



## Description

The Office of the City Auditor (OCA) is an independent City department created by voters through the passage of Proposition C in 2008. Per City Charter Section 39.2, the City Auditor reports and is accountable to the Audit Committee and conducts performance audits of City departments, offices, and agencies in accordance with Government Auditing Standards. In addition, OCA administers the City's Fraud Hotline Program and oversees investigations of all material complaints received related to fraud, waste, and abuse.

OCA's goal is to enhance public trust in the City's proper use of taxpayer money by reviewing program performance and compliance with laws and regulations for the General Fund, Enterprise Funds, Special Revenue Funds, Internal Service Funds, and Capital Project Funds.

OCA is a key municipal asset that helps ensure accountability and oversight of City operations and programs and that limited public funds are used appropriately, effectively, and efficiently. The department's independent audits and investigations routinely identify opportunities for cost savings, efficiencies, additional revenues, and equitable delivery of City services. These audits and investigations provide essential information to assist the Mayor and the City Council in decision-making. They also provide recommendations to improve City operations and mitigate the risks identified during our audits and investigations. OCA regularly follows-up and reports on the status of these recommendations, which helps hold City Management accountable for making critical improvements. The department also promotes community engagement by issuing audit and investigative reports through various public communications, such as emails and postings on government and social media sites.

### ***The vision is:***

A City government that inspires public trust through transparency, accountability, and continuous improvement.

### ***The mission is:***

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

## Goals and Objectives

**Goal 1: *Provide recommendations to City leadership that improve the efficiency, effectiveness, and equity of the City of San Diego's government.***

- Provide independent, objective, accurate, reliable, and timely information to the Audit Committee, the City Council, the Mayor, City Management, the public, and other stakeholders to inform their decision-making process.
- Identify opportunities to improve City programs that result in financial benefits, substantial improvements in service delivery, and/or improved oversight, compliance, transparency, or accountability.
- Administer the City's Fraud Hotline Program to detect, deter, and respond to fraud, waste, and abuse within City government.
- Utilize audits to identify opportunities for improved efficiency and the effective use of City resources.
- Regularly report the status and encourage implementation of open recommendations.

**Goal 2: *Broaden the department's reach and engagement with stakeholders, including the general public.***

- Refine the department's digital strategy, seek ways to expand public engagement, and facilitate awareness and understanding of OCA's work.
- Provide audit results, including findings and recommendations, to relevant stakeholders.

**Goal 3: *Continue to be a leader in the local government performance auditing field.***

- Further professional staff development to maximize skillsets and comply with Continuing Professional Education requirements.
- Participate in professional organizations to keep informed of professional standards, learn from other practitioners, and offer advocacy and representation.
- Provide investigation results, including recommendations for necessary actions to be taken, for all allegations of fraud, waste, abuse, or violations of law and regulations that are found to be substantiated.

**Goal 4: *Pursue continuous improvement of office operations.***

- Update the annual risk assessment methodology to ensure that our limited resources are directed toward the audit topics that will achieve the greatest impact for residents and taxpayers.
- Implement Measure A, approved by 67 percent of voters in March 2024, by retaining independent legal counsel.
- Enhance the recommendation follow-up dashboard to provide stakeholders with more comprehensive tools to assess management's progress on implementing audit and investigative recommendations.

## Budget Equity Impact Statement

### Equity Highlights

*Examples from the current fiscal year.*

- OCA has a demonstrated track record of approaching audits and investigations through an equity lens. Moreover, City Management agreed with 98 percent of the recommendations we issued in 2024 to improve the efficiency, effectiveness, and equity of City operations. A few examples of how our audits and investigations contribute to improvements in equity citywide are below. Pothole Repairs: We recommended that the Transportation Department add a pothole truck and use mapping to address pothole repairs more efficiently. Amongst other benefits, this will help free up resources to proactively make repairs in areas where potholes may be underreported.
- Recreation Equity: To reduce access barriers and improve customer service for residents who speak languages other than English, the Parks and Recreation Department implemented one of our recommendations to use the City's translation and interpretation services contract for customers and has started to translate flyers into other languages.
- Boat Storage: Our investigation found ways program benefits could be more equitably distributed and concluded that the program could nearly quadruple its revenues, which would reduce the potential burden of the program on other General Fund programs.

### Budget Equity Lens Summary

#### Ongoing Operations

*Is there an opportunity to adjust the department's ongoing operations to mitigate the impacts of existing or potential disparities?*

**Yes**

Since OCA's inception in 2008, our audits have routinely assessed equity issues at the outset of every project. In 2021, equity was explicitly incorporated as a core element of OCA's mission statement. In support of OCA's equity focus, and consistent with Government Auditing Standards, our policies and procedures have been augmented to ensure that equity issues associated with the City functions we audit are formally considered, assessed, and presented in our issued work. In this manner, equity will consistently factor into how we formulate audit objectives, which ultimately lead to findings and recommendations that can help address inequities. In addition, we are working with Communications and Race and Equity to provide summaries of our audits and investigations in Spanish and potentially other languages.

#### Budget Adjustment(s)

*Do this request impact existing or potential disparities?*

**Yes**

The Office of the City Auditor's budget reduction has been adjusted to a total of \$287,457 to assist in closing the City's projected budgetary shortfall. This amount represents an additional \$162,658 (130 percent) beyond the one-time reductions of \$124,799 that the Office of the City Auditor proposed and that the Audit Committee recommended. If adopted, the budget reduction would impact our capacity to conduct audits and investigations, which frequently identify disparities and make recommendations to improve equity citywide. This reduction would reduce our ability to identify needed equity improvements and help the City address equity disparities, potentially causing them to persist and worsen over time.

Key Performance Indicators

Performance Indicator	Definition	Baseline	FY2025 Performance	Goal
Audit Recommendations	Percentage of audit recommendations management agrees to implement	98%	100%	95%
Audit Work Plan	Percentage of audit work plan completed during the fiscal year	77%	74%	90%
Hotline Investigation	Percentage of hotline investigation recommendations management agrees to implement	85%	100%	90%

## Department Summary

	FY2024 Actual	FY2025 Budget	FY2026 Draft	FY2025-2026 Change
FTE Positions (Budgeted)	24.00	24.00	24.00	0.00
Personnel Expenditures	\$ 4,336,788	\$ 4,842,426	\$ 4,949,472	\$ 107,046
Non-Personnel Expenditures	606,175	748,428	835,081	86,653
<b>Total Department Expenditures</b>	<b>\$ 4,942,964</b>	<b>\$ 5,590,854</b>	<b>\$ 5,784,553</b>	<b>\$ 193,699</b>
<b>Total Department Revenue</b>	<b>\$ 684</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## General Fund

### Department Expenditures

	FY2024 Actual	FY2025 Budget	FY2026 Draft	FY2025-2026 Change
City Auditor	\$ 4,942,964	\$ 5,590,854	\$ 5,784,553	\$ 193,699
<b>Total</b>	<b>\$ 4,942,964</b>	<b>\$ 5,590,854</b>	<b>\$ 5,784,553</b>	<b>\$ 193,699</b>

### Department Personnel

	FY2024 Budget	FY2025 Budget	FY2026 Draft	FY2025-2026 Change
City Auditor	24.00	24.00	24.00	0.00
<b>Total</b>	<b>24.00</b>	<b>24.00</b>	<b>24.00</b>	<b>0.00</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Salary and Benefit Adjustments</b>	0.00	\$ 271,306	\$ -
Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.			
<b>One-Time Additions and Annualizations</b>	0.00	158,287	-
Adjustment to reflect one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2025.			
<b>Support for Information Technology</b>	0.00	43,005	-
Adjustment to expenditure allocations according to an annual review of information technology funding requirements.			
<b>Non-Discretionary Adjustment</b>	0.00	8,558	-
Adjustment to expenditure allocations that are determined outside of the department's direct control. These allocations are generally based on prior year expenditure trends and examples of these include utilities, insurance, and rent.			
<b>Operational Efficiency</b>	0.00	(124,799)	-
Reduction of one-time personnel expenditures and ongoing discretionary non-personnel expenditures.			

## Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Personnel Expenditure Reduction</b>	0.00	(162,658)	-
Reduction of expenditures by managing personnel costs within the Office.			
<b>Total</b>	<b>0.00</b>	<b>\$ 193,699</b>	<b>\$ -</b>

## Expenditures by Category

	FY2024 Actual	FY2025 Budget	FY2026 Draft	FY2025-2026 Change
<b>PERSONNEL</b>				
Personnel Cost	\$ 3,036,719	\$ 3,460,448	\$ 3,450,795	\$ (9,653)
Fringe Benefits	1,300,069	1,381,978	1,498,677	116,699
<b>PERSONNEL SUBTOTAL</b>	<b>4,336,788</b>	<b>4,842,426</b>	<b>4,949,472</b>	<b>107,046</b>
<b>NON-PERSONNEL</b>				
Supplies	\$ 3,913	\$ 12,281	\$ 8,406	\$ (3,875)
Contracts & Services	409,074	567,600	616,623	49,023
<i>External Contracts &amp; Services</i>	<i>372,941</i>	<i>510,283</i>	<i>554,333</i>	<i>44,050</i>
<i>Internal Contracts &amp; Services</i>	<i>36,133</i>	<i>57,317</i>	<i>62,290</i>	<i>4,973</i>
Information Technology	187,417	162,347	203,852	41,505
Other	5,771	6,200	6,200	-
<b>NON-PERSONNEL SUBTOTAL</b>	<b>606,175</b>	<b>748,428</b>	<b>835,081</b>	<b>86,653</b>
<b>Total</b>	<b>\$ 4,942,964</b>	<b>\$ 5,590,854</b>	<b>\$ 5,784,553</b>	<b>\$ 193,699</b>

## Revenues by Category

	FY2024 Actual	FY2025 Budget	FY2026 Draft	FY2025-2026 Change
Other Revenue	\$ 684	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 684</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Personnel Expenditures

Job Number	Job Title / Wages	FY2024 Budget	FY2025 Budget	FY2026 Draft	Salary Range	Total
<b>FTE, Salaries, and Wages</b>						
21000000	Assistant City Auditor	1.00	1.00	1.00	\$ 54,928 - 327,928	\$ 250,971
20001233	Assistant to the Director	3.00	3.00	3.00	78,886 - 290,057	377,899
20001252	City Auditor	1.00	1.00	1.00	98,302 - 372,372	288,328
21000001	Performance Audit Manager	1.00	1.00	1.00	78,886 - 290,057	187,425
20001135	Performance Auditor	18.00	18.00	18.00	35,880 - 240,306	2,544,455
	Adjust Budget To Approved Levels					(232,547)
	Vacation Pay In Lieu					34,264
<b>FTE, Salaries, and Wages Subtotal</b>		<b>24.00</b>	<b>24.00</b>	<b>24.00</b>	<b>\$</b>	<b>3,450,795</b>

	FY2024 Actual	FY2025 Budget	FY2026 Draft	FY2025-2026 Change
<b>Fringe Benefits</b>				
Employee Offset Savings	\$ 11,321	\$ 10,828	\$ 9,561	\$ (1,267)
Flexible Benefits	290,705	313,889	354,226	40,337
Insurance	1,698	-	-	-
Long-Term Disability	12,476	12,649	18,501	5,852

	FY2024 Actual	FY2025 Budget	FY2026 Draft	FY2025-2026 Change
Medicare	44,398	50,668	52,914	2,246
Other Post-Employment Benefits	98,383	99,312	98,472	(840)
Retiree Medical Trust	5,860	7,381	7,845	464
Retirement 401 Plan	11,227	16,747	17,437	690
Retirement ADC	629,880	662,571	715,724	53,153
Risk Management Administration	29,254	33,264	39,792	6,528
Supplemental Pension Savings Plan	141,986	150,345	159,217	8,872
Unemployment Insurance	3,387	3,603	3,462	(141)
Workers' Compensation	19,494	20,721	21,526	805
<b>Fringe Benefits Subtotal</b>	<b>\$ 1,300,069</b>	<b>\$ 1,381,978</b>	<b>\$ 1,498,677</b>	<b>\$ 116,699</b>
<b>Total Personnel Expenditures</b>			<b>\$ 4,949,472</b>	