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# City of Detroit


## CITY COUNCIL

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TO: Mark Lockridge  
Auditor General

FROM: David Whitaker, Director   
Legislative Policy Division Staff

DATE: March 11, 2020

RE: 2020-2021 Budget Analysis

Attached is our budget analysis regarding your department's budget for the 2020-2021 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Friday, March 20, 2020 at 1:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Council members and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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DW:dh:ss

### Attachments:

Issues and Questions  
Auditor General Budget Pages

CC: Councilmembers  
Auditor General's Office  
David Massaron, Chief Financial Officer  
Tanya Stoudemire, Budget Director  
Stephanie Grimes Washington, Mayor's Office

## Auditor General (50)

### FY 2020-2021 Budget Analysis by the Legislative Policy Division

The mission of the Office of the Auditor General (OAG) is to act as an independent, full-service auditing function to examine and evaluate the City's activities in order to improve the accountability for public funds and to improve the operations of City government. The agency promotes the economy, efficiency, and effectiveness of city government and helps to protect against fraud, waste, and abuse by conducting independent audits, investigations, and evaluations, while adhering to the professional standards of the auditing profession.

The OAG's primary responsibilities are the examination and evaluation of processes that pose the most risks to the City's interest, the adequacy and effectiveness of the City's system of internal control and the quality of performance in carrying out assigned responsibilities. This entails the following:

- A review of the reliability and integrity of financial and operating data and the means used to identify, measure, classify and report such information.
- A review of the systems established to ensure compliance with those policies, plans, procedures, laws and regulations that could have a significant impact on operations and reports.
- A review of the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- An appraisal of the economy and efficiency with which resources are employed.
- A review of operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operation or programs are being carried out as planned.

The Auditor General is also a member of the Risk Management Council, which evaluates the effectiveness of the City's overall risk management function and performs evaluations of the administration and effectiveness of risk management functions in each City agency.

#### Agency Goals

1. Improve the auditing and consulting capabilities of the OAG staff;
2. Promote an atmosphere of mutual trust, honesty, and integrity among staff and constituents;
3. Improve the quality and timeliness of all external as well as internal reporting;
4. Complete an optimal number of audits, investigations, and special projects;
5. Identify and report opportunities for expense savings and revenues increases.

	FY 2019 Actual		FY 2020 Adopted Budget		FY 2021 Mayor Recommended	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	-	-	-	-	-	-
Total Expenditures	3,189,560	3,189,560	3,972,116	3,972,116	4,114,387	4,114,387
Net Tax Cost	3,189,560	3,189,560	3,972,116	3,972,116	4,114,387	4,114,387

As illustrated above,<sup>1</sup> for FY 2020-2021 (FY 20), the Mayor has recommended a minor increase in general fund expenditures, in the amount of \$142,271 (3.58%).

<sup>1</sup> Page B50-2 of the City of Detroit Four-Year Financial Plan FY2019-2022

### Auditor General FTE Allocation

Department # - Department Name Fund # - Fund Name Appropriation # - Appropriation Name Cost Center # - Cost Center Name Job Code - Job Title	FY2020 Adopted by FTE	FY2021 Mayor by FTE	FY2022 Forecast by FTE	FY2023 Forecast by FTE	FY2024 Forecast by FTE
50 - Office of the Auditor General	14	14	14	14	14
1000 - General Fund	14	14	14	14	14
00261 - OAG Auditing Operations	14	14	14	14	14
500010 - OAG Administration	3	3	3	3	3
010106 - Auditor General	1	1	1	1	1
13201124 - Auditor Manager IV	1	1	1	1	1
43013376 - Executive Administrative Assistant II	0	1	1	1	1
43601104 - Administrative Assistant IV	1	0	0	0	0
500020 - Auditing Operations	11	11	11	11	11
13201102 - Auditor II	3	5	5	5	5
13201103 - Auditor III	4	3	3	3	3
13201104 - Auditor IV	2	1	1	1	1
13201112 - Supervisory Auditor IV	2	2	2	2	2
<b>Grand Total</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>

The Mayor has recommended no changes in the overall FTE count in FY 21 for the Auditor General.

1) Please briefly detail the department's new expense initiatives, new capital funding requests, operational reform and savings proposals, and new revenue initiatives/proposals to be implemented in FY 2021. Please provide which appropriation/cost center the new initiative/request/proposal are impacting FY 2021.

2) Under appropriation 12680 - **OAG Auditing**, which contains the costs for the CAFR<sup>2</sup> (Comprehensive Annual Financial Report), the Mayor has budgeted \$2.09 million for FY 21. Is this figure sufficient to cover the costs related to the CAFR? If not, how much would suffice?

3) Agency goal #5 indicates the Auditor General will: "Identify and report opportunities for expense savings and revenues increases." What key areas of potential opportunities for savings and/or increased revenues can the OAG (Office of the Auditor General) report on?

3) What is the OAG's most challenging issue?

4) What are the OAG's top accomplishments in the current fiscal year?

5) In regard to staffing, is the OAG's current staffing level sufficient to meet its goals and objectives of FY 21 and beyond?

<sup>2</sup> This report is prepared for the purpose of disclosing the City's financial condition to its residents, elected officials, and other interested parties.

## **AUDITOR GENERAL (50)**

### ***AGENCY PLAN: MISSION, GOALS AND ACTIVITY SUMMARY***

#### **MISSION:**

The mission of the Office of the Auditor General (OAG) is to act as an independent, full-service auditing function to examine and evaluate the City's activities in order to improve the accountability for public funds and to improve the operations of City government. The agency promotes the economy, efficiency, and effectiveness of city government and helps to protect against fraud, waste, and abuse by conducting independent audits, investigations, and evaluations, while adhering to the professional standards of the auditing profession.

#### **AGENCY GOALS:**

1. Improve the auditing and consulting capabilities of the OAG staff.
2. Promote an atmosphere of mutual trust, honesty, and integrity among staff and constituents.
3. Improve the quality and timeliness of all external as well as internal reporting.
4. Complete an optimal number of audits, investigations, and special projects.
5. Identify and report opportunities for expense savings and revenues increases.

Department Name: Office of the Auditor General  
 Department #: 50

**Budget Summary:**

	FY 2019 Actual		FY 2020 Adopted Budget		FY 2021 Mayor Recommended	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	-	-	-	-	-	-
Total Expenditures	3,189,560	3,189,560	3,972,116	3,972,116	4,114,387	4,114,387
<b>Net Tax Cost</b>	<b>3,189,560</b>	<b>3,189,560</b>	<b>3,972,116</b>	<b>3,972,116</b>	<b>4,114,387</b>	<b>4,114,387</b>

	FY 2022 Forecast		FY 2023 Forecast		FY 2024 Forecast	
	General Fund	All Funds	General Fund	All Funds	General Fund	All Funds
Total Revenues	-	-	-	-	-	-
Total Expenditures	4,141,652	4,141,652	4,163,063	4,163,063	4,191,431	4,191,431
<b>Net Tax Cost</b>	<b>4,141,652</b>	<b>4,141,652</b>	<b>4,163,063</b>	<b>4,163,063</b>	<b>4,191,431</b>	<b>4,191,431</b>

Positions (by FTE):	1/1/2020 Actual	FY 2020 Adopted	FY 2021 Mayor Recommended	FY 2022 Forecast	FY 2023 Forecast	FY 2024 Forecast
	General Fund	13	14	14	14	14
Non-General Fund	-	-	-	-	-	-
<b>Total Positions</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>

## **AUDITOR GENERAL (50)**

### **ACTIVITY DESCRIPTION:**

The OAG promotes the economy, efficiency, and effectiveness of City government and protects against fraud, waste and abuse by conducting independent audits, investigations and evaluations. We adhere to governmental standards of the auditing profession; and promote an atmosphere of mutual trust, honesty and integrity among OAG staff and the people we serve. The OAG performs audits of each City agency and prepares written reports which convey the resultant audit findings and recommendations to the City Council, the Mayor and the management of each agency.

The OAG also performs special projects and other work as requested by City Council, as initiated internally, or as required by City Code. Many of these projects result in formal reports or other communications to City Council. The OAG participates in the City's independent biannual Revenue Estimating Conference process and contributes to the revenue forecast adopted by the conference principals for use in the City's annual budget and four-year financial plan. The annual financial audit of the City's CAFR and its Federal financial assistance programs are performed by outside auditors hired by the OAG.

The OAG has the responsibilities and authority stated in Section 7.5-105 of the Charter of the City of Detroit to make audits of the financial transactions, performance, and operations of city agencies with a focus on high-risk areas; to perform financial analysis of agencies; to make a report of the financial position of the City after the close of each fiscal year; to investigate the administration and operation of City agencies; to settle all disputed claims in favor of or against the City as provided by ordinance, and to make reports to City agencies of irregularities of practice and erroneous accounting methods.

**CITY OF DETROIT**  
**BUDGET DEVELOPMENT**  
**EXPENDITURES BY SUMMARY CATEGORY - ALL FUNDS**  
**DEPARTMENT 50 - OFFICE OF THE AUDITOR GENERAL**

Department # - Department Name Summary Category	FY2020 Adopted	FY2021 Mayor	FY2022 Forecast	FY2023 Forecast	FY2024 Forecast
<b>50 - Office of the Auditor General</b>	<b>3,972,116</b>	<b>4,114,387</b>	<b>4,141,652</b>	<b>4,163,063</b>	<b>4,191,431</b>
Salaries & Wages	1,221,125	1,243,344	1,267,931	1,293,010	1,318,591
Employee Benefits	429,097	419,149	421,827	424,559	427,346
Professional & Contractual Services	2,100,000	2,248,750	2,248,750	2,248,750	2,248,750
Operating Supplies	67,235	57,898	57,898	57,898	57,898
Operating Services	126,659	128,346	128,346	128,346	128,346
Other Expenses	28,000	16,900	16,900	10,500	10,500
<b>Grand Total</b>	<b>3,972,116</b>	<b>4,114,387</b>	<b>4,141,652</b>	<b>4,163,063</b>	<b>4,191,431</b>

CITY OF DETROIT  
 BUDGET DEVELOPMENT  
 EXPENDITURES BY SUMMARY CATEGORY - FUND DETAIL  
 DEPARTMENT 50 - OFFICE OF THE AUDITOR GENERAL

Department # - Department Name Fund # - Fund Name Summary Category	FY2020 Adopted	FY2021 Mayor	FY2022 Forecast	FY2023 Forecast	FY2024 Forecast
<b>50 - Office of the Auditor General</b>	<b>3,972,116</b>	<b>4,114,387</b>	<b>4,141,652</b>	<b>4,163,063</b>	<b>4,191,431</b>
<b>1000 - General Fund</b>	<b>3,972,116</b>	<b>4,114,387</b>	<b>4,141,652</b>	<b>4,163,063</b>	<b>4,191,431</b>
Salaries & Wages	1,221,125	1,243,344	1,267,931	1,293,010	1,318,591
Employee Benefits	429,097	419,149	421,827	424,559	427,346
Professional & Contractual Services	2,100,000	2,248,750	2,248,750	2,248,750	2,248,750
Operating Supplies	67,235	57,898	57,898	57,898	57,898
Operating Services	126,659	128,346	128,346	128,346	128,346
Other Expenses	28,000	16,900	16,900	10,500	10,500
<b>Grand Total</b>	<b>3,972,116</b>	<b>4,114,387</b>	<b>4,141,652</b>	<b>4,163,063</b>	<b>4,191,431</b>



CITY OF DETROIT  
 BUDGET DEVELOPMENT  
 FINANCIAL DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER - EXPENDITURES  
 DEPARTMENT 50 - OFFICE OF THE AUDITOR GENERAL

Department # - Department Name	FY2020 Adopted	FY2021 Mayor	FY2022 Forecast	FY2023 Forecast	FY2024 Forecast
Fund # - Fund Name					
Appropriation # - Appropriation Name					
Cost Center # - Cost Center Name					
<b>50 - Office of the Auditor General</b>	<b>3,972,116</b>	<b>4,114,387</b>	<b>4,141,652</b>	<b>4,163,063</b>	<b>4,191,431</b>
1000 - General Fund	3,972,116	4,114,387	4,141,652	4,163,063	4,191,431
00261 - OAG Auditing Operations	2,022,116	2,015,637	2,042,902	2,064,313	2,092,681
500010 - OAG Administration	679,468	683,834	692,073	700,478	709,051
500020 - Auditing Operations	1,342,648	1,331,803	1,350,829	1,363,835	1,383,630
12680 - OAG Auditing	1,950,000	2,098,750	2,098,750	2,098,750	2,098,750
500025 - Auditing - CAFR	1,950,000	2,098,750	2,098,750	2,098,750	2,098,750
<b>Grand Total</b>	<b>3,972,116</b>	<b>4,114,387</b>	<b>4,141,652</b>	<b>4,163,063</b>	<b>4,191,431</b>

CITY OF DETROIT  
 BUDGET DEVELOPMENT  
 POSITION DETAIL BY DEPARTMENT, FUND, APPROPRIATION, & COST CENTER  
 DEPARTMENT 50 - OFFICE OF THE AUDITOR GENERAL

Department # - Department Name	Fund # - Fund Name	Appropriation # - Appropriation Name	Cost Center # - Cost Center Name	Job Code - Job Title	FY2020 Adopted by FTE	FY2021 Mayor by FTE	FY2022 Forecast by FTE	FY2023 Forecast by FTE	FY2024 Forecast by FTE
50 - Office of the Auditor General	1000 - General Fund				14	14	14	14	14
	00261 - OAG Auditing Operations				14	14	14	14	14
	500010 - OAG Administration				3	3	3	3	3
	010106 - Auditor General				1	1	1	1	1
	13201124 - Auditor Manager IV				1	1	1	1	1
	43013376 - Executive Administrative Assistant II				0	1	1	1	1
	43601104 - Administrative Assistant IV				1	0	0	0	0
	500020 - Auditing Operations				11	11	11	11	11
	13201102 - Auditor II				3	5	5	5	5
	13201103 - Auditor III				4	3	3	3	3
	13201104 - Auditor IV				2	1	1	1	1
	13201112 - Supervisory Auditor IV				2	2	2	2	2
<b>Grand Total</b>					<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>