

Performance Audit of the City's Key Performance Indicators

Why OCA Did This Study

Performance measurement is an **essential transparency tool** for a government agency like the City of San Diego (City), allowing taxpayers, City Management, and Council to monitor and engage with how the City is performing. The FY2026 Adopted Budget estimates that the City will face an average annual structural budget deficit of \$49 million from FY2027 through FY2030. Given limited resources, Key Performance Indicators (KPIs) should be used by City leadership as evidence to **help allocate the budget** in a way that **minimizes negative service level impacts**, to evaluate the City's programs and services, and to **deliver improved outcomes** for residents.

Therefore, we conducted a performance audit with three objectives:

- (1) Determine if the City has achieved its KPI targets for the past three years (FY2023–FY2025);
- (2) Evaluate the control environment of the City's KPI process with respect to City policies and government best practices; and
- (3) Assess the relevance and timeliness of the City's KPIs as determined by stakeholder feedback and the City's Strategic Plan.

What OCA Found

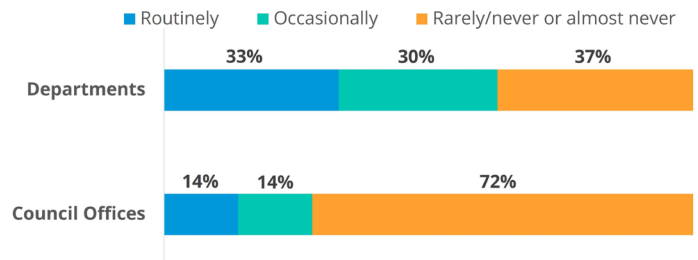
Finding 1: Although they are a critical governance and management tool, the City underutilizes KPIs and should strengthen oversight to ensure greater accuracy, transparency, and value for City services.

- Only **one out of seven** Council Offices and **9 out of 27** departments that responded to our KPI survey reported **routinely using KPIs to inform budget, policy and/or operational decisions**.
- KPIs are not being used because of Council and Management **concerns about KPI accuracy and value**; however, the City has **limited controls** and oversight to ensure KPIs are accurate and reliable.
- We found no evidence that KPIs have been discussed in a systematic or regular manner at Council Committees from FY2015 through FY2025.

- Council Offices reported little value in reviewing current KPIs during the budget process.

Exhibit 3: Survey Results Indicate Council Offices and Departments Are Not Routinely Using KPIs to Inform Budgetary Decisions

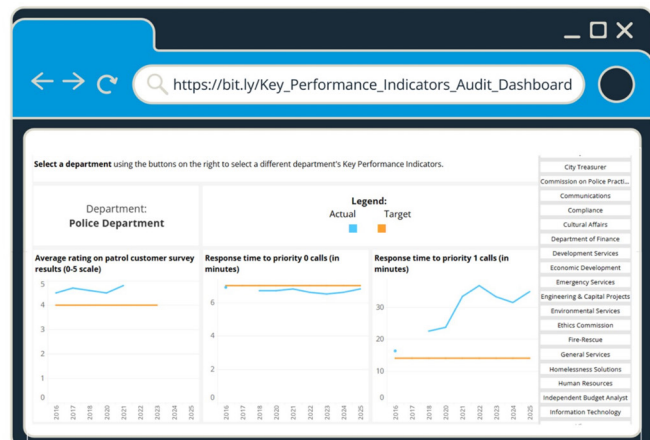
How often do you refer to KPIs when you make budgetary decisions?



Source: OCA generated based on a survey of Council Offices and departments with KPIs in the FY2025 and FY2026 budgets..

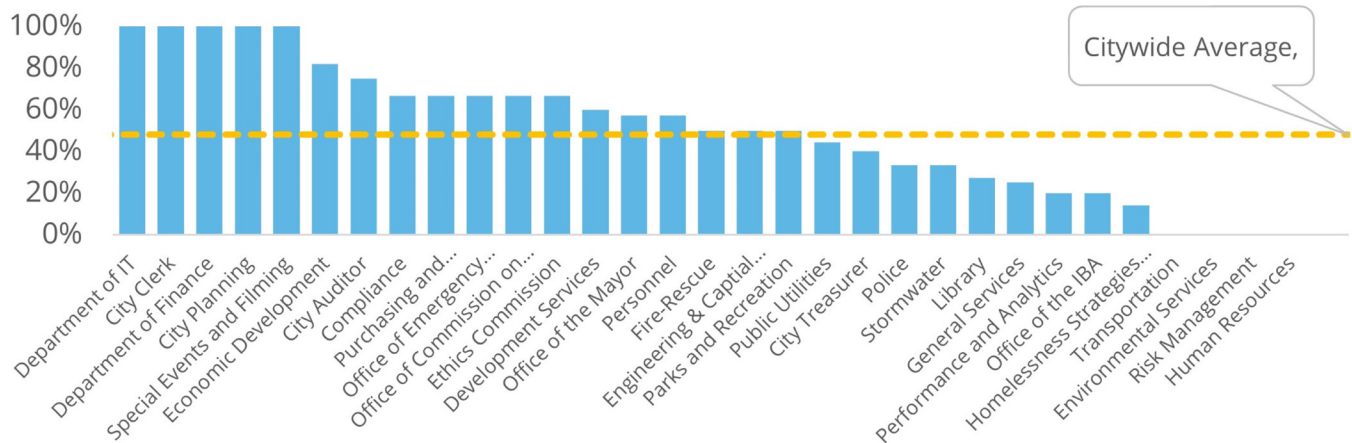
- Limited oversight and controls can lead to inaccurate KPIs, KPIs that are not top priorities, and KPIs that are irrelevant, unrealistic, and/or misaligned with best practices.
- The City can improve its online KPI performance dashboard by **incorporating visuals and historical data** to help identify performance trends over time.
- As a supplement to this audit report, we built a dashboard with visual historical data: https://bit.ly/Key_Performance_Indicators_Audit_Dashboard.

Exhibit 10: The City's KPI Performance Dashboard Should Include Visuals of Historical Trends and Descriptions of Each KPI



Source: Screenshot of OCA generated performance dashboard based on KPI data from FY2017 to present.

Exhibit 12: Reflecting a Range of Realistic vs. Aspirational Targets, the Percentage of KPIs that Met their Performance Target Varied from the Extremes of 0% to 100% Across Departments in FY2026, which Makes it Difficult to Compare and Interpret Results



Source: OCA generated based on analysis of the FY2026 Budget.

Finding 2: The City lacks a cohesive approach to KPIs and should provide increased guidance for their selection and development to enhance accountability and comparability.

- The percent of KPIs that met their targets **varies widely** across City departments—ranging from 0–100 percent. On average, the City met 48 percent of its KPI targets; however, due to the **differing ways in which departments select KPI goals**, it is unclear what conclusions decisionmakers and the public are supposed to reach.
- While the Performance and Analytics Department (Panda) provides support, training, and guidance to departments for their KPIs, **the City does not have a formal, enforceable policy on whether KPIs should be aspirational or realistically achievable.**
- According to Panda, it encourages departments to implement KPIs that **balance aspirational** targets (i.e., they reflect the ideal service level regardless of budget) **and achievable** targets (i.e., they are realistic given the budgetary reality).
- City departments and Council Offices do not agree on whether KPIs should be aspirational or realistic, but **most agree that departments should have at least one of both.**
- The U.S. Government and the City and County of San Francisco have two sets of KPIs— aspirational, long-term KPIs and realistic, nearer-term KPIs.

- A **KPI philosophy** would enhance accountability, comparability, and expectations management for services across City departments.
- Notably, the City Attorney's Office is the only City department without KPIs.
- The City Attorney's Office stopped publishing KPIs in the budget in FY2006 and annual reports detailing the department's accomplishments in 2017.

What OCA Recommends

We made five recommendations and City Management agreed to implement all five. Key recommendation elements to improve KPI oversight and comparability include:

- Developing, publishing, and presenting at Council Committee(s) an annual Performance Report for the City's KPIs to facilitate more in-depth discussion of KPIs;
- Creating a KPI data validation process to ensure accuracy of the City KPIs;
- Developing a publicly accessible dashboard that includes historical performance data;
- Creating and implementing a formal policy documenting the City's KPI philosophy and guidance for departments to follow; and
- The City Attorney's Office establishing and reporting a KPI (or KPIs).

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