

QUARTERLY ACTIVITY REPORT

City of
SACRAMENTO
Office of the City Auditor

First Quarter of Fiscal Year 2025/26

Introduction

The Quarterly Activity Report highlights the activities of the Office of the City Auditor for the first 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.

Reports Issued During the First Quarter of FY 2025/26

The Office of the City Auditor issued several reports during the first quarter of FY 2025/26.



Other Highlights

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



Staff Vacancies

After a competitive recruitment, **Joyce Chih** was promoted to Principal Fiscal Policy Analyst.

The Office continued the recruitment process for the vacant Principal Fiscal Policy Analyst position.



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.



Professional Standards

The Office initiated preparations to comply with forthcoming revisions to Generally Accepted Government Auditing Standards (GAGAS).



Projects Initiated

The Office initiated the following projects:

- *2025 National Community Survey*
- *Fiscal Year 2024/25 Baseline Funding Verification for the Sacramento Children's Fund*
- *Fiscal Year 2024/25 Audited Amount of Cannabis Business Operations Tax for the Sacramento Children's Fund*



Peer Review Recommendations

The Office has implemented recommendations issued as part of the peer review conducted by the Association of Local Government Auditors (ALGA).



Policies and Procedures

The Office updated and strengthened key office-wide policies and procedures.

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 drafting the report, updating analysis, and meeting with key stakeholders to understand 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 Preliminary Survey phase. During the last quarter, we researched and categorized each shelter based on their various characteristics and ways of operating, reviewed shelter service provider contracts, conducted initial meetings with service providers at each active shelter, and initiated onsite shelter visits.



Audit of the Department of Utilities' Energy Use

This audit is currently in the Fieldwork phase. This audit will evaluate the Department of Utilities' energy and fleet initiatives by reviewing costs, compliance, vendor performance, and contractual obligations related to power purchase agreements, the SMUD SolarShares Program, and zero-emission vehicle requirements, with the goal of identifying risks and opportunities to improve efficiency and reliability. Over the past quarter, we conducted interviews with City personnel, conducted benchmarking with California municipalities engaging in renewable energy efforts, reviewed best practices, and analyzed information gathered through departmental data.



Audit of the Transient Occupancy Tax

This audit is currently in the Fieldwork phase. The audit's testing plan has been updated to reflect changes to departmental procedures and to confirm alignment with audit objectives and criteria. Progress has been slower than planned due to limited staff availability.



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

This audit is in the Fieldwork phase. Over the past quarter, we conducted interviews with SPD personnel, conducted benchmarking with law enforcement agencies in similarly sized municipalities, reviewed best practices, and analyzed information gathered through facility walk-throughs and departmental data.

FY 2025/26 Work Plan Assignments In-Progress (Continued)



Review of the Department of Utilities' Storm Drainage Fund

This project was initiated during the previous reporting period and 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 the current reporting period, the audit team completed initial kickoff meetings and has begun executing data requests and benchmarking activities.



Audit of the City's Complaint Investigation and Resolution Practices

This audit has been placed on a temporary hold due to department resource constraints. The audit will be re-initiated when sufficient department resources are available.



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

This project was initiated during the previous quarter and will explore entering into contingency contracts 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. Due to staff turnover, this project was temporarily put on hold during this reporting period.



Sacramento Children's Fund Fiscal Year 2024/25 Baseline Funding Verification

This project was initiated during this reporting period. In accordance with Sacramento City Charter, Section 120, titled "Sacramento Children's Fund", this project serves as our annual evaluation of Citywide youth-related programs and services to determine if they meet baseline funding requirements and to verify that the baseline funding amount of \$22.9 million was expended in fiscal year 2024/2025. During the last quarter, we notified departments of the upcoming Entrance Conference, which will provide an overview of the baseline funding requirements detailed in the Sacramento Children's Fund, a timeline of the project, and assistance needed from each department in identifying relevant youth expenditures.

FY 2025/26 Work Plan Assignments In-Progress (Continued)



Fiscal Year 2024/25 Audited Cannabis Business Operations Tax Amount for the Sacramento Children's Fund

During the last quarter, the external auditors started their annual audit on the Cannabis Business Operations Tax Amounts for the Sacramento Children's Fund, as mandated by Measure L. They are in the process of selecting samples and requesting supporting documentation to facilitate their review, which includes copies of each company's business operating permit, their calculation of the taxes based on gross receipts reported, and evidence that taxes were collected.



2025 Community Survey

This now biennial community survey was initiated during this reporting period and will report on residents' opinions on the livability of Sacramento. The survey will include questions on various facets of a community, including its economy; mobility; community design; utilities; safety; natural environment; parks and recreation; health and wellness; education, arts and culture; and inclusivity and engagement.