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October 13, 2009

HONORABLE CITY COUNCIL
CITY OF OAKLAND

**RE: THE PERFORMANCE AUDIT OF THE CITY'S GRANT SELECTION,
MANAGEMENT, MONITORING AND EVALUATION FOR THE MEASURE Y
VIOLENCE PREVENTION PROGRAM**

Dear Chairperson Reid and Members of the Committee:

The following is information you requested at the Public Safety Committee meeting on Tuesday, September 15, 2009 regarding the unresolved recommendations in the Performance Audit of the City's Grant Selection, Management, Monitoring and Evaluation. We have included the City Administrator's Office and Department of Human Service's (DHS) responses to our Analysis and Summary of Actions Necessary to Close the Report. We concur with the City Administrator's Office and DHS's proposed plans for action regarding 19 of the 23 recommendations. The four remaining unresolved recommendations are discussed below.

To close the report recommendations, we will continue to work closely with the City Administrator's Office and DHS on their proposed plans of action. We appreciate their participation to work collaboratively on these issues. We have provided our responses and reiterated the actions necessary to close the report as follows:

Recommendation 5:

Establish formal processes for detecting and preventing fraud on the part of the Measure Y Violence Prevention Program grantees and require grant management staff to perform annual fraud assessments of grantees as part of their annual site visits of grantees.

Public Safety Committee, October 13th, 2009
Item # 11

We acknowledge that DHS has taken steps to address the need to conduct fraud assessments of grantees during its annual site visits. However, DHS has not provided a plan to train staff in the area of fraud. Therefore, to close this recommendation, DHS should provide evidence to the City Auditor's Office that fraud training is being provided to grant managers and that grantee fraud assessments are conducted by April 30, 2010.

Recommendation 12:

Implement a verification process for ensuring that grantees are providing Measure Y services to Oakland residents only. It should also enforce its contract by disallowing reimbursement to grantees that cannot provide eligibility information on Measure Y participants.

DHS stated that it recommends against adopting this policy as they contend that many of the high risk youth that Measure Y serves would be unable to provide this documentation. As provided in our original response, we are cognizant that high risk youth may not be able to provide proof of Oakland residency. Therefore, we are requesting that DHS calculate and report the estimated percentage of participants who cannot provide proof of residency. To close this recommendation, DHS will need to revise policies and procedures to include a requirement of written documentation of a proof of residency for Measure Y participants, as well as report the estimated percentage of participants who cannot provide proof of residency to the Office of the City Auditor by November 30, 2009.

Recommendation 19:

Ensure consent forms for the evaluators are completed by all program participants.

It has been brought to our attention that consent to use personal information for the purposes of evaluation is a voluntary act for program participants and services should not be withheld from clients based on their willingness to consent to participate in an evaluation. Therefore, to close this recommendation, DHS should provide evidence to the City Auditor's Office by November 30, 2009, of the legal requirement outlining the voluntary basis for submitting consent forms. In addition, as provided in our original response, DHS should provide the evidence of additional guidance that has been implemented to ensure consent forms for the evaluators are completed by all program participants, as well as of the newly developed policy that guides grantees on how to obtain consent for children who are wards of the Court or State and that it trained grantees on how to implement it.

Recommendation 23:

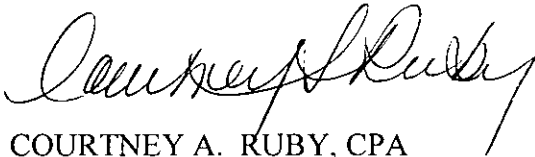
Establish clear roles and responsibilities for providing oversight and technical direction to the program evaluators.

The City Administrator has provided informal descriptions of the roles and responsibilities for providing oversight and technical direction to the program evaluators in its response to the audit report. However, we are requesting a separate, formal

document outlining these roles and responsibilities. Therefore, to close this recommendation, the City Administrator will need to provide, in writing, a separate, official document discussing the specific roles and responsibilities of the City Administrator and DHS as it relates to providing oversight and technical direction to the program evaluator by November 30, 2009. These agreed upon roles and responsibilities of the City Administrator and DHS should also be incorporated in DHS's policies and procedures.

Should you have any questions, please contact me at (510) 238-3379.

Respectfully submitted,



COURTNEY A. RUBY, CPA
City Auditor

CITY OF OAKLAND



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Office of the City Administrator
Dan Lindheim
City Administrator

(510) 238-3301

October 13, 2009

Office of the City Auditor
Oakland City Council
Oakland, California

Dear Ms. Ruby:

RE: Department of Human Services (DHA) Response to Recommendation from the City Auditor's Measure Y Report – October 7, 2009

Attached are staff's responses to several of recommendations contained in your report (Legistar No. 09-0669) to the City Council at the September 15, 2009 meeting of the Public Safety Committee.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Dan Lindheim', written over a horizontal line.

Dan Lindheim
City Administrator

Item: _____
Public Safety Comte.
October 13, 2009

DHS Response to Recommendations from City Auditor's Measure Y Report – October 7, 2009

*****Starred Recommendations are not yet resolved
by DHS and the City Auditor (#5, 12, 19 and 23)*****

Recommendation 1:

Adhere to the selection criteria of grantee applicants that are specified in the RFP and clearly define the criteria "for a proven track record" of providing violence prevention services in its next RFP.

- UNRESOLVED - To close this recommendation, DHS should provide evidence to the Office of the City Auditor that the next Request for Proposal has been revised to include clearly defined criteria for "a proven track record" of providing violence prevention services.
- *Final - DHS will require applicant organizations to be providing similar services and/or serving similar target populations for two (2) or more years as part of the definition of "proven track record." DHS will continue its practice of requiring additional program evaluations and demonstrated capacity levels as an additional assessment of "proven track record."*

Recommendation 2:

Ensure the selection process for grantee applicants is clearly defined if the RFP process is not utilized.

- RESOLVED - To close this recommendation the City Council should provide evidence to the Office of the City Auditor that a clearly defined selection process has been developed for use for all grant awards.
- Included in this amount is Oakland Parks and Recreation and they were not funded in 2006-07. The total amount released in 2006-07 that was not subject to RFP review was just over \$1 million and it went to either institutions or organizations that had the ability to implement the given program strategy. While it represents 22% of the programs funded (this doesn't include OPR), it represents 17.8% of the funds allocated to grantees.
- *Final – DHS will identify criteria for when awards may not be issued through an RFP process. These criteria will be in the Policies and Procedures Manual and clearly stated in any Council Reports submitted for grant agreements not issued through an RFP.*

Recommendation 3:

Continue to develop written policies and procedures for grant management and provide adequate staff training to ensure the appropriate execution of such policies and procedures.

- RESOLVED - To close this recommendation, DHS should provide the Office of the City Auditor with an updated copy of the manual that includes revisions that specifically address areas identified in our report by November 30, 2009

- *Final –DHS will re-submit the Policy and Procedures manual with updates reflecting any additional agreements based on this audit.*

Recommendation 4:

Develop a formal program to address the training needs of the grant management staff.

- RESOLVED - To close this recommendation, DHS should provide evidence that it has implemented a formal program to address the needs of the grant management staff to the Office of the City Auditor by November 30, 2009.
- *Final - DHS will provide a series of staff trainings during its regular staff meetings and provide a document with the schedule by November 30, 2009.*

***** Recommendation 5: *****

DHS needs to provide fraud training to grant managers and conduct a fraud assessment of grantees.

- RESOLVED - DHS agreed with our recommendation to provide fraud training to grant managers and conduct a fraud assessment of grantees. DHS stated that it is committed to aid in this effort. DHS further stated that this issue goes beyond Measure Y. To close this recommendation, DHS should provide evidence to the Office of the City Auditor that fraud training is being provided to grant managers and that grantee fraud assessments are conducted by April 30, 2010.
- This is an issue that goes beyond that of Measure Y and currently the City Administrators Office, in coordination with the Contract Compliance Office, is working to develop City-wide procedures to debar organizations from receiving future City funds if they are found to have illegally used City funds. DHS is committed to aid in this effort. The City Auditor's report recommends "DHS require grant management staff to perform an annual fraud assessment of grants as part of their annual site visit." Given resource constraints, City officials must make policy choices regarding the most effective balance between these important grants management activities.
- *Final – DHS believes its current site visit and fiscal monitoring is reasonable and sufficient given available resources. DHS has received fraud-related questions from the City Auditor and will incorporate some of them into the current site visit process to emphasize the City's concern regarding fraud. However, if indications of fraud are identified during the site visit, DHS will refer the issue to the City Auditor's Fraud, Waste + Abuse Prevention Program for investigation. If directed by City Council to implement a more comprehensive fraud assessment, DHS would require additional resources for staff and training.*

Recommendation 6:

Develop a Measure Y Grantee Manual for grantees that are awarded Measure Y funds to ensure that all Measure Y grants are administered consistently and grantees are required to adhere to the same guidelines.

- RESOLVED - To close this recommendation, DHS should provide the Office of the City Auditor with a copy of the completed Measure Y Grantee Manual by November 30, 2009.
- *Final – DHS will provide final copy of the grantee manual to Auditor's Office.*

Recommendation 7:

Develop and distribute a user's manual for CitySpan database to all grantees.

- RESOLVED - To close this recommendation, DHS should provide the Office of the City Auditor a copy of the revised data entry sheets that include more generalized instruction for the use of CitySpan by November 30, 2009.
- *Final - DHS will expand the current data entry sheets to include more generalized instruction about CitySpan data entry but will also continue to use one-on-one database technical support for ensuring adequate data entry by grantees.*

Recommendation 8:

Define specific parameters for issuing payments when grantees do not meet their deliverables.

- CLOSED - DHS provided specific parameters for issuing payments when grantees do not meet their deliverables. Corrective action has been implemented and will be reviewed during the follow-up by the City Auditor.
- *Final – Closed.*

Recommendation 9:

Further define the criteria for assessing whether grantees met their deliverables and the positive and negative incentives for meeting or not meeting the required deliverables. The criteria and incentives should be clearly spelled out in the grant agreement.

- CLOSED - The intent of this recommendation was satisfied under recommendation #8. Corrective action has been implemented and will be reviewed during the follow-up by the Office of the City Auditor.
- *Final – Closed.*

Recommendation 10:

Implement a formal course of action to address attendance issues with grantees.

- Staff has determined that the current formal courses of action as define in the Policy and Procedures are adequate.

- PARTIALLY RESOLVED - To close this recommendation, policies and procedures should be revised to include program observations every six months. DHS should provide written documentation of this revision to the Office of the City Auditor by November 30, 2009.
- *Final –Where practical, DHS will continue to conduct program observations during the annual site visit and will also make one other drop-in program visit during the fiscal year. This will be added to the Policies and Procedures manual.*

Recommendation 11:

Further develop a written policy and procedure for ensuring that staff verifies that grantees maintain eligibility information on participants served. It should also specify an appropriate level of sampling to ensure that eligibility problems are identified and corrected.

- PARTIALLY RESOLVED - To close this recommendation, DHS should revise the policies and procedures to include additional written guidelines for verifying eligibility to the Office of the City Auditor by November 30, 2009. For example, such additional guidelines for verifying eligibility could include the following suggested procedures: *During the last 12 month period, select two non-consecutive quarters and verify the eligibility of all individual participants in both quarters; Record and retain the results of the eligibility review for each of the program participants in the sample within an Excel spreadsheet, including the type of eligibility documentation reviewed in each participant file.*
- *Final – DHS has agreed during its site visit to expand its sampling of case files to a minimum of 10 files which includes a review of eligibility, and expand this sampling if a problem is uncovered.*

*****Recommendation 12: *****

Implement a verification process for ensuring that grantees are providing Measure Y services to Oakland residents only. It should also enforce its contract for disallowing reimbursement to grantees that cannot provide eligibility information on Measure Y participants.

- UNRESOLVED - Proof of residency must be obtained from and verified for all program participants, in particular those participants who were referred from partnering agencies. It is imperative that DHS ensure that Measure Y funds are only being spent on Oakland residents...Furthermore, we compared the residency requirement for Oakland's Violence Prevention Program to a similar program administered by the City of San Francisco. We verified that the City of San Francisco requires that services from these programs must be provided only to residents of that city. Based on DHS' response, we understand a challenge exists to prove residency for undocumented individuals. Nevertheless, DHS should identify the size of the undocumented group of participants and report the percentage that these participants constitute out of the population of Measure Y participants. To close this recommendation, DHS will need to revise policies

and procedures to include a requirement of written documentation of a proof of residency for Measure Y participants, as well as report the estimated percentage of participants who cannot provide proof of residency to the Office of the City Auditor by November 30, 2009.

- *Final - DHS strongly believes it would be a deterrent to providing interventions to some of the highest risk individuals (e.g., youth with disengaged families, homeless youth, illegal immigrants) if proof of residency (typically a driver's license, utility bill, lease agreement, etc.) were required for services. Currently the grant agreements and the RFP contain the requirement that clients be Oakland residents, unless explicitly authorized by DHS. Occasionally non-residents are served because they go to school in Oakland or are in a temporary out-of-Oakland placement such as a group home. DHS staff also review the zip codes listed in the CitySpan database for each client of each grantee as part of the quarterly reporting to ensure that non-Oakland residents are not being served. Eligibility is reviewed as part of the annual case file review. Further, residency in most strategies is assured because clients are referred from agencies such as Probation, Parole and Oakland Unified School District. DHS recommends against adopting this policy, as many of the high risk youth that Measure Y serves would be unable to provide this documentation .*

Recommendation 13:

Review and make timely adjustments to approved grantee budgets.

- RESOLVED -To close this recommendation, DHS should submit evidence that it is reviewing, approving or not approving changes to grantee budgets to the Office of the City Auditor by November 30, 2009.
- *Final - Staff currently adheres to the Measure Y Policies and Procedures Manual and believes this current policy meets the Auditor's request. Grantees must submit budget modifications to their program officer for approval by March 31st. Consequently DHS has agreed with the Office of the City Auditor to submit any evidence of reviewing, approving, or not approving changes to grantee budgets to the Office of the City Auditor by April 15, 2010. The budget modification process has been added to the grantee manual.*

Recommendation 14:

Improve its method of follow-up and tracking corrective action.

- RESOLVED - To close this recommendation, DHS should provide evidence to the Office of the City Auditor of the addition of the corrective field in CitySpan, the reports generated, and additional guidance that has been implemented to ensure that corrective action is followed-up and tracked appropriately by November 30, 2009.

- *Final – DHS has already instructed CitySpan to add corrective action field in the quarterly report form that will enable grantees and DHS Measure Y staff to include corrective actions – this will be sent to the Auditor’s office and this will be closed.*

Recommendation 15:

Pursue a more active role in directly monitoring all of the Measure Y sub-grantees. In addition, it should further refine its policies and procedures for monitoring sub-grantees and establish specific responsibility to the lead organization will have in those monitoring efforts.

- UNRESOLVED - To close this recommendation, DHS should develop and submit written guidelines for sub-grantee monitoring, indicating the specific roles and responsibilities assigned to DHS and the lead agency, to the Office of the City Auditor by November 30, 2009.
- *Final – DHS will determine criteria for sub-grantees, based on budget threshold and role in service delivery, and include this in the Policies and Procedures Manual and Grantee Manual. In an effort to ensure that sub-grantees are monitored more uniformly by their lead agencies, the DHS Measure Y staff will include policies and procedures for lead agencies in the Grantee Manual being developed. Training for lead agencies will be held in a Professional Development series sometime in the winter to go over the manual and provide technical assistance. DHS will review the lead agency’s sub-grantee monitoring file as a formal part of the annual site visit.*

Recommendation 16:

Require grant managers to maintain documentation from grantee site visits and expand their sampling of budget line items and client files. In addition, establish policies and procedures for Supervisory review of the Site Visit Checklists and supporting documenting prior to issuing a Site Visit Summary.

- PARTIALLY RESOLVED - To close this recommendation DHS should provide evidence to the Office of the City Auditor by November 30, 2009 that its policies and procedures include requirements for: (1) grant managers to maintain documentation from grantee site visits, (2) additional sampling of budget line items and client files, and (3) supervisory review of the Site Visit Checklists and supporting documentation prior to issuing a Site Visit Summary.
- *Final - DHS Measure Y staff agreed we will increase the sampling of budget line items and client files for future site visits and evidence of this change will be provided to the Auditor’s Office. The Policy and Planning Manager will review and sign the complete site visit file and backup documentation in addition to the current review and signing of the final Site Visit Summary Report. This will be added to the Policies and Procedures Manual.*

Recommendation 17:

Require grant managers to establish policies and procedures for records retention.

- UNRESOLVED - This recommendation was not specifically addressed by DHS. It is entirely different from recommendation #16 and refers to the contents of DHS grant files, as well as the period of time that Measure Y records are to be retained by DHS. DHS provided an outline for a record retention standard for grantees for fiscal year 2009-10; however, a clear record retention policy should also be implemented by DHS internally for its own files. To close this recommendation, DHS will need to develop written guidelines that include policies and procedures with respect to records retention by grant managers. DHS should submit these policies and procedures for Measure Y records retention to the Office of the City Auditor by November 30, 2009.
- *Final – DHS follows City policy on records retention and in keeping with that policy, the Measure Y Policies and Procedures Manual specifies that all files pertaining to the RFP process and grant agreement files are retained for at least five years. [No files have been destroyed to date as program began four years ago.]*

Recommendation 18:

Improve its documentation to support quarterly payments that are not in the amount of the scheduled contract amount.

- RESOLVED - DHS agreed with our recommendation to improve its documentation to support quarterly payments that are not in the amount of the scheduled contract amount. DHS stated that in an effort to improve its documentation to support quarterly payments that are not in the amount of the scheduled contract, it revised the notes section of the memo to include a column that will detail any funds that are withheld. In addition, DHS stated that the revised form will be used starting July 1, 2009. To close this recommendation, DHS will need to provide the Office of the City Auditor with a copy of the revised form that includes the additional column by November 30, 2009.
- *Final - DHS will provide to the Auditor the invoicing form that has been adjusted to include a column that will detail any funds that are withheld.*

*****Recommendation 19:*****

Ensure consent forms for the evaluators are completed by all program participants.

- RESOLVED - DHS agreed with our recommendation to ensure consent forms for the evaluators are completed by all program participants. DHS stated that its staff worked with the Oakland Alternative Education schools to develop an arrangement that has all parents who enroll a child in an Alternative Education school in Oakland sign a Measure Y parental consent form that is kept on file. In addition, DHS also developed a policy derived from the U.S. Department of Health and Human Services that guides grantees on how to obtain consent for children who are wards of the court or state, and DHS trained grantees on how to implement this policy. To close this recommendation, DHS should provide

evidence to the Office of the City Auditor by November 30, 2009, of additional guidance that has been implemented to ensure consent forms for the evaluators are completed by all program participants, as well as the newly developed policy that guides grantees on how to obtain consent for children who are wards of the court or state, and that DHS trained grantees on how to implement this policy.

- *Final - The policies that the City Auditor refers to here are included in the Policy and Procedures manual and will be provided to the City Auditor. But it must be noted that consent to use personal information for the purposes of evaluation is a voluntary act for program participants. It is neither industry standard nor morally appropriate to withhold services from clients based on their willingness to consent to participate in an evaluation. That said, Measure Y currently has consent compliance rates that far exceed national averages. DHS and the City Auditor do not agree on this recommendation. This recommendation should be referred to City Council for further review and guidance.*

Recommendation 20:

Implement a mechanism to ensure grantees provide complete and accurate demographic data for evaluators use in assessing program outcomes.

- PARTIALLY RESOLVED - To close this recommendation, DHS should provide the Office of the City Auditor with evidence that it has implemented a method to ensure grantees provide complete and accurate demographic data for evaluators to use in assessing program outcomes by November 30, 2009.
- *Final - The current policy in which DHS staff review the quarterly report for missing demographic data, work with the grantee to determine why the data are missing, and require the grantee to input the missing data before invoices are paid is captured in the Policy and Procedures Manual. This manual has already been forwarded to the City Auditor. DHS will resubmit.*

Recommendation 21:

Ensure that grantees properly collect and report on performance data needed to evaluate their program.

- PARTIALLY RESOLVED - To close this recommendation, DHS will need to provide evidence that funds are withheld from grantees who do not meet their quarterly deliverables for the first quarter of fiscal year 2009-10 by submitting the list of grantees to the Office of the City Auditor by November 30, 2009. This information will be verified in future audits and reviews.
- *Final – DHS will provide the City Auditor with a list of grantees who have had payments withheld in the first quarter of this fiscal year by the due date.*

(For the City Administrator)

Recommendation 22:

Ensure that all Measure Y Violence Prevention program grantees are evaluated.

- RESOLVED - To close this recommendation, the City Administrator should provide the Office of the City Auditor with a copy of the annual evaluation report which includes all of the grantees that are funded with Measure Y Violence Prevention Programs.
- *Final – As indicated in our written response dated June 22, 2009, found on page 81 of the City Auditor’s Report, the independent evaluator of Measure Y programming, Resource Development Associates (RDA) “has been directed to develop evaluation criteria for all strategies in conjunction with CAO, OPD and DHS. Presently three strategies; restorative justice, street outreach and family violence have not been subject to the evaluative process. All three are new programs without logic models and identified “best practices.” We anticipate difficulty in obtaining consistently matched data with street outreach due to insufficient or inaccurate identification of clients. Similarly, children aged 0-5 receiving services through the Family Violence Center will be difficult to track since the age group falls outside of JUVIS or the OUSD data base. We are currently negotiating with the evaluator, Resource Development Associates, to develop evaluative criteria for the aforementioned strategies.” We concur with the recommendation that all Measure Y Violence Prevention program grantees are evaluated and will provide the Office of the City Auditor with the outcome evaluation upon completion.*

Recommendation 23:

Establish clear roles and responsibilities for providing oversight and technical direction to the program evaluators.

- PARTIALLY RESOLVED - To close this recommendation, the City Administrator will need to provide, in writing, a copy of the specific roles and responsibilities of the City Administrator and DHS as it relates to providing oversight and technical direction to the program evaluator by November 30, 2009.
- *Final – As indicated in our written response dated June 22, 2009, found on page 81 of the City Auditor Report, “clear roles and responsibilities for providing oversight and technical direction for the program evaluator exist. The Office of the City Administrator manages the evaluation contract and ensures the evaluator is “independent” of outside influence. A quarterly evaluation status report is submitted to the Oversight Committee and City Council. This is a new practice initiated by the current manager of the contract. Additionally, a part-time data base/evaluation liaison was hired by the CAO measure Y manager to assist DHS grantees with data collection and data entry. A “work sheet” developed for each grantee ensures timely and proper data entry practices. Combined with efforts from Resource Development Associates personnel, all Measure Y*

data was “scrubbed” and consequently the DHS match rate increased. Monthly “All-Hands Meetings” are held with city staff associated with the implementation of Measure Y at the direction of the CAO Manager. These meetings ensure collaboration of all city staff in the implementation of Measure Y.” Responsibility for providing oversight and technical direction to the independent evaluator of Measure Y programming is wholly within the purview of the contract manager, the Assistant to the City Administrator, Office of the City Administrator.