



# REPORT TO COUNCIL

## City of Sacramento

# 25

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www.CityofSacramento.org

Staff Report  
**August 15, 2006**

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

**Title: Auditor FTE for the Internal Audit division**

**Location/Council District: City-wide**

**Recommendation:** Adopt a **Resolution** authorizing the City Manager to add one Auditor FTE position, with an incremental annual budget of \$112,000, to the Internal Audit division's operating budget for FY 2006/2007.

**Contact:** Marty Kolkin, City Auditor, 808-5704

**Presenters:** Marty Kolkin, City Auditor, 808-5704

**Department:** City Manager

**Division:** Internal Audit

**Organization No:** 0310

### **Description/Analysis**

**Issue:** The first step in providing the City with greater audit coverage is to increase the number of audit FTEs.

On June 27, 2006, the Mayor and City Council approved an intent motion to add an Auditor and a Senior Auditor, but not an administrative Assistant, to the Internal Audit Operating Budget for Fiscal Year 2006/2007. Additionally, the City Auditor was directed to begin action to facilitate the hiring process of additional internal auditors.

On June 30, 2006, the City's Audit Intern's contract expired and the Audit division is now staffed solely by the City Auditor. However, job applications received from a recently recruitment of municipal employees yielded several promising candidates for an Auditor position.

**Policy Considerations:** An additional Auditor FTE for the Internal Audit division is consistent with the City of Sacramento's core values of accountability and fiscal responsibility.

**Environmental Considerations:** The request for award of this agreement is not subject to the provisions of the California Environmental Quality Act (CEQA) under the general rule (Section 15061(b)(3)) that CEQA applies only to projects that have the potential for causing a significant effect on the environment.

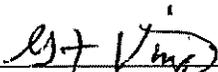
**Rationale for Recommendation:** Prior to authorizing more than one FTE, the staggered hiring process approach provides the Mayor and City Council with an opportunity to evaluate the actual impact of adding an Auditor FTE. The staggered hiring approach also provides an opportunity to individualize, by position, the recruitment and training of new audit staff members.

**Financial Considerations:** The source of funding for this recommendation is the \$7.5 million growth initiatives reserve that was established with the FY 2004/05 Comprehensive Annual Financial Report (CAFR). Over the next three fiscal years, \$338 thousand of the remaining \$2 million one-time funding would be needed for the additional Auditor FTE.

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

Respectfully Submitted by:   
Martin Kolkin  
City Auditor

Recommendation Approved:

  
Ray Kerridge  
City Manager

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**Attachment 1**

**Background Information:** A Budget Special Presentation, on June 8, 2006, included a proposal to increasing staffing for the Internal Audit division. The Mayor and City Council's direction was to return with a process that would increase the number of internal auditors in a systematic and orderly fashion.

On June 27, 2006, the Mayor and City Council approved an intent motion to add an Auditor and a Senior Auditor, but not an Administrative Assistant, to the Internal Audit Operating Budget for Fiscal Year 2006/2007. Additionally, the City Auditor was directed to begin action necessary to add Internal Audit FTEs.

On June 30, 2006, the City's Audit Intern's contract expired and the Audit division is now staffed solely by the City Auditor.

**RESOLUTION NO.**

Adopted by the Sacramento City Council

**INCREASE INTERNAL AUDIT STAFFING BY ONE AUDITOR  
FOR THE FY 2006/2007 OPERATING BUDGET**

**BACKGROUND**

- A. The Internal Audit division was established on March 24, 2003. After operating for approximately three years, a reexamine of resources dedicated to the internal audit function is appropriate.
- B. The City's Internal Audit function is solely staffed with the City Auditor. This staffing is not sufficient to provide senior management and policy-makers with a reasonable assurance that major activities, services, and programs are operating as materially intended.
- C. On June 27, 2006, the Mayor and City Council approved an intent motion to add an Auditor and a Senior Auditor, but not an Administrative Assistant, to the Internal Audit Operating Budget for Fiscal Year 2006/2007.

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

- Section 1. The City Manager, or authorized designee, is hereby authorized to amend the Fiscal Year 2006/2007 Operating Budget to increase the Internal Audit division by one Auditor FTE, with an incremental operating budget of \$112,000.