City of Sacramento
City Council - 2PM Report
915 I Street Sacramento, CA 95814
www.cityofsacramento.org

File ID: 2026-01454 8/18/2026

City Auditor's Activity Report for the 4th Quarter of Fiscal Year (FY) 2025/26

File ID: 2026-01454

Location: Citywide

Recommendation: Pass a **Motion** approving the City Auditor's Activity Report for the 4th Quarter of Fiscal Year (FY) 2025/26.

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 4th Quarter of FY 2025/26

Description/Analysis
Issue Detail: According to the Council Rules of Procedure, the Budget and Audit Committee shall receive, review, and forward to the City Council as appropriate, reports, recommendations, and updates from the City Auditor. This report documents the City Auditor's Activity Report for the 4th Quarter of FY2025/26.

Policy Considerations: The City Auditor's Activity Report for the 4th Quarter of FY2025/26 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: On August 11, 2026, the Budget and Audit Committee passed a motion to accept the City Auditor's Activity Report for the 4th Quarter of FY2025/26 and to forward to the City Council for approval.

Rationale for Recommendation: This staff report provides the City Council 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

Fourth Quarter of Fiscal Year 2025/26

City of SACRAMENTO
Office of the City Auditor

Introduction

The Quarterly Activity Report highlights the activities of the Office of the City Auditor for the fourth quarter of fiscal year (FY) 2025/26. This report also identifies the status of the City Auditor's *Fiscal Year 2025/26 Work Plan* projects.

Reports Issued During the Fourth Quarter of FY 2024/25

The Office of the City Auditor issued several reports during the fourth quarter of FY 2025/26.

- *Audit of the City's Homeless Response: Evaluation of Costs and Outcomes of Shelters*
- *City's Homeless Sheltering Programs - Fact Book*
- Audit of Emergency Medical Services
- City Auditor's Fiscal Year 2026/27 Revised Work Plan
- Audit of Police Department's Traffic Stop Practices: Audit Scope Proposal
- *2025 Audit of the City Employees' Workforce Diversity and Salary Trends*
- *Audit of the Sacramento Police Department Evidence and Property Section*
- *Third Quarter Activity Report for Fiscal Year 2025/26*
- *City Auditor's Semi-Annual Recommendation Follow-Up Report: July - December 2025*

Other Highlights

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

Fiscal Year 2026/27 Work Plan Approved

The Office updated the *Fiscal Year 2026/27 Work Plan* to incorporate a newly requested audit, that was presented to and approved by the City Council.

DEI Efforts

The Office's Racial and Gender Equity Action Plan (RGEAP) Team continued to work towards the Citywide coordinated strategic work plan focused on workforce equity.

Whistleblower Hotline

The Office received and processed a number of whistleblower allegations.

Projects Initiated

The Office initiated *The Audit of City Radio Systems.*

Association of Local Government Auditors Conference

Chevelle Jackson and ***Farishta Ahrary*** attended the 2026 Association of Local Government Auditors' Annual Conference in Cleveland, OH to further develop their knowledge base and skills. ***Farishta Ahrary*** led two sessions during the conference.

Community Collaboration

The Office finalized discussions with California State University, Sacramento to establish a summer internship program. The program will provide two students with learning opportunities, practical experience, and exposure to the auditing field through work with our office. This quarter, we had our first intern, ***Rhiannon Morales***, start.

Staff Presentation

Audit staff presented the *Audit of the Sacramento Police Department's Property and Evidence Division* to the Sacramento Community Police Commission.

FY 2025/26 Work Plan Assignments In-Progress

The following highlights the status of the *Fiscal Year 2025/26 Work Plan* assignments in-progress.

Audit of the Department of Utilities' Energy Use

This audit is currently in the Report Writing phase. We separated this project into two parts, a review of the DOU's renewable energy initiatives and an analysis of DOU's fleet's zero-emission vehicle requirements. The first part of this audit will evaluate the Department of Utilities' renewable energy initiatives by reviewing costs, compliance, vendor performance, and contractual obligations related to power purchase agreements (PPAs) and the Sacramento Municipal Utility District (SMUD) SolarShares Program. The second part will review zero-emission vehicle requirements and DOU's vehicle replacement efforts. During the reporting period, we completed our analysis of PPAs and the City's participation in the SolarShares program, prepared and submitted the draft audit report to DOU for review, and began our quality control procedures.

Audit of the Transient Occupancy Tax

This audit is in the Report Writing phase. The audit team is finalizing the testing plan and completing the remaining fieldwork. Report drafting is underway, with the report outline completed and findings, conclusions, and recommendations being refined through ongoing team discussions.

Review of the Department of Utilities' Storm Drainage Fund

This review will analyze the fiscal sustainability of the Storm Drainage Fund, including the new Storm Drainage Property Fee, and forecast future revenues based on various scenarios, including potential rate increases. During this reporting period, the team completed its system assessment, valuation, and fiscal forecasting activities, and submitted the draft report to DOU for review.

Audit of the City's Complaint Investigation and Resolution Practices

This audit is in the Preliminary Survey phase and will evaluate the City's processes and procedures related to Equal Employment Opportunity (EEO) complaint intake, investigation, and disposition. During this period, we met with EEO staff, reviewed relevant laws, regulations, and authoritative standards, and gathered historical, organizational, and financial information regarding the audit.

Potential Cost Savings and Revenue Recovery Audit Services – Utility Cost Recovery Audit

This project entails entering into a contingency contract with a vendor to conduct third-party audits to potentially identify cost savings and/or other audits to recover potential past taxes or any other monies or revenue owed to the City that were not properly attributed to the City or were not properly paid/collected and to determine potential future taxes and other monies owed to the City not previously counted. During this reporting period, we participated in meetings with the vendor to review cost-saving recommendations for telecommunication lines, including more cost-effective plan options and billing errors. We also discussed with Information Technology staff which recommendations may be promptly implemented.

Audit of City Radio Systems

This project was initiated near the end of the reporting period and will evaluate the cost effectiveness and long-term sustainability of the City's legacy radio system by analyzing its total cost of ownership and comparing these costs with those of alternative communication. This audit will also assess whether the aging radio infrastructure effectively supports the operational and public safety needs of City departments and identify related risks.