



Fiscal Year 2025 Annual Report

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Fiscal Year 2026 Strategic Goals and Objectives



Honorable Mayor, Councilmembers, and Community Members,

I am pleased to present the Fiscal Year 2025 Annual Report for the Office of the City Auditor. Over the past year, our Office has continued to strengthen its role in promoting transparency, accountability, and continuous improvement across City operations. As the City Auditor, I remain committed to fostering strong partnerships with City Council, City management, and community stakeholders to ensure our work supports meaningful, positive change.

This year, we completed several impactful projects, including the *Audit of the City's Homeless Response: City Motel Program*, an area of significant community interest and investment. We also completed the *Audit of Sacramento Police Department's Military Equipment Use Policy and Inventory Practices*. Additionally, we successfully completed and passed our triennial external peer review, demonstrating our ongoing commitment to meeting professional auditing standards and delivering high-quality, objective, and reliable work. These efforts underscore our dedication to providing independent, actionable information that supports informed decision-making.

In addition, the Office made important strides toward improving our own operations. We enhanced our stakeholder communications, implemented new tools to clarify the audit process, and worked towards refining our internal procedures to align with updated Generally Accepted Government Auditing Standards. As of the end of Fiscal Year 2025, our vacancy rate stood at 20 percent; however, with the City Council's support in maintaining these positions through the budget process, we are actively working to fill these vacancies to ensure we have the resources needed to execute our ambitious work plan.

Looking forward, I am committed to maintaining the high standards of professionalism and rigor that the City and its residents expect of this Office. We will continue working to strengthen public confidence by providing fair, balanced, and meaningful assessments of City programs and services.

Thank you for your continued support.

Respectfully,

Farishta Ahrary, CPA, CFE, PMP
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 remain 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.

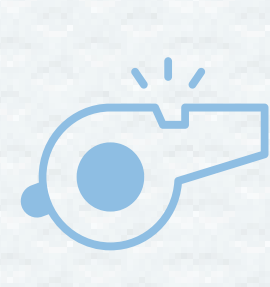
On May 28, 2024, the City Council approved the City Auditor's Fiscal Year 2024/25 Work Plan which included work under the Office's three divisions:



Performance Audits



Research and Analysis



Whistleblower Hotline

During Fiscal Year 2025, the Office of the City Auditor completed eight projects:

- Department of Utilities' Water Fund Review
- Department of Utilities' Wastewater Fund Review
- Audit of the Police Department's Military Equipment Use Policy and Inventory Practices
- Audit of the Sacramento Ethics Commission
- Fiscal Year 2023/2024 Baseline Funding Verification for the Sacramento Children's Fund
- Fiscal Year 2023/2024 Audited Amount of Cannabis Business Operations Tax
- Performance Audit of City of Sacramento's Animal Care Services Division
- Audit of the City's Homeless Response: City Motel Program

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

Quarterly Activity Reports:

- April through June 2024
- July through September 2024
- October through December 2024

Whistleblower Hotline Activity Reports:

- April 2022 through June 2024
- July through December 2024

Semi-Annual Recommendation Follow-Up Reports:

- January through June 2024
- July through December 2024

Annual Reports:

- Fiscal Year 2024 Annual Report

Status of Projects in Progress:

Project	Preliminary Survey	Risk Assessment	Fieldwork	Report Writing
Audit of Emergency Medical Services	Complete	Complete	Complete	In Progress
Audit of the Transient Occupancy Tax	Complete	Complete	In Progress	
Audit of Evidence and Property - Part 2	Complete	Complete	In Progress	
Audit of Utilities' Energy Use	Complete	Complete	In Progress	
Audit of Complaint Investigation and Resolution Practices	Complete	Complete	On Hold	
Audit of Homeless Response - Part 2	In Progress			
Storm Drainage Fund Review	In Progress			
Potential Cost Savings and Revenue Recovery Audit Services	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 2026 Work Plan:

- Audit of Pedestrian Safety
- Audit of Illegal Cannabis Cultivation



Key Deliverables

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

Last peer review completed April 2025.
Certificate of Compliance awarded to Office of the City Auditor for the period January 1, 2022 through December 31, 2024.

Present Proposed Work Plan by April 15:

City Auditor's Proposed Work Plan for Fiscal Year 2025/26 was presented to the Budget and Audit Committee on March 25, 2025.
The final Work Plan was approved by the City Council on April 22, 2025.

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, whistleblower hotline activity 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%

Audit Findings Acceptance
of the 15 audit findings were accepted by the City Council.
* City Council has not yet heard the Audit of the City's Animal Care Services Division which had 10 findings and 31 recommendations.

95%

Management Agreement
of the 66 audit recommendations were agreed upon by City management.

100%

Recommendations Acceptance
of the 35 audit recommendations were accepted by the City Council.

57%

Work Plan
of the Work Plan was completed or initiated during the fiscal year.
* The Office experienced a 10-30% vacancy rate during the fiscal year.



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

WORKPLACE CLIMATE SURVEY

- Survey Results By Department
- Survey Results By Ethnicity
- Survey Results By Sex

DIVERSITY

- Gender and Ethnic Diversity
- Applicants Diversity
- Hires Diversity
- Separations Diversity

2023 COMMUNITY SURVEY

City Auditor's Office Successfully Completes Peer Review

In accordance with Generally Accepted Government Auditing Standards (GAGAS), audit organizations are required to undergo an external peer review every three years. To meet this requirement, the Office of the City Auditor participated in a peer review conducted by the Association of Local Government Auditors (ALGA) during the week of March 31. The peer review covered audit work performed during the period from **January 1, 2022 through December 31, 2024.**

The peer review team conducted a thorough assessment of our policies, procedures, and audit work to determine whether the office complies with GAGAS. The Office of the City Auditor successfully **passed** the peer review. This outcome affirms our commitment to maintaining high standards of audit quality, professionalism, and integrity in our work on behalf of the City.



Office of the City Auditor Team

Farishta Ahrary – City Auditor
Kevin Christensen – Assistant City Auditor

Vacant – Principal Fiscal Policy Analyst
Joyce Chih – Senior Fiscal Policy Analyst
Joseph Fleming– Senior Fiscal Policy Analyst
Parinaz Nejatie – Fiscal Policy Analyst
Ricardo Sanchez Molinero – Fiscal Policy Analyst

Vacant – Principal Fiscal Policy Analyst
Chevelle Jackson – Senior Fiscal Policy Analyst
Jessica Lugo – Fiscal Policy Analyst

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 20 percent vacancy rate. We have initiated recruitment efforts to fill these positions and anticipate completing this process early in Fiscal Year 2026.

Office of the City Auditor Gender Diversity

	Male	Female	Total Population
2024 City Population	50%	50%	535,798
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
City Auditor's Office 2025	38%	63%	8

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
City Auditor's Office 2025	38%	13%	25%	13%	0%	13%	0%	0%	0%	8



Progress on Fiscal Year 2025 Strategic Goals and Objectives

During Fiscal Year 2025, the Office of the City Auditor identified key priorities to strengthen our operations, foster collaboration, and build public trust. Below is a summary of our progress towards these objectives.

- **Enhancing Collaboration and Communication**

- The Office actively engaged with City departments and Council Offices throughout the year, holding regular check-ins and briefings to share information about audit objectives, processes, and outcomes.
- We developed and implemented *The Performance Audit Process: What to Expect* fact sheet to demystify the performance audit process and clarify expectations at the start of each audit.
- We also implemented an *Audit Scoping Memorandum* to clearly inform auditees of the audit scope determined through our risk assessment process.

- **Promoting Operational Efficiencies**

- Designed and deployed additional interactive diversity dashboards for applicants, hires, and separations.
- Continued advancing the Office's Racial and Gender Equity Action Plan to promote inclusivity and diversity.

- **Completing Recruitment Efforts**

- Conducted recruitment for vacant positions, achieving near-full staffing by mid Fiscal Year 2025. However, the recent departure of another employee has brought our vacancy rate to 20 percent at the end of this fiscal year.

- **Complying with Upcoming Changes to Standards**

- Worked on revising policies, procedures, and templates to align with forthcoming updates to Generally Accepted Government Auditing Standards (GAGAS). This work will continue into Fiscal Year 2026.



Fiscal Year 2026 Strategic Goals and Objectives

For Fiscal Year 2026, 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:

- **Promoting Operational Efficiencies**
 - We will assess opportunities to leverage technology to improve the efficiency and productivity of our audit processes. These investments could allow us to deliver more timely, high-quality results and expand our capacity to serve the City and the community.
- **Strengthening Organizational Capacity**
 - The Office currently has two vacant positions – which means a vacancy rate of 20 percent. We will prioritize filling vacant positions and sustaining a high-performing, diverse, and inclusive team.
- **Ensuring Standards Compliance and Professional Excellence**
 - The Office will continue revising policies, procedures, and templates to align with forthcoming updates to Generally Accepted Government Auditing Standards (GAGAS).
- **Advancing Equity and Inclusion**
 - The Office will continue to implement and monitor our Racial and Gender Equity Action Plan, further embedding equity principles into our audit planning, fieldwork and reporting processes.

City of Sacramento Office of the City Auditor

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