

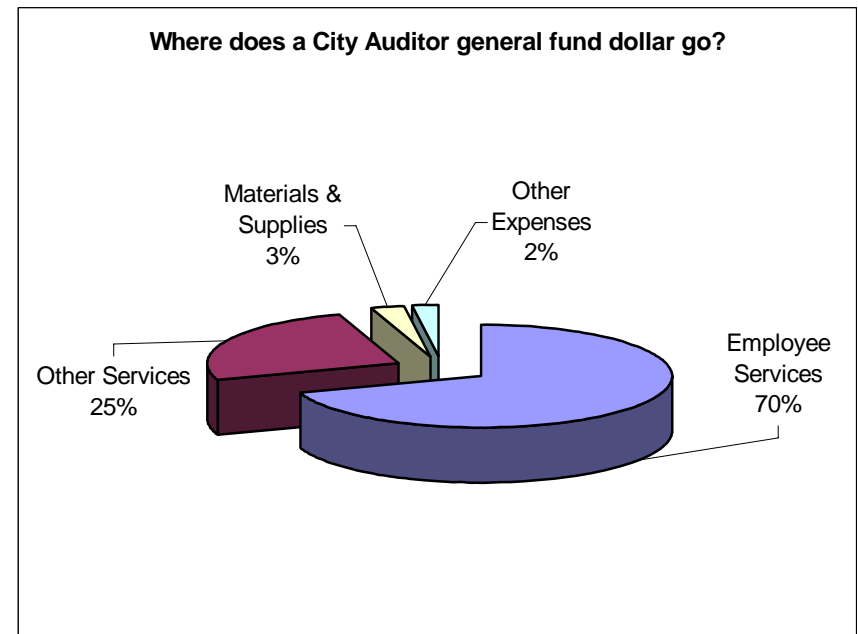
CHAPTER 4 – CITY AUDITOR

The mission of the Office of the City Auditor is to independently promote ethical, efficient, and effective governance for the citizens of Stockton.

The Office of the City Auditor was established in March 1994. It serves to provide City Council, management, and employees with objective analyses, appraisals, and recommendations for improvements to City systems and activities. The department maintains independence and objectivity by reporting directly to City Council and by not exercising control over any activity subject to audit.

The City Auditor's Office is funded through the General Fund. As with most General Fund departments, a portion of personnel costs are allocated to other funds through the budget process. As a result, budget and actual expenditures reported by departments represent the unallocated operating cost per department. The City's financial system is not set up to easily determine total operating costs by department.

The chart to the right depicts how the remaining unallocated funds were expended for FY 2007. City Auditor's expenditures allocated to other departments are included in the respective departments.



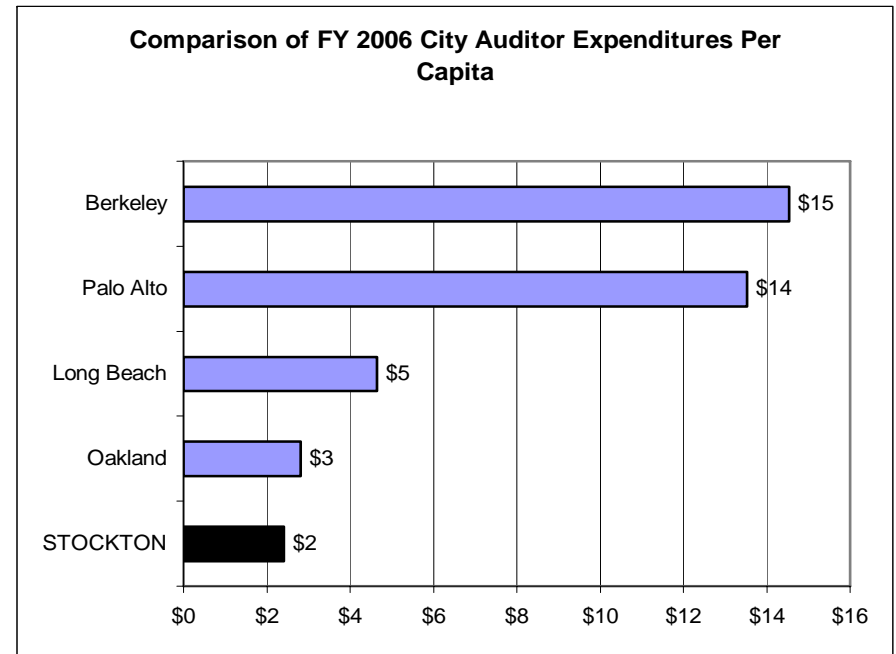
Source: FY 2007 expenditure data

SPENDING AND STAFFING

In FY 2007, total authorized City Auditor staffing was seven, an increase of one position from FY 2003. For the last five years, authorized full time staffing was at six positions, five auditors and one Audit Assistant. However, the department has rarely been fully staffed. An auditor retired in December 2005, and the position was not filled until January 2007. In addition, the Audit Assistant position has not been consistently filled since 2003. Current staffing includes the City Auditor and five auditor positions. Due to budget constraints, the Audit Assistant position has not been filled.

Total City Auditor spending increased 37 percent to \$628,263 in FY 2007 compared to five years ago. As shown in the table below, the largest dollar increases are related to employee services and the increased cost of contracted auditing services. Spending on materials and supplies increased 692 percent. The increase is attributed to one time purchases of auditing software, and a computer server needed to support the software. The addition of two new auditors in FY 2007 contributed to the 98 percent increase in other expenses, which includes training and travel.

A comparison of FY 2006 City Auditor expenditures shows Stockton spends less per capita than all of the jurisdictions shown to the right. Per capita comparisons were based solely on cities expenditures and population. We made no attempt to examine the types of services performed or cost allocation methods used by the respective cities' audit departments.



Source: FY 2006 Cities' Comprehensive Annual Financial Reports and Annual Budgets¹

	Operating Expenditures				TOTAL	Staffing	
	Employee Services	Other Services	Materials & Supplies	Other Expenses		Per Capita	Authorized full time staffing ²
FY 2003	\$348,686	\$100,933	\$2,168	\$6,878	\$458,665	\$1.76	6
FY 2004	\$377,209	\$97,000	\$2,218	\$6,973	\$483,400	\$1.80	6
FY 2005	\$381,216	\$103,464	\$13,492	\$10,828	\$509,000	\$1.82	5
FY 2006	\$389,356	\$287,223	\$3,638	\$8,750	\$688,967	\$2.41	6
FY 2007	\$437,350	\$160,156	\$17,168	\$13,589	\$628,263	\$2.17	7
Change over last 5 years	25%	59%	692%	98%	37%	24%	17%

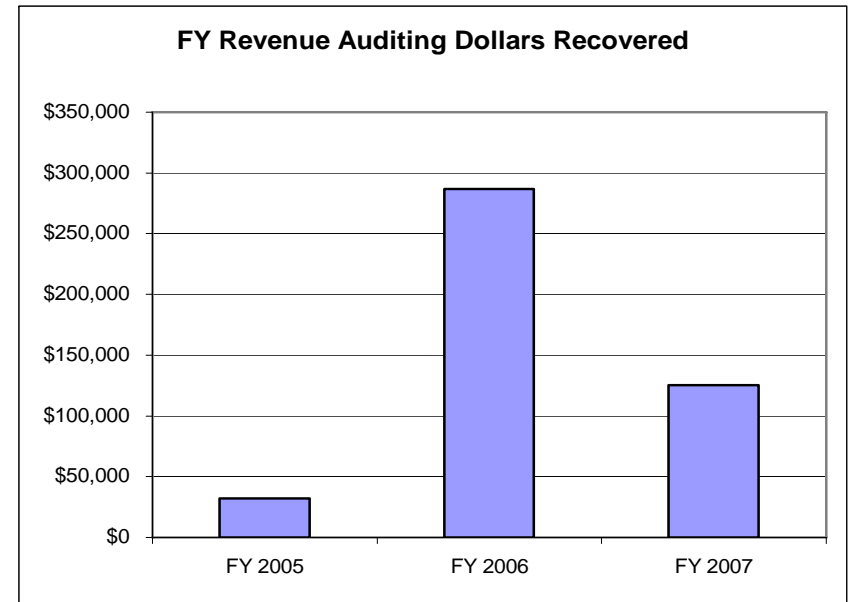
¹ Department expenditures were obtained from cities' Comprehensive Annual Financial Reports. Where data was unavailable, expenditures were obtained from department's annual budgets.

² Authorized full time staffing is based on approved annual fiscal year budgets.

PERFORMANCE MEASURES

Over the past five years:

- Ratio of Auditor staff to citywide authorized full-time staffing has increased 18 percent. In FY 2007, the ratio was one auditor to 239 full-time employees.
- Dollars recovered from revenue auditing increased 290 percent as shown below and to the right. The Auditor's office began revenue auditing in FY 2004; however, revenue was first reported in FY 2005.
- Number of audits completed per year decreased by 25 percent. Audits were often extended beyond their planned time frame and scope of work to accommodate conditions that arose during the audit.
- Percentage of assignments on the annual Audit Plan completed has decreased 41 percent. During the year, there may be unplanned audits and projects that are requested by management.
- The percentage of all audit findings corrected each year has increased six percent. In FY 2007, 92 percent of all audit findings have been corrected.
- The percentage of Auditor staff holding one or more professional certifications has increased seven percent. Certifications currently held by auditors include Certified Internal Auditor (CIA), Certified Public Accountant (CPA), Certified Information Systems Auditor (CISA), and Certified Government Auditing Professional (CGAP).



Source: City Auditor's Office

	Ratio auditor staff to total citywide authorized full time staffing	Revenue auditing dollars recovered	Total number of items on audit plan	Total number of audits completed ¹	Total number of items on audit plan completed	Percentage of audit plan completed ²	Percentage of audit findings corrected	Percentage of audit staff certified
FY 2003	1 to 282		10	12	8	80%	87%	67%
FY 2004	1 to 293		18	7	9	50%	85%	67%
FY 2005	1 to 328	\$32,130	16	3	5	31%	82%	80%
FY 2006	1 to 279	\$286,822	15	6	6	40%	91%	83%
FY 2007	1 to 239	\$125,169	19	9	9	47%	92%	71%
Change over last 5 years ³	18%	290%	19%	-25%	13%	-41%	6%	7%

¹ Total number of audits completed includes audits on the audit plan and unplanned audits.

² Percentage of audit plan completed is based upon the number of items on the audit plan that were completed divided by the total number of items on the audit plan.

³ Where five years of data was not available, the change was based on the first available data.

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