



Department Description

The Office of the City Auditor is an independent office that reports and is accountable to the Audit Committee and City Council. The City Auditor conducts performance audits of City departments, offices, and agencies in accordance with government auditing standards.

The audits may assess internal controls over financial reporting and evaluate how well the City complies with applicable laws, rules, and regulations; achieves stated goals and objectives; reports financial and performance information (reliability); efficiently and effectively uses resources; and safeguards and protects assets.

The Office of the City Auditor also administers the City's Fraud Hotline program and performs investigations for all material complaints received related to fraud, waste, and abuse.

The Department's mission is:

To advance open and accountable government through accurate, independent, and objective audits and investigations that seek to improve the economy, efficiency, and effectiveness of City government

Goals and Objectives

Goal 1: Increase the economy, efficiency, and effectiveness of City government through audits and their recommendations

To fulfill its mission, the Department reports its independent and impartial reviews, conclusions, and recommendations based on performance audits, special audits, and reviews conducted. Some audit reports recommend ways to reduce costs or increase revenues. Other audit reports identify opportunities to increase effectiveness, use resources more efficiently, and improve internal controls. An annual audit workplan is prepared and presented to the Audit Committee each fiscal year. The audit workplan targets business processes and programs

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identified in the annual citywide risk assessment model. The Department will move towards accomplishing this goal by focusing on the following objectives.

- Reduce costs and increase revenues
- Utilize audits to identify opportunities for improved efficiency and the effective use of resources
- Regularly report the status of open recommendations

Goal 2: Continue the economic, efficient, and effective operation of the Office of the City Auditor

The City Auditor will continue enhancing the efficient and effective conduct of audits and investigations. In addition, City Auditor staff will strive to ensure that all work is completed in accordance to applicable auditing and investigating standards. The Department will move towards accomplishing this goal by focusing on the following objectives.

- Further develop skilled employees by maintaining appropriate training and supervision
- Reviewing and updating our Audit Manual and Fraud Hotline Procedures

Goal 3: Provide independent, reliable, accurate, and timely information to the Mayor, Audit Committee, City Council, and other stakeholders

The City Auditor intends to provide results of all non-confidential audits to its stakeholders. To this end, the Department intends to provide regular updates to the Audit Committee, as well as copies of all issued audit reports to the Mayor and appropriate City management, members of the City Council and their staff, Audit Committee members, and the residents of San Diego via a newly-created City Auditor website. The Department will move towards accomplishing this goal by focusing on the following objective.

- Provide audit results, including findings and recommendations, to all relevant stakeholders

Goal 4: Provide independent, confidential, and reliable investigations of all material allegations of fraud, waste, or abuse that are reported via the City's Fraud Hotline

The Office of the City Auditor will investigate all material complaints received related to fraud, waste, and abuse. The City Auditor will provide a means for City of San Diego employees and residents to confidentially report any activity or conduct in which he/she suspects any instances of fraud, waste, or abuse, or violations of laws and regulations that should be investigated. The Department will move towards accomplishing this goal by focusing on the following objective.

- Provide investigation results, including recommendations for necessary actions to be taken, for all allegations of fraud, waste, or abuse that are found to be substantiated

Service Efforts and Accomplishments

The City Auditor will propose an annual audit workplan that will identify the planned audits to be undertaken during the fiscal year. The annual workplan will be based on the results of the comprehensive citywide risk assessment and identify required audits such as the annual inventory audit, close-out audits, and hotline investigations. The goal will be to complete the required audit workplan and increase the economy, efficiency, and effectiveness of City operations through these audits and their recommendations.

Additionally, the City Auditor will conduct testing of internal controls during each performance audit that is conducted, report on control weaknesses that are identified, and make recommendations for corrective action that should be taken. The City Auditor will perform follow-up work on all audit recommendations that are made to determine if proper actions have been taken by management.

The City Auditor will provide regular updates to the Audit Committee regarding the activities and accomplishments of the Office including producing an annual report and information on management's implementation of audit recommendations.

Department Summary

| | FY2010 Budget | FY2011 Adopted | FY2010–2011 Change |
|----------------------------------|---------------------|---------------------|-----------------------|
| Positions | 16.50 | 18.50 | 2.00 |
| Personnel Expenses | \$ 2,118,468 | \$ 2,643,637 | \$ 525,169 |
| Non-Personnel Expenses | 412,949 | 1,117,543 | 704,594 |
| Total Department Expenses | \$ 2,531,417 | \$ 3,761,180 | \$ 1,229,763 |
| Total Department Revenue | \$ 122,323 | \$ 222,323 | \$ 100,000 |

General Fund

Department Expenditures

| | FY2010 Budget | FY2011 Adopted | FY2010–2011 Change |
|--------------|---------------------|---------------------|-----------------------|
| City Auditor | \$ 2,531,417 | \$ 3,761,180 | \$ 1,229,763 |
| Total | \$ 2,531,417 | \$ 3,761,180 | \$ 1,229,763 |

Department Personnel

| | FY2010 Budget | FY2011 Adopted | FY2010–2011 Change |
|--------------|------------------|-------------------|-----------------------|
| City Auditor | 16.50 | 18.50 | 2.00 |
| Total | 16.50 | 18.50 | 2.00 |

Significant Budget Adjustments

| | FTE | Expenditures | Revenue |
|---|-------------|---------------------|-------------------|
| Adjustment to Contracts and Equipment Outlay Funding allocated according to a zero-based annual review of contract and equipment outlay requirements. | 0.00 | \$ 979,274 | \$ – |
| Annualization of Principal Auditor Positions Annualization of salary and fringe benefits of 3.0 Principal Auditor half-time positions from Fiscal Year 2010 to 3.0 Principal Auditor full-time positions in Fiscal Year 2011, including an addition of associated non-personnel expenses. | 1.50 | 197,093 | – |
| Addition of Principal Auditor Addition of 0.5 FTE Principal Auditor positions based on the recommendation of the Audit Committee. | 0.50 | 71,467 | – |
| Revenue from Water and Wastewater Audits Adjustment reflects transfer of funds from the Public Utilities Department for water and wastewater audits per a Service Level Agreement (SLA). | 0.00 | – | 100,000 |
| Total | 2.00 | \$ 1,247,834 | \$ 100,000 |

Expenditures by Category

| | FY2010 Budget | FY2011 Adopted | FY2010–2011 Change |
|---------------------------|---------------------|---------------------|-----------------------|
| PERSONNEL | | | |
| Salaries and Wages | \$ 1,458,134 | \$ 1,633,127 | \$ 174,993 |
| Fringe Benefits | 660,334 | 1,010,510 | 350,176 |
| PERSONNEL SUBTOTAL | \$ 2,118,468 | \$ 2,643,637 | \$ 525,169 |

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Expenditures by Category (Cont'd)

| | FY2010 Budget | FY2011 Adopted | FY2010-2011 Change |
|-------------------------------|---------------------|---------------------|-----------------------|
| NON-PERSONNEL | | | |
| Supplies | \$ 19,333 | \$ 33,158 | \$ 13,825 |
| Contracts | 349,825 | 1,032,782 | 682,957 |
| Information Technology | 35,055 | 38,993 | 3,938 |
| Energy and Utilities | 900 | 4,500 | 3,600 |
| Other | 7,460 | 8,110 | 650 |
| Capital Expenditures | 376 | - | (376) |
| NON-PERSONNEL SUBTOTAL | \$ 412,949 | \$ 1,117,543 | \$ 704,594 |
| Total | \$ 2,531,417 | \$ 3,761,180 | \$ 1,229,763 |

Revenues by Category

| | FY2010 Budget | FY2011 Adopted | FY2010-2011 Change |
|------------------------------|-------------------|-------------------|-----------------------|
| Charges for Current Services | \$ 122,323 | \$ 222,323 | \$ 100,000 |
| Total | \$ 122,323 | \$ 222,323 | \$ 100,000 |

Personnel Expenses

| Job Number | Job Class | Job Title / Wages | FY2010 Budget | FY2011 Adopted | Salary Range | Total |
|------------------------------------|--------------|------------------------------|------------------|-------------------|---------------------|---------------------|
| 20000119 | 1218 | Associate Management Analyst | 1.00 | 1.00 | \$54,059 - \$65,333 | \$ 63,066 |
| 20001252 | 2109 | City Auditor | 0.00 | 1.00 | 34,694 - 207,210 | 168,000 |
| 20001101 | 2132 | Department Director | 1.00 | 0.00 | 59,155 - 224,099 | - |
| 20001135 | 2175 | Principal Auditor | 14.50 | 16.50 | 19,323 - 151,840 | 1,402,061 |
| Salaries and Wages Subtotal | | | 16.50 | 18.50 | | \$ 1,633,127 |

| | |
|-----------------------------------|-----------|
| Employee Offset Savings | \$ 48,276 |
| Flexible Benefits | 168,289 |
| Long-Term Disability | 14,464 |
| Medicare | 23,959 |
| Other Post-Employment Benefits | 107,610 |
| Retiree Medical Trust | 351 |
| Retirement 401 Plan | 1,405 |
| Retirement ARC | 560,407 |
| Retirement Offset Contribution | 13,587 |
| Risk Management Administration | 16,660 |
| Supplemental Pension Savings Plan | 47,833 |
| Unemployment Insurance | 3,384 |
| Unused Sick Leave | 1,207 |
| Workers' Compensation | 3,078 |

Fringe Benefits Subtotal \$ 1,010,510

Total Personnel Expenses \$ 2,643,637

Budget by Program

| | FY2011 Positions | FY2011 Expenditures | FY2011 Revenue |
|-----------------------------------|---------------------|------------------------|-------------------|
| Audits | 14.00 | \$ 1,862,424 | \$ 222,323 |
| General Administration/Management | 4.50 | 1,859,763 | - |

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Budget by Program (Cont'd)

| | FY2011 Positions | FY2011 Expenditures | FY2011 Revenue |
|----------------------|---------------------|------------------------|-------------------|
| IT Non-Discretionary | 0.00 | 38,993 | - |
| Total | 18.50 | \$ 3,761,180 | \$ 222,323 |