

**City Auditor**



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## 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

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 and attestation engagements 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 and encourage implementation of open recommendations

***Goal 2: 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 the 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 relevant stakeholders

***Goal 3: 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, vendors, and residents to confidentially report any activity or conduct in which they suspect any instances of fraud, waste, 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, abuse, or violations of law and regulations that are found to be substantiated

## Key Performance Indicators

Performance Measure	Actual FY2011	Actual FY2012	Target FY2013
1. Percent of audit recommendations management agrees to implement (G1/O3)	90%	84%	90%
2. Percent of recommendations reported as implemented by management and subsequently verified through audit testing (G1/O3)	89%	96%	90%
3. Ratio of City's monetary benefits from audit activities to operational audit costs <sup>1</sup> (G1/O2)	11:1	17:1	4:1
4. Amount of City's measurable monetary benefits from audit activities <sup>2</sup> (G1/O1)	\$24.0M	\$45.4M	\$10.8M
5. Percent of audit workplan completed during the fiscal year (G2/O1)	91%	84%	90%
6. Percent of audited departments satisfied with timeliness, reliability, and value of audit services <sup>3</sup> (G2/O1)	88%	100%	90%
7. Percent of Audit Committee members, City Council members, and high-level City management satisfied with timeliness, reliability, and value of audit services <sup>3</sup> (G2/O1)	100%	N/A <sup>3</sup>	100%
8. Percent of hotline investigation recommendations management agrees to implement (G3/O1)	91%	100%	90%

<sup>1</sup> The ratio of the monetary benefits are calculated by considering the potential estimated cost savings, enhanced revenues, and/or monetized efficiencies over a five year period that will occur if audit recommendations are implemented compared to the City's annual operational costs.

<sup>2</sup> Measurable monetary benefits are calculated by considering the potential estimated cost savings, enhanced revenues, and/or monetized efficiencies over a five year period that will occur if audit recommendations are implemented.

<sup>3</sup> The percentage of satisfaction is based on the results of voluntary surveys. Due to low response rates, each individual survey response carries a significant portion of the total performance measure. For example, in Fiscal Year 2012, there was one response from the audited departments and no responses from the Audit Committee, City Council, or high-level City management.

## Service Efforts and Accomplishments

The City Auditor will propose an annual audit workplan that will identify planned audits to be undertaken during the fiscal year. The annual workplan will be based on the comprehensive citywide risk assessment results 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 internal controls testing 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 providing information on management's implementation of audit recommendations.

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The Office of the City Auditor earned the coveted 2011 Gold Knighton Award for best performance audit in the large audit shop category. The audit report, Performance Audit of Fire-Rescue's Emergency Medical Services, was judged on several key elements such as the potential for significant impact, the persuasiveness of the conclusions, the focus on improving government efficiency and effectiveness, and its clarity, conciseness, and innovation. The award was presented at the 2012 Association of Local Government Auditors (ALGA) Conference in Tempe, Arizona.

## Department Summary

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Positions (Budgeted)	18.50	19.50	20.00	0.50
Personnel Expenditures	\$ 2,292,124	\$ 2,577,544	\$ 2,567,720	\$ (9,824)
Non-Personnel Expenditures	490,868	975,980	1,241,385	265,405
<b>Total Department Expenditures</b>	<b>\$ 2,782,992</b>	<b>\$ 3,553,524</b>	<b>\$ 3,809,105</b>	<b>\$ 255,581</b>
<b>Total Department Revenue</b>	<b>\$ 257,159</b>	<b>\$ 222,323</b>	<b>\$ -</b>	<b>\$ (222,323)</b>

## General Fund

### Department Expenditures

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
City Auditor	\$ 2,782,992	\$ 3,553,524	\$ 3,809,105	\$ 255,581
<b>Total</b>	<b>\$ 2,782,992</b>	<b>\$ 3,553,524</b>	<b>\$ 3,809,105</b>	<b>\$ 255,581</b>

### Department Personnel

	FY2011 Budget	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
City Auditor	18.50	19.50	20.00	0.50
<b>Total</b>	<b>18.50</b>	<b>19.50</b>	<b>20.00</b>	<b>0.50</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Audit of City Internal Controls</b> Addition of expenditures to fund a comprehensive audit of all City internal controls.	0.00	\$ 150,000	\$ -
<b>Equipment/Support for Information Technology</b> Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	80,172	-
<b>Close-Out Audits</b> Addition of one-time expenditures to fund close-out audits in anticipation of the change of administration after the November 2012 elections.	0.00	25,000	-
<b>Non-Discretionary Adjustment</b> 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.	0.00	14,564	-
<b>One-Time Reductions and Annualizations</b> Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2012.	0.00	167	-
<b>Copier Savings</b> Adjustment to reflect savings resulting from the new convenience copier contract.	0.00	(4,498)	-

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## Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
<b>Salary and Benefit Adjustments</b>	0.50	(9,824)	-
Adjustments to reflect the annualization of the Fiscal Year 2012 negotiated salary compensation schedule, changes to savings resulting from positions to be vacant for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiation adjustments.			
<b>Revised Revenue</b>	0.00	-	(222,323)
Adjustment to reflect Fiscal Year 2013 revenue projections.			
<b>Total</b>	<b>0.50</b>	<b>\$ 255,581</b>	<b>\$ (222,323)</b>

## Expenditures by Category

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
<b>PERSONNEL</b>				
Salaries and Wages	\$ 1,582,828	\$ 1,720,154	\$ 1,758,631	\$ 38,477
Fringe Benefits	709,295	857,390	809,089	(48,301)
<b>PERSONNEL SUBTOTAL</b>	<b>\$ 2,292,124</b>	<b>\$ 2,577,544</b>	<b>\$ 2,567,720</b>	<b>\$ (9,824)</b>
<b>NON-PERSONNEL</b>				
Supplies	\$ 19,249	\$ 33,771	\$ 15,708	\$ (18,063)
Contracts	419,549	858,803	1,047,480	188,677
Information Technology	43,110	68,072	159,830	91,758
Energy and Utilities	2,499	5,968	5,518	(450)
Other	6,461	9,366	12,849	3,483
<b>NON-PERSONNEL SUBTOTAL</b>	<b>\$ 490,868</b>	<b>\$ 975,980</b>	<b>\$ 1,241,385</b>	<b>\$ 265,405</b>
<b>Total</b>	<b>\$ 2,782,992</b>	<b>\$ 3,553,524</b>	<b>\$ 3,809,105</b>	<b>\$ 255,581</b>

## Revenues by Category

	FY2011 Actual	FY2012 Budget	FY2013 Adopted	FY2012-2013 Change
Charges for Services	\$ 257,159	\$ 222,323	\$ -	\$ (222,323)
<b>Total</b>	<b>\$ 257,159</b>	<b>\$ 222,323</b>	<b>\$ -</b>	<b>\$ (222,323)</b>

## Personnel Expenditures

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Adopted	Salary Range	Total
<b>Salaries and Wages</b>						
21000000	Assistant City Auditor	0.00	2.00	2.00	\$34,694 - \$207,210	\$ 252,200
20001233	Assistant to the Director	0.00	1.00	1.00	46,966 - 172,744	51,992
20000119	Associate Management Analyst	1.00	0.00	0.00	54,059 - 65,333	-
20001252	City Auditor	1.00	1.00	1.00	59,155 - 224,099	162,960
20001135	Principal Auditor	16.50	15.50	16.00	19,323 - 151,840	1,291,479
<b>Salaries and Wages Subtotal</b>		<b>18.50</b>	<b>19.50</b>	<b>20.00</b>		<b>\$ 1,758,631</b>

## Fringe Benefits

Employee Offset Savings	\$ 54,087
Flexible Benefits	174,465
Long-Term Disability	10,278
Medicare	26,143



## Personnel Expenditures (Cont'd)

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Adopted	Salary Range	Total
	Other Post-Employment Benefits					126,540
	Retiree Medical Trust					2,753
	Retirement 401 Plan					11,007
	Retirement ARC					334,603
	Risk Management Administration					20,840
	Supplemental Pension Savings Plan					25,115
	Unemployment Insurance					5,227
	Workers' Compensation					18,031
<b>Fringe Benefits Subtotal</b>						<b>\$ 809,089</b>
<b>Total Personnel Expenditures</b>						<b>\$ 2,567,720</b>



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