

Attachment 03 – City Auditor’s 2017/18 Audit Plan

EXHIBIT A – CITY AUDITOR ANNUAL AUDIT PLAN FOR FISCAL YEAR 2017/18

Whistleblower Hotline Investigations

City Auditor anticipates that approximately 40 percent of the Office’s resources will be used throughout the year to manage and investigate whistleblower hotline activity.

Carried Over From Last Year’s Audit Plan

Priority 1: An Audit of the Sacramento Police Department

The adopted FY 2015/16 Police Department Budget was over \$125 million. The mission of the Sacramento Police Department is to work in partnership with the community to protect life and property, solve neighborhood problems, and enhance the quality of life in our community. The Police Department has not been directly audited by the City Auditor in over 5 years. This audit would first perform a department-wide risk assessment that would identify potential audit areas that would benefit from a performance audit. Based on the results of this risk assessment, the City Auditor will perform an audit of the area(s) that would most benefit from the audit process.

Priority 1: An Audit of the City’s Parks and Recreation Department

In FY 2015/16, the City’s Parks and Recreation Department was approved for almost 600 FTE’s and a \$35 million budget. The mission of the Department of Parks and Recreation is to ensure opportunities for people to optimize the experience of living by creating environments for safety, engagement, relationship building and personal development. The Department of Parks and Recreation has not been directly audited by the City Auditor in over 5 years. This audit would first perform a department-wide risk assessment that would identify potential audit areas that would benefit from a performance audit. Based on the results of this risk assessment, the City Auditor will perform an audit of the area(s) that would most benefit from the audit process.

Priority 1: An Audit of the Entertainment and Sports Center Local Hiring and Business Involvement (Phase II)

The City Council has made a \$250 million investment in the ESC. Given the value and potential impact of this investment, the City Council has expressed an interest in having an independent review of the project’s ability to meet local hiring, business involvement, and other community impact goals. The City Auditor’s Office completed an audit in this area in February 2016. In order to confirm that the goals are met or exceeded by the conclusion of the project, the City Council has directed the City Auditor’s Office to reevaluate this matter and report on the final results.

Additional Audits Proposed for FY 2017/18

Priority 1: An Audit of the Fire Department Emergency Medical Services (EMS)

The City Auditor’s Office completed an audit of the Fire Department Overtime Use in February 2017. Included in this report was the identification of the Fire Departments EMS as an area of audit interest. An Audit of the Fire Department EMS would evaluate the service delivery costs, revenues, and general operations to determine if adequate controls are in place to ensure efficient and effective performance.

Priority 1: An Audit of the Utilities Department Workplace Safety

The Department of Utilities (DOU) is dedicated to continuous improvement. As a testament to that dedication, DOU, in coordination with the City Auditor’s Office, has identified the department’s compliance with safety protocols and regulations as an area of interest. DOU is committed to providing a safe work environment for all its employees. Promotion of safe working conditions and compliance with regulations are key components of health and safety in the workplace. This audit will review the Department of Utilities’ policies and procedures, injury and illness prevention program, tracking and reporting of accidents, workers compensation claims, and OSHA compliance.

Priority 1: An Audit of the City's Retirees Benefits

In April 2011, our audit of Employee Health and Pension Benefits identified a concern with the lack of formal processes to ensure it pays the correct amounts towards retiree health benefits. In the City's external auditor's December 19, 2014 management letter to the City, the Auditor observed that "the City is not performing a monthly reconciliation of healthcare bills received from insurance providers to the City's records of participating retirees." Given the continued concerns with this program, this audit would review the City's retiree health benefits program and seek to identify additional opportunities for improvement.

Priority 1: Audit of the City's Boards and Commissions Ethnic and Gender Diversity

On May 10, 2016, the City Council directed the City Auditor, with assistance from the Independent Budget Analyst, to conduct an assessment of the diversity of City of Sacramento employees and compare the results to the demographics of the City of Sacramento residents. This effort has generated additional interest evaluating the ethnic and gender diversity of the City's Boards and Commissions. This review will identify and list the various boards and commissions that assist the City in meeting its obligations and will detail the ethnic and gender composition of our community leaders.

Priority 1: An Audit of the Community Development Department, Building Division

During the economic downturn, the Community Development Department experienced a significant decrease in building related activities. As the region's economic condition begins to improve, building activities are expected to increase. An audit of the Building Division would assess current building permitting processes to improve the customer experience and to identify opportunities for further streamlining.

Audits that we would like to perform, but lack the resources necessary to complete

Priority 2: An Audit of City Owned/Leased Property (\$75,000)

The City of Sacramento owns and leases property throughout the City. The objective of this audit would be to identify all City owned and leased real property that the City, private parties, and non-profit organizations lease, occupy, or otherwise use and assess if opportunities for more efficient use and management exist.

Priority 2: An Audit of the Sacramento Convention and Visitor's Bureau (SCVB) (\$75,000)

The SCVB receives \$1.4 million from the 10 percent TOT that is deposited in the Community Center Fund and \$473,248 from the two percent TOT allocated to the General Fund. Visit Sacramento is the public-facing name of the Sacramento Convention & Visitors Bureau. The core business is selling and marketing Sacramento as a destination for meetings & conventions, travel trade, and leisure travelers to generate economic impact for the City and County of Sacramento. This audit would assess the use of City funds to ensure the services rendered meet the expectations of the City of Sacramento and to seek to identify opportunities for operational improvements.

Priority 2: An Audit of the Convention Center, Memorial Auditorium, Community Center Theater (\$125,000)

The City of Sacramento is considering a \$270 million plan to expand or renovate the Sacramento Convention Center, the Community Center Theater, and the Memorial Auditorium. According to the Sacramento Bee, in 2015/16, the three buildings lost a combined \$282,000. While such facilities are not intended to turn a big profit but rather to boost the citywide economy, this audit would target one of these operations and assess if opportunities exist for more efficient and cost effective performance.

Priority 2: An Audit of City Grants Management (\$75,000)

The City provides grants to various entities that provide services to Sacramento residents. This audit would assess overall grant program management in areas such as awarding grants, monitoring grantees, and assessing program performance and reporting.

Priority 2: An Audit of the City's Green Efforts (\$75,000)

The City of Sacramento has been a big supporter of advancing green technologies and encouraging the adoption of green practices. As a result, over the last several years, the City of Sacramento has made significant investments to "go green" such as converting 20 percent of the City's vehicles to alternative fuel, broader City-wide use of LED lighting, and installation of solar panels at various City facilities. This audit will

assess the City's overall greening efforts. In addition, this audit will identify additional opportunities for the City's investment in green technologies that will further advance our City's greening efforts.

If during the course of the year, the City Council requests an audit of an area not listed on the approved audit plan, the City Auditor will forward the request to the Budget and Audit Committee for consideration and approval.

Other Reports from the City Auditor's Office

Quarterly Reports

The City Auditor will forward to the Budget and Audit Committee quarterly reports describing the status of audit assignments and the progress the Office is making toward completing them.

Whistleblower Hotline Activity Reports

On a semiannual basis, the City Auditor will report on the status of the City's Whistleblower Hotline activity and results.

Recommendation Follow-up Reports

On a semiannual basis, the City Auditor will report on the status of audit recommendations.

Ethics Commission

The City Auditor will perform an annual assessment of the Compliance Officer's ability to meet the deliverables established by the City Council. This may include an assessment of the processes and policies established by the Officer, validation of the Officer's Performance measures, and a review of the impact of the services provided by the Officer. The City Auditor will also work to determine how best to coordinate the exchange of information related to complaints and whistleblower activity that are brought to the attention of either office.

Sacramento Community Police Review Commission

Review of semiannual and quarterly reports by the commission and report the council on whether the commission is meeting the Councils expectations.