



REPORT TO COUNCIL

City of Sacramento

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Staff Report
September 8, 2009

**Honorable Mayor and
Members of the City Council**

Title: Workshop: Relationship of Independent Budget Analyst and City Auditor

Location/Council District: Citywide

Recommendation: Provide Direction on Establishment and Structure of Independent Budget Analyst and City Auditor

Contact: Russell T. Fehr, City Treasurer (916) 808-5168

Presenters: Russell T. Fehr, City Treasurer (916) 808-5168

Departments: City Treasurer

Division: City Treasurer

Organization No: 05001011

Description/Analysis

Issue:

A Proposed ordinance Initiative establishing a City Independent Budget Analyst selected by and reporting to the City Council, will either be approved by the Mayor and City Council or be placed on the June 2010 ballot. Pursuant to separate action taken, this Council recently created a City Auditor, which is to be selected by and report to the City Council. If the Independent Analyst ordinance is adopted as proposed, both the City Auditor and the Independent Budget Analyst will report directly to the City Council. Since much of the work done by both will be generally financial in nature, the structural and functional relationships of both positions should be considered before the two offices are staffed. The City Council should provide policy direction to staff so that staff may prepare appropriate ordinances and budget amendments.

Policy Considerations:

The basic policy issue is providing direction for implementation of separate City Auditor and Independent Budget Analyst operations or combining the two functions into one operation.

Environmental Considerations: California Environmental Quality Act (CEQA): This action is not subject to the CEQA because it is not a "project" as defined in section 15378 of the CEQA Guidelines.

Sustainability Considerations: None

Commission/Committee Action: None

Rationale for Recommendation:

In this workshop format no formal recommendation is being made; rather, alternatives are being presented to the City Council to serve as a starting point for discussion and specific direction to staff.

Financial Considerations: The City Auditor is included in the current year budget and the Independent Budget Analyst is not. Funding recommendations for the entire seven positions and associated expenditures should be included with the ordinance(s) and staffing adjustments implementing the City Council's policy direction.

Emerging Small Business Development (ESBD): Not Applicable

Respectfully Submitted by: 

Russell T. Fehr
City Treasurer

Recommendation Approved:



Russell T. Fehr
City Treasurer

Table of Contents:

Report	pg. 1
Attachments	
1 Background	pg. 3
2 Scenario 1 Org Chart	pg. 5
3 Scenario 2 Org Chart	pg. 6
4 Scenario 3 Org Chart	pg. 7

BACKGROUND

The City Council recently created the Office of City Auditor. On August 25, 2009, the City Council was presented with information regarding a suggested a reasonable staffing level and budget for the proposed Independent Budget Analyst. At that time the City Council requested that a workshop be held on the subject of potential cooperation or consolidation of the City Auditor and the Independent Budget Analyst, both of which will report directly to the City Council.

The City Auditor and staff are included in the current year budget; the Independent Budget Analyst is not. The suggested initial staffing level for a Sacramento Independent Budget Analyst is three full time positions. The question becomes what organization and structure of the seven positions would provide for efficiency, cost-effectiveness, flexibility for the City Council, and ability to produce the expected results.

The basic policy issue for which staff is seeking direction involves recruiting staff with broader or more narrow and specialized skill sets to perform the duties of auditing, budget analysis, and policy analysis.

Organizational Scenarios

Three scenarios for the organization and staff of the City Auditor and the Independent Budget Analyst may serve as a starting point for City Council discussion in this workshop. Each scenario assumes an overall staff of seven for the two combined functions. The current year budget includes funding and authorized staff of four for the City Auditor. The August 25, 2009, report regarding the Independent Budget Analyst suggested a staff of three. The scenarios are based on differing levels of consolidation of the seven positions.

Scenario 1

In this scenario the City Auditor and Independent Budget Analyst are independent of one another. There is a City Auditor operated with four staff members and an Independent Budget Analyst with three staff members. This would be the least efficient and least flexible alternative.

Scenario 2

In this scenario the City Auditor and Independent Budget Analyst positions are combined in one individual. There is an Auditor team under a Senior level position and an Analyst team under a Senior level position. The line staff would be recruited as analysts or auditors.

Scenario 3

In this scenario the City Auditor and Independent Budget Analyst positions also are combined in one individual. City Auditor and Independent Budget Analyst positions are combined in one individual. The other six positions are combined into one team. There are separate auditor and analyst positions. Ideally, the office could recruit for staff with the skill sets to perform both auditor and analyst duties.

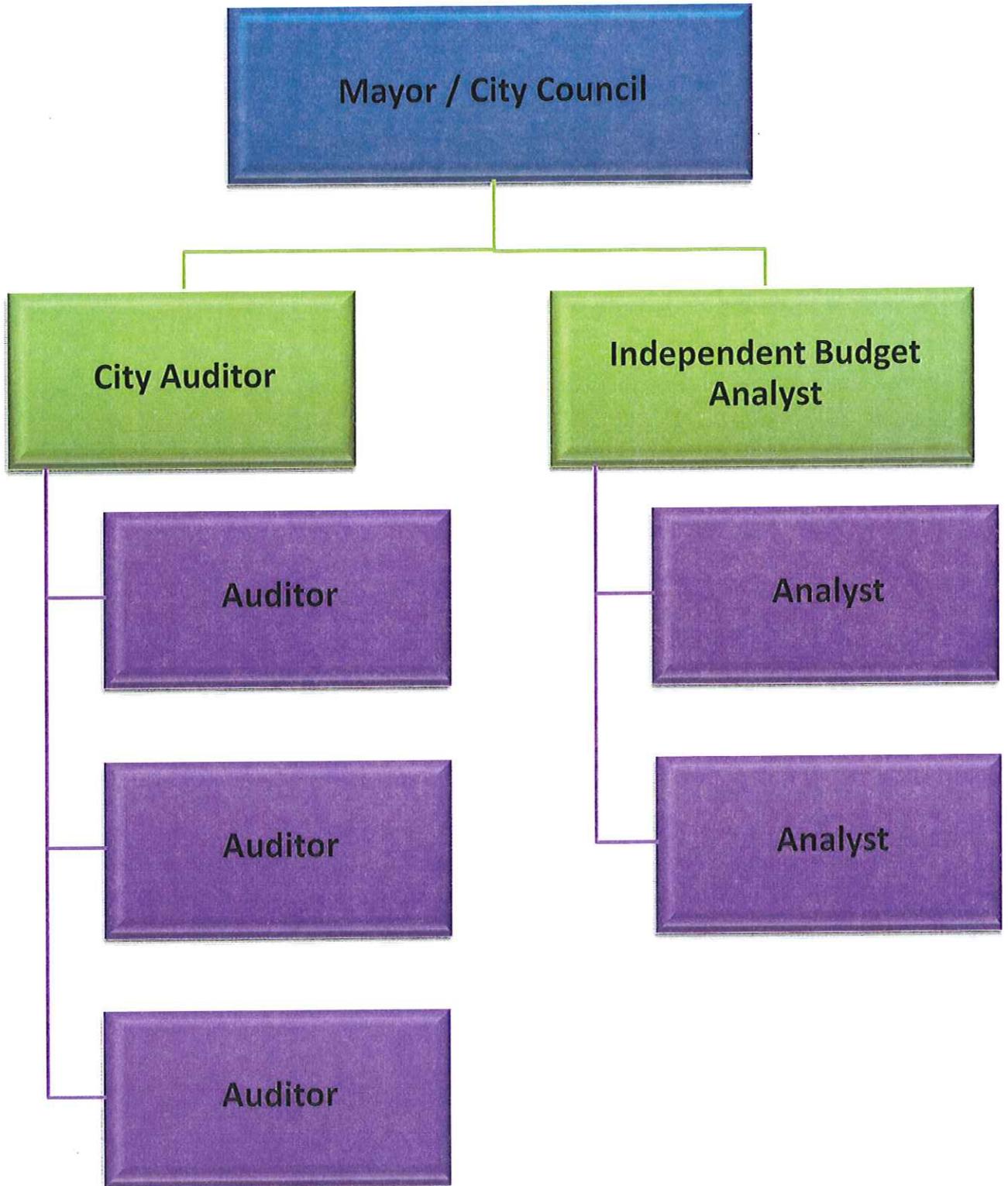
City Auditor and Independent Budget Analyst Positions

The fundamental policy decision is whether or not to combine the City Auditor and Independent Budget Analyst positions in one individual. This option would be slightly less costly as there would be only one, rather than two, top level positions. Having one individual in charge of both the City Auditor and Independent Budget Analyst operations would provide for a maximum level of cooperation, coordination, and ability to focus on the City Council's priorities. For the line staff, hiring individuals who could do the work of both an auditor and an analyst would provide for greater flexibility and focus on projects; however, finding seven individuals with the common skill set may prove difficult.

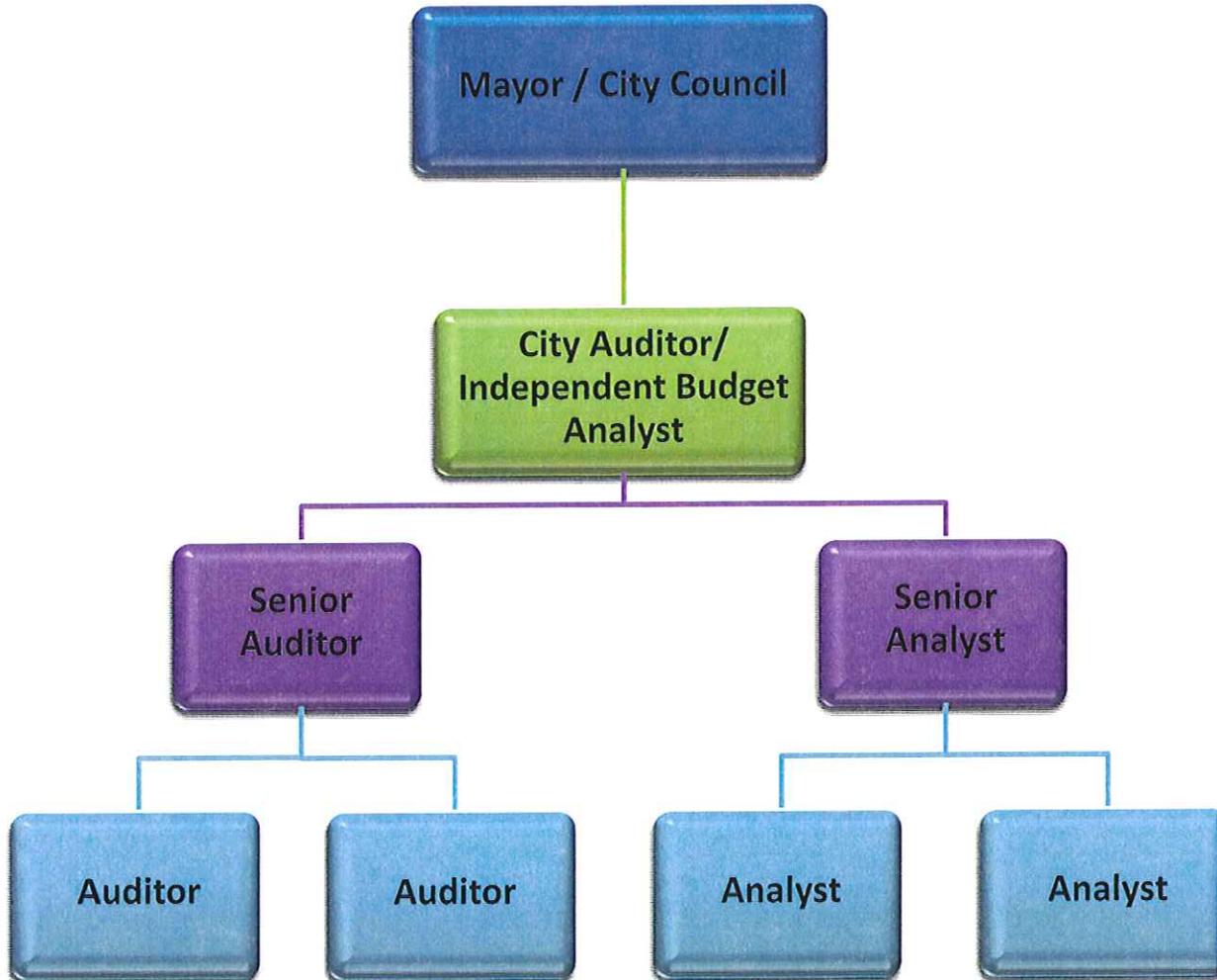
Funding

The total expenditure for the seven positions and associated costs would be just over \$1 million. The four positions for the City Auditor are included in the current year budget. The City Auditor and one staff position are funded with discretionary General Fund resources, and the other two positions will be funded from the Risk Fund when filled. The Independent Budget Analyst positions have neither been approved nor funded. There are some salary savings available from the vacant City Auditor position. But it would not be sufficient to fund four positions even for a partial year. It is difficult to find additional funding mid-year given the overall budget situation facing the City. Staff should include funding alternatives along with the ordinance and staffing adjustment needed to implement the City Council's policy direction.

Scenario 1



Scenario 2



Scenario 3

