

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

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, or 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, or abuse that are found to be substantiated

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.

Key Performance Indicators

Performance Measure	Actual FY2011	Estimate FY2012	Target FY2013
1. Percent of audit recommendations management agrees to implement (G1/O3)	90%	91%	90%
2. Percent of recommendations reported as implemented by management and subsequently verified through audit testing (G1/O3)	89%	90%	90%
3. Ratio of City's monetary benefits from audit activities to operational audit costs ¹ (G1/O2)	11:1	5:1	4:1
4. Amount of City's measurable monetary benefits from audit activities ² (G1/O1)	\$24.0M	\$13.3M	\$10.8M
5. Percent of audit workplan completed during the fiscal year (G2/O1)	91%	91%	90%
6. Percent of Audited Departments satisfied with timeliness, reliability, and value of audit services ³ (G2/O1)	88%	90%	90%
7. Percent of Audit Committee members, City Councilmembers, and high level City management satisfied with timeliness, reliability, and value of audit services ³ (G2/O1)	100%	100%	100%
8. Percent of hotline investigation recommendations management agrees to implement (G3/O1)	91%	100%	90%

¹ The ratio of the monetary benefits are calculated by considering the potential estimated cost saving or enhanced revenues 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 saving or enhanced revenues over a five year period that will occur if audit recommendations are implemented.

³ The percentage of satisfaction is based on the results of voluntary surveys. Due to low response rates (33 percent in Fiscal Year 2011), each individual survey response carries a significant portion of the total performance measure. For example, in Fiscal Year 2011, there was only a single negative response which skewed the performance data.



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Department Summary

	FY2011 Actual	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
Positions (Budgeted)	18.50	19.50	20.00	0.50
Personnel Expenditures	\$ 2,292,124	\$ 2,577,544	\$ 2,571,589	\$ (5,955)
Non-Personnel Expenditures	490,868	975,980	992,512	16,532
Total Department Expenditures	\$ 2,782,992	\$ 3,553,524	\$ 3,564,101	\$ 10,577
Total Department Revenue	\$ 257,159	\$ 222,323	\$ -	\$ (222,323)

General Fund

Department Expenditures

	FY2011 Actual	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
City Auditor	\$ 2,782,992	\$ 3,553,524	\$ 3,564,101	\$ 10,577
Total	\$ 2,782,992	\$ 3,553,524	\$ 3,564,101	\$ 10,577

Department Personnel

	FY2011 Budget	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
City Auditor	18.50	19.50	20.00	0.50
Total	18.50	19.50	20.00	0.50

Significant Budget Adjustments

	FTE	Expenditures	Revenue
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	\$ 14,564	\$ -
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	6,299	-
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 2012.	0.00	167	-
Copier Savings Adjustment to reflect savings resulting from the new convenience copier contract.	0.00	(4,498)	-
Salary and Benefit Adjustments 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.	0.50	(5,955)	-
Revised Revenue Adjustment to reflect Fiscal Year 2013 revenue projections.	0.00	-	(222,323)
Total	0.50	\$ 10,577	\$ (222,323)

City Auditor

Expenditures by Category

	FY2011 Actual	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
PERSONNEL				
Salaries and Wages	\$ 1,582,828	\$ 1,720,154	\$ 1,758,631	\$ 38,477
Fringe Benefits	709,295	857,390	812,958	(44,432)
PERSONNEL SUBTOTAL	\$ 2,292,124	\$ 2,577,544	\$ 2,571,589	\$ (5,955)
NON-PERSONNEL				
Supplies	\$ 19,249	\$ 33,771	\$ 15,708	\$ (18,063)
Contracts	419,549	879,455	904,718	25,263
Information Technology	43,110	47,420	53,719	6,299
Energy and Utilities	2,499	5,968	5,518	(450)
Other	6,461	9,366	12,849	3,483
NON-PERSONNEL SUBTOTAL	\$ 490,868	\$ 975,980	\$ 992,512	\$ 16,532
Total	\$ 2,782,992	\$ 3,553,524	\$ 3,564,101	\$ 10,577

Revenues by Category

	FY2011 Actual	FY2012 Budget	FY2013 Proposed	FY2012-2013 Change
Charges for Services	\$ 257,159	\$ 222,323	\$ -	\$ (222,323)
Total	\$ 257,159	\$ 222,323	\$ -	\$ (222,323)

Personnel Expenditures

Job Number	Job Title / Wages	FY2011 Budget	FY2012 Budget	FY2013 Proposed	Salary Range	Total
Salaries and Wages						
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
Salaries and Wages Subtotal		18.50	19.50	20.00		\$ 1,758,631

Fringe Benefits

Employee Offset Savings	\$ 54,087
Flexible Benefits	174,465
Long-Term Disability	11,900
Medicare	26,143
Other Post-Employment Benefits	127,080
Retiree Medical Trust	2,753
Retirement 401 Plan	11,007
Retirement ARC	336,310
Risk Management Administration	20,840
Supplemental Pension Savings Plan	25,115
Unemployment Insurance	5,227
Workers' Compensation	18,031
Fringe Benefits Subtotal	\$ 812,958
Total Personnel Expenditures	\$ 2,571,589