRANSNET FUND	Comptroller's Office	2/1/2010	1	0	0%	0	0%
09-031	EXHIBIT E	Metro Wastewater (MWWD-DM)	2/10/2010	1	1	100%	0	0%
09-OA-001	SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION PERFORMANCE AUDIT OF OPERATIONS	Southeast Economic Development Corporation (SEDC)	9/10/2008	28	20	71%	0	0%
09-OA-001	SOUTHEASTERN ECONOMIC DEVELOPMENT CORPORATION PERFORMANCE AUDIT OF OPERATIONS	Various	9/10/2008	5	0	0%	4	80%
10-001	METROPOLITAN WASTEWATER DEPARTMENT CONTRACT COMPLIANCE AUDIT	Purchasing & Contracting (HP)	7/24/2009	1	0	0%	0	0%
10-001	METROPOLITAN WASTEWATER DEPARTMENT CONTRACT COMPLIANCE AUDIT	Metro Wastewater (MWWD-DM)	7/24/2009	11	11	100%	0	0%
10-002	PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART I	San Diego Housing Commission (SDHC)	7/29/2009	19	10	53%	0	0%
10-003	PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART II	City Administration	7/29/2009	1	0	0%	1	100%
10-003	PERFORMANCE AUDIT OF THE SAN DIEGO HOUSING COMMISSION – PART II	San Diego Housing Commission (SDHC)	7/29/2009	11	4	36%	0	0%
10-005	CENTRAL STORES AGREED-UPON PROCEDURES INVENTORY COUNT-FY2009	Purchasing & Contracting (HP)	9/8/2009	1	1	100%	0	0%
10-006	OFFICE OF THE CITY ATTORNEY PROPOSITION 64 FUNDS AUDIT	City Attorney	9/30/2009	7	5	71%	0	0%
10-007	PERFORMANCE AUDIT OF THE CITY'S STREET MAINTENANCE FUNCTIONS	Purchasing & Contracting (MS)	10/26/2009	4	3	75%	0	0%
10-008	HOTLINE INVESTIGATION OF A CITY COMPTROLLER EMPLOYEE	Risk Management	11/23/2009	2	1	50%	0	0%
10-009	SAN DIEGO DATA PROCESSING CORPORATION FOLLOW-UP AUDIT	San Diego Data Processing Corporation (SDDPC)	11/30/2009	14	10	71%	0	0%
10-009	SAN DIEGO DATA PROCESSING CORPORATION FOLLOW-UP AUDIT	Department of Information Technology	11/30/2009	2	0	0%	2	100%
10-010	PERFORMANCE AUDIT OF THE CITY TREASURER DELINQUENT ACCOUNTS PROGRAM	Developmental Services	12/2/2009	12	2	17%	7	58%

## Open Audit Recommendations by Audit and Responding Department

Audit #	Audit Report Title	Department	Issue Date	Audit Recommendations				
				Total # of Recommend	Completed by Management	% Reported Complete	Past Due	% Past Due
10-010	PERFORMANCE AUDIT OF THE CITY TREASURER DELINQUENT ACCOUNTS PROGRAM	ERP Development Team	12/2/2009	2	2	100%	0	0%
10-011	CITY CHARTER REQUIREMENTS FOR UNCLAIMED FUNDS	Comptroller's Office	12/30/2009	1	0	0%	0	0%
10-016	CITYWIDE REVENUE	Comptroller's Office (ML)	3/5/2010	10	6	60%	0	0%
10-016	CITYWIDE REVENUE	City Treasurer	3/5/2010	5	1	20%	0	0%
10-016	CITYWIDE REVENUE	Comptroller's Office	3/5/2010	4	2	50%	0	0%
10-016	CITYWIDE REVENUE	Financial Management	3/5/2010	3	1	33%	0	0%
10-016	CITYWIDE REVENUE	General Services	3/5/2010	1	0	0%	0	0%
10-017	PERFORMANCE AUDIT OF THE CITY TREASURER'S INVESTMENTS DIVISION	City Treasurer	3/25/2010	3	3	100%	0	0%
10-018	PERFORMANCE AUDIT OF THE PURCHASING AND CONTRACTING DEPARTMENT	Purchasing & Contracting (HP)	3/30/2010	6	0	0%	0	0%
10-019	PERFORMANCE AUDIT OF THE SUBCONTRACTOR OUTREACH PROGRAM	Administration Department	4/30/2010	13	5	38%	0	0%
10-020	PERFORMANCE AUDIT OF THE DEVELOPMENT SERVICES DEPARTMENT'S COLLECTION OF WATER AND SEWER FEES	Developmental Services	6/22/2010	7	2	29%	0	0%
10-OA-001	PERFORMANCE AUDIT OF THE CENTRE CITY DEVELOPMENT CORPORATION	Center City Development Corporation (CCDC)	7/10/2009	24	18	75%	0	0%
10-OA-002	AUDIT OF THE SAN DIEGO CONVENTION CENTER CORPORATION	San Diego Convention Center Corp (SDCC)	7/29/2009	11	8	73%	2	18%
10-OA-003	REVIEW OF THE HIRING PROCESS OF THE DIRECTOR OF PURCHASING AND CONTRACTING	Mayors Office	8/21/2009	5	5	100%	0	0%
11-001	PERFORMANCE AUDIT OF RISK MANAGEMENT'S PUBLIC LIABILITY AND LOSS RECOVERY DIVISION	Risk Management	8/31/2010	23	6	26%	0	0%
11-002	HOTLINE INVESTIGATION REPORT OF ABUSE FROM THE SALE OF SCRAP METAL	General Services	7/21/2010	1	1	100%	0	0%
11-006	PERFORMANCE AUDIT OF THE FIRE PREVENTION ACTIVITIES WITHIN THE CITY OF SAN DIEGO	Fire-Rescue	10/6/2010	23	2	9%	0	0%
11-007	PERFORMANCE AUDIT OF CITY TREASURER'S DELINQUENT ACCOUNTS PROGRAM	City Treasurer	10/25/2010	7	0	0%	0	0%
				<b>424</b>	<b>216</b>	<b>51%</b>	<b>24</b>	<b>6%</b>