



Fiscal Year 2024 Annual Report

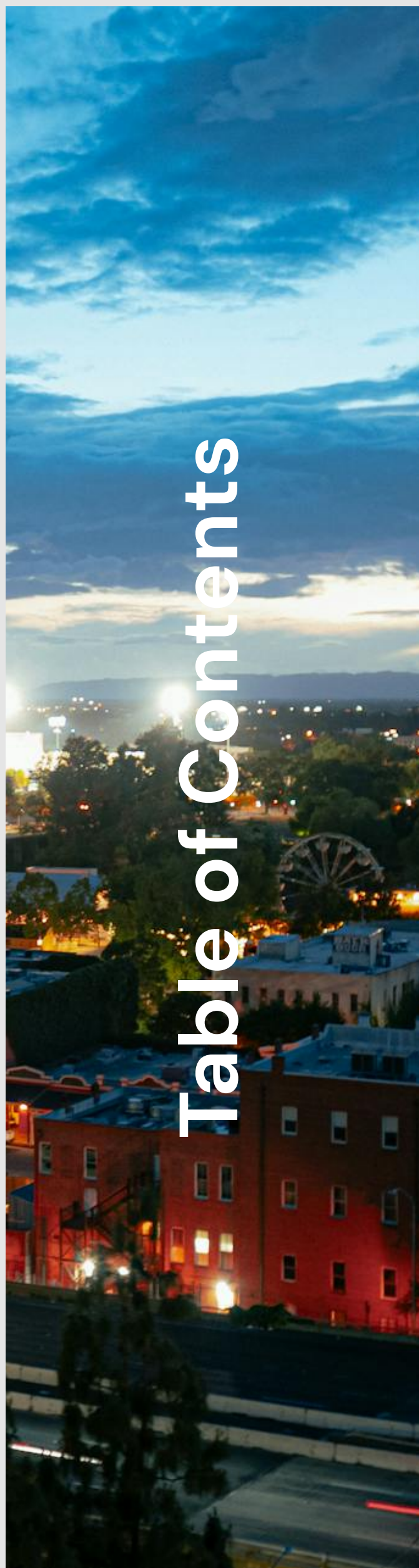


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Honorable Mayor, Councilmembers, and Community Members,

I am pleased to present the Fiscal Year 2024 Annual Report for the Office of the City Auditor. This year, our Office has navigated numerous challenges, particularly with the departure of the previous City Auditor. As the Interim City Auditor, I have embraced the responsibility of leading the Office, working diligently to ensure a seamless transition and to foster trust and collaboration with the City Council and City management.

During this fiscal year, we have undertaken several high-profile projects that underscore our commitment to transparency and accountability. Notably, our *Audit of the Sacramento Police Department's Evidence and Property Division – Sexual Assault Evidence Kits* has driven significant improvements and was awarded a 2023 Distinguished Knighton Award for best performance audit by the Association of Local Government Auditors. Additionally, we initiated a comprehensive review of the City's homelessness response. We are working on completing the first of a series of audits on this important subject in the upcoming year.

Looking ahead, I am committed to continuing the essential work of our Office. We strive to provide City management, the City Council, and the public with independent, objective, and reliable information that supports informed decision-making and enhances public trust.

Thank you for your continued support.

Respectfully,

Farishta Ahrary

Farishta Ahrary, CPA, CFE, PMP
Interim City Auditor

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Overview

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 opportunities for internal control improvements.

City Charter

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. The City Auditor reports directly to City Council and has full responsibility for the direction and management of the Office of the City Auditor. Section 77 of the Charter states the City Auditor "shall independently assess and report on City operations and services; shall assist the council in the conduct of budgetary inquiries and in the making of budgetary decisions; and shall have such other powers and duties as may be prescribed by state law and by ordinance or resolution of the city council."

City Code

Sacramento City Code Section 2.18.050 outlines the duties of the City Auditor. Some of the duties outlined include:

- Conducting audits of City departments, offices, boards, commissions, and committees as directed by the council.
- Managing the City's Whistleblower Hotline and determining if allegations of fraud, waste, abuse, or illegal acts need further investigation.
- Assisting the Council's budgetary inquiries and budgetary decisions as directed by the City Council.
- Making recommendations to the City Council in connection with the City Auditor's audits, investigations, analyses, studies, and reports.
- If requested by an individual Councilmember, auditing that Councilmember's own office through an independent outside auditor.

The City Code also outlines the City Auditor's access to all sources of information, property, and personnel relevant to the performance of an audit, unless restricted or prohibited by law.

In addition, the City Code prohibits any person from directly or indirectly coercing or attempting to coerce the City Auditor relative to the City Auditor's examinations, audits, or appointment or removal of any employee by the City Auditor.



Office Mission

The Office of the City Auditor's mission is to provide a catalyst for improvements of municipal operations and promote a credible, efficient, effective, equitable, fair, focused, transparent, and fully accountable City government.

Philosophy

Independence: Maintain independence in fact and appearance, and free from personal, external, and organizational impairments to ensure audit findings, opinions, conclusions, judgments, and recommendations are impartial.

Objectivity: Conduct all projects objectively, factually, and without preconceived ideas, notions, biases, or vested interests. Base all conclusions and recommendations on a full review of relevant information and on open-minded consideration of opposing viewpoints.

Technical Accuracy: Utilize strict quality assurance programs to ensure staff exercise due professional care, adequately plan audits, and prepare workpapers that contain sufficient and compelling evidence to support any statements of fact in reports.

Vision

Improve City Services: Provide independent, objective, and reliable information regarding the City's ability to meet its goals and objectives and establish adequate internal control systems.

Mitigate Fraud: Root out improper governmental activities (i.e. fraud, waste, or abuse).

Address Inequities: Address racial, gender, and ethnic inequities.

On May 9, 2023, the City Council approved the City Auditor's Fiscal Year 2023/24 Work Plan which included work under the Office's three divisions:



Performance Audits



Research and Analysis



Whistleblower Hotline

During Fiscal Year 2024, the Office of the City Auditor completed eight projects:

- Audit of the Sacramento Police Department's Evidence and Property Division – Sexual Assault Evidence Kits
- Preliminary Report on the City's Homeless Response
- Audit of Department of Utilities Supervisory Control and Data Acquisition (SCADA) System
- Assessments of Revenues and Expenses Associated with the City's COVID-19 Response – Report No. 5
- City Auditor's Baseline Funding Calculation for the Sacramento Children's Fund
- Diversity Review of City Employment Applications, Hires, and Separations: February 1, 2021, through January 31, 2024
- 2022 Audit of City Board, Committee, and Commission Diversity
- 2023 National Community Survey

The Office of the City Auditor also provided the City Council with the following activity reports:

Quarterly Activity Reports:

- April through June 2023
- July through September 2023
- October through December 2023
- January through March 2024

Semi-Annual Recommendation Follow-Up Reports:

- January through June 2023
- July through December 2023

Status of Projects in Progress:

Project	Preliminary Survey	Risk Assessment	Fieldwork	Report Writing
Audit of the City's Ethics Commission	Complete	Complete	Complete	In Progress
Audit of Emergency Medical Services	Complete	Complete	Complete	In Progress
Water and Wastewater Funds Review	Complete	Complete	Complete	In Progress
Audit of Complaint Investigation and Resolution Practices	Complete	Complete	On Hold	
Audit of Evidence and Property - Part 2	Complete	Complete	On Hold	
Audit of Homeless Response - Part 1	Complete	Complete	In Progress	
Audit of Military Equipment Use Policies and Inventory Practices	Complete	Complete	In Progress	
Audit of the Transient Occupancy Tax	Complete	Complete	On Hold	
Audit of Animal Care Services	In Progress			
Audit of Cannabis Business Operations Tax Amount for Children's Fund	In Progress			
Audit of Utilities' Energy Use	In Progress			

Projects Not Yet Started:

The City Auditor's Work Plan is designed to be flexible, adjusting to new risks and changing priorities. Annually, we review and reprioritize projects to determine their relevance for the upcoming year. Consequently, some projects are deferred to the next year's Work Plan, while others may be re-assessed and excluded. This ensures that our efforts are consistently aligned with the City's most pressing needs.

Projects Carried Over to the Fiscal Year 2025 Work Plan:

- Audit of Pedestrian Safety
- Audit of the Planning Division
- Audit of Illegal Cannabis Cultivation



Key Deliverables

Certificate of Compliance with Generally Accepted Government Auditing Standards within last three years:

Last peer review completed September 2022. Certificate of Compliance awarded to Office of the City Auditor for the period January 1, 2019 through December 31, 2021.

Present Proposed Work Plan by April 15:

City Auditor's Proposed Work Plan for Fiscal Year 2024/25 was presented to the Budget and Audit Committee on April 9, 2024. The final Work Plan was approved by the City Council on May 28, 2024.

Provide the City Council with activity reports regarding audits, recommendations, and whistleblower tips and investigations:

City Council was kept apprised of Office activities through various mechanisms such as: quarterly activity reports, semi-annual recommendation follow-up reports, annual work plans, presentations, and individual briefings.

Performance Goals

100%

CPE Compliance
of staff met continuing professional education requirements of Generally Accepted Government Auditing Standards.

100%

Management Agreement
of the 16 audit recommendations were agreed upon by City management.

70%

Work Plan
of the Work Plan was completed or initiated during the fiscal year.
* The Office experienced a 30% vacancy rate during the fiscal year.

100%

Audit Findings Acceptance
of the six audit findings were accepted by the City Council.

100%

Recommendations Acceptance
of the 16 audit recommendations were accepted by the City Council.



Office Dashboards

To promote transparency and accountability the Office maintains several dashboards that City Council, City employees, and the public can use to analyze certain information. The Office maintains the following dashboards:

RECOMMENDATION FOLLOW-UP

- Most Recent Reporting Period
- Open Recommendations
- Closed Recommendations

WHISTLEBLOWER HOTLINE

- Most Recent Reporting Period
- All Closed Cases
- Substantiated Cases

2023 COMMUNITY SURVEY

GENDER & ETHNIC DIVERSITY

2022 DIVERSITY & WORKPLACE CLIMATE SURVEY RESULTS

- By Department
- By Ethnicity
- By Sex

City Auditor's Website Migration

The Office of the City Auditor participated in the Citywide website migration efforts and redesigned the Office's public-facing website. The website can be accessed at www.cityofsacramento.gov/auditor

Audit Report Wins National Recognition

The Office of the City Auditor was awarded a 2023 Distinguished Knighton Award for best performance audit among local government audit organizations of similar size across the U.S. and Canada. This national award from the Association of Local Government Auditors (ALGA) recognized excellence in local government performance audits among its 300 member organizations.

The winning report "***Audit of the Sacramento Police Department's Evidence and Property Division – Sexual Assault Evidence Kits***" was judged on several key elements, such as the potential for significant impact, the persuasiveness of the conclusions, the focus on improving government efficiency and effectiveness, and its clarity and conciseness. Judges from peer organizations determined this audit was among the best of 2023.

Office of the City Auditor Team

Farishta Ahrary – Interim City Auditor
Vacant – Assistant City Auditor

Kevin Christensen – Principal Fiscal Policy Analyst
Joyce Chih – Senior Fiscal Policy Analyst
Vacant – Senior Fiscal Policy Analyst
Parinaz Nejatie – Fiscal Policy Analyst
Ricardo Sanchez Molinero – Fiscal Policy Analyst

Jordan Sweeney – Principal Fiscal Policy Analyst
Chevelle Jackson – Senior Fiscal Policy Analyst
Vacant – Fiscal Policy Analyst

Office of the City Auditor
Team and Demographics

Office of the City Auditor Demographics

The City of Sacramento is a very diverse community, and the Office of the City Auditor generally does well to reflect in its staff the gender and ethnic diversity of the City of Sacramento.

During the fiscal year, the Office experienced staff attrition, resulting in a 30 percent vacancy rate. We have initiated recruitment efforts to fill these positions and anticipate completing this process early in Fiscal Year 2025.

Office of the City Auditor Gender Diversity

	Male	Female	Total Population
2022 City Population	49%	51%	523,600
City Auditor's Office 2021	40%	60%	10
City Auditor's Office 2022	44%	56%	9
City Auditor's Office 2023	50%	50%	10
City Auditor's Office 2024	29%	71%	7

Office of the City Auditor Ethnic/Racial Diversity

	White	Hispanic	Asian	Black or African American	Two or More Races	Middle Eastern or North African	Filipino	American Indian or Alaska Native	Native Hawaiian or Other Pacific Islander	Total Population
2022 City Population	31%	29%	16%	12%	6%	0%	3%	0%	2%	523,600
City Auditor's Office 2021	30%	30%	10%	10%	10%	10%	0%	0%	0%	10
City Auditor's Office 2022	33%	33%	11%	11%	0%	11%	0%	0%	0%	9
City Auditor's Office 2023	20%	40%	20%	10%	0%	10%	0%	0%	0%	10
City Auditor's Office 2024	14%	29%	29%	14%	0%	14%	0%	0%	0%	7




Fiscal Year 2025 Strategic Goals and Objectives

For Fiscal Year 2025, we are excited to work with the City Council and City management to continue managing the City's Whistleblower Hotline and auditing City operations and services to identify opportunities for enhanced efficiency and effectiveness.

We will also be focused on internal improvements including:

- **Enhancing Collaboration and Communication**
 - Foster strong working relationships with City departments, the City Council, and external stakeholders.
 - Develop and implement collaboration and communication tools to demystify the performance audit process and clarify expectations.
- **Promoting Operational Efficiencies**
 - Design and deploy interactive dashboards to enable City staff and the public to analyze data effectively.
 - Continue advancing the Office's Racial and Gender Equity Action Plan to promote inclusivity and diversity.
- **Completing Recruitment Efforts**
 - Finalize recruitment processes to ensure full staffing. These resources will be crucial in achieving the Office's Fiscal Year 2025 Work Plan.
- **Complying with Upcoming Changes to Standards**
 - Revise policies, procedures, and templates to align with forthcoming updates to Generally Accepted Government Auditing Standards (GAGAS).

An aerial photograph of the Sacramento, California city skyline. In the foreground, a large Ferris wheel with a green and yellow frame is situated in a park area with trees showing autumn foliage. Below the Ferris wheel, a blue shipping container with the text 'SACRAMENTO WATERFRONT' is visible. The middle ground features a mix of older brick buildings and modern glass skyscrapers. The background shows the dense urban core of Sacramento under a clear sky.

City of Sacramento Office of the City Auditor

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