

City Auditor



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Office 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 Office'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 Office:

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

To fulfill its mission, the Office 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 identified in the annual

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citywide risk assessment model. The Office will move towards accomplishing this goal by focusing on the following objectives:

- Improve performance of government programs and operations
- 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: 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 Office 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 Office 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 Office 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 Indicator	Actual FY2014	Target FY2015	Actual FY2015	Target FY2016
1. Percent of audit recommendations management agrees to implement	100%	90%	100%	95%
2. Percent of audit workplan completed during the fiscal year	73% ¹	90%	87%	90%
3. Percent of hotline investigation recommendations management agrees to implement	100%	90%	100%	90%

1. The percentage of the audit workplan completed for Fiscal Year 2014 was below 90% due in part to the complexity of findings encountered for various audits such as the Community Facilities Districts, Graffiti Abatement, Fire Rescue overtime, and Personnel Department recruiting, which required additional time to complete these projects. In addition, staffing absences of approximately 1.3 FTE during the fiscal year also impacted the Office's ability to reach 90% completion.

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.

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Additionally, the City Auditor will test 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 five 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, persuasiveness of the conclusions, focus on improving government efficiency and effectiveness, and its clarity, conciseness, and innovation.

Last fiscal year, the Office completed 15 performance audits, one agreed-upon procedures review, issued two confidential reports, and performed three hotline investigations. These reports contained 67 recommendations to improve the economy, efficiency, and effectiveness of City operations. The Administration agreed with 100 percent of the Office's recommendations. The Office issued two recommendation follow-up reports to track and validate implementation.



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Department Summary

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
FTE Positions (Budgeted)	21.00	21.00	22.00	1.00
Personnel Expenditures	\$ 2,705,686	\$ 2,735,557	\$ 2,990,277	\$ 254,720
Non-Personnel Expenditures	809,545	839,645	727,383	(112,262)
Total Department Expenditures	\$ 3,515,231	\$ 3,575,202	\$ 3,717,660	\$ 142,458
Total Department Revenue	\$ 298	\$ -	\$ -	\$ -

General Fund

Department Expenditures

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
City Auditor	\$ 3,515,231	\$ 3,575,202	\$ 3,717,660	\$ 142,458
Total	\$ 3,515,231	\$ 3,575,202	\$ 3,717,660	\$ 142,458

Department Personnel

	FY2014 Budget	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
City Auditor	21.00	21.00	22.00	1.00
Total	21.00	21.00	22.00	1.00

Significant Budget Adjustments

	FTE	Expenditures	Revenue
Salary and Benefit Adjustments Adjustments to reflect the annualization of the Fiscal Year 2015 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	\$ 128,711	\$ -
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	22,126	-
Equipment/Support for Information Technology Adjustment to expenditure allocations according to a zero-based annual review of information technology funding requirements and priority analyses.	0.00	10,044	-
Hourly Sick Leave Addition of personnel expenditures for paid sick leave benefits for eligible hourly employees consistent with the requirements of Assembly Bill 1522.	0.00	535	-
Addition of Performance Auditor Addition of 1.00 Performance Auditor to perform information technology audits, offset by a reduction in contractual expenditures.	1.00	-	-

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Significant Budget Adjustments (Cont'd)

	FTE	Expenditures	Revenue
Reduction of Contractual Expenditures	0.00	(18,958)	-
Reduction of non-personnel expenditures associated with contracts.			
Total	1.00	\$ 142,458	\$ -

Expenditures by Category

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
PERSONNEL				
Personnel Cost	\$ 1,766,399	\$ 1,857,934	\$ 1,993,590	\$ 135,656
Fringe Benefits	939,287	877,623	996,687	119,064
PERSONNEL SUBTOTAL	2,705,686	2,735,557	2,990,277	254,720
NON-PERSONNEL				
Supplies	\$ 14,085	\$ 23,437	\$ 23,107	\$ (330)
Contracts	703,059	732,219	610,717	(121,502)
Information Technology	84,468	74,962	85,006	10,044
Energy and Utilities	871	807	333	(474)
Other	6,318	8,220	8,220	-
Transfers Out	744	-	-	-
NON-PERSONNEL SUBTOTAL	809,545	839,645	727,383	(112,262)
Total	\$ 3,515,231	\$ 3,575,202	\$ 3,717,660	\$ 142,458

Revenues by Category

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
Other Revenue	\$ 298	\$ -	\$ -	\$ -
Total	\$ 298	\$ -	\$ -	\$ -

Personnel Expenditures

Job Number	Job Title / Wages	FY2014 Budget	FY2015 Budget	FY2016 Adopted	Salary Range	Total
FTE, Salaries, and Wages						
21000000	Assistant City Auditor	1.00	1.00	1.00	\$34,694 - \$207,210	\$ 154,500
20001233	Assistant to the Director	2.00	2.00	2.00	46,966 - 172,744	106,706
20001252	City Auditor	1.00	1.00	1.00	59,155 - 224,099	180,000
21000001	Performance Audit Manager	0.00	3.00	3.00	46,966 - 172,744	320,347
20001135	Performance Auditor	17.00	14.00	15.00	19,323 - 151,840	1,231,502
	Sick Leave - Hourly					535
FTE, Salaries, and Wages Subtotal		21.00	21.00	22.00		\$ 1,993,590

	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
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Fringe Benefits

Employee Offset Savings	\$ 20,393	\$ 20,382	\$ 20,970	\$ 588
Flexible Benefits	168,140	187,364	231,404	44,040
Insurance	323	-	-	-
Long-Term Disability	14,338	6,390	6,497	107
Medicare	26,029	26,941	28,899	1,958
Other Post-Employment Benefits	130,392	127,386	129,492	2,106

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	FY2014 Actual	FY2015 Budget	FY2016 Adopted	FY2015-2016 Change
Retiree Medical Trust	2,545	2,800	3,089	289
Retirement 401 Plan	8,098	9,225	6,195	(3,030)
Retirement ADC	462,847	415,680	428,614	12,934
Risk Management Administration	19,371	19,887	23,100	3,213
Supplemental Pension Savings Plan	53,049	53,314	92,635	39,321
Unemployment Insurance	4,915	3,659	3,731	72
Workers' Compensation	28,846	4,595	22,061	17,466
Fringe Benefits Subtotal	\$ 939,287	\$ 877,623	\$ 996,687	\$ 119,064
Total Personnel Expenditures			\$ 2,990,277	