

Meeting Date: 9/3/2013

Report Type: Consent

Report ID: 2013-00699

Title: City Auditor's Quarterly Activity Report

Location: Citywide

Issue: According to Resolution No. 2009-407, the City Council should be kept apprised of the City Auditor's work. The Audit Committee shall receive, review, and forward to the full Council the City Auditor's updates and reports. This report documents the Auditor's Office activity for the fourth quarter of Fiscal Year 2012/13.

Recommendation: Pass a Motion accepting the Auditor's Quarterly Activities Report for the April 2013 to June 2013 period.

Contact: Jorge Oseguera, City Auditor, (916) 808-7270, Office of the City Auditor

Presenter: None

Department: Mayor/Council

Division: Office of the City Auditor

Dept ID: 01001201

Attachments:

1-Description/Analysis

2-Quarterly Activity Report Ending June 2013

3-City Auditor's 2012-13 Approved Audit Plan

City Attorney Review

Approved as to Form

Gerald Hicks

8/28/2013 4:39:56 PM

Approvals/Acknowledgements

Department Director or Designee: Jorge Oseguera - 8/27/2013 11:43:08 AM

Description/Analysis

Policy Considerations: None

Economic Impacts: None

Environmental Considerations: None

Sustainability: None

Commission/Committee Action: The Audit Committee unanimously accepted this report on August 13, 2013 and forwarded it to the full City Council for approval.

Rationale for Recommendation: This staff report provides the Audit Committee with information that may be used to meet its responsibility to provide oversight and supervision of the City Auditor.

Financial Considerations: The costs of the audits listed in the Quarterly Activities Report were funded out of the 2012/13 Office of the City Auditor Budget.

Emerging Small Business Development (ESBD): No goods or services are being purchased as a result of this report.



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CITY OF SACRAMENTO
CALIFORNIA

Office of the City Auditor
Jorge Oseguera, City Auditor

August 8, 2013

Honorable Members of the Audit Committee
915 I Street - Fifth Floor, New City Hall
Sacramento, CA 95814-2604

Honorable Members of the Audit Committee:

Activity highlights for April 2013 through June 2013:

- Filled the vacant Senior Auditor position.
- Filled the vacant Auditor position.
- Initiated and audit of the City's inventory systems.
- Issued the Auditor's Quarterly Activities Report for the January to March 2013 period.
- Moved from New City Hall to 2nd floor Historic City Hall.
- Attended the Association of Local Government Auditor's conference in Nashville Tennessee.
- Attended the Western Intergovernmental Audit Forum in Sacramento California
- The City Auditor received a favorable performance evaluation for the March 2010 to June 2013 period.
- The City Auditor's Office investigated a number of whistleblower allegations.

Status of the City Auditor's FY 2012/13 Audit Plan as of June, 2013

	Preliminary Survey	Risk Assessment	Audit Fieldwork	Report Writing	Audit Issuance Date
Assignments Completed					
Fire Inspection Fees	Completed	Completed	Completed	Completed	Aug 2012
Compliance Audit of the City Loan to SRSEF	Completed	Completed	Completed	Completed	Sep 2012
Purchase Cards	Completed	Completed	Completed	Completed	Oct 2012
Assignments In Process					
City Sidewalk Repair Process	Completed	Completed	Completed	Postponed	
Citywide Employee Supplemental Pay	Completed	Completed	In process		
City Inventory Systems Audit	Completed	In Process			
Assignments Not Yet Started					
311 Call Center	Not Started				
City Wireless Communications Audit	Not Started				
City Vendor List Audit	Not Started				

On behalf of the Auditor's Office, I would like to express my appreciation to the City staff for their cooperation and assistance during our reviews.

Respectfully submitted,

Jorge Oseguera

RESOLUTION NO. 2012-113

Adopted by the Sacramento City Council

May 8, 2012

AMENDING 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. The Council may, by resolution, authorize a committee, charter officer, or an individual councilmember with respect to the councilmember's own office, to request additional audits.

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

- Section 1. Staff is directed to bring back recommended changes and updates to Chapter 2.88 of the City Code (Sports Commission).
- Section 2. Amend the City Auditor's Audit Plan for Fiscal Year 2012-13, attached as Exhibit A, to include a compliance audit of the Sacramento Sports Commission and the Sacramento Region Sports Education Foundation.
- Section 3. Exhibit A is a part of this Resolution.

Adopted by the City of Sacramento City Council on May 8, 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

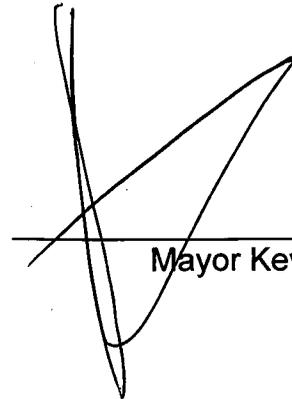

Mayor Kevin Johnson

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.