

QUARTERLY ACTIVITY REPORT

Second Quarter of Fiscal Year 2025/26



Introduction

The Quarterly Activity Report highlights the activities of the Office of the City Auditor for the second 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 Second Quarter of FY 2025/26

The Office of the City Auditor issued the *Quarterly Activity Report for the period of July 2025 through September 2025* during the second quarter of the fiscal year 2025/26.

During this reporting period, all Office staff temporarily shifted their focus from ongoing audits to complete the Charter-mandated *Sacramento Children's Fund Fiscal Year 2024/25 Baseline Funding Verification*. This critical project, required to be completed by January 15th of each year, demands significant effort within a short timeframe. Given the workload and tight deadline, the entire Office collaborated to ensure its timely and accurate completion.

Additionally, we would like to thank the Department of Youth, Parks and Community Enrichment, the Fire Department, the Police Department, the City Attorney's Office and all other City departments for their cooperation and collaboration during this project.

Other Highlights

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



Staff Vacancies

Recruited for and hired Principal Fiscal Policy Analyst, **Charles Meadows**, to manage the Performance Audits Division.

The Office also initiated the recruitment process for the vacant Senior Fiscal Policy Analyst position.



Generally Accepted Government Auditing Standards Revision

In compliance with revisions to the *Generally Accepted Government Auditing Standards*, the Office implemented a risk-based System of Quality Management that shifts quality oversight from static policies to proactive identification, assessment, and response to quality risks across all audit activities. This transition included establishing leadership accountability, documenting quality objectives and controls, and conducting an annual evaluation to ensure audits are consistently performed in accordance with the Standards.



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.



Staff Presentation

Audit staff presented the *Audit of the Sacramento Ethics Commission* to the Sacramento Ethics Commission.



Homeless Shelter Site Visits

Audit staff conducted site visits and interviews at multiple homeless shelters in support of an audit project.

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 Fieldwork phase. During this last quarter, we completed onsite shelter visits to the various active City shelters, wrote a preliminary survey memorandum that compiled key information about the City's shelter system, identified performance metrics for further evaluation, determined a list of risks to assess, and initiated requests for client data and program costs.



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 (PPAs), the Sacramento Municipal Utility District (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 reviewed PPA contracts to determine contract terms and obligations and reviewed PPA billings for DOU solar production.



Audit of the Transient Occupancy Tax

This audit is currently in the Fieldwork phase. During the last quarter, testing for the accuracy and completeness of revenue data was nearly finalized. Additionally, testing related to the appropriateness of revenue collection and the potential for additional revenue continued to make steady progress. Overall progress has slowed due to staff availability.



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

This audit is currently 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 this reporting period, the team conducted benchmarking and preliminary survey 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. We plan to initiate this audit in the third quarter.



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

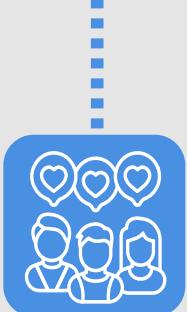
This project entails entering into a contingency contract with a vendor to conduct third-party audits to potentially identify cost savings and/or other audits to recover potential past taxes or any other monies or revenue owed to the City that were not properly attributed to the City or were not properly paid/collected and to determine potential future taxes and other monies owed to the City not previously counted. During this reporting period, we scored responses to our Request For Proposal, selected a vendor, and drafted a contingency contract for this project. The contract is scheduled to go to City Council for approval in January 2026.



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

This project was in the Report Writing phase as of the end of the quarter and was published on January 15, 2026. During this last quarter, we completed the Preliminary Survey and Fieldwork phases. This included researching programs identified as potential youth programs, aiming to gain an understanding of their key characteristics. To confirm that a program qualified towards the Baseline Funding verification, we conducted analysis to verify its compliance with the City Charter. This analysis specifically involved identifying expenditures from fiscal year 2024/25, net of program revenues, confirming their source as unrestricted revenue (i.e. General Fund or Measure U Special Revenue Fund), aligning the program with one or more Fund Goals, and verifying that expenditures did not fall into prohibited categories. This analysis required Citywide collaboration with departments to ensure accurate analysis and representation of programs. We also maintained ongoing consultations with the City Attorney's Office throughout this process, seeking their guidance to enhance our comprehension of City Charter compliance and its practical application to the tasks at hand.

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 conducted fieldwork testing to determine the audited amount of Cannabis Business Operations Tax. The external auditors published their report on January 15, 2026.

2026 Community Survey

The 2026 Community Survey will report on residents' opinions on the livability of Sacramento, CA and includes 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.

This project is currently in the Fieldwork phase. In this last quarter, we entered into a contract with Polco to administer the survey, reviewed survey questions and mailing materials, and initiated coordination on outreach efforts. The surveys were sent out to randomly selected residents at the end of December 2025 and opened for responses in early January 2026. To better reflect the survey response period, the project was renamed from the '2025 Community Survey' to the '2026 Community Survey.'