

**RESOLUTION NO. 2012-052**

Adopted by the Sacramento City Council

March 6, 2012

**APPROVING THE CITY AUDITOR'S ANNUAL AUDIT PLAN FOR FISCAL YEAR 2012-13**

**BACKGROUND**

- A. City Code Section 2.18.030 requires that the City Auditor submit an Annual Audit Plan to the City Council for approval.
- B. The Annual Audit Plan contains the planned projects to be completed during the upcoming fiscal year.
- C. Significant audit fieldwork cannot proceed without the adoption of the audit plan by a majority of the City Council.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

Section 1. The City Auditor's Audit Plan for Fiscal Year 2012-13, attached as Exhibit A, is approved.

Section 2. Exhibit A is a part of this Resolution.

Adopted by the City of Sacramento City Council on March 6, 2012 by the following vote:

Ayes: Councilmembers Ashby, Cohn, D Fong, R Fong, McCarty, Pannell, Schenirer, Sheedy, and Mayor Johnson.

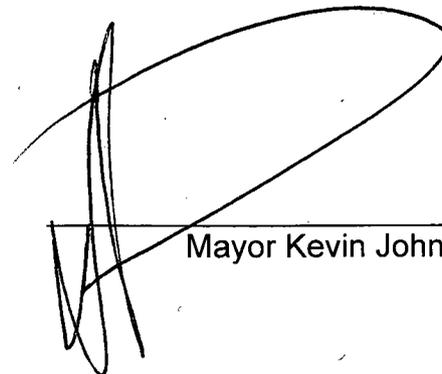
Noes: None.

Abstain: None.

Absent: None.

Attest:

  
Shirley Concolino, City Clerk

  
\_\_\_\_\_  
Mayor Kevin Johnson

## **EXHIBIT A – CITY AUDITOR ANNUAL AUDIT PLAN FOR FISCAL YEAR 2012-13**

### **Carried Over From Last Year's Audit Plan**

#### **Purchase Cards**

I am proposing an audit of Purchase Cards because: 1) the City makes extensive use of Purchase Cards to acquire goods and services; 2) a prior Sacramento City Auditor Office report identified several problems with a department's use of Purchase Cards; and 3) other jurisdiction's audits of Purchase Card Programs have resulted in significant cost savings and improved internal controls over procurement processes.

#### **City Sidewalk Repair Process**

After reviewing the Auditor's proposed audit plan, the audit committee requested that an audit of the City's sidewalk repair process be added to the audit plan that will go before the City Council. The committee is concerned with how sidewalk repairs are being identified, prioritized, and addressed. The committee believed there is an opportunity to improve our sidewalk repair system.

#### **311 Call Center**

I am proposing an audit of the 311 Call Center because: 1) In April 2010 the 311 Call Center received 37,626 calls, e-mails, walk-ins and faxes; 2) recent 311 Call Center activity reports show significant service level deteriorations in both caller wait times and caller hang ups due to long wait times; 3) on average 400 callers per day (Monday-Friday) hang up before getting service; and 4) wait times between 8:00 A.M. and 4:00 P.M. (Monday- Friday) average 5 to 10 minutes.

#### **Citywide Employee Supplemental Pay**

I am proposing an audit of the Employee Supplemental Pay because the Council has expressed interest in enhancing the City's transparency and providing citizen access to information about elected and employee compensation information. In addition to disclosing base pay, it is also important for the City to have a clear understanding of overall employee cash compensation. According to the Finance Department, labor costs make up almost 80% of the General Fund's expenditures. This audit may review supplemental labor costs, overtime, premium pay, out of class pay, and leave costs.

### **Additional Audits Proposed**

#### **City Inventory Systems Audit**

Establishing strong controls to protect City assets is important to ensure adequate supplies of materials, inventory accuracy, and inventory accountability. For this audit, we will perform a targeted Citywide risk assessment to identify which City operations could most benefit from a inventory audit. Based on this risk assessment, we will perform additional analysis to review and test whether adequate internal controls exist to manage City inventories, prevent and detect errors and irregularities, and ensure system access is properly segregated.

City Wireless Communications Audit

The purpose of this audit is to assess whether adequate controls are in place regarding cell phone assignment, oversight and use. This audit will also review contracts with service providers to determine if they are designed to economically and effectively meet the City's communication needs.

City Vendor List Audit

The master vendor file is a critical City resource. Inaccurate, incomplete, or unauthorized master vendor files could have a negative effect on processing vendor payments and may increase the risk of fraud or abuse in the City's vendor payments. This audit will assess whether the City has adequate controls regarding its master vendor file and is effectively monitoring and maintaining its vendor information.

**Other Reports from the Auditor's Office**

Quarterly Reports

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

Recommendation Follow-up Reports

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

**Other Potential Audits Not Included in the City Auditor's 2012-13 Audit Plan**

The City Auditor's 2012-13 Audit Plan is ambitious and encompasses a broad array of City programs and services. However, there are many other potential audits that are not included in the 2012-13 Audit Plan due to limited audit resources. The following are a few of the audit areas not included due to limited audit resources:

- City Grants Management and Oversight
- Citywide Inventory of City IT Systems
- An Audit of Heavy Vehicle Use
- Audit of the use of City owned property and facilities
- City Overtime Controls Audit

During the course of the year, the City Council may collectively decide to add an audit of an area not listed on the approved audit plan. The Audit Committee may also modify the Auditor's approved audit plan to as needed. However, doing so will limit the Office's ability to complete the audits already on the audit plan.

**Audit Process**

To ensure that audits are responsive to the City Council's needs, as part of the normal audit process, the City Auditor will request input from each council member at the start of each audit.

The City Auditor will present completed audit reports to the Audit Committee, which will also hear testimony from the audited entity and other interested parties. The Audit Committee will report at a subsequent City Council meeting the results of the Committee's review of the audit report and its recommendations. The City Auditor may present an audit report directly to the City Council when the City Council directs the City Auditor to do so.