



# City Auditor





## Department Description

The Office of the City Auditor is a newly-created independent office that reports to and is accountable to the Audit Committee and City Council. The City Auditor will conduct financial and 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 all 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 Department's mission is:

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

## Goals and Objectives

The following goals and objectives represent the action plan for the Department.

### ***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. Annual audit workplans are prepared and presented to the Audit Committee each fiscal year. The audit workplan targets business processes and programs identified in the annual City-wide 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
- Improve internal controls

# City Auditor

## **Goal 2: Increase the economy, efficiency, and effectiveness of the City Auditor Department**

During Fiscal Year 2009, the City Auditor will increase its staffing resources allowing the Department to conduct more audits and make recommendations of those business processes and programs identified as high risk in the annual City-wide risk assessment model. In addition, City Auditor staff will strive to ensure that all work is completed in compliance with applicable auditing standards. The Department will move towards accomplishing this goal by focusing on the following objective.

- Hire, retain, and develop skilled employees

## **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 citizens 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

## 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 City-wide risk assessment and identify required audits, such as the annual inventory audit, close-out audits, and hotline referrals. The goal will be to complete or substantially complete the required audit workplan.

Additionally, the City Auditor will also conduct testing and report on the City’s internal financial controls. This will include conducting follow-up work on the remediation efforts identified in the Kroll Report, as well as the internal control letters from the external auditors, and the City Comptroller’s internal control reports.

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 following up on previously issued recommendations.

## Budget Dollars at Work: Performance Expectations

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

<b>Performance Measure</b>	<b>Baseline FY2007</b>	<b>Actual FY2008<sup>1</sup></b>	<b>Target FY2009</b>
1. Percent of recommendations management agrees to implement	N/A	N/A	90%
2. Percent of recommendations reported as implemented by management that was verified by follow up audit testing	N/A	N/A	90%
3. Ratio of City benefits (measurable monetary recoveries and cost savings) to audit costs <sup>2</sup>	N/A	N/A	25%
4. Amount of measurable audit deficiencies (money identified to be recovered by the City) and cost savings	N/A	N/A	\$420,000

<sup>1</sup> The City Auditor is a new department and will begin tracking performance information in Fiscal Year 2009.

<sup>2</sup> The percentage of City benefits to audit costs and the amount of measurable cost savings will increase significantly in future years as audits begin to focus more on the City’s operational efficiency and effectiveness as opposed to internal financial controls.

# City Auditor

## Goal 2: Increase the economy, efficiency and effectiveness of the City Auditor Department

Performance Measure	Baseline FY2007	Actual FY2008 <sup>1</sup>	Target FY2009
1. Percent of audit workplan completed during the fiscal year	N/A	N/A	90%
2. Percent of employees in compliance with Generally Accepted Government Auditing Standards (GAGAS) training requirements	N/A	N/A	100%
3. Number of months with full audit staff (all budgeted positions filled)	N/A	N/A	9
4. Percent of staff who hold a professional certification(s) or advanced degrees	N/A	N/A	80%

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

Performance Measure	Baseline FY2007	Actual FY2008 <sup>1</sup>	Target FY2009
1. Percent of non-confidential audit reports available via City Auditor website within five days of issuance	NA	NA	100%
2. Percent users satisfied with timeliness, reliability, and value of audit services	NA	NA	90%

## Budget Dollars at Work: Sizing and Workload Data

	Actual FY2005	Actual FY2006	Actual FY2007	Actual FY2008 <sup>1</sup>	Target FY2009
<b>Sizing Data</b>					
Number of audit staff	N/A	N/A	N/A	N/A	11
Ratio of internal audit staff to city employees	N/A	N/A	N/A	N/A	11:10,500
<b>Workload Data</b>					
Number of audit reports issued	N/A	N/A	N/A	N/A	20
Number of recommendations issued to improve City operations	N/A	N/A	N/A	N/A	60
Number of hours spent on audit engagements	N/A	N/A	N/A	N/A	10,370
Number of presentations made to the Audit Committee	N/A	N/A	N/A	N/A	12



# City Auditor

## Department Summary

City Auditor				
	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 FINAL	FY 2008-2009 CHANGE
Positions	0.00	0.00	11.00	11.00
Personnel Expense	\$ -	\$ -	\$ 1,562,609	\$ 1,562,609
Non-Personnel Expense	\$ -	\$ -	\$ 115,019	\$ 115,019
<b>TOTAL</b>	\$ -	\$ -	\$ 1,677,628	\$ 1,677,628

## Department Staffing

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 FINAL
<b>GENERAL FUND</b>			
<b>City Auditor</b>			
City Auditor	0.00	0.00	11.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>11.00</b>

## Department Expenditures

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 FINAL
<b>GENERAL FUND</b>			
<b>City Auditor</b>			
City Auditor	\$ -	\$ -	\$ 1,677,628
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,677,628</b>

## Significant Budget Adjustments

### GENERAL FUND

City Auditor	Positions	Cost	Revenue
<b>Salary and Benefit Adjustments</b>	0.00	\$ 23,090	0

Adjustments to reflect the annualization of the Fiscal Year 2008 negotiated salary compensation schedule, changes to average salaries, retirement contributions, retiree health contributions, and other benefit compensation.

# City Auditor

## Significant Budget Adjustments

### GENERAL FUND

City Auditor	Positions	Cost	Revenue
<b>Mandated Additions</b>	5.00 \$	870,703 \$	0
Addition of 5.00 Principal Accountants and non-personnel expenditures for departmental support.			
<b>City Comptroller Transfer</b>	5.00 \$	718,361 \$	0
Transfer of 1.00 Assistant City Auditors & Comptroller, 1.00 Principal Accountant, 1.00 Accountant IV, 2.00 Accountant IIs, and associated non-personnel expenditures from the City Comptroller Department.			
<b>Office of Ethics &amp; Integrity Transfer</b>	1.00 \$	110,983 \$	0
Transfer of 1.00 Associate Management Analyst and related non-personnel expenses from the Office of Ethics & Integrity.			
<b>Support for Information Technology</b>	0.00 \$	100 \$	0
Funding allocated according to a zero-based annual review of information technology funding requirements and priority analyses.			
<b>Vacancy Savings</b>	0.00 \$	(45,609) \$	0
Adjustments to personnel expenses to reflect the anticipated savings resulting from positions projected to be vacant for any period of the fiscal year due to personnel transition and salary differentials for new employees.			

## Expenditures by Category

	FY 2007 BUDGET	FY 2008 BUDGET	FY 2009 FINAL
<b>PERSONNEL</b>			
Salaries & Wages	\$ -	\$ -	<b>1,058,936</b>
Fringe Benefits	\$ -	\$ -	<b>503,673</b>
<b>SUBTOTAL PERSONNEL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,562,609</b>
<b>NON-PERSONNEL</b>			
Supplies & Services	\$ -	\$ -	<b>94,743</b>
Energy/Utilities	\$ -	\$ -	<b>1,000</b>
Equipment Outlay	\$ -	\$ -	<b>19,276</b>
<b>SUBTOTAL NON-PERSONNEL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>115,019</b>
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,677,628</b>



**Salary Schedule**

**GENERAL FUND**

**City Auditor**

<i>Class</i>	<i>Position Title</i>	<i>FY 2008 Positions</i>	<i>FY 2009 Positions</i>		<i>Salary</i>		<i>Total</i>
1218	Assoc Management Analyst	0.00	<b>1.00</b>	\$	64,335	\$	64,335
2132	Department Director	0.00	<b>1.00</b>	\$	168,000	\$	168,000
2228	Principal Accountant	0.00	<b>9.00</b>	\$	96,212	\$	865,912
	Vacancy Factor Adjustment	0.00	<b>0.00</b>	\$	-	\$	(39,311)
	<b>Total</b>	<u>0.00</u>	<u><b>11.00</b></u>			<b>\$</b>	<b>1,058,936</b>
<b>CITY AUDITOR TOTAL</b>		0.00	<b>11.00</b>			<b>\$</b>	<b>1,058,936</b>

