

2024/25 WORK PLAN

Office of the City Auditor



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OUR MISSION

The Office of the City Auditor is an essential element of the City of Sacramento's public accountability. Our mission is *"To provide a catalyst for improvements of municipal operations, promote credible, efficient, effective, equitable, fair, focused, transparent, and a fully accountable City Government."*

The Office of the City Auditor provides independent, objective, and reliable information regarding the City's ability to meet its goals and objectives, and establish an adequate system of internal controls. In many cases, this involves verifying compliance with laws and regulations, assessing the efficiency and effectiveness of the City's operations, and identifying internal control weaknesses and failures. As part of our work, we provide recommendations to improve City services, root out improper governmental activities (i.e., fraud, waste, or abuse), and assess racial, gender, and ethnic inequities.

City Code Section 2.18.030 requires that the City Auditor submit an Annual Work Plan to the City Council for approval. This report sets forth the City Auditor's Annual Work Plan for FY 2024/25.

Our risk-based work plan is designed using a combination of qualitative and quantitative measures. By considering a wide variety of information sources, the intent is to submit to the City Council for its approval a work plan that promotes fairness and ensures the City Auditor's Office will continue to be value-added for the City of Sacramento by focusing its resources on areas with the highest audit potential. The results of this process form the basis for the City Auditor's Annual Work Plan.

In anticipation of Council requests for analysis and information, we have reserved some of our Office's resource capacity so we can respond to those requests in a timely manner.

I am pleased to present you the Proposed Annual Work Plan for FY 2024/25. My team and I look forward to providing the City Council and the public with recommendations on improving the efficiency and effectiveness of City operations.

Sincerely,

Farishta Ahrary
Interim City Auditor

PERFORMANCE AUDITS (4 FTE)

Audits in Progress

Fire Department	Emergency Medical Services	This audit will evaluate service delivery and general EMS operations to determine if adequate controls are in place to ensure efficient and effective performance.
Police Department	Evidence and Property Division	This audit will determine whether appropriate controls exist over property and evidence room inventory including intake, disposition, storage, preservation, and security.
Human Resources	Complaint Investigation and Resolution Practices	The City's complaint investigation and resolution process involves allegations of workplace discrimination, harassment, and employee wrongdoing. We will partner with the Office of Public Safety Accountability to evaluate the City's complaint intake, investigation, resolution, and employee discipline practices. These practices will also be assessed using a racial disparity lens.
Citywide	Homeless Response – Part 1	The audit will evaluate whether the set-up of the City's homeless data system as well as the data currently collected and reported across the homeless system to meet the objectives for achieving these respective missions and determine whether gaps exist between interdepartmental or interagency coordination that create barriers to ensuring clean and clear streets while also supporting successful exists from homelessness.
Police Department	Military Equipment Use Policies and Inventory Practices	The audit will evaluate whether the Sacramento Police Department's military equipment inventory management policies and procedures comply conform with best practices, state and city laws.
Community Development Department	Animal Care Services	The City's Animal Care Services Division provides animal care services including sheltering, adoption, community outreach, code enforcement, and abuse investigations. This audit will assess compliance with applicable laws and evaluate shelter practices aimed at protecting the health, safety and welfare of shelter animals, staff, volunteers, and the public.

Planned Audits

Citywide	Homeless Response – Part 2	The audit will evaluate whether a sample of City contracts with homeless service providers are designed consistently and administered efficiently and effectively.
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PERFORMANCE AUDITS

Planned Audits, Continued from Previous Page

Citywide	Pedestrian Safety	One of the City's most important responsibilities is to ensure the safety of residents and visitors. With regard to the safety of pedestrians—some of the most vulnerable users of the City's roadways—this responsibility has grown even more critical in recent years. The objective of this audit is to evaluate the enforcement, education, and engineering of the City's programs responsible for pedestrian safety.
Community Development Department	Planning Division	The Planning Division provides permit services to customers seeking a building permit. This audit will review compliance with applicable laws and regulations, evaluate efficiency of application submittal and permit review cycle operations, and assess permit review programs such as the Expedited Plan Review program.
Public Works Department	Recycling & Solid Waste	The Recycling and Solid Waste Division is responsible for recycling and refuse collection, yard waste collection, household hazardous waste collection, household junk pickup, street sweeping, illegal dumping cleanup, and landfill post-closure maintenance and monitoring. This audit would be paid for by Solid Waste Funds and contracted out to a third-party vendor.
Council Requests	Council Requests	In anticipation of Council requests for analysis and information, we have reserved some of our resource capacity so we can respond to those requests in a timely manner.



CANNABIS CONTINUOUS MONITORING (1 FTE)

The Cannabis Auditor performs ongoing monitoring of the five key areas listed below.

Cannabis Activities that Have Already Received an Initial Review

Office of Cannabis Management	Cannabis Policymaking, Education and Outreach	The Office of Cannabis Management (OCM) develops cannabis policy and provides education and outreach in the City of Sacramento. This review will continuously monitor new cannabis policy and OCM's education and outreach efforts.
Finance Department	Cannabis Business Operations Tax (CBOT)	Cannabis businesses pay a four percent business tax on monthly gross receipts. This review will continuously monitor monthly tax payments made by cannabis businesses and industry compliance with the CBOT program.
Community Development Department	Cannabis Code Enforcement Activities	The Cannabis Code Enforcement Unit (CCEU) assists the Office of Cannabis Management with the enforcement of commercial cannabis regulations. This review will continuously monitor the CCEU's enforcement activities.

Cannabis Activities scheduled for Continuous Review

Office of Cannabis Management	Cannabis Opportunity Reinvestment and Equity (CORE) Program	The CORE program was created to assist individuals who face barriers to entering the cannabis industry due to historical disparate enforcement of cannabis crimes. This review will continuously evaluate the effectiveness of the City's social equity program.
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CANNABIS COMPLIANCE WORK

The Cannabis Auditor has developed a multi-year cannabis work plan that was approved by City Council in May 2023.

Work in Progress

Citywide	Audited CBOT Amount for Sacramento Children's Fund	In accordance with the Sacramento Children and Youth Health and Safety Act (Measure L), the City Auditor will annually publish an audited amount of Cannabis Business Operations Tax (CBOT) by January 15th, starting in 2025.
Office of Cannabis Management	Business Permitting	The Office of Cannabis Management manages the business permitting process for cannabis businesses in the City. This review will continuously monitor the efficiency and effectiveness of the permitting processes.

Planned Audits

Police Department	Illegal Cannabis Cultivation	Unlicensed and criminal cannabis activity continues to run rampant throughout the state. This audit will evaluate the City's ongoing efforts to crack down on illegal cannabis grow operations.
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DEPARTMENT OF UTILITIES AUDITS (1 FTE)

The DOU Auditor has developed a multi-year audit plan that includes Audits and Special Projects.

Audits in Progress

Water and Wastewater Fund Reviews

These reviews will analyze the fiscal sustainability of the Water Fund and the Wastewater Fund and forecast future revenues based on various scenarios, including potential rate increases.

Planned Audits

Energy Use

The City of Sacramento aims to mitigate negative impacts such as greenhouse gas emissions, pollution, dependence on non-renewable resources, and over- or excessive use of natural resources. This audit will evaluate the feasibility of DOU operations moving to 100% electric. This will include a cost-benefit analysis of DOU's solar power purchase agreements, evaluating use of solar shares, cost-benefit analysis of participating in SMUD's automated demand response program, and review of the impacts of fleet electrification on department operations and emergency responses.

Utility Invoices

In March 2020, the Citywide Innovation and Efficiency Assessment, Potential Strategies recommended third-party audits of utility invoices to potentially identify cost savings. This internal audit will analyze the utility invoices received by DOU such as electricity, telecommunications, gas, recycling, solid waste, and organic waste to determine if charges appear appropriate.

Asset Management and Preventative Maintenance

DOU's infrastructure is vital to maintaining clean drinking water and other essential services. Inadequate maintenance can significantly increase the cost of this vital infrastructure. This audit will evaluate DOU's asset replacement cycles and preventative maintenance schedules for optimization and economic impact.

Special Projects

Succession Planning and Turn-over Analysis

Due to the number of ongoing vacancies and anticipated retirements, it is critical that DOU be adequately prepared to address staffing challenges. This project will analyze the department's turnover and succession planning practices and identify potential strategies for DOU to consider.

RESEARCH & ANALYSIS WORK PLAN (3 FTE)

Audits in Progress

Ethics Commission	Ethics Commission Assessment	The City Auditor will perform an assessment of the Ethics Commission's ability to meet the purpose and duties established by the City Council. This may include an assessment of relevant processes and policies, review of complaint intake procedures, and a benchmark study to identify best practices.
Citywide	Audit of the Transient Occupancy Tax	A Transient Occupancy Tax (TOT) of 12% is charged for all people who exercise occupancy at a hotel in the City of Sacramento (City Code 3.28). This audit will evaluate compliance, enforcement, and revenue collection associated with TOT.
Citywide	Triennial Diversity Review of Employment Applications and Separations	This triennial review will assess the diversity of City job applicants, hired employees (new hires, re-hires, and promotions), and former employees as it compares to the diversity of City of Sacramento residents. The review will also analyze trends to identify potential equity concerns.

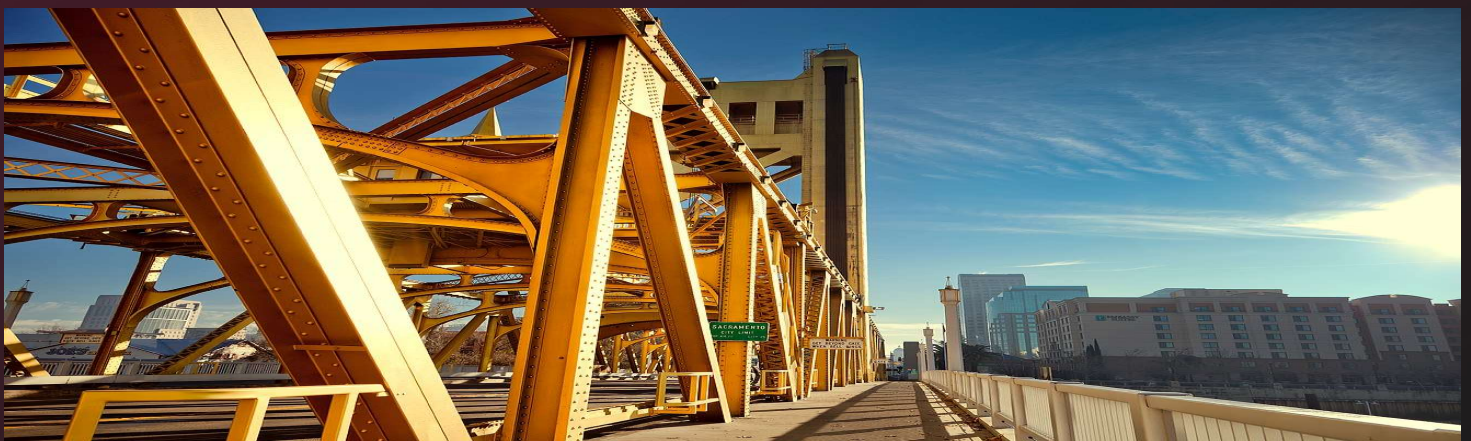
Ad Hoc Audits

Citywide	Contingency Contract Audits	In March 2020, the Citywide Innovation and Efficiency Assessment, Potential Strategies recommended third-party audits to potentially identify cost savings. In alignment with this recommendation, we will explore entering into contingency contracts with a vendor to conduct these 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.
Council Requests	Council Requests	In anticipation of Council requests for analysis and information, we have reserved some of our resource capacity so we can respond to those requests in a timely manner.

RESEARCH & ANALYSIS WORK PLAN

Recurring Reports

Citywide	Sacramento Children's Fund - Baseline Funding Verification (Annually)	City Charter section 120(e)(1)(c) requires that by January 15 th of each year, the City Auditor verifies that the baseline funding amount for the Sacramento Children's Fund was expended in the previous fiscal year.
Citywide	Biannual Community Survey (2025)	This project may be used to prioritize community issues and services that respondents feel need the most improvement. Repeating this survey annually will allow the City to identify trends and gauge whether policy changes and priorities are improving residents' quality of life and their opinions regarding various issues and City services.
Citywide	Triennial Review of City Employee Diversity, Equity, and Inclusion (2024)	This triennial review will assess the diversity of City of Sacramento employees as it compares to the diversity of City of Sacramento residents. The review will also analyze trends to identify potential equity concerns. We will continue to update the City of Sacramento Gender and Ethnic Diversity Dashboard annually.
Citywide	Triennial Diversity Review of Boards, Committees, and Commissions (2025)	This triennial review will assess the diversity of City of Sacramento boards, committees, and commissions as it compares to the diversity of City residents. The review will also analyze trends to identify potential equity concerns.
Citywide	Triennial Diversity Review of Employment Applications, Hires, and Separations (2026)	This triennial review will assess the diversity of City job applicants, hired employees (new hires, re-hires, and promotions), and former employees as it compares to the diversity of City of Sacramento residents. The review will also analyze trends to identify potential equity concerns.



WHISTLEBLOWER INVESTIGATIVE AUDITS (ALL STAFF)

Whistleblower Tips in Progress (as of January 1, 2024)

Citywide **3 Whistleblower Tips**

Open whistleblower tips include: insufficient action by the City, safety and sanitation issues, and unrelated to the City.

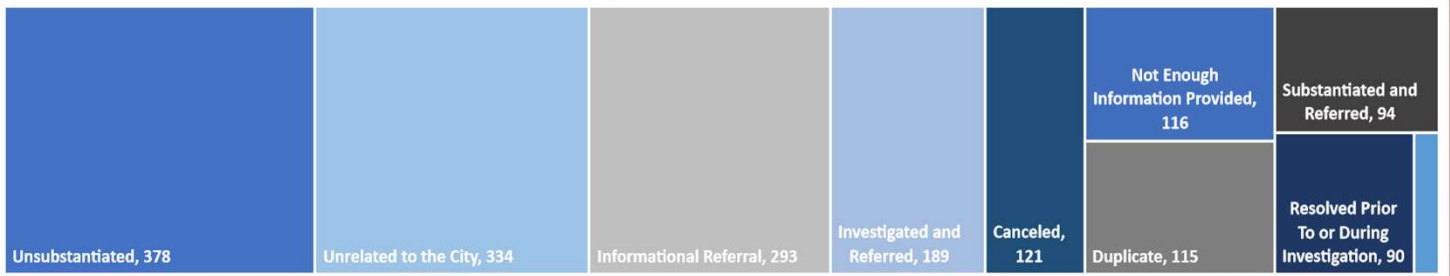
Projected Whistleblower Tips

Citywide **140 Whistleblower Tips**

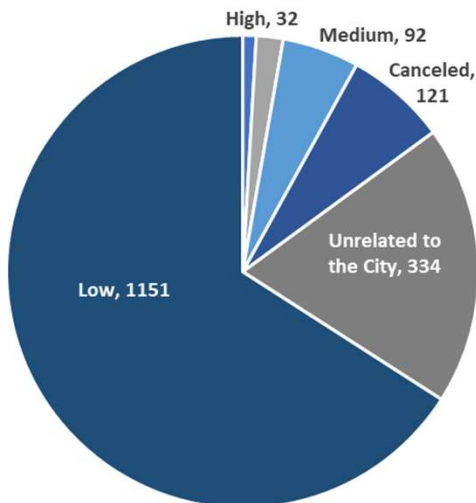
Based on historical trends, we anticipate receiving approximately 140 whistleblower tips in FY2024/25. We will report the results of these tips in our Semi-Annual Whistleblower Hotline Activity Reports.

Historic Information (as of January 1, 2024)

Disposition of Closed Cases



Case Priority



AUDIT SELECTION PROCESS

The City Auditor's Work Plan is developed on an annual basis; however, the City Council may add projects to the work plan during the year and the City Auditor may propose additional work should new risks emerge.

Audit topics are selected using a combination of quantitative and qualitative factors that come from a variety of sources. Areas of risk that may be assessed when evaluating risks related to a department or division include, but are not limited to:

- ✓ Annual Budget
- ✓ Number of Employees
- ✓ Funding Sources
- ✓ Age of Programs
- ✓ Fiscal Sustainability
- ✓ Customer Satisfaction
- ✓ Regulatory Compliance
- ✓ Significant Changes
- ✓ Criticality
- ✓ Emerging Areas of Risk

Input from elected officials, city management, the whistleblower hotline, and the public is also taken into account when developing the annual work plan.

AUDITOR'S AUTHORITY

The City Council appoints the City Auditor to promote efficient, effective, transparent, and accountable City government. The City Auditor reports directly to City Council and has full responsibility for the direction and management of the Office of the City Auditor. The City Auditor works closely with the City Council, Budget and Audit Committee, Charter Officers, Department Directors, and Division Managers when conducting audits and evaluating programs.

The City Auditor conducts audits in accordance with Generally Accepted Government Auditing Standards (GAGAS) and provides City Council and the public with objective, timely, and accurate information about the City government. Findings and recommendations are designed to save tax dollars and improve City operations.

In November 2018, the Sacramento City Government Accountability and Efficiency Act (Measure K) was passed by voters. This established the City Auditor as a charter officer and combined the duties of the City Auditor and the Independent Budget Analyst. City Code 2.18 *Office of the City Auditor* outlines the office's duties and establishes the City Auditor's access to information.