

QUARTERLY ACTIVITY REPORT



Third Quarter of Fiscal Year 2025/26

Introduction

The Quarterly Activity Report highlights the activities of the Office of the City Auditor for the third quarter of fiscal year (FY) 2025/26. This report also identifies the status of the City Auditor's *Fiscal Year 2025/26 Work Plan* projects.

Report Issued During the Third Quarter of Fiscal Year 2025/26

The Office of the City Auditor issued several reports during the third quarter of fiscal year 2025/26.



The Quarterly Activity Report for the period of October 2025 through December 2025



City Auditor's Proposed Work Plan for Fiscal Year 2026/27



City Auditor's Whistleblower Hotline Activity Report for the Period July 2025 through December 2025



City Auditor's Fiscal Year 2024/25 Baseline Funding Verification for the Sacramento Children's Fund



2026 National Community Survey



City of Sacramento Cannabis Business Operations Tax Revenue for Fiscal Year 2024/25

Other Highlights

The following highlights other activities of the Office of the City Auditor for this reporting period.



Projects Initiated

The office initiated the following projects:

- *2025 Audit of City Employees' Workforce Diversity and Salary Trends*
- *Audit of the City's Complaint Investigation and Resolution Processes*



Staff Vacancies

Recruited for and hired a Senior Fiscal Policy Analyst, **Mary Washburn**, to work under the Performance Audit Division.



Community Collaboration

The office began discussions with California State University, Sacramento to establish an internship program through which our office would receive two interns to support our workload.



DEI Efforts

The Office's Racial and Gender Equity Action Plan (RGEAP) Team continued to work towards the Citywide coordinated strategic work plan focused on workforce equity.



Whistleblower Hotline

The Office received and processed a number of whistleblower allegations.



Certifications

Parinaz Nejatie demonstrated her competency and commitment to the profession by earning the Certified Internal Auditor certification administered by the Institute of Internal Auditors.

FY 2025/26 Work Plan Assignments In-Progress

The following highlights the status of the *Fiscal Year 2025/26 Work Plan* assignments in-progress.



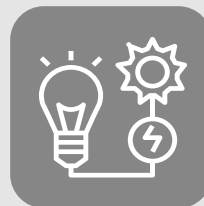
Audit of Fire Department Emergency Medical Services

The audit is currently in the Report Writing phase. During the last quarter, we have made progress finalizing the report language and analysis, and in communicating with key stakeholders to confirm information and discuss opportunities to collaborate in deployment of emergency medical services throughout the City.



Audit of the City's Homeless Response: Evaluation of Costs and Outcomes of Homeless Shelter Types

This audit is currently in the Fieldwork phase. During this last quarter, we analyzed data in the Homeless Management Information System, compiled program costs by reviewing invoices and other documents, initiated our assessment of various shelters' Good Neighbor policies, and evaluated capacity determinations.



Audit of the Department of Utilities' Renewable Energy and Fleet Initiatives

This audit is currently in the Fieldwork phase. We separated this project into two parts, a review of the DOU's renewable energy initiatives and an analysis of DOU's fleet's zero-emission vehicle requirements. The first part of this audit will evaluate the Department of Utilities' renewable energy initiatives by reviewing costs, compliance, vendor performance, and contractual obligations related to power purchase agreements (PPAs) and the Sacramento Municipal Utility District (SMUD) SolarShares Program. The second part will review zero-emission vehicle requirements and DOU's vehicle replacement efforts. The goal of both parts of the audit is to identify risks and opportunities to improve efficiency and reliability. During the reporting period, we conducted analysis of PPA costs and solar production, as well as SolarShares costs, fees, and credits to the city for the renewable energy initiatives portion of the audit.



Audit of the Transient Occupancy Tax

This audit is in the final stage of the Fieldwork phase. During the last quarter, efforts focused on testing the accuracy and completeness of revenue data, as well as continuing work related to short-term rental (STR) revenue collection. Overall progress has slowed due to staff availability and competing priorities; however, the audit continues to move forward, with remaining work focused on completing STR-related procedures, expenditure testing, and finalizing fieldwork documentation.



Audit of the Sacramento Police Department's Evidence and Property Section

This audit is nearing completion of the report writing phase. During the past quarter, we made substantial progress toward finalizing the report, including refining and updating analyses, evaluating information obtained through facility walkthroughs and departmental data review, and conducting final interviews with SPD personnel. We also conducted our internal quality control process to help ensure the accuracy, completeness, and consistency of the report's findings and conclusions. The audit was released in April 2026 and subsequently presented to the Sacramento Community Police Review Commission and the Budget and Audit Committee.



Review of the Department of Utilities' Storm Drainage Fund

This review will analyze the fiscal sustainability of the Storm Drainage Fund, including the new Storm Drainage Property Fee, and forecast future revenues based on various scenarios, including potential rate increases. During this reporting period, the team conducted system assessment, valuation, and fiscal forecasting activities.



Audit of the City's Complaint Investigation and Resolution Practices

We initiated this audit during the third quarter and are currently in the Preliminary Survey phase. This audit will evaluate the City's processes and procedures related to EEO complaint intake, investigation, and disposition. During this period, we held a kickoff meeting with staff from Human Resources and began review of relevant laws, policies, and procedures.



Potential Cost Savings and Revenue Recovery Audit Services - Utility Cost Recovery Audit

This project entails entering into a contingency contract with a vendor to conduct third-party audits to potentially identify cost savings and/or other audits to recover potential past taxes or any other monies or revenue owed to the City that were not properly attributed to the City or were not properly paid/collected and to determine potential future taxes and other monies owed to the City not previously counted. During this reporting period, we executed the Council-approved contract with our selected vendor, coordinated meetings with key stakeholders, and started providing account information to the vendor to facilitate their review.



2025 Audit of City Employees' Diversity and Salary Trends

The office initiated the *2025 Audit of the City Employees' Diversity and Salary Trends* this reporting period. This audit is currently in the Fieldwork phase. This triennial review will assess the diversity of City of Sacramento employees as of July 1, 2025, as it compares to the diversity of City of Sacramento residents. The audit also includes an analysis of trends over time to identify potential equity concerns. During this reporting period, we held an entrance conference with the Human Resources department to introduce the project. We also initiated our analysis of City employee data and external data sources, including U.S. Census data, gender pay gap research, and LGBTQ+ population statistics, to support ongoing analysis and report development.