

City of Sacramento  
**Budget and Audit Committee Report**  
915 I Street Sacramento, CA 95814  
www.cityofsacramento.org

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**File ID:** 2025-00474

2/25/2025

**Consent Item 5.**

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**City Auditor's Activity Report for the 2<sup>nd</sup> Quarter of Fiscal Year (FY) 2024/2025**

File ID: 2025-00474

**Location:** Citywide

**Recommendation:** Pass a **Motion:** 1) accepting the City Auditor's Activity Report for the 2<sup>nd</sup> Quarter of FY2024/25; and 2) forwarding to City Council for approval.

**Contact:** Farishta Ahrary, City Auditor, (916) 808-7266, fahrary@cityofsacramento.org, Office of the City Auditor

**Presenter:** None

**Attachments:**

1-Description/Analysis

2-City Auditor's Activity Report for the 2<sup>nd</sup> Quarter of FY2024/25

**Description/Analysis**

**Issue Detail:** According to the Council Rules of Procedure, the Budget and Audit Committee shall receive, review, and forward to the council as appropriate, reports, recommendations, and updates from the City Auditor. This report documents the City Auditor's Activity Report for the 2<sup>nd</sup> Quarter of FY2024/25.

**Policy Considerations:** The City Auditor's Activity Report for the 2<sup>nd</sup> Quarter of FY2024/25 is consistent with the Mayor and the City Council's intent to have an independent audit function for the City of Sacramento.

**Economic Impacts:** None.

**Environmental Considerations:** None.

**Sustainability:** None.

**Commission/Committee Action:** None.

**Rationale for Recommendation:** This staff report provides the Budget and 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 projects listed in the Activity Report were mostly funded out of the Office of the City Auditor Budget in the applicable fiscal year.

**Local Business Enterprise (LBE):** None.

# QUARTERLY ACTIVITY REPORT



Office of the City Auditor

Second Quarter of Fiscal Year 2024/25

## Introduction

The Quarterly Activity Report highlights the activities of the Office of the City Auditor for the second quarter of fiscal year (FY) 2024/25. This report also identifies the status of the City Auditor's *Fiscal Year 2024/25 Work Plan* projects.

## Report Issued During the Second Quarter of Fiscal Year 2024/25

The Office of the City Auditor issued the *Quarterly Activity Report for the period of July 2024 through September 2024* during the second quarter of fiscal year 2024/25.

During this reporting period, all Office staff temporarily shifted their focus from ongoing audits to complete the Charter-mandated *Sacramento Children's Fund Fiscal Year 2023/24 Baseline Funding Verification*. This critical project, required to be completed by January 15th of each year, demands significant effort within a short timeframe. Given the workload and tight deadline, the entire Office collaborated to ensure its timely and accurate completion.

Additionally, we would like to thank the Department of Youth, Parks, and Community Enrichment, the Fire Department, the Police Department, the City Attorney's Office, and all other City departments for their cooperation and collaboration during this project.

## Other Highlights

The following highlights other activities of the Office of the City Auditor for this reporting period.



### Staff Vacancies

After a competitive recruitment, **Farishta Ahrary** was promoted to City Auditor by the City Council.

The Office also recruited **Tryphena Danford** in our Fellowship Program.

The Office also continued the recruitment process for the vacant Fiscal Policy Analyst position.



### Annual Review

The Office initiated our **Annual Policies and Procedures Review**. During this process, our office reviews and updates our *Policies and Procedures Manual*.



### Peer Support

Our Office and the Office of Public Safety Accountability attended a tour of the Center for Sacramento History and reviewed historical government records from the City of Sacramento and Sacramento County.



### Peer Review Period

Our three-year peer review cycle concluded at the end of this reporting period. As part of this process, our Office will undergo a peer review to provide assurance that we are adhering to Generally Accepted Government Auditing Standards (GAGAS) and that our quality control system is effectively designed to uphold those standards. This review helps ensure accountability and compliance within local government audit organizations.



### DEI Efforts

The Office's Racial and Gender Equity Action Plan (RGEAP) Team completed our RGEAP Annual Progress Report and attended the Equity Teams Mid-Year Update & Peer Learning meeting hosted by the Office of Diversity & Equity.



### Whistleblower Hotline

The Office received a number of whistleblower allegations.




### Diversity Dashboards

**Jordan Sweeney** hosted a Diversity Dashboard Workshop for the Office of Diversity & Equity.

## FY 2024/25 Work Plan Assignments In-Progress

The following highlights the status of the *Fiscal Year 2024/25 Work Plan* assignments in-progress.



### Department of Utilities' Water and Wastewater Funds Review

Our office engaged a consultant to conduct a review of the Department of Utilities Water and Wastewater Funds. During the last quarter, the consultant submitted further drafts of the analysis and report to the City. The City reviewed the drafts and held multiple meetings, including the Exit Conference, with the consultant to discuss the City's feedback. The consultant provided the final draft of the report to the City in December 2024.



### Sacramento Children's Fund Fiscal Year 2023/24 Baseline Funding Verification

This project is in the Report Writing phase. During the last quarter, we completed the Preliminary Survey and Fieldwork phases. This included researching programs identified as potential youth programs, aiming to gain an understanding of their key characteristics. To confirm that a program qualified towards the Baseline Funding Verification, we conducted an analysis to verify its compliance with the City Charter. This analysis specifically involved identifying expenditures from fiscal year 2023/2024, net of program revenues, confirming their source as unrestricted revenue (i.e. General Fund or Measure U Special Revenue Fund), aligning the program with one or more Fund Goals, and verifying that expenditures did not fall into prohibited categories. This analysis required Citywide collaboration with departments to ensure accurate analysis and representation of programs. We also maintained ongoing consultations with the City Attorney's Office throughout this process, seeking their guidance to enhance our comprehension of City Charter compliance and its practical application to the tasks at hand.




### Fiscal Year 2023/24 Audited Cannabis Business Operations Tax Amount for the Sacramento Children's Fund

During the last quarter, the external auditors conducted fieldwork testing to determine the audited amount of Cannabis Business Operations Tax. The draft report was submitted to the City in December 2024.



### Audit of the City's Ethics Commission

The audit is currently in the final stages of the Reporting Writing phase of the project. A draft was produced and is in the process of being circulated in order to obtain and report the views of management concerning the findings, conclusions, and recommendations.



### Audit of Sacramento Police Department Military Equipment Use Policies and Inventory Practices


The audit is currently in the final stages of the Reporting Writing phase of the project. A draft was produced and is in the process of being circulated in order to obtain and report the views of management concerning the findings, conclusions, and recommendations.



### Audit of Fire Department Emergency Medical Services

Although this audit is not on hold, progress during this reporting period has been slower than anticipated due to departmental resource constraints. The audit is currently in the Report Writing phase, and additional analysis is being conducted to incorporate data from the most recent fiscal year.

## FY 2024/25 Work Plan Assignments In-Progress (Continued)



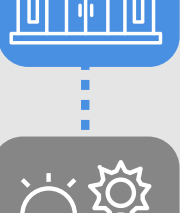
### Audit of the City's Animal Care Services

Our office engaged a consultant to conduct a performance audit of the Animal Care Services Division. The audit is currently in the final stages of the Reporting Writing phase of the project. The consultant is nearing completion of a draft for circulation in order to obtain and report the views of management concerning the findings, conclusions, and recommendations.



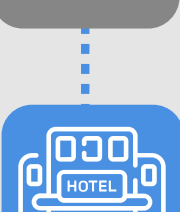
### Audit of the City's Homeless Response - Part 1

Upon acquiring approval for our work plan on our two proposed homeless response audit projects, we initiated and completed the Risk Assessment phase for the first audit project, which addresses Citywide and the systemwide strategy and coordination. We also used the results of our risk assessment to complete our fieldwork audit plan for this first audit project, which is currently in the Fieldwork phase of the project.



### Audit of the City's Homeless Response - Motel Shelter Program

This audit is a subset of our first homeless response audit project on Citywide and systemwide strategy and coordination. The audit is currently in the Fieldwork phase of the project. During this reporting period, the audit team has engaged in interviews with benchmark agencies. The audit team has also gained access to the Homeless Management Information System (HMIS) and is analyzing data related to past and current participants of the Motel Shelter Program.




### Audit of the Department of Utilities' Energy Use

This audit is currently in the Risk Assessment phase of the project. During the last quarter, we completed the Preliminary Survey phase of the project, which includes substantial work researching and learning about the various programs. This included meetings with key stakeholders in the Department of Utilities and the Department of Public Works to understand potential areas of risk and opportunities for improvement. We compiled our research into an internal memorandum.



### Audit of the Transient Occupancy Tax

This audit has been placed on a temporary hold due to department resource constraints. The audit is currently in the Fieldwork phase, with a small number of sub-objectives left to complete. We anticipate resuming this audit in early 2025.



### Audit of the City's Complaint Investigation and Resolution Practices

This audit has been placed on a temporary hold due to department resource constraints. The audit will be re-initiated when sufficient department resources are available.