

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 their 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

City Auditor

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 FY2012	Actual FY2013	Target FY2014
1. Percent of audit recommendations management agrees to implement	84%	98%	95%
2. Ratio of City's monetary benefits from audit activities to operational audit costs ¹	17:1	2:1	4:1
3. Amount of City's measurable monetary benefits from audit activities ²	\$45.4M	\$5.6M	\$10.8M
4. Percent of audit workplan completed during the fiscal year	84%	96%	90%
5. Percent of hotline investigation recommendations management agrees to implement	100%	100%	90%

1. 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.
2. 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.

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.

The Office of the City Auditor has established a national reputation earning three Knighton Awards for best performance audit in the large audit shop category. The audit reports were 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.



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Department Summary

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013–2014 Change
FTE Positions (Budgeted)	19.50	20.00	21.00	1.00
Personnel Expenditures	\$ 2,337,730	\$ 2,567,720	\$ 2,692,295	\$ 124,575
Non-Personnel Expenditures	1,093,162	1,241,385	1,196,490	(44,895)
Total Department Expenditures	\$ 3,430,892	\$ 3,809,105	\$ 3,888,785	\$ 79,680
Total Department Revenue	\$ 225,656	\$ -	\$ -	\$ -

General Fund

Department Expenditures

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013–2014 Change
City Auditor	\$ 3,430,892	\$ 3,809,105	\$ 3,888,785	\$ 79,680
Total	\$ 3,430,892	\$ 3,809,105	\$ 3,888,785	\$ 79,680

Department Personnel

	FY2012 Budget	FY2013 Budget	FY2014 Adopted	FY2013–2014 Change
City Auditor	19.50	20.00	21.00	1.00
Total	19.50	20.00	21.00	1.00

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Addition of Assistant to the Director Addition of 1.00 Assistant to the Director.	1.00	\$ 111,655	\$ -
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2013 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.	0.00	12,920	-
Non-Discretionary Adjustment 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	6,164	-
Review of Internal Quality Control Adjustment to reflect the addition of non-personnel expenditures to fund the department's internal quality control review.	0.00	5,000	-
One-Time Reductions and Annualizations Adjustment to reflect the removal of one-time revenues and expenditures, and the annualization of revenues and expenditures, implemented in Fiscal Year 2013.	0.00	(25,000)	-

City Auditor

Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
Equipment/Support for Information Technology	0.00	(31,059)	-
Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.			
Total	1.00	\$ 79,680	\$ -

Expenditures by Category

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
PERSONNEL				
Personnel Cost	\$ 1,664,031	\$ 1,758,631	\$ 1,774,967	\$ 16,336
Fringe Benefits	673,700	809,089	917,328	108,239
PERSONNEL SUBTOTAL	\$ 2,337,730	\$ 2,567,720	\$ 2,692,295	\$ 124,575
NON-PERSONNEL				
Supplies	\$ 11,379	\$ 15,708	\$ 23,272	\$ 7,564
Contracts	991,067	1,047,480	1,027,230	(20,250)
Information Technology	80,605	159,830	123,795	(36,035)
Energy and Utilities	2,476	5,518	871	(4,647)
Other	7,635	12,849	21,322	8,473
NON-PERSONNEL SUBTOTAL	\$ 1,093,162	\$ 1,241,385	\$ 1,196,490	\$ (44,895)
Total	\$ 3,430,892	\$ 3,809,105	\$ 3,888,785	\$ 79,680

Revenues by Category

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
Charges for Services	\$ 225,653	\$ -	\$ -	\$ -
Other Revenue	2	-	-	-
Total	\$ 225,656	\$ -	\$ -	\$ -

Personnel Expenditures

Job Number	Job Title / Wages	FY2012 Budget	FY2013 Budget	FY2014 Adopted	Salary Range	Total
FTE, Salaries, and Wages						
21000000	Assistant City Auditor	2.00	2.00	1.00	\$34,694 - \$207,210	\$ 128,375
20001233	Assistant to the Director	1.00	1.00	2.00	46,966 - 172,744	118,733
20001252	City Auditor	1.00	1.00	1.00	59,155 - 224,099	165,900
20001135	Principal Auditor	15.50	16.00	17.00	19,323 - 151,840	1,361,959
FTE, Salaries, and Wages Subtotal		19.50	20.00	21.00		\$ 1,774,967

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
Fringe Benefits				
Employee Offset Savings	\$ 16,566	\$ 54,087	\$ 53,835	\$ (252)
Flexible Benefits	161,928	174,465	184,591	10,126
Insurance	355	-	-	-
Long-Term Disability	9,375	10,278	9,603	(675)
Medicare	25,063	26,143	26,022	(121)
Other Post-Employment Benefits	53,376	126,540	131,061	4,521
Retiree Medical Trust	2,673	2,753	2,745	(8)

City Auditor

	FY2012 Actual	FY2013 Budget	FY2014 Adopted	FY2013-2014 Change
Retirement 401 Plan	10,588	11,007	10,972	(35)
Retirement ARC	340,032	334,603	409,083	74,480
Risk Management Administration	19,651	20,840	19,887	(953)
Supplemental Pension Savings Plan	21,999	25,115	28,542	3,427
Unemployment Insurance	5,447	5,227	5,096	(131)
Unused Sick Leave	(8)	-	-	-
Workers' Compensation	6,655	18,031	35,891	17,860
Fringe Benefits Subtotal	\$ 673,700	\$ 809,089	\$ 917,328	\$ 108,239
Total Personnel Expenditures			\$ 2,692,295	



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