

# 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>	
<b>Performance Audits</b>	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>	
<b>City Auditor Management and Administration</b>	Provides administrative oversight for the department, including executive management, financial management, and human resources.
<b>City Auditor Emergency Response and Recovery</b>	Provides for the coordination and delivery of emergency services and recovery activities.

# Office of the City Auditor

---

## Department Budget Summary

### Expected 2023-2024 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 2023-2024 Audit Workplan will be submitted to the Rules and Open Government Committee in August 2023, 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.

### 2023-2024 Key Budget Actions

- Adds 1.0 Assistant City Auditor position, which will provide additional supervisory capacity, ensure audit quality, and encourage staff retention by providing a longer career path within the Office. This action is partially offset by the elimination of 1.0 Program Performance Auditor I/II position.

### Operating Funds Managed

N/A

# Office of the City Auditor

## Department Budget Summary

	2021-2022 Actuals ***	2022-2023 Adopted ****	2023-2024 Forecast	2023-2024 Proposed
<b>Dollars by Core Service</b>				
Audit Services	2,423,563	3,309,166	3,238,199	3,439,512
Strategic Support - City Council Appointees	0	173,277	184,872	184,872
Strategic Support - Other - Council Appointees	439,388	0	0	0
<b>Total</b>	<b>\$2,862,951</b>	<b>\$3,482,443</b>	<b>\$3,423,072</b>	<b>\$3,624,384</b>
<b>Dollars by Category</b>				
<b>Personal Services and Non-Personal/Equipment</b>				
Salaries/Benefits	2,218,914	2,722,614	2,672,457	2,875,255
Overtime	0	0	0	0
<b>Subtotal Personal Services</b>	<b>\$2,218,914</b>	<b>\$2,722,614</b>	<b>\$2,672,457</b>	<b>\$2,875,255</b>
Non-Personal/Equipment	37,465	53,224	48,724	47,238
<b>Total Personal Services &amp; Non-Personal/Equipment</b>	<b>\$2,256,379</b>	<b>\$2,775,838</b>	<b>\$2,721,181</b>	<b>\$2,922,493</b>
<b>Other Costs *</b>				
City-Wide Expenses	439,388	460,650	455,936	455,936
Housing Loans and Grants	0	0	0	0
Other	167,184	245,955	245,955	245,955
Other - Capital	0	0	0	0
Overhead Costs	0	0	0	0
<b>Total Other Costs</b>	<b>\$606,572</b>	<b>\$706,605</b>	<b>\$701,891</b>	<b>\$701,891</b>
<b>Total</b>	<b>\$2,862,951</b>	<b>\$3,482,443</b>	<b>\$3,423,072</b>	<b>\$3,624,384</b>

\* 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 2021-2022 Actuals column reflect those included in the 2021-2022 Adopted Budget.

\*\*\* 2021-2022 Actuals may not subtotal due to rounding.

\*\*\*\* The amounts in the 2022-2023 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

	2021-2022 Actuals ***	2022-2023 Adopted ****	2023-2024 Forecast	2023-2024 Proposed
<b>Dollars by Fund</b>				
General Fund (001)	2,695,767	3,236,488	3,177,117	3,378,429
Airport Maintenance And Operation Fund (523)	80,737	83,033	83,033	83,033
San José Clean Energy Operating Fund (501)	60,038	130,650	130,650	130,650
Sewer Service And Use Charge Fund (541)	26,408	32,272	32,272	32,272
<b>Total</b>	<b>\$2,862,951</b>	<b>\$3,482,443</b>	<b>\$3,423,072</b>	<b>\$3,624,384</b>
<b>Positions by Core Service **</b>				
Audit Services	12.00	13.00	13.00	13.00
Strategic Support - City Council Appointees	1.00	1.00	1.00	1.00
<b>Total</b>	<b>13.00</b>	<b>14.00</b>	<b>14.00</b>	<b>14.00</b>

\* 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 2021-2022 Actuals column reflect those included in the 2021-2022 Adopted Budget.

\*\*\* 2021-2022 Actuals may not subtotal due to rounding.

\*\*\*\* The amounts in the 2022-2023 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

	2021-2022	2022-2023	2023-2024	2023-2024	2023-2024
	Actuals **	Adopted	Forecast	Proposed	Proposed Positions

### Dollars by Program\*

Audit Services						
Performance Audits		2,423,563	3,309,166	3,238,199	3,439,512	13.00
<b>Sub-Total</b>		<b>2,423,563</b>	<b>3,309,166</b>	<b>3,238,199</b>	<b>3,439,512</b>	<b>13.00</b>
Strategic Support - City Council Appointees						
City Auditor Management and Administration		0	173,277	184,872	184,872	1.00
<b>Sub-Total</b>		<b>0</b>	<b>173,277</b>	<b>184,872</b>	<b>184,872</b>	<b>1.00</b>
Strategic Support - Other - Council Appointees						
City Auditor Other Departmental - City-Wide		439,388	0	0	0	0.00
<b>Sub-Total</b>		<b>439,388</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>
<b>Total</b>		<b>\$2,862,951</b>	<b>\$3,482,443</b>	<b>\$3,423,072</b>	<b>\$3,624,384</b>	<b>14.00</b>

\* 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.

\*\* 2021-2022 Actuals may not subtotal due to rounding.

# Office of the City Auditor

## Budget Reconciliation

### Personal Services and Non-Personal/Equipment

(2022-2023 Adopted to 2023-2024 Proposed)

	Positions	All Funds (\$)	General Fund (\$)
<b>Prior Year Budget (2022-2023):</b>	<b>14.00</b>	<b>2,775,838</b>	<b>2,775,838</b>
<hr/> <b>Base Adjustments</b> <hr/>			
<b>One-Time Prior Year Expenditures Deleted</b>			
• Rebudgets		(4,500)	(4,500)
<b>One-time Prior Year Expenditures Subtotal:</b>	<b>0.00</b>	<b>2,771,338</b>	<b>2,771,338</b>
<hr/> <b>Technical Adjustments to Costs of Ongoing Activities</b>			
• Salary/benefit changes		(50,157)	(50,157)
<b>Technical Adjustments Subtotal:</b>	<b>0.00</b>	<b>(50,157)</b>	<b>(50,157)</b>
<b>2023-2024 Forecast Base Budget:</b>	<b>14.00</b>	<b>2,721,181</b>	<b>2,721,181</b>
<hr/> <b>Budget Proposals Recommended</b> <hr/>			
1. Assistant City Auditor Staffing	0.00	202,798	202,798
2. California Network and Telecommunications (CalNet) Program Savings		(1,486)	(1,486)
<b>Total Budget Proposals Recommended</b>	<b>0.00</b>	<b>201,312</b>	<b>201,312</b>
<hr/>			
<b>2023-2024 Proposed Budget Total:</b>	<b>14.00</b>	<b>2,922,493</b>	<b>2,922,493</b>

# Office of the City Auditor

## Budget Changes by Department

### Personal Services and Non-Personal/Equipment

2023-2024 Proposed Budget Changes	Positions	All Funds (\$)	General Fund (\$)
<b>1. Assistant City Auditor Staffing</b>  <i>Strategic Support CSA</i> <i>Audit Services Core Service</i> <i>Performance Audits Program</i>  This action adds 1.0 Assistant City Auditor position and deletes 1.0 Program Performance Auditor II position effective October 1, 2023. By adding the Assistant City Auditor position, it will provide a longer career path within the Auditor’s Office and encourage staff retention. In the past two years, the Office has experienced significant turnover – currently seven of the 14 budgeted positions in the Office are staffed with individuals who have been in the Office for less than 18 months. By adding an additional management position in the Office, it will assist in improving City services, identify potential cost savings, and address the City’s equity goals. The audit function is an essential element of the City’s public accountability, and maintaining an experienced staff is critical moving forward. The Assistant City Auditor position will assist the City Auditor in carrying out the Office’s responsibilities outlined in the City Charter, coordinate audit projects, provide technical assistance to audit teams, and supervise, evaluate, and mentor staff. This position will also provide additional supervisory capacity, ensuring continued audit quality. (Ongoing costs: \$166,054)	0.00	202,798	202,798
<b>2. California Network and Telecommunications (CalNet) Program Savings</b>  <i>Strategic Support CSA</i> <i>Audit Services Core Service</i> <i>Performance Audits Program</i>  This action decreases the non-personal/equipment funding by \$1,486 on an ongoing basis to reflect cost savings for internet-based telephony and hardware related services. These funds are allocated to individual departmental budgets. The California Network and Telecommunications (CalNet) Program, managed by the California Department of Technology, awarded updated service contracts. The City uses a State contract for advantageous pricing and the service used by the City had a price reduction. Contractual savings from the new contract in the amount of \$210,882 will be generated for the General Fund, \$275,672 in all funds, across departments as a result of lower service costs. (Ongoing savings: \$1,486)		(1,486)	(1,486)
<b>2023-2024 Proposed Budget Changes Total</b>	0.00	201,312	201,312






# Office of the City Auditor

## Performance Summary

### Audit Services

#### Performance Measures

	2021-2022 Actual	2022-2023 Target	2022-2023 Estimated	2023-2024 Target
 % of audit recommendations implemented (cumulative over 10 years)	75%	80%	78%	80%
 Ratio identified monetary benefit to audit cost	\$0.40 to \$1	\$2 to \$1	\$5.57 to \$1	\$2 to \$1
 % of proposed workplan completed or substantially completed during the fiscal year	68%	80%	79%	80%

#### Activity and Workload Highlights

	2021-2022 Actual	2022-2023 Forecast	2022-2023 Estimated	2023-2024 Forecast
# of audit reports issued	17	16	14	18
# of audit recommendations adopted	36	50	28	50
# of audit reports per auditor	2 to 1	1.5 to 1	1.4 to 1	1.5 to 1
Estimated monetary benefits <sup>1</sup>	\$1,012,000	\$5,542,000	\$15,459,500 <sup>2</sup>	\$5,845,000

<sup>1</sup> 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.

<sup>2</sup> 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.

**Office of the City Auditor**  
**Department Position Detail**

---

Position	2022-2023 Adopted	2023-2024 Proposed	Change
Assistant City Auditor	0.00	1.00	1.00
City Auditor	1.00	1.00	-
Executive Assistant to City Auditor	1.00	1.00	-
Program Performance Auditor I/II	7.00	6.00	(1.00)
Senior Program Performance Auditor	3.00	3.00	-
Supervising Auditor	2.00	2.00	-
<b>Total Positions</b>	<b>14.00</b>	<b>14.00</b>	<b>0.00</b>

---