



# Highlights

## Why OCA Did This Study

In accordance with the Office of the City Auditor's Fiscal Year 2017 Audit Work Plan, we conducted a performance audit of Grant Management within the City of San Diego.

Our audit objectives were to:

- Determine if the City efficiently applies for grants; and
- Determine if the City has established adequate internal controls to effectively manage the grants it receives.

## What OCA Recommends

- Corporate Partnerships and Development (CPD) should present their streamlined grant approval process to City Council for approval.
- CPD should update the Administrative Regulation to establish their authority over the City's grant management, provide a centralized database, and address training needs.
- CPD should publish and implement the draft Grant Administration Manual.
- Financial Management should incorporate grant identification into the formal annual budget process.
- CPD, with the Comptroller, should strengthen the control framework by documenting and implementing accountability expectations in the updated guidance.

Management agreed to implement all recommendations.

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City of San Diego, Office of the  
City Auditor

## Performance Audit of the City's Grant Management

*Developing Standardized Grant Guidelines and Procedures Could Improve City Grant Opportunities and the Control Framework for Grant Management*

Grants are an attractive form of funding and are awarded for a variety of activities, such as innovative research, recovery initiatives, and infrastructure projects. For example, the Environmental Services Department received a \$3 million grant this year from the State of California to increase recycling citywide and help divert waste from the City's landfill. From FY 2010 through FY 2016, the City of San Diego received almost \$558 million in grant revenue, averaging almost \$80 million annually.



Divert Waste From Miramar Landfill.



Larsen Athletic Field Enhancements

## What OCA Found

We found that the City does not have a standardized process for identifying and applying for grants. Current City guidelines for grant applications need to be updated with a process that can provide direction for City staff. All grants are submitted to City Council for approval; however, the process could be improved with a standardized review to ensure a fully vetted analysis of funding requirements occurs prior to preparing grant applications. Operating with limited guidance or oversight, the program may not be identifying all grants that could supplement the City's budget.

We also found that the City can improve the control framework for managing the grants departments receive by developing policies and procedures that help ensure proper controls are in place. Departments are solely responsible for managing compliance with grant agreements; however, most departments have not established procedures to ensure proper grant administration, and the City has not required documented departmental procedures. Ineffective grant management could require the City to return funds received and lose public trust.