

2026/27 WORK PLAN

Office of the City Auditor

Report #2025/26-18
Revised June 2026

INSIDE

Our Mission
Performance Audit Plan
Cannabis Compliance Audit Plan
DOU Audit Plan
Research & Analysis Audit Plan
Whistleblower Investigations
Audit Selection Process
Auditor's Authority



OUR MISSION

The Office of the City Auditor serves a critical role in advancing public accountability, transparency, and continuous improvement across City operations. Our mission remains: *To provide a catalyst for improvements of municipal operations and promote a credible, efficient, effective, equitable, fair, focused, transparent, and fully accountable City government.*

As an independent office, we provide objective and reliable assessments of the City's programs, services, and systems of internal control. Through performance audits, fiscal analyses, and nonaudit engagements, we evaluate compliance with applicable laws and regulations, assess operational efficiency and effectiveness, and identify opportunities to strengthen internal controls and risk management practices. Our work is designed not only to detect and deter fraud, waste, abuse, and inequities, but also to promote strategic decision-making and measurable improvements in service delivery.

The City Council approved the City Auditor's Fiscal Year 2026/27 Work Plan in March 2026. On June 9, 2026, the City Council directed the City Auditor to conduct an audit of the Police Department's Traffic Stops. I'm submitting this revised Fiscal Year 2026/27 Work Plan to incorporate the new audit request. In addition, since the approval of the initial Work Plan, the City Council approved the Fiscal Year 2026/27 Budget that approved the discontinuation of the Community Survey. During this time, my Office also completed several audits that were in-progress when the Work Plan was initially approved. This revised Work Plan adds the Audit of the Police Department Traffic Stop Practices and removes recently completed projects and the Community Survey from the Fiscal Year 2026/27 Work Plan.

I am pleased to present the revised Work Plan for FY 2026/27 to the City Council for consideration and approval. This revised Work Plan reflects the City Council's priorities regarding upcoming audits and projects. My team and I look forward to working collaboratively with the City Council, City departments, and the community to complete audits that deliver the greatest value, strengthen governance, and enhance public trust in City government.

Respectfully submitted,

Farishta Ahrary
City Auditor

PERFORMANCE AUDITS (4 FTE)

Audits in Progress

Human Resources

Complaint Investigation and Resolution Processes

The City's complaint investigation and resolution process involves allegations of workplace discrimination, harassment, and employee wrongdoing. This audit will evaluate the City's processes and procedures related to EEO complaint intake, investigation, and disposition. The objective of this audit will be to assess whether the City's EEO complaint investigation processes are designed and operating to ensure compliance with applicable laws and policies, and that investigations are conducted timely, consistently, independently, and equitably, without re-evaluating the merits of individual cases. This audit was previously initiated and put on hold due to staffing changes in the Office of the City Auditor and re-initiated in February 2026.

Planned Audits

Police Department

Traffic Stop Activities

The objective of this audit is to assess the Police Department's implementation of AB 2773 and evaluate traffic stop practices, supervisory oversight, and complaint and investigation trends to identify indicators of potentially pretextual enforcement and opportunities to improve traffic stop practices. Note that the objectives of this audit may be adjusted based on pending legal advice received from the City Attorney's Office regarding the City Auditor's authority to review certain Police Department documents specifically those related to traffic stop complaints and investigations.

Citywide

Pedestrian Safety

The objective of this audit is to evaluate the effectiveness of the City's pedestrian safety efforts in reducing pedestrian-related collisions and improving safety outcomes. The audit will begin with a risk assessment to identify high-risk corridors, vulnerable populations, collision trends, operational gaps, and governance issues, and will refine its focus to the strategies, programs, and controls that present the greatest risk to achieving intended results. The review will assess enforcement, education, and operational initiatives, as well as the Quick Build program's project selection, deployment in high-risk areas, implementation, and outcome tracking to support continuous improvement.

PERFORMANCE AUDITS

Planned Audits

Department of Information Technology	City Radio Systems	The objective of this audit is to evaluate the cost-effectiveness and long-term sustainability of the City's legacy radio system by analyzing its total cost of ownership and comparing these costs with those of alternative communication. Assess whether the aging radio infrastructure effectively supports the operational and public safety needs of City departments and identify related risks.
Police Department	Overtime Practices	This audit will assess whether the Police Department's overtime policies and practices are aligned with applicable laws, labor agreements, City policies, and recognized best practices, and whether those policies are consistently followed. The audit will also evaluate the primary factors contributing to overtime costs and identify opportunities to reduce expenditures, including assessing the extent to which staffing vacancies and other operational factors have impacted overtime usage. The audit will include a review of overtime-related policies, procedures, and collective bargaining provisions; an evaluation of authorization, approval, and monitoring controls; and an analysis of overtime expenditures and trends over the past three fiscal years. The review may also include data analytics to identify concentrations or patterns in overtime usage that warrant management attention and benchmarking against selected comparable jurisdictions, where appropriate.
Department of Community Response	Homeless Response Protocol and Coordination Effectiveness	To determine whether the City's current homelessness response protocols are efficiently and effectively guiding interdepartmental coordination, appropriately evaluating response times and resource deployment, and operating in alignment with the Federal Emergency Management Agency's National Incident Management System (NIMS) framework. The audit will focus on the City's current established homelessness response protocols and coordination structure. The review will assess whether roles and responsibilities among key departments are clearly defined and consistently applied; whether the City has mechanisms to monitor, evaluate, and adjust response times and deployment decisions based on risk and service priorities; and whether incident coordination practices reflect core NIMS principles, including defined command structure, resource management, and documentation. The audit will examine system-level processes, performance tracking practices, and oversight mechanisms to determine whether protocols are functioning as intended.

PERFORMANCE AUDITS

Planned Audits, Continued

Community
Development
Department

**Code Enforcement
Operations**

This audit will determine whether the City investigates code enforcement complaints in a timely manner and effectively resolves identified violations in accordance with applicable laws, City policies, and established service standards. The audit will review Code Enforcement activities over the most recent three years. We may analyze levels and assignments, complaint intake, case prioritization, inspection timeliness, documentation practices, enforcement actions, escalation procedures, and case resolution outcomes. The review could include an assessment of average response times, case duration, backlog trends, and compliance rates. We may also evaluate whether performance metrics are established and monitored, whether staffing and workload distribution support timely investigations, and whether internal controls and data systems provide reliable information for managing operations.

Department of
Public Works

**Urban Forestry
Operations and
Maintenance**

The objective of this audit is to assess whether the City's tree inspection and trimming program is effectively and efficiently designed and operating to protect public safety and meet service-level expectations. The audit will evaluate whether service requests are prioritized and completed timely based on risk, whether the tree registry is complete and reliable, whether inspections and trimming occur within established cycles, whether work is scheduled for geographic efficiency, and whether staffing levels and skill mix are aligned with workload demand and backlog prevention. The audit will review the governance framework, policies, and performance metrics guiding the tree program and analyze work order and registry data to evaluate call response times, inspection and trimming cycle compliance, backlog aging, and geographic distribution of work. The review will assess the accuracy and completeness of the tree inventory, the effectiveness of work scheduling practices in minimizing travel time and maximizing crew output, and the alignment of staffing levels with workload demand, including vacancy rates, compensation competitiveness, overtime usage, equipment availability, fund constraints, and reliance on contractors. The audit may include benchmarking against comparable jurisdictions and limited field observation to evaluate operational practices.

PERFORMANCE AUDITS

Planned Audits, Continued

Council
Requests

**Council
Requests**

In response to new Council requests for audits, analysis, or information, we will postpone or remove existing projects and present the amended Work Plan to City Council for approval so we can respond to those requests in a timely manner.



CANNABIS COMPLIANCE WORK (0.5 FTE)

Work in Progress

Citywide	Continuous Monitoring	The Cannabis Auditor performs ongoing monitoring of Cannabis Policymaking, Education, and Outreach; Cannabis Business Operation Tax; and Cannabis Code Enforcement Activities.
----------	------------------------------	--

Planned Audits

Citywide	Comparative Cannabis Code Analysis	To assess the alignment and duplication between state and City laws governing cannabis businesses, evaluating regulatory overlap in code provisions, enforcement mechanisms, and administrative activities. This audit will identify opportunities to streamline the City's cannabis regulations while ensuring compliance with state law and maintaining effective oversight.
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.
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



DEPARTMENT OF UTILITIES AUDITS (1 FTE)

Audits in Progress

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.

Storm Drainage Fund Review

The City worked closely with the community, the Utilities Rate Advisory Commission, and the City Council to develop a new Storm Drainage Property Fee to support capital infrastructure and related operating costs. However, the fiscal stability of the Storm Drainage Fund remains in flux. 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.

Planned Audits

Physical Security Series

The Department of Utilities operates over 200 facilities throughout the City, including two water treatment plants, a wastewater treatment plant, multiple reservoirs, numerous wells and sewer and drainage pumps (sumps), as well as various administrative and storage sites. Given the critical water, wastewater, and storm drainage infrastructure housed at many of these locations, ensuring robust physical security measures is essential to prevent unauthorized access (such as vandalism or theft) that could disrupt operations. This series of audits will assess the internal controls over physical security designed to protect these facilities and evaluate their effectiveness.



RESEARCH & ANALYSIS WORK PLAN (3.5 FTE)

Work in Progress

Citywide	Audit of the Transient Occupancy Tax	This audit will assess the City's administration of the Transient Occupancy Tax (TOT) imposed on hotels, transient lodging operators, and short-term rentals. The review will evaluate whether controls over reporting, remittance, and reconciliation are adequate to ensure taxable occupancy is properly reported and the correct tax is collected. The audit will also benchmark the City's TOT rate, related lodging assessments, and any statutory or policy restrictions against comparable jurisdictions to assess regional alignment, competitiveness, collection and reconciliation procedures, and associated fiscal and compliance risks.
Citywide	Potential Cost Savings and Revenue Recovery Audit Services	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 have entered into a contingency contract 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. We intend the first service to be a Utility Cost Recovery Audit, which will examine the City's electric, gas, propane, and telecommunications (data, internet, land line, cell phones) account invoices for the purpose of securing refunds, credits and cost reductions resulting from discovery of charges or costs in excess of those permitted or allowed by applicable contracts, tariffs, statutes, rules, regulations and/or from overcharges or billing errors.

Ad Hoc Projects

Council Requests	Council Requests	In response to new Council requests for analysis and information, we will postpone or remove existing projects and present the amended Work Plan to City Council for approval so we can respond to those requests in a timely manner.
------------------	-------------------------	---

RESEARCH & ANALYSIS WORK PLAN

Ad Hoc Projects, Continued

Finance Department	Review of Financial Management and Budgeting Practices	<p>The objective of this review is to conduct a preliminary assessment of the City's financial records, reporting processes, budgeting practices, and selected internal controls to identify potential areas of financial risk, concern, or inefficiency that may warrant further examination. The review will include an analysis of available financial information, budget documents, audit reports, financial trends, and other relevant records to assess fiscal governance, transparency, and accountability. The review will be conducted by the City Auditor's Office and is intended to provide an initial risk-based evaluation of the City's financial management environment. Based on the results of this assessment, the Auditor may recommend a more detailed review of specific financial areas or the engagement of external financial auditors or forensic specialists to conduct additional analysis. The scope and methodology will be refined during the planning phase based on identified risks, available resources, and access to relevant financial information.</p>
Department of Public Works	Walkability Assessment of Downtown Sacramento	<p>This assessment will evaluate whether the City has effectively designed and implemented policies, street designs, land-use strategies, and capital investments that make Downtown Sacramento safe and walkable. It will examine whether Downtown has sufficient residential density and mixed-use activity to support walking; whether pedestrian travel is safe based on crash trends, vehicle speeds, and intersection design; whether the walking environment is comfortable and human-scaled; and whether the urban setting supports an engaging pedestrian experience. The review may include analysis of pedestrian safety outcomes (collisions, speeds, crossing distances, network design), land-use mix and residential presence, street design features (lane widths, traffic calming, shade, sidewalk conditions, ground-floor activity), and the City's prioritization schedule, costs, and feasibility of improvements. It may also assess whether lower-cost operational changes could improve safety before major capital projects are pursued, whether roadway capacity matches demand, and whether investments are prioritized based on measurable safety impacts and long-term benefits. The project is proposed to be conducted by an external street-design firm, pending identification and approval of funding.</p>

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. Per City Council direction, the City Auditor will provide a detailed analysis and description of all eligible youth expenditures in even numbered years while odd numbered years will only analyze eligible youth expenditures up to the baseline funding amount.
Citywide	Triennial Audit of Employee Workforce Diversity and Salary Trends (FY 2029)	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 Employment Applications, Hires, and Separations (FY 2027)	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, 2026)

Citywide **21 Whistleblower Tips**

Open whistleblower tips can include allegations unrelated to the City, allegations being processed for referral to other City departments for review, and allegations actively being investigated by the City Auditor's Office or City departments.

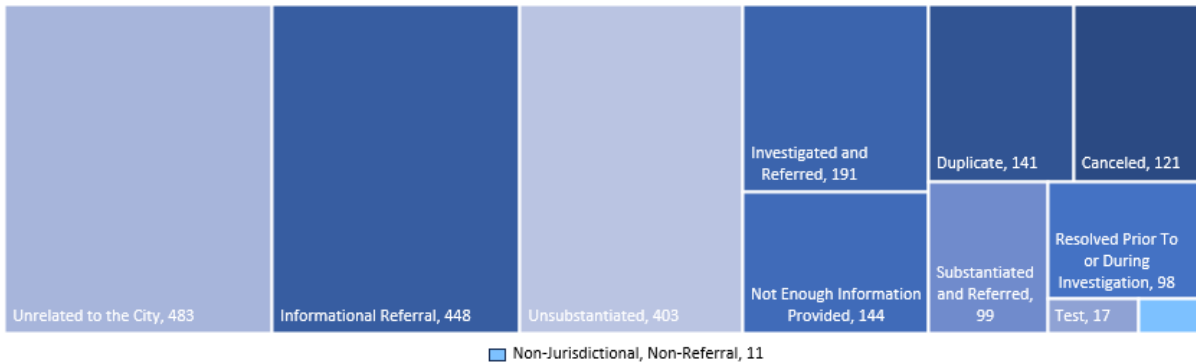
Projected Whistleblower Tips

Citywide **200 Whistleblower Tips**

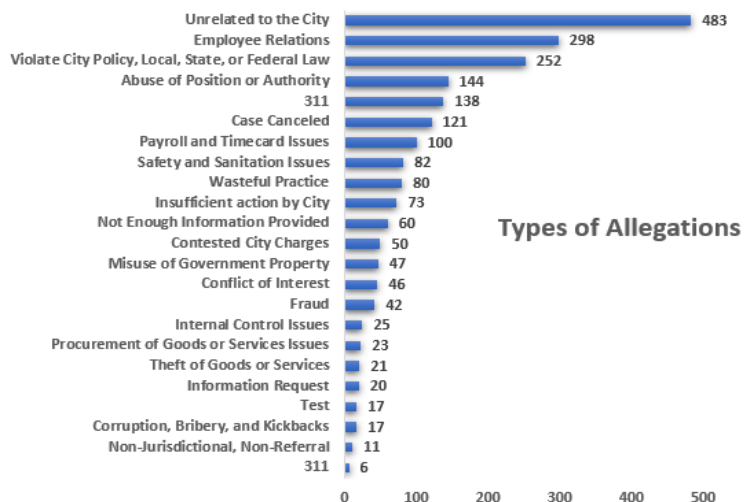
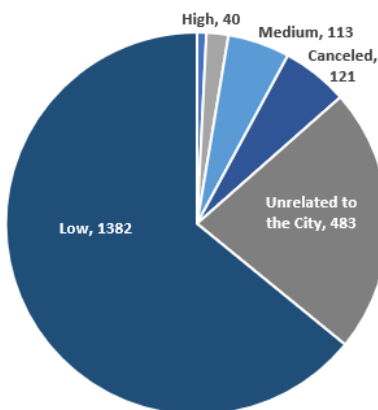
Based on historical trends, we anticipate receiving approximately 200 whistleblower tips in FY2026/27. This reflects an increase in the anticipated cases due to an uptick in the cases received over the last couple of years. We will report the results of these tips in our Semi-Annual Whistleblower Hotline Activity Reports.

Historic Information (as of January 1, 2026)

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.