# QUARTERLY ACTIVITY REPORT

*First Quarter of Fiscal Year 2026/27*

City of SACRAMENTO
Office of the City Auditor

## *Introduction*

The Quarterly Activity Report highlights the activities of the Office of the City Auditor for the first quarter of fiscal year (FY) 2026/27. This report also identifies the status of the City Auditor's *Fiscal Year 2026/27 Work Plan* projects.

## *Reports Issued During the First Quarter of FY 2026/27*

The Office of the City Auditor issued several reports during the first quarter of FY 2026/27.

- **City Auditor's Fiscal Year 2026 Annual Report**
- **City Auditor's Semi-Annual Recommendation Follow-Up Report: January 2025 through June 2025**
- **Audit of the Department of Utilities Energy Use: Power Purchase Agreements**
- **City Auditor's Whistleblower Hotline Activity Report for the Period January 2026 through June 2026**
- **Quarterly Activity Report for the period of January 2025 through March 2025**
- **Audit of the Transient Occupancy Tax**

# *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:

- *Fiscal Year 2025/26 Baseline Funding Verification for the Sacramento Children's Fund*
- *Fiscal Year 2025/26 Audited Amount of Cannabis Business Operations Tax for the Sacramento Children's Fund*
- *Comparative Cannabis Code Analysis*
- *Audit of Pedestrian Safety*
- *Audit of the Police Department's Traffic Stop Practices*

## *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. Additionally, this quarter our Office RGEAP team attended this year's Annual Department Equity Teams Convening

## *Whistleblower Hotline*

The Office received and processed a number of whistleblower allegations.

## *Community Collaboration*

The Office has worked with California State University, Sacramento to establish a summer internship program. This quarter, our second intern, ***Kaylah Ball***, started and successfully completed her internship. Additionally, as part of the partnership, ***Farishta Ahrary*** presented to a class in Sacramento State's Master of Public Policy and Administration Program that includes students participating in the office's internship program.

## *Police Academy Training Participation*

Audit staff sat in on several Sacramento Police Department Academy training sessions in support of an audit project.

# *FY 2026/27 Work Plan Assignments In-Progress*

The following highlights the status of the *Fiscal Year 2026/27 Work Plan* assignments in-progress.



## Audit of the Department of Utilities' Energy Use

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 evaluated 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. We issued part one of the report in August 2026. The second part will review zero-emission vehicle requirements and DOU's vehicle replacement efforts and is currently in the Preliminary Survey phase. During the reporting period, we conducted meetings with DOU and Public Works to update Preliminary Survey information obtained during part one of the audit. We also began our review of applicable laws, regulations, and requirements for fleet electrification.



## 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 consultant team finalized its review of the Storm Drainage Funds and worked with DOU to complete the report. The report was issued in October 2026.



## Audit of the City's Complaint Investigation and Resolution Practices

This audit is in the Preliminary Survey phase and will evaluate the City's processes and procedures related to Equal Employment Opportunity (EEO) complaint intake, investigation, and disposition. During this period we drafted the Preliminary Survey Memo, started the Risk Assessment and Work Plan, and began developing audit 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, the vendor has initiated refunds for billing errors with the service providers and requested location services for specific telecommunications lines to confirm whether the lines are connected to the City's network.

# *FY 2026/27 Work Plan Assignments In-Progress (Continued)*



## Audit of City Radio Systems

This audit is currently in the Risk Assessment phase. During the last reporting period, we held multiple initiation meetings with the Information Technology department to gather preliminary information about the City's radio system. We also met with multiple departments and individual divisions to understand radio use Citywide as well as each unit's respective communication needs. Additionally, we completed the Preliminary Survey memorandum and identified risks that warrant further review during the next phase of the audit.



## Sacramento Children's Fund Fiscal Year 2025/26 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 2025/2026. During the last quarter, we held the Entrance Conference, which provided 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.



## Fiscal Year 2025/26 Audited Cannabis Business Operations Tax Amount for the Sacramento

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 the gross receipts reported, and evidence that taxes were collected.



## Comparative Cannabis Code Analysis

This project was initiated during this reporting period. This audit will review the alignment between State and City laws governing cannabis businesses to identify any potential duplication, and evaluate regulatory overlap in code provisions, enforcement mechanisms and administrative activities. During this reporting period, we met with Office of Cannabis Management staff to discuss operations, as well as the broader cannabis industry in the City.

# *FY 2026/27 Work Plan Assignments In-Progress (Continued)*



## Audit of Pedestrian Safety

This project was formally initiated during this reporting period and is currently in the Preliminary Survey phase. We held an entrance conference with the Department of Public Works (DPW) to understand various efforts related to pedestrian safety, compiled plans and policies that describe the City's transportation safety goals, project approaches, and implementation guidelines, conducted preliminary review of collision data, and reviewed audits by other jurisdictions. We also visited the City's Traffic Operations Center and met with departmental staff in both DPW and the Police Department to discuss programs and safety interventions from both an engineering and enforcement perspective.



## Audit of the Police Department's Traffic Stop Practices

This audit will review and assess the Police Department's compliance with laws and regulations governing Traffic Stop practices and related oversight responsibilities. During the period, we initiated the audit and began the Preliminary Survey phase. We conducted interviews with Police Department staff, attended Police Academy training sessions, and reviewed laws, regulations, best practices, and studies regarding police traffic stop interactions and identification of bias, and other items of concern.