

2020-21 AUDIT 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, 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.

City Code Section 2.18.030 requires that the City Auditor submit an Annual Audit Plan to the City Council for approval. This report sets forth the City Auditor's Annual Audit Plan for FY2020/21.

Our risk-based audit 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 an audit 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 Audit Plan.

In light of recent events related to the COVID-19 pandemic, the Office of the City Auditor has modified our proposed audit plan, which was presented to the Budget and Audit Committee on February 4, 2020, to reduce our impact on management staff and to focus on areas where we can add value and enhance the City's COVID-19 response. 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. We understand that City staff and resources may be strained at this time. As a result, we have postponed some work that was already in progress in order to minimize our impact on City staff and resources during these unprecedented times.

I am pleased to present you the FY2020/21 Proposed Annual Audit Plan. 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,

City Auditor
Jorge Oseguera



PERFORMANCE AUDITS

Audits in Progress

Citywide	Greening Efforts	The City of Sacramento has been a supporter of advancing green technologies and encouraging the adoption of green practices. This audit will assess the City's overall sustainability efforts.
Office of Cannabis Management	Cannabis Business Permitting	This audit will assess the adequacy of controls related to the permitting and licensure of cannabis dispensaries.
Vendor	Roberts Family Development Center	The City of Sacramento has provided grants to the Roberts Family Development Center to operate academic enrichment services for youth, gang prevention programs, and the Freedom Schools summer literacy program. This audit will evaluate the vendor's compliance with City contracts and agreements.
Vendor	Downtown Streets Team, Inc.	The City of Sacramento has provided grants to the Downtown Streets Team to provide clean up services for encampments and to provide outreach to individuals experiencing homelessness. This audit will evaluate the vendor's compliance with City contracts and agreements.
Office of Cannabis Management	Cannabis Management	The Cannabis Compliance Auditor will continuously monitor and report on areas of risk through frequent and proactive audits of the Office of Cannabis Management's administration and regulation of cannabis programs.

Priority I Audits (In Tentative Order)

Citywide	Assessments of Revenues and Expenses associated with the City's COVID-19 Response	These assessments will help the City prepare for Federal or State audits of the City's use of emergency funding. We will provide proactive and real-time assistance in complying with regulatory requirements, securing reimbursements, tracking disaster recovery costs and evaluating whether funds are being used efficiently and effectively.
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.

PERFORMANCE AUDITS

Priority I Audits, Continued from Previous Page

Fire Department	Emergency Medical Services (Postponed*)	An Audit of Fire Department EMS will evaluate the service delivery costs, revenues, and general EMS operations to determine if adequate controls are in place to ensure efficient and effective performance.
Community Development Department	Code Enforcement Division (Postponed*)	Programs and services offered by the Code Enforcement Division include neighborhood and business code compliance, graffiti abatement, weed abatement, substandard/dangerous and vacant buildings, and rental housing inspection. This audit will review compliance with applicable laws and regulations, evaluate efficiency of enforcement operations, and assess the complaint resolution process.
Community Development Department	Animal Care Services (Postponed*)	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.
Finance Department	Accounting Division	This audit will assess compliance with the City's travel policies and identify opportunities for improvement.
Information Technology Department	Information Technology	The Information Technology (IT) Department manages a full range of information technology and related services for all City Departments and the public. These IT systems, infrastructure, and information range from relatively simple to extremely complex. This audit will evaluate whether IT controls protect City assets, ensure data integrity, and are aligned with the City's overall goals.
Public Works Department	Recycling & Solid Waste (Contract Audit. Paid for with Solid Waste Funds)	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.

*Audit will be reinitiated as resources become available.

PERFORMANCE AUDITS

Priority 1 Audits, Continued from Previous Page

Police Department	Office of Investigations	With an annual budget of just over \$30 million, the Police Department Office of Investigations is responsible for developing information leading to the arrest of criminal offenders. This office also oversees forensics, evidence and property, and records. This audit will evaluate the efficiency and effectiveness of key areas in this division.
Utilities Department	Security & Emergency Preparedness (Assumes Utilities Auditor Position Filled)	DOU's Security and Emergency Preparedness Unit was created to protect employees and facilities, and to better prepare DOU to respond to various types of emergencies. This audit will review security protocols and assess the department's ability to respond to emergencies in a safe, efficient, and effective manner.

Priority 2 Audits

Youth, Parks, & Community Enrichment Department	Park Operations**	In 2017, the Office of the City Auditor performed a department-wide risk assessment of YPCE Park operations was identified as an area that could benefit from further review and analysis.
Police Department	Body-worn Cameras**	Body-worn cameras provide greater transparency and accountability in interactions with the public. This audit will evaluate the policies, training, and technology of the Police Department's body-worn camera program to verify compliance and evaluate opportunities for improvement.
Community Development Department	Building Division**	An audit of the Building Division will assess current building permitting processes to improve the customer experience and to identify opportunities for streamlining.
Utilities Department	Procurement for Services (Assumes Utilities Auditor Position Filled)	This audit will assess DOU contracting practices for compliance with applicable Federal, State, and City regulations when procuring services. The audit will review the appropriateness of competitive bidding suspension, use of on-call contracts, and sufficiency of contract and project management.
Citywide	Grants Management	This audit will assess overall grant program management in areas such as awarding grants, monitoring grantees, and program performance and reporting.

**Moved from Priority 1 to Priority 2.

RESEARCH & ANALYSIS AUDITS

Audits in Progress

Citywide	2020 City Employee Diversity, Equity, and Inclusion	This annual review will assess the diversity of City employees as it compares to the diversity of City of Sacramento residents. The review will also compare this year's analysis with employee demographics reported in previous years' diversity reviews. The 2020 audit will also include a workplace climate survey of City employees.
Citywide	2020 Community Survey (Postponed*)	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.

Annual Audits

Citywide	2021 Community Survey (Assuming funding is made available)	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	2021 City Employee Diversity, Equity, and Inclusion	This annual 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 compare the current year's analysis with employee demographics reported in previous years' diversity reviews.
Ethics Commission	Ethics Commission Assessment	The City Auditor will perform an annual assessment of the Compliance Officer's ability to meet the deliverables established by the City Council. This may include an assessment of the processes and policies established by the Officer, validation of the Officer's Performance measures, and a review of the impact of the services provided by the Officer.
Community Police Commission	Review of the Police Commission	This commission is tasked with monitoring the implementation, evaluation, and sustainability of city policing initiatives and programs. The City Auditor will perform a review of semiannual and quarterly reports by the commission and report to the council on whether the commission is meeting the Council's expectations.

*Audit will be reinitiated as resources become available.

RESEARCH & ANALYSIS AUDITS

Ad Hoc Audits

Citywide	Risk Assessment of the City's Revenue Sources	This assessment will identify potential risks and controls in place that impact the City's various revenue sources. A risk assessment of the City's revenue sources will be used by the Office of the City Auditor to help identify, measure, and prioritize areas to conduct further analysis and research based on the level of risk to the City.
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 the tax.
Citywide	Analysis of the City's Financial Condition (Postponed)	The analysis will review the fiscal sustainability and financial condition of the City of Sacramento by analyzing trends in the City's financial data over a 10-year period. The analysis will include calculating financial ratios and benchmarking with other similar-sized cities.

*Audit will be reinitiated as resources become available.



Historic City Hall

AUDIT SELECTION PROCESS

The City Auditor's Audit Plan is developed on an annual basis; however, the City Council may add audits to the workplan during the year and the City Auditor may propose additional audits 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 whistle blower hotline, and the public is also taken into account when developing the annual audit 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, 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 unrestricted access to information, unless prohibited by law.