

# 2022/23 WORK PLAN

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## Office of the City Auditor



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# OUR MISSION

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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 Work Plan to the City Council for approval. This report sets forth the City Auditor's Annual Work Plan for FY 2022/23.

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 2022/23. 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 (4 FTE)

## *Audits in Progress*

Fire Department	<b>Emergency Medical Services</b>	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	<b>Evidence and Property Division</b>	This audit will determine whether appropriate controls exist over property and evidence room inventory including intake, disposition, storage, preservation, and security.
Citywide	<b>Assessments of Revenues and Expenses Associated with the City's COVID-19 Response</b>	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.
Citywide	<b>Language Accessibility for Community Engagement</b>	In partnership with the City Manager's Office, we have contracted with a third-party vendor to perform a gap analysis and conduct surveys. This work will help to inform the City Manager's development of a language access policy.
Human Resources	<b>Complaint Investigation and Resolution Practices</b>	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.

## *Priority I Audits (with anticipated start date)*

Citywide	<b>Homeless Response (August 2022)</b>	The City's response to homelessness includes a variety of departments and external stakeholders working together to implement innovative solutions to meet the needs of those experiencing homelessness. This audit will evaluate the costs and effectiveness of the Citywide response to homelessness.
Community Development Department	<b>Planning Division (September 2022)</b>	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.

# PERFORMANCE AUDITS

## Priority I Audits, Continued from Previous Page

Citywide	<b>Pedestrian Safety (April 2023)</b>	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.
Public Works Department	<b>Recycling &amp; Solid Waste (\$150,000)</b>	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.
Community Development Department	<b>Animal Care Services (June 2023)</b>	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.
Council Requests	<b>Council Requests</b>	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 II Audits (Additional resources needed to complete)

Police Department	<b>Body-worn Cameras (\$150,000)</b>	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.
Information Technology Department	<b>Information Technology (\$150,000)</b>	The Information Technology (IT) Department manages a full range of information technology and related services for all City Departments and the public. These 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 align with the City's overall goals.
Community Development Department	<b>Code Enforcement Division (\$150,000)</b>	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.
Youth, Parks, & Community Enrichment Department	<b>Park Operations (\$150,000)</b>	In 2017, the Office of the City Auditor performed a department-wide risk assessment of YPCE. Park operations were identified as an area that could benefit from further review and analysis.



Historic City Hall

# CANNABIS CONTINUOUS MONITORING (1 FTE)

The Cannabis Auditor is working to build an ongoing monitoring program that includes the five key areas listed below.

## *Cannabis Activities that Have Already Received an Initial Review or are in the Process of Being Reviewed*

Office of Cannabis Management	<b>Cannabis Policymaking, Education and Outreach</b>	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	<b>Cannabis Business Operations Tax (CBOT)</b>	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	<b>Cannabis Code Enforcement Activities</b>	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.
Office of Cannabis Management	<b>Business Permitting</b>	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.

## *Cannabis Activities scheduled for Continuous Review*

Office of Cannabis Management	<b>Cannabis Opportunity Reinvestment and Equity (CORE) Program</b>	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 AUDITS

The Cannabis Auditor has developed a multi-year audit plan that includes Priority I and Priority II audits, in tentative order.

## *Audits in Progress*

Community Development Department	<b>Cannabis Code Enforcement Unit</b>	The Cannabis Code Enforcement Unit assists the Office of Cannabis Management with the enforcement of commercial cannabis regulations. This audit will assess the adequacy of cannabis code enforcement activities over local cannabis businesses.
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## *Priority I (with anticipated start date)*

Police Department	<b>Illegal Cannabis Cultivation (November 2022)</b>	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. We will also compare the City's efforts with other local jurisdictions.
Office of the City Attorney	<b>Cannabis Administrative Penalty Appeal Process (June 2023)</b>	A unique process has been established to conduct appeals for cannabis administrative penalties. This audit will review the efficiency and effectiveness of the cannabis administrative penalty appeal process.

## *Priority II Audits (with anticipated start date)*

Community Development Department	<b>Cannabis-Related Conditional Use Permits (CUP) (2024)</b>	The City requires that cannabis businesses obtain a Conditional Use Permit (CUP). This audit will assess the efficiency and effectiveness of the cannabis CUP process.
Citywide	<b>Impact of Cannabis Business Operations on the Community (2024)</b>	This audit will seek to evaluate potential community impacts associated with cannabis business activities.

# DEPARTMENT OF UTILITIES AUDITS (1 FTE)

The DOU Auditor has developed a multi-year audit plan that includes Audits and Special Projects, with tentative start dates.

## *Audits in Progress*

### **Supervisory Control and Data Acquisition (SCADA)**

Supervisory Control and Data Acquisition (SCADA) is a computer-based industrial control system that allows staff to remotely control operations, monitor equipment status, and analyze historical and real-time data. The audit will review authoritative guidance to determine best practices and complete a risk assessment of DOU's SCADA practices to assess the adequacy of internal controls. It will also consider cybersecurity risks and the impacts of staffing and funding.

## *Prioritized Audits (with anticipated start date)*

### **Security and Emergency Preparedness (March 2023)**

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.

### **Asset Management and Preventative Maintenance (June 2024)**

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 (with anticipated start date)*

### **Succession Planning and Turn-over Analysis (October 2022)**

Due to the number of on-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.

### **Hiring/ Recruitment (January 2024)**

Hiring and recruitment are core processes in any organization. Due to the critical nature of DOU's services, it is important for the department to utilize efficient and effective hiring and recruitment practices to ensure continuity of services. This project will evaluate the efficiency and effectiveness of the hiring and recruitment practices and identify potential strategies for consideration.



# RESEARCH & ANALYSIS WORKPLAN (3 FTE)

## Audits in Progress

Vendor Audit	<b>Wide Open Walls and David Sobon Events, Inc.</b>	The City has provided grants, sponsorships, and small business loans to Wide Open Walls and David Sobon Events, Inc. to produce Wide Open Walls mural festivals over the years. This audit will evaluate vendor compliance with City contracts.
Citywide	<b>2022 Community Survey</b>	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	<b>2021 City Employee Diversity, Equity, and Inclusion</b>	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.
Citywide	<b>Analysis of the City's Financial Condition</b>	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.
Citywide	<b>2022 Diversity Assessment of Boards, Committees, and Commissions</b>	We published the first bi-annual Diversity Assessment of Boards, Commissions, and Committees in April 2017 under the direction of the City Council. The report assessed the diversity of City of Sacramento boards, committees, and commissions and compared them to the demographics of the City's residents. The report includes demographics related to age, ethnicity, gender, and sexual orientation. As we continue to conduct the audit, we will continue to review trends and compare data.
Ethics Commission	<b>Ethics Commission Assessment</b>	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.

# RESEARCH & ANALYSIS WORKPLAN

## *Recurring Reports (with anticipated start date)*

Citywide	<b>Biennial Diversity Review of Employment Applications and Separations (July 2022)</b>	This project will analyze the diversity of City employment applicants and former employees to identify trends and potential equity concerns
Citywide	<b>2023 Community Survey (October 2022)</b>	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	<b>Biennial Review of City Employee Diversity, Equity, and Inclusion (June 2023)</b>	This biennial 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.

## *Ad Hoc Audits (with anticipated start date)*

Citywide	<b>Risk Assessment of the City's Revenue Sources (May 2022)</b>	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	<b>Audit of the Transient Occupancy Tax (January 2023)</b>	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.
Council Requests	<b>Council Requests</b>	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.

# WHISTLEBLOWER INVESTIGATIONS (ALL STAFF)

## Cases in Progress (as of January 1, 2022)

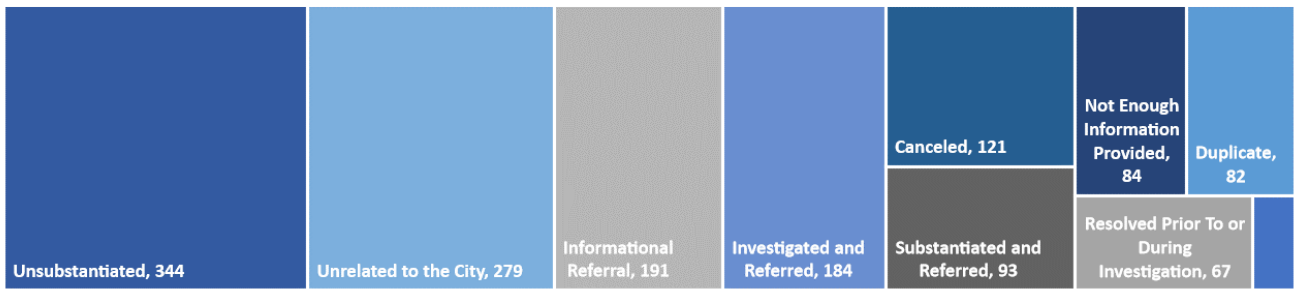
Citywide	<b>15 Whistleblower Investigations</b>	Open whistleblower investigations include: contested City charges, corruption/bribery/kickbacks, employee relations, fraud, insufficient action by City, payroll/timecard issues, theft of goods/services, and violate City policy/local/state/federal law.
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## Projected Whistleblower Reports

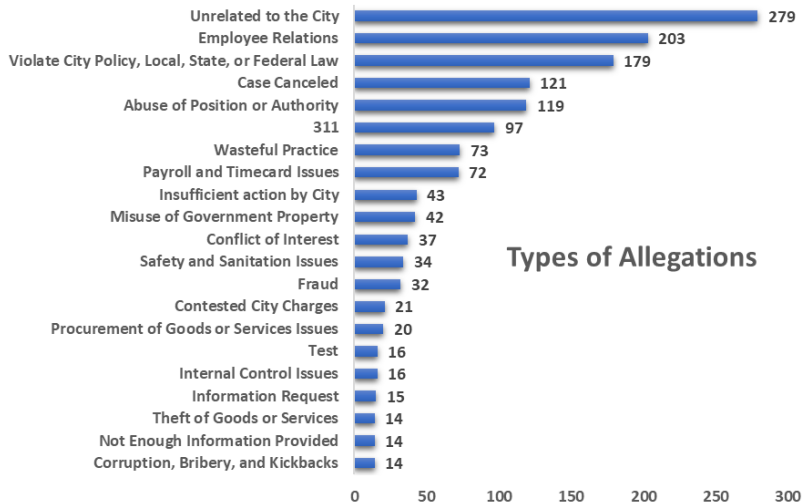
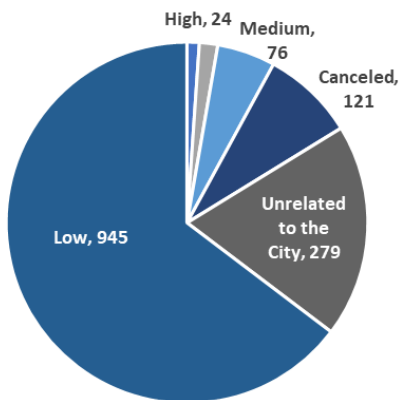
Citywide	<b>160 Whistleblower Investigations</b>	Based on historical trends, we anticipate receiving approximately 160 whistleblower tips in FY2022/23. We will report the results of these investigations in our Semi-Annual Whistleblower Hotline Activity Reports.
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## Historic Information (as of January 1, 2022)

Disposition of Closed Cases



Case Priority



Types of Allegations

# AUDIT SELECTION PROCESS

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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 whistleblower hotline, and the public is also taken into account when developing the annual audit plan.

# AUDITOR'S AUTHORITY

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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.