

**City Auditor**



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## 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 vision is:***

Building public trust in government through GREATness in our work: GROWTH by owning our own personal and professional development; RESPECT by representing the office with integrity and treating all colleagues with consideration; EFFECTIVENESS by providing timely, objective, and accurate reviews of City programs and achieving solutions wherever problems are found; ACCOUNTABILITY by adhering to government auditing standards and committing to every project; TRUST by working on behalf of the San Diego community and conducting ourselves with high ethics, independence, and objectivity.

### ***The mission is:***

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

## Goals and Objectives

**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 work plan is prepared and presented to the Audit Committee each fiscal year. The audit work plan targets business processes and programs identified in the annual citywide risk assessment model.*

- The Office will move toward accomplishing this goal by focusing on the following objectives: Improve the 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 toward 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 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 toward 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.

# Budget Equity Impact Statement

<b>Equity Highlights</b>
<i>Examples from the current fiscal year.</i> <ul style="list-style-type: none"><li>• Audit of pedestrian safety identified measures to improve pedestrian safety by increasing evaluations and expanding reporting to ensure efficient and equitable use of resources.</li><li>• Audit of the City's classified hiring practices identified that the City's lengthy hiring process negatively impacts the efficiency and equity of services provided to the public.</li><li>• Investigations routinely evaluate and respond to allegations of inequity issues pertaining to City staff, City operations, and equity impacts on residents.</li></ul>
<b>Budget Equity Lens Summary</b>
<b>Ongoing Operations</b> <i>Is there an opportunity to adjust the department's ongoing operations to address a disparity?</i> <b>No</b> This would erode recent efforts to make OCA staff salaries competitive and would likely significantly affect OCA staff morale, recruiting, and retention.
<b>Budget Adjustment(s)</b> <i>Do the Budget Adjustments address a disparity?</i> <b>Yes</b> Per City Charter Section 39.1, the Audit Committee recommends the Office of the City Auditor's annual budget. At the January 24, 2024 Audit Committee meeting, the Audit Committee recommended the Office of the City Auditor's FY 2025 budget include an addition of \$180,000 for independent legal counsel, contingent upon voter approval of Measure A. \$180,000 is the estimated annual cost of independent legal counsel developed by the Department of Finance and the Independent Budget Analyst, as described in the fiscal impact statement for the ballot measure. In the March 2024 election, approximately 67 percent of voters supported Measure A. After further discussions with the Chair of the Audit Committee, it is likely that the process to implement Measure A and retain independent legal counsel will not be complete by the beginning of FY 2025.

**Key Performance Indicators**

Performance Indicator	Definition	Baseline	FY2024 Performance	Goal
Audit Recommendations	Percentage of audit recommendations management agrees to implement	98%	98%	95%
Audit Work Plan <sup>1</sup>	Percentage of audit work plan completed during the fiscal year	81%	75%	90%
Hotline Investigation	Percentage of hotline investigation recommendations management agrees to implement	85%	100%	90%

<sup>1</sup> The target goal was not met due to staffing vacancies during the first half of the fiscal year.

## Department Summary

	FY2023 Actual	FY2024 Budget	FY2025 Proposed	FY2024-2025 Change
FTE Positions (Budgeted)	22.00	24.00	24.00	0.00
Personnel Expenditures	\$ 3,686,140	\$ 4,462,000	\$ 4,866,760	\$ 404,760
Non-Personnel Expenditures	636,110	642,700	840,437	197,737
<b>Total Department Expenditures</b>	<b>\$ 4,322,250</b>	<b>\$ 5,104,700</b>	<b>\$ 5,707,197</b>	<b>\$ 602,497</b>
<b>Total Department Revenue</b>	<b>\$ 749</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

## General Fund

### Department Expenditures

	FY2023 Actual	FY2024 Budget	FY2025 Proposed	FY2024-2025 Change
City Auditor	\$ 4,322,250	\$ 5,104,700	\$ 5,707,197	\$ 602,497
<b>Total</b>	<b>\$ 4,322,250</b>	<b>\$ 5,104,700</b>	<b>\$ 5,707,197</b>	<b>\$ 602,497</b>

### Department Personnel

	FY2023 Budget	FY2024 Budget	FY2025 Proposed	FY2024-2025 Change
City Auditor	22.00	24.00	24.00	0.00
<b>Total</b>	<b>22.00</b>	<b>24.00</b>	<b>24.00</b>	<b>0.00</b>

### Significant Budget Adjustments

	FTE	Expenditures	Revenue
<b>Salary and Benefit Adjustments</b> Adjustments to reflect savings resulting from vacant positions for any period of the fiscal year, retirement contributions, retiree health contributions, and labor negotiations.	0.00	\$ 473,047	\$ -
<b>Independent Legal Counsel</b> Addition of non-personnel expenditures to support independent legal counsel as approved by voters.	0.00	180,000	-
<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	19,764	-
<b>Support for Information Technology</b> Adjustment to expenditure allocations according to an annual review of information technology funding requirements.	0.00	(2,027)	-
<b>Reduction of Personnel Expenditures</b> Reduction of one-time personnel expenditures associated with savings resulting from vacant positions.	0.00	(68,287)	-
<b>Total</b>	<b>0.00</b>	<b>\$ 602,497</b>	<b>\$ -</b>

# City Auditor

## Expenditures by Category

	FY2023 Actual	FY2024 Budget	FY2025 Proposed	FY2024-2025 Change
<b>PERSONNEL</b>				
Personnel Cost	\$ 2,511,085	\$ 3,089,346	\$ 3,460,448	\$ 371,102
Fringe Benefits	1,175,056	1,372,654	1,406,312	33,658
<b>PERSONNEL SUBTOTAL</b>	<b>3,686,140</b>	<b>4,462,000</b>	<b>4,866,760</b>	<b>404,760</b>
<b>NON-PERSONNEL</b>				
Supplies	\$ 12,968	\$ 13,631	\$ 12,281	\$ (1,350)
Contracts & Services	448,799	457,159	658,273	201,114
<i>External Contracts &amp; Services</i>	411,701	420,283	600,283	180,000
<i>Internal Contracts &amp; Services</i>	37,097	36,876	57,990	21,114
Information Technology	168,644	165,710	163,683	(2,027)
Other	5,700	6,200	6,200	-
<b>NON-PERSONNEL SUBTOTAL</b>	<b>636,110</b>	<b>642,700</b>	<b>840,437</b>	<b>197,737</b>
<b>Total</b>	<b>\$ 4,322,250</b>	<b>\$ 5,104,700</b>	<b>\$ 5,707,197</b>	<b>\$ 602,497</b>

## Revenues by Category

	FY2023 Actual	FY2024 Budget	FY2025 Proposed	FY2024-2025 Change
Other Revenue	\$ 749	\$ -	\$ -	-
<b>Total</b>	<b>\$ 749</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

## Personnel Expenditures

Job Number	Job Title / Wages	FY2023 Budget	FY2024 Budget	FY2025 Proposed	Salary Range	Total
<b>FTE, Salaries, and Wages</b>						
21000000	Assistant City Auditor	1.00	1.00	1.00	\$ 53,856 - 321,585	\$ 232,022
20001233	Assistant to the Director	2.00	3.00	3.00	72,886 - 268,057	397,928
20001252	City Auditor	1.00	1.00	1.00	96,395 - 365,173	271,894
21000001	Performance Audit Manager	1.00	1.00	1.00	72,886 - 268,057	182,196
20001135	Performance Auditor Adjust Budget To Approved Levels Vacation Pay In Lieu	17.00	18.00	18.00	36,814 - 235,656	2,410,431 (68,287)  34,264
<b>FTE, Salaries, and Wages Subtotal</b>		<b>22.00</b>	<b>24.00</b>	<b>24.00</b>		<b>\$ 3,460,448</b>

	FY2023 Actual	FY2024 Budget	FY2025 Proposed	FY2024-2025 Change
<b>Fringe Benefits</b>				
Employee Offset Savings	\$ 40,630	\$ 10,351	\$ 10,828	\$ 477
Flexible Benefits	266,190	294,633	313,889	19,256
Insurance	1,579	-	-	-
Long-Term Disability	12,719	12,055	12,821	766
Medicare	37,262	47,721	50,668	2,947
Other Post-Employment Benefits	125,320	136,536	99,600	(36,936)
Retiree Medical Trust	5,102	7,251	7,381	130
Retirement 401 Plan	9,471	15,503	16,747	1,244
Retirement ADC	498,467	648,206	686,343	38,137
Risk Management Administration	30,473	30,888	33,336	2,448



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	FY2023 Actual	FY2024 Budget	FY2025 Proposed	FY2024-2025 Change
Supplemental Pension Savings Plan	127,645	155,316	150,345	(4,971)
Unemployment Insurance	3,239	3,891	3,633	(258)
Workers' Compensation	16,959	10,303	20,721	10,418
<b>Fringe Benefits Subtotal</b>	<b>\$ 1,175,056</b>	<b>\$ 1,372,654</b>	<b>\$ 1,406,312</b>	<b>\$ 33,658</b>
<b>Total Personnel Expenditures</b>			<b>\$ 4,866,760</b>	



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