

Office of the City Auditor

Joe Rois, City Auditor

MISSION

Independently assess and report on City operations and services

CITY SERVICE AREA

Strategic Support

CORE SERVICES

AUDIT SERVICES

Identify ways to increase the economy, efficiency, effectiveness, equity, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders.

Strategic Support: Administrative Support and Emergency Response and Recovery.

Office of the City Auditor

Service Delivery Framework

PROGRAM	DESCRIPTION
<i>Audit Services Core Service</i>	
Performance Audits	Identify ways to increase the economy, efficiency, effectiveness, equity, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders.
<i>Strategic Support Core Service</i>	
City Auditor Management and Administration	Provides administrative oversight for the department, including executive management, financial management, and human resources.
City Auditor Emergency Response and Recovery	Provides for the coordination and delivery of emergency services and recovery activities.

Office of the City Auditor

Department Budget Summary

Expected 2024-2025 Service Delivery

- Conduct program performance audits identifying ways to increase the economy, efficiency, effectiveness, equity, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders. The 2024-2025 Audit Workplan will be submitted to the Rules and Open Government Committee in August 2024, with a continued focus on searching for operational efficiencies, revenues, and cost-saving opportunities.
- Issue the Annual Report on City Services. This report details the cost, workload, and performance data for City services and is intended to improve government transparency and accountability and provide consolidated performance information to the public, allowing informed decision making by City officials, staff, and the public.
- Provide oversight of external auditors on the City of San José Annual Financial Audit and Single Audit; the Audits of Parks and Recreation Bond, Library Bond, Public Safety and Infrastructure Bond, and Parcel Tax Funds; the Annual Compliance Review of San José Clean Energy's Risk Management Practices; and the Semi-Annual Reviews for Compliance with the City's Investment Policy.
- Monitor the status of open audit recommendations and provide status updates through the online dashboard of audit recommendations and the issuance of two Status of Open Audit Recommendations reports.

2024-2025 Key Budget Actions

- Eliminates 1.0 Program Performance Auditor as a cost reduction measure, resulting in fewer audits per year and fewer recommendations to improve operations, enhance equity, or reduce risks to the City.

Operating Funds Managed

N/A

Office of the City Auditor

Department Budget Summary

	2022-2023 Actuals ***	2023-2024 Adopted ****	2024-2025 Forecast	2024-2025 Proposed
Dollars by Core Service				
Audit Services	2,621,234	3,456,225	3,652,052	3,510,147
Strategic Support - City Council Appointees	173	184,872	201,964	201,964
Strategic Support - Other - Council Appointees	406,861	0	0	0
Total	\$3,028,268	\$3,641,097	\$3,854,016	\$3,712,111
Dollars by Category				
<i>Personal Services and Non-Personal/Equipment</i>				
Salaries/Benefits	2,447,050	2,875,255	3,034,673	2,892,768
Subtotal Personal Services	\$2,447,050	\$2,875,255	\$3,034,673	\$2,892,768
Non-Personal/Equipment	49,539	47,238	47,238	47,238
Total Personal Services & Non-Personal/Equipment	\$2,496,588	\$2,922,493	\$3,081,911	\$2,940,006
<i>Other Costs *</i>				
City-Wide Expenses	406,861	472,649	526,150	526,150
Housing Loans and Grants	0	0	0	0
Other	124,819	245,955	245,955	245,955
Other - Capital	0	0	0	0
Overhead Costs	0	0	0	0
Total Other Costs	\$531,680	\$718,604	\$772,105	\$772,105
Total	\$3,028,268	\$3,641,097	\$3,854,016	\$3,712,111

* Fund Balance, Transfers, and Reserves for funds that may be managed by this department have been excluded from this display. This information can be found in Source and Use of Funds Statements elsewhere in this document.

** The position counts displayed in the 2022-2023 Actuals column reflect those included in the 2022-2023 Adopted Budget.

*** 2022-2023 Actuals may not subtotal due to rounding.

**** The amounts in the 2023-2024 Adopted Budget column may vary from the published Adopted Budget due to the realignment of Other Costs (primarily City-Wide Expenses and General Fund Capital) between Departments.

Office of the City Auditor

Department Budget Summary

	2022-2023 Actuals ***	2023-2024 Adopted ****	2024-2025 Forecast	2024-2025 Proposed
Dollars by Fund				
General Fund (001)	2,903,450	3,395,142	3,608,061	3,466,156
Airport Maintenance And Operation Fund (523)	69,837	83,033	83,033	83,033
San José Clean Energy Operating Fund (501)	54,982	130,650	130,650	130,650
Sewer Service And Use Charge Fund (541)	0	32,272	32,272	32,272
Total	\$3,028,268	\$3,641,097	\$3,854,016	\$3,712,111
Positions by Core Service **				
Audit Services	13.00	13.00	13.00	12.00
Strategic Support - City Council Appointees	1.00	1.00	1.00	1.00
Total	14.00	14.00	14.00	13.00

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Office of the City Auditor

Department Budget Summary

	2022-2023	2023-2024	2024-2025	2024-2025	2024-2025
	Actuals **	Adopted	Forecast	Proposed	Proposed Positions

Dollars by Program*

Audit Services						
Performance Audits		2,621,234	3,456,225	3,652,052	3,510,147	12.00
Sub-Total		2,621,234	3,456,225	3,652,052	3,510,147	12.00
Strategic Support - City Council Appointees						
City Auditor Management and Administration		173	184,872	201,964	201,964	1.00
Sub-Total		173	184,872	201,964	201,964	1.00
Strategic Support - Other - Council Appointees						
City Auditor Other Departmental - City-Wide		406,861	0	0	0	0.00
Sub-Total		406,861	0	0	0	0.00
Total		\$3,028,268	\$3,641,097	\$3,854,016	\$3,712,111	13.00

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Office of the City Auditor

Budget Reconciliation

Personal Services and Non-Personal/Equipment

(2023-2024 Adopted to 2024-2025 Proposed)

	Positions	All Funds (\$)	General Fund (\$)
Prior Year Budget (2023-2024):	14.00	2,922,493	2,922,493
<hr/> Base Adjustments			
One-Time Prior Year Expenditures Deleted			
• N/A		0	0
One-time Prior Year Expenditures Subtotal:	0.00	0	0
Technical Adjustments to Costs of Ongoing Activities			
• Salary/benefit changes:		159,418	159,418
Technical Adjustments Subtotal:	0.00	159,418	159,418
2024-2025 Forecast Base Budget:	14.00	3,081,911	3,081,911
<hr/> Budget Proposals Recommended			
1. Performance Audits Staffing	(1.00)	(141,905)	(141,905)
Total Budget Proposals Recommended	(1.00)	(141,905)	(141,905)
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2024-2025 Proposed Budget Total:	13.00	2,940,006	2,940,006

Office of the City Auditor

Budget Changes by Department

Personal Services and Non-Personal/Equipment

2024-2025 Proposed Budget Changes	Positions	All Funds (\$)	General Fund (\$)
1. Performance Audits Staffing	(1.00)	(141,905)	(141,905)

***Strategic Support – Council Appointees CSA
Audit Services Core Service
Performance Audits Program***

This action eliminates 1.0 filled Program Performance Auditor I/II position. The Office of the City Auditor conducts audits annually in key areas including the City-Council approved Focus Areas, critical City Service Area services and key programs, and Foundational Strategic Support Focus Areas. The Office sets a target to complete 1.5 audits per auditor and to generate two dollars in estimated monetary benefits for every one dollar in audit costs. The elimination of this position will result in fewer audits per year and fewer recommendations to improve operations, enhance equity, or reduce risks to the City. The foregone monetary benefits imply potential losses in budgetary savings, additional revenues, and efficiency gains. (Ongoing savings: \$140,580)




2024-2025 Proposed Budget Changes Total	(1.00)	(141,905)	(141,905)
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Office of the City Auditor

Performance Summary

Audit Services

Performance Measures

	2022-2023 Actual	2023-2024 Target	2023-2024 Estimated	2024-2025 Target
 % of audit recommendations implemented (cumulative over 10 years)	79%	80%	79%	80%
 Ratio identified monetary benefit to audit cost	\$5.58 to \$1	\$2 to \$1	\$3.11 to \$1	\$2 to \$1
 % of proposed workplan completed or substantially completed during the fiscal year	79%	80%	70%	80%

Activity and Workload Highlights

	2022-2023 Actual	2023-2024 Forecast	2023-2024 Estimated	2024-2025 Forecast
# of audit reports issued	14	18	17	16
# of audit recommendations adopted	28	50	49	45
# of audit reports per auditor	1.5 to 1	1.5 to 1	1.5 to 1	1.5 to 1
Estimated monetary benefits ¹	\$15,492,500 ²	\$5,845,000	\$9,077,000 ³	\$5,561,000

¹ The measure has been revised to more accurately reflect the methodology used for calculating monetary benefits and will be consistent with how this measure is reported elsewhere. The measure includes potential cost savings, revenue enhancements, and estimated value from efficiency gains or protecting City assets.

² The 2022-2023 Estimated monetary benefits is based on findings and improvements recommended in the Audit of COVID-19 Food Distribution Expenditures, Audit of Tree Removals and Replacements, Audit of Firearm Regulations, and Audit of the San Jose Conservation Corps.

³ The 2023-2024 Estimated monetary benefits is based on findings and improvements recommended in the Audit of Integrated Waste Management Enforcement Program and Audit of Residential Building Permits.

Office of the City Auditor

Department Position Detail

Position	2023-2024 Adopted	2024-2025 Proposed	Change
Assistant City Auditor	1.00	1.00	-
City Auditor	1.00	1.00	-
Executive Assistant to City Auditor	1.00	1.00	-
Program Performance Auditor I/II	6.00	5.00	(1.00)
Senior Program Performance Auditor	3.00	3.00	-
Supervising Auditor	2.00	2.00	-
Total Positions	14.00	13.00	(1.00)