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2013 MAY -2 PM 1:12

# AGENDA REPORT

TO: DEANNA J. SANTANA  
CITY ADMINISTRATOR

FROM: Osborn K. Solitei

SUBJECT: Measure Y-Violence Prevention  
Audit Report for FY 2011-12

DATE: April 19, 2013

City Administrator

Date

Approval

4/30/13

COUNCIL DISTRICT: City-Wide

## RECOMMENDATION

Staff recommends that the City Council accept the Measure Y-Violence & Public Safety Act of 2004 Independent Auditor's Report for the year ended June 30, 2012.

## EXECUTIVE SUMMARY

The City Administrator's Office, Office of the Controller is pleased to present to the City Council the attached Measure Y – Violence Prevention & Public Safety Act of 2004 Audit and Program Status Report.

Measure Y, Part 2, Section 1, as well as Government Code Section 50075.3 (a) and (b) require the Chief Financial Officer to present to the governing board an annual report identifying (a) the amount of funds collected and expended; and (b) the status of any project required or authorized to be funded.

Patel & Associates, an independent accounting firm and subcontractor to Macias, Gini & O'Connell, the City's external auditor performed the Measure Y -Violence Prevention and Public Safety Act of 2004 financial audit for the year ending June 30, 2012. This report also provides the annual program status report for the Measure Y programs (Community and Neighborhood Policing, Violence Prevention Services with an emphasis on Youth and Children, Fire services, and Evaluation) for FY 2011-2012 in accordance with Government Code Section 50075.3 (b).

A discussion of audit findings, recommendations and management response is included in the "Analysis" section of this report.

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## OUTCOME

The City will be in compliance with the reporting requirements of Measure Y, Part 1 Section 3.4 and Part 2, Section 1 and Government Code Section 50075.3 (a) and (b).

## BACKGROUND/LEGISLATIVE HISTORY

On November 2, 2004, Measure Y was passed by Oakland voters. Measure Y provides approximately \$20 million every year for ten years to fund violence prevention programs, additional police officers, and fire services. Measure Y funds are generated through a parcel tax along with a parking tax surcharge on the rental of parking spaces. In accordance with Government Code sections 50075.1 and 50075.3(a), and City of Oakland Resolution No. 78734 G.M.S., an independent audit shall be performed to assure accountability and the proper disbursement of the proceeds of the tax and the status of Measure Y programs.

On November 2, 2010, Measure BB was approved by Oakland voters. This measure revises Measure Y by suspending until 2015 a requirement in Measure Y that the City maintain non-Measure Y appropriations for at least 739 police officers in order to collect Measure Y taxes.

The adoption of Measure BB allows the City to resume collecting Measure Y taxes, even if the City has fewer than 739 police officers funded by non-Measure Y funds. However, the taxes could not be levied and collected during fiscal year ended June 30, 2011. The City collected taxes for the FY 2010-11 during the year ending June 30, 2012.

## ANALYSIS

### **The Measure V – Violence Prevention and Public Safety Act of 2004 Audit Report**

The Measure Y audit report reflects the independent auditor's opinion that the Measure Y financial schedule of revenues and expenditures fairly presents, in all material respects, Measure Y activities, in conformity with United States generally accepted accounting principles, and in compliance with the purposes for which Measure Y was approved by the voters. The audit report contains a finding for the current year, which is a measure of the financial integrity of the Measure Y program. This finding has no adverse impact on the auditor's unqualified opinion.

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Schedule of Audit Finding, Recommendation and Management Response

Current Year Audit Finding

During the testing of controls over payroll charged to Measure Y, the auditors observed that based on the prior year finding, the Oakland Police Department (OPD) had taken steps to strengthen the controls over payroll charged to Measure Y. They also noted that in the current year there were few instances where the errors made in processing the payroll were not noted and corrected during the reconciliation process. Due to manual data entry of large volume of payroll, errors occurred in updating the correct time to the proper program. These errors were not noted during the reconciliation process and thus were not corrected in a timely manner.

Recommendation

The auditors recommend that the Oakland Police Department should review its payroll procedures and improve them to ensure that errors in updating the payroll system manually are minimized. They also recommend that an independent review and reconciliation of the payroll is done on a periodic basis to ensure that errors are detected and corrected in a timely manner.

Management Response

OPD management accepts the auditor's recommendations and will continue to review and monitor all payroll charges to Measure Y. The department will assign an independent fiscal staff who will review and reconcile payroll transactions on a regular basis to ensure that payroll is properly booked and errors, if any will be corrected on a timely basis. In addition, payroll training will be required for officers and their supervisors assigned to Measure Y.

Status of Prior-Year Finding

This finding is related to payroll charges charged to Measure Y. There were many discrepancies in processing payroll charged to Measure Y by OPD in the prior year. As stated above, OPD had taken steps to strengthen controls over payroll charged to Measure Y, thus the errors in payroll charged to Measure Y have been minimized in the current year.

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**The Measure Y – Violence Prevention and Public Safety Act of 2004 Program Status Report**

**Summary of Financials**

The Measure Y expenditures for FY 2011-2012 by program are summarized below; along with a description of each program. The attached audit report provides further details on deliverables of each program during FY 2011-12.

<b>Program</b>	<b>Program Description</b>	<b>FY 2011-12</b>
Community and Neighborhood Policing	Hire and maintain at least a total of 63 officers assigned to the following specific community policing areas: Neighborhood beat officers, school safety, crime reduction team, domestic violence and child abuse intervention and officer training and equipment	\$ 9,065,997
Violence Prevention Services with an Emphasis on Youth and Children	Expand preventive social services provided by the City of Oakland, or by adding capacity to community-based nonprofit programs with demonstrated past success for the following objectives: Youth outreach counselors, after and in school program for youth and children, domestic violence and child abuse counselors, and offender/parolee employment training	6,137,253
Fire Services	Maintain staffing and equipment to operate 25 fire engine companies and seven (7) truck companies, expand paramedic services, and establish a mentorship program at each station	3,866,527
Program Audit and Oversight	<i>Evaluation:</i> Not less than 1% or no more than 3% of funds appropriated to each police service or social service program shall be set aside for the purpose of independent evaluation of the program, including the number of people served and the rate of crime or violence reduction achieved. <i>Audit:</i> In addition to the evaluation amount, tax proceeds may be used to pay for the audit specified by Government Code Section 50075.3.	943,204
<b>TOTAL</b>		<b>\$ 20,012,981</b>

**PUBLIC OUTREACH/INTEREST**

This item did not require any additional outreach other than the required posting on the City's website.

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**COORDINATION**

This report was prepared in coordination with the Oakland Police Department, Oakland Fire Department, Human Services, City Administrator Office, City Attorney's Office and the Budget Office.

**COST SUMMARY/IMPLICATIONS**

This is an informational report only; there is no fiscal impact.

Measure Y revenues collected totaled \$33.9 million in FY 2011-12 and were generated mainly from the parcel tax (\$26.6 million) and parking tax surcharge (\$7.3 million). These revenues include FY 2010-11 taxes of approximately \$13.5 million which were levied and collected in FY 2011-12. Expenditures for FY 2011-12 totaled \$20.0 million. The prior year revenues collected were used to offset the negative fund balance at the beginning of the current year, created by the delay in collecting these revenues.

**SUSTAINABLE OPPORTUNITIES**

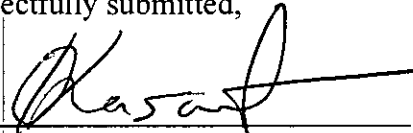
***Economic:*** No direct economic opportunities have been identified

***Environmental:*** No environmental opportunities have been identified

***Social Equity:*** No social equity opportunities have been identified

For questions regarding this report, please contact Osborn K. Solitei, Controller at (510) 238-3809.

Respectfully submitted,



OSBORN K. SOLITEI  
Controller, City Administrator's Office  
Office of the Controller

Attachments:

***Measure Y – Violence Prevention Audit Report for FY 2011-12 – Actions that OPD has Taken to Address Audit Findings***

***Measure Y-Violence Prevention & Public Safety Act of 2004 Independent Auditor's Report for the year ended June 30, 2012***

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Public Safety Committee  
May 14, 2013



# MEMORANDUM

TO: OPD Command Staff

FROM: Chief Howard A. Jordan

SUBJECT: Corrective Action Plan  
Measure Y-Violence Prevention  
Audit Report for FY 2011-12

DATE: April 22, 2013

## INFORMATION

Patel & Associates, an independent accounting firm and subcontractor to Macias, Gini & O'Connell, the City's external auditor, performed the Measure Y -Violence Prevention and Public Safety Act of 2004 financial audit for the year ending June 30, 2012. Macias and Gini made two recommendations based on audit findings related to OPD payroll charges, that "OPD should review its procedures for processing and review of payroll and consider improving them to ensure that errors in updating the payroll system manually are minimized." To address the audit finding, this memorandum describes the steps that OPD has already implemented and further corrective action that is effective immediately.

Current Year Audit Finding - During the testing of controls over payroll charged to Measure Y, the auditors recommend that the Oakland Police Department should review its payroll procedures and improve them to ensure that errors in updating the payroll system manually are minimized. They also recommend that an independent review and reconciliation of the payroll is done on a periodic basis to ensure that errors are detected and corrected in a timely manner.

OPD Management Response - OPD management accepts the auditor's recommendations and will continue to review and monitor all payroll charges to Measure Y. Outlined below are steps taken by OPD in previous years as well as new procedures and processes to be put in place, effective immediately.

### Corrective Measures OPD has Taken in Previous Years:

- A payroll clerk compares timesheets that are submitted by police officers to the list of officers who are authorized to charge to Measure Y, and resolves any discrepancies noted.
- An accountant is assigned to review Measure Y charges to identify and correct misapplied charges caused by data entry error or glitches in the accounting system.

### New Corrective Measures OPD has Implemented - Effective Immediately:

- OPD Payroll staff is providing training to Measure Y Officers to ensure that officers are knowledgeable on timesheet entry and coding to minimize any discrepancies between actual time spent on Measure Y activities.
- Supervisors will review officer time sheets and determine the appropriateness of the coding blocks that are listed on each officer's timesheet in order to ensure that the officer is charging to the correct funding source, including Measure Y.
- OPD payroll has implemented a training program to ensure that officers submit any required payroll adjustments in a timely manner.

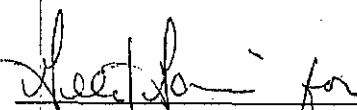
Additional Measures to be Implemented:

In the upcoming fiscal year, OPD will be working to implement additional corrective action measures, in collaboration with the City's Treasurer and Controller Offices, to help ensure accuracy of charges to Measure Y:

- Self-service timekeeping - Presently, police officers submit weekly timesheets to payroll. The information from these timesheets is then manually entered into the City's Oracle accounting system. With self-service timekeeping, police officers will enter their time directly into Oracle. This should result in a significant reduction in data entry errors, and improve the accuracy of payroll charges.
- Staffing software - OPD is evaluating several software applications that track the shift officer's work and the account they should charge for that shift. Implementation of such a system should serve as an additional resource to help streamline the payroll process as well as the validation of audit charges to Measure Y.
- The City's Treasurer and/or Controller's Office will provide recurring payroll reports that show detail regarding specific employees charges to Measure Y. OPD will then compare this information to the list of officers who are authorized to charge to Measure Y. This will service as a powerful internal auditing tool to detect any payroll errors that may have otherwise made it into the system.

For questions regarding the contents of this memorandum, please contact Gilbert A. Garcia, Deputy Director, Bureau of Services at (510) 238-6443.

Respectfully submitted,



HOWARD A. JORDAN  
Chief of Police

cc: Deanna J. Santana, City Administrator

**CITY OF OAKLAND**  
**Measure Y - Violence Prevention and**  
**Public Safety Act of 2004**  
**[A Fund of the City of Oakland]**

**Independent Auditor's Report**  
**and Budgetary Comparison Schedule**

**For the Year Ended June 30, 2012**



**CITY OF OAKLAND**  
**Measure Y - Violence Prevention and Public Safety Act of 2004**  
**[A Fund of the City of Oakland]**  
**For the Year Ended June 30, 2012**

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the City Council  
City of Oakland, California

We have audited the accompanying budgetary comparison schedule (financial schedule) of the City of Oakland's (City) Measure Y - Violence Prevention and Public Safety Act of 2004 (Measure Y), a fund of the City, for the year ended June 30, 2012. This financial schedule is the responsibility of the City's management. Our responsibility is to express an opinion on this financial schedule based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting as it pertains to Measure Y activities. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedule. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial schedule was prepared to present the total revenues and expenditures of Measure Y activities, as described in Note B, and do not purport to, and do not, present fairly the changes in the City's financial position for the year ended June 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial schedule referred to above present fairly, in all material respects, the revenues and expenditures of Measure Y activities for the year ended June 30, 2012 in conformity with the basis of accounting described in Note B.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2012 on our consideration of City's internal control over financial reporting as it pertains to Measure Y activities and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial schedule of Measure Y. The supplementary information on pages 12 through 17 is presented for purposes of additional analysis and complying with Annual Reporting requirement and is not a required part of the financial schedule. Such information has not been subjected to the auditing procedures applied in the audit of the financial schedule and, accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the City's Mayor and Council and the City's management and is not intended to be and should not be used by anyone other than these specified parties.

*Palmieri & Associates*  
Oakland, California  
December 19, 2012

**CITY OF OAKLAND**  
**Measure Y - Violence Prevention and Public Safety Act of 2004**  
**[A Fund of the City of Oakland]**  
**Budgetary Comparison Schedule (on a Budgetary Basis)**  
**For the Year Ended June 30, 2012**

	Original Budget	Final Budget	Actual	Positive (Negative) Variance
<b>Revenues:</b>				
Parcel tax	\$ 13,956,299	\$ 13,956,299	\$ 26,621,503	\$ 12,665,204
Parking tax surcharge	6,518,947	6,518,947	7,358,504	839,557
<b>Total revenues</b>	<b>20,475,246</b>	<b>20,475,246</b>	<b>33,980,007</b>	<b>13,504,761</b>
<b>Expenditures:</b>				
<b>Community and Neighborhood Policing</b>				
Salaries and employee benefits	10,855,810	10,858,708	8,941,658	1,917,050
Other supplies and commodities	500,000	284,108	79,968	204,140
Other expenditures	2,182	215,225	44,371	170,854
<b>Total Community and Neighborhood Policing expenditures</b>	<b>11,357,992</b>	<b>11,358,041</b>	<b>9,065,997</b>	<b>2,292,044</b>
<b>Violence Prevention with an Emphasis on Youth and Children</b>				
Salaries and employee benefits	847,930	860,074	1,097,682	(237,608)
Other supplies and commodities	14,350	90,372	45,498	44,874
Other contract services	5,513,271	6,534,187	4,951,515	1,582,672
Other expenditures	(63,704)	1,010,632	42,558	968,074
<b>Total Violence Prevention expenditures</b>	<b>6,311,847</b>	<b>8,495,265</b>	<b>6,137,253</b>	<b>2,358,012</b>
<b>Fire Services</b>				
Salaries and employee benefits	4,000,000	4,000,000	3,866,527	133,473
<b>Total Fire Service expenditures</b>	<b>4,000,000</b>	<b>4,000,000</b>	<b>3,866,527</b>	<b>133,473</b>
<b>Evaluation</b>	<b>487,757</b>	<b>561,827</b>	<b>454,929</b>	<b>106,898</b>
<b>Administration</b>	<b>48,844</b>	<b>68,349</b>	<b>488,275</b>	<b>(419,926)</b>
<b>Total expenditures</b>	<b>22,206,440</b>	<b>24,483,482</b>	<b>20,012,981</b>	<b>4,470,501</b>
<b>Change in fund balance, on a budgetary basis</b>	<b>\$ (1,731,194)</b>	<b>\$ (4,008,236)</b>	<b>13,967,026</b>	<b>\$ 17,975,262</b>
<b>Items not budgeted:</b>				
Interest income			645	
<b>Total items not budgeted</b>			<b>645</b>	
<b>Change in fund balance, on a GAAP basis</b>			<b>13,967,671</b>	
<b>Fund balance, beginning of year</b>			<b>(8,844,556)</b>	
<b>Fund balance, end of year</b>			<b>\$ 5,123,115</b>	

The notes to the budgetary comparison schedule are an integral part of this schedule.

**CITY OF OAKLAND**  
**Measure Y - Violence Prevention and Public Safety Act of 2004**  
**[A Fund of the City of Oakland]**  
**Notes to Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

**NOTE A – DESCRIPTION OF REPORTING ENTITY**

The Oakland City Council (the City Council) approved Resolution No. 78734 on July 20, 2004 submitting the Violence Prevention and Public Safety Act of 2004 – Measure Y (Measure Y) to the electors at the November 2, 2004 general election; making a determination with regard to the majority protest procedure for approval of the assessments; creating the Violence Prevention and Public Safety Oversight Committee; and approving, adopting, and levying the annual parcel tax and parking tax surcharge for Measure Y. The citizens of the City of Oakland (the City) approved Measure Y in November 2004.

The parcel tax is collected with the annual Alameda County property taxes, beginning on July 1, 2005. The annual parcel tax is levied to pay for all activities and services for Measure Y (see below) in accordance with the terms and conditions outlined in the approved ballot measure. Measure Y shall be in existence for a period of ten (10) years. Beginning in Fiscal Year 2004-2005, and each year thereafter, the City Council may increase the tax imposed based on the cost of living for the San Francisco Bay Area, as shown on the Consumer Price Index (CPI). The percentage increase of the tax shall not exceed such increase, using Fiscal Year 2003-2004 as the index year and in no event shall any adjustment exceed 5% (five percent).

Measure Y provides for the following services:

1. *Community and Neighborhood Policing* – Hire and maintain at least a total of 63 officers assigned to the following specific community- policing areas: neighborhood beat officers, school safety, crime reduction team, domestic violence and child abuse intervention, and officer training and equipment. For further detail of the specific community- policing areas see Oakland City Council Resolution No. 78734.
2. *Violence Prevention Services With an Emphasis on Youth and Children* – Expand preventive social services provided by the City of Oakland, or by adding capacity to community-based nonprofit programs with demonstrated past success for the following objectives: youth outreach counselors, after and in school program for youth and children, domestic violence and child abuse counselors, and offender/parolee employment training. For further detail of the social services see Oakland City Council Resolution No. 78734.
3. *Fire Services* – Maintain staffing and equipment to operate 25 (twenty-five) fire engine companies and 7 (seven) truck companies, expand paramedic services, and establish a mentorship program at each station with an amount not to exceed \$4,000,000 annually from funds collected under Measure Y.
4. *Evaluation* – Not less than 1% or no more than 3% of funds appropriated to each police service or social service program shall be set aside for the purpose of independent evaluation of the program, including the number of people served and the rate of crime or violence reduction achieved.

**CITY OF OAKLAND**  
**Measure Y - Violence Prevention and Public Safety Act of 2004**  
**[A Fund of the City of Oakland]**  
**Notes to Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The accompanying financial schedule presents only the revenues and expenditures of the Measure Y activities and does not purport to, and does not present fairly the changes in the City's financial position for the year ended June 30, 2012 in conformity with accounting principles generally accepted in the United States of America.

A special revenue fund (governmental fund) is used to account for the City's Measure Y activities. The measurement focus is based upon the determination of changes in financial position rather than upon the determination of net income. A special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

*Basis of Accounting*

In accordance with the provisions of the City Charter, the City adopts an annual budget for Measure Y activity, which must be approved through a resolution by the City Council. The budget for Measure Y is prepared on a modified accrual basis.

Measure Y activity is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when "susceptible to accrual" (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined, and "available" means that revenues are collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenues susceptible to accrual include the parcel tax and parking tax surcharge. The City considers the parcel tax revenues and the parking tax surcharge revenues to be available for the year levied and if they are collected within 60 and 120 days, respectively, of the end of the current year. Expenditures are recorded when a liability is incurred, as under accrual accounting.

*Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**NOTE C - BUDGET**

Measure Y - Violence Prevention and Public Safety Act of 2004, as approved by the voters in November 2004, requires the adoption of an annual budget, which must be approved by the City Council of the City. The City budgets annually for Measure Y activities. The budget is prepared on the modified accrual basis, except that the City does not budget for charges for services or investment earnings on Measure Y investments.

**CITY OF OAKLAND**  
**Measure Y - Violence Prevention and Public Safety Act of 2004**  
**[A Fund of the City of Oakland]**  
**Notes to Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2012**

When the budget is prepared, the City allocates the funds to each program in accordance with Measure Y Ordinance. Thus, the City ensures that of the total proceeds spent on programs enumerated in the *Community and Neighborhood Policing* and the *Violence Prevention Services With an Emphasis on Youth and Children* sections above, no less than 40% of such proceeds is allocated to programs enumerated in the *Violence Prevention Services With an Emphasis on Youth and Children* section each year Measure Y is in effect.

Budgetary control is maintained at the fund level. Line item reclassification amendments to the budget may be initiated and reviewed by the City Council, but approved by the City Administrator. Any shifting of appropriations between separate funds must be approved by the City Council. Annual appropriations for the budget lapse at the end of the fiscal year to the extent that they have not been expended. At year-end, unobligated appropriations may lapse and remain within the authorized program.

Supplemental budgetary changes made to Measure Y throughout the year, if any, are reflected in the "final budget" column of the accompanying budgetary comparison schedule.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL SCHEDULE PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members  
of the City Council  
City of Oakland, California

We have audited the accompanying budgetary comparison schedule (financial schedule) of the City of Oakland's (City) Measure Y - Violence Prevention and Public Safety Act of 2004 (Measure Y), a fund of the City, for the year ended June 30, 2012, and have issued our report thereon dated December 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as it pertains to Measure Y activities, as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial schedule, but not for the purpose of expressing an opinion on the effectiveness of Measure Y's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Measure Y's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Measure Y's financial schedule will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2012-1 that we consider to be significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Measure Y's financial schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the City's Mayor and Council and the City's management and is not intended to be and should not be used by anyone other than these specified parties.

*PwC*  
Oakland, California  
December 19, 2012

**CITY OF OAKLAND**  
**Measure Y - Violence Prevention and Public Safety Act of 2004**  
**[A Fund of the City of Oakland]**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

**Finding 2012-1:**

**Payroll charges:**

***Criteria:***

Violence Prevention and Public Safety Act of 2004 – Measure Y (Measure Y) allows City of Oakland (the City) to hire and maintain at least a total of 63 officers which will be assigned to some specific community-policing areas. Thus, the officers, who work under the Measure Y positions for these specific duties, should be charged to Measure Y program. Internal controls over payroll require that these officers should be verified against the personnel orders for any changes; timesheets of the officers charged to Measure Y positions should be verified for the actual time spent under Measure Y; payroll charges to Measure Y should be reviewed and reconciled by an independent appropriate person for accuracy. A clear audit trail should be maintained to verify the time charged to Measure Y against the time actually worked under Measure Y.

***Condition:***

During our testing of controls over payroll charged to Measure Y, we observed that based on our findings in the prior years, Oakland Police Department (OPD) had taken steps to strengthen the controls over payroll charged to Measure Y. However, we noted that there were few instances where the errors made in processing the payroll were not noted and corrected during reconciliation process.

For our testing, we selected 18 employees from OPD who were charged to Measure Y. We noted that in three instances, salary of the police officers was wrongly charged to Measure Y and in two instances, there was error in processing overtime and differential pay.

***Cause:***

Due to manual data entry of large volume of payroll, errors occurred in updating the correct time to correct program. However, these errors were not noted during the reconciliation process and thus were not corrected in a timely manner.

***Effect:***

The discrepancies could result in incorrect charges of payroll by OPD to Measure Y and thus, misstatement of payroll charges under Measure Y.

***Recommendation:***

We recommend that OPD should review its procedures for processing and review of payroll and consider improving them to ensure that errors in updating the payroll system manually are minimized; payroll is properly reviewed and reconciled by an independent person on a periodic basis to ensure that errors are detected and corrected in a timely manner.

**CITY OF OAKLAND**  
**Measure Y - Violence Prevention and Public Safety Act of 2004**  
**[A Fund of the City of Oakland]**

**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

*Views of the responsible officials and planned corrective action:*

Oakland Police Department (OPD) management accepts the auditor's recommendations above and will continue to review and monitor all payroll charges to Measure Y program and an independent OPD Fiscal Services staff will review and reconcile on a regular basis payroll transactions to ensure that payroll is properly booked and if errors are detected they are corrected on a timely manner. To ensure compliance with Measure Y, payroll training will be required for both Measure Y supervisors and officers.

**CITY OF OAKLAND**  
**Measure Y - Violence Prevention and Public Safety Act of 2004**  
**[A Fund of the City of Oakland]**

**STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**  
**YEAR ENDED JUNE 30, 2012**

**FINDINGS**

**STATUS**

**2011-1: PAYROLL CHARGES**

There were many discrepancies in processing payroll charged to Measure Y by OPD.

Partially implemented. See current year finding 2012-1.

**SUPPLEMENTARY INFORMATION**

**CITY OF OAKLAND**  
Measure Y – Violence Prevention and Public Safety Act of 2004  
[A Fund of the City of Oakland]

**ANNUAL REPORTING**

The following pages provide the financial and program status reports for Measure Y – Violence Prevention & Public Safety Act of 2004 for the year ending June 30, 2012 in accordance with Measure Y, Part 1 Section 3.4 and Part 2, Section 1; and Government Code Section 50075.3 (a) and (b).

The program status report is provided for each of the four sections of Measure Y:

- a. Community and Neighborhood Policing: \$9,065,997

Hire and maintain at least a total of 63 officers assigned to the following specific community policing areas: Neighborhood beat officers, school safety, crime reduction team, domestic violence and child abuse intervention and officer training and equipment.

- b. Violence Prevention Services with an Emphasis on Youth and Children: \$6,137,253

Expand preventive social services provided by the City of Oakland, or by adding capacity to community-based nonprofit programs with demonstrated past success for the following objectives: Youth outreach counselors, after and in school program for youth and children, domestic violence and child abuse counselors, and offender/parolee employment training.

- c. Fire Services: \$3,866,527

Maintain staffing and equipment to operate 25 fire engine companies and seven (7) truck companies, expand paramedic services, and establish a mentorship program at each station.

- d. Program Audit and Oversight: \$943,204

*Evaluation:* Not less than 1% or no more than 3% of funds appropriated to each police service or social service program shall be set aside for the purpose of independent evaluation of the program, including the number of people served and the rate of crime or violence reduction achieved.

*Audit / Administration:* In addition to the evaluation amount, tax proceeds may be used to pay for the audit specified by Government Code Section 50075.3.

MEASURE Y ANNUAL REPORTING - FISCAL YEAR 2011-2012

POLICE DEPARTMENT

A. Status Report ("status of projects required or authorized to be funded")

Program Name & Description (According to Measure Y language)	Dollar Amount Expended	City Personnel Employed (FTEs for Full Year)	11-12 Status		Outcomes		Comments (Program achievements, issues, etc.)
			Completed	On-Going	Services Performed	NOTES	
<b>Community and Neighborhood Policing (OPD)</b>							
Neighborhood beat program	\$ 8,122,131	58.00	xx		Neighborhood Officers assigned to neighborhood beats to provide problem-solving and basic police services		
School safety program	-	-	xx		Supplemental police services to respond to school safety and truancy issues		
Crime reduction team program	819,527	5.00	xx		Supplemental police services to investigate and respond to illegal narcotics transactions and violent crimes in "hot spots"		
Domestic violence and child abuse intervention program			xx		Supplemental services to work with social service providers to intervene in domestic violence, child abuse and child prostitution cases		
Officer training, recruitment, and equipment	124,339	-	xx				
<i>Subtotal Comm &amp; Neigh Policing - FY11-12</i>	<i>\$ 9,065,997</i>	<i>63.00</i>					

A. Status Report ("status of projects required or authorized to be funded")

Program Name & Description (According to Measure Y language)	Dollar Amount Expended	City Personnel Employed (FTEs for Full Year)	11-12 Status		Outcomes		Comments (Program achievements, issues, etc.)
			Completed	On-Going	Listing of Grantees Providing Services During the Year under Each Category	Number of People Served During the Year	
<b>Violence Prevention Services With an Emphasis on Youth and Children (DHS)</b>							
Youth outreach counselors	99,226		XX		California Youth Outreach	85	Provide outreach, case management, employment and other services for youth who are chronically truant, dropped out or on probation
	86,136		XX		East Bay Agency for Children	60	
	220,000		XX		East Bay Asian Youth Center	107	
	99,900		XX		Oakland Unified School District	407	
	125,000		XX		The Mentoring Center	51	
	175,000		XX		Youth Uprising	82	
	328,600		XX		California Youth Outreach	85	
	187,691		XX		Healthy Communities	71	
	133,200		XX		Youth Uprising	67	
	95,260		XX		Youth Employment Partnership	NA	
	40,000		XX		Youth Radio	NA	
	36,299			XX	Youth Uprising	NA	
	129,015	1.00			Violence Prevention Coordinator	NA	
	250,885	2.00		XX	City County Neighborhood Initiative (CCNI)	53	
Safety Summit	21,813	N/A	XX		Neighborhood Safety Summit 10/15/11	1033	
	5,411	N/A	XX		Midnight Basketball for At Risk Youth June 10 to August 5, 2011	800	Provide Late Nigh Live Parks program in three parks for youth and young adults at the highest stressed neighborhoods between hours of 8pm - 12.
After and in school program for youth and children	219,513		XX		Al City Health Care Services Agency	98	Provide school based services including case management, mental health, violence prevention curriculum and peer conflict mediation
	101,422		XX		OUSD	19788	
	177,187		XX		OUSD Alternative Education	65	
	133,200		XX		Community Initiatives	216	
	146,850		XX		Youth Employment Partnership	65	
	52,000		XX		Youth Radio	17	
Domestic violence and child abuse counselors	394,557		XX		Family Violence Law Center	988	Provide special services for families experiencing domestic violence and youth exposed to violence including sexually exploited minors
	177,600		XX		Safe Passages	73	
	248,620		XX		Al City ICPC	98	
	85,000		XX		Youth Alive	42	
	310,800		XX		Catholic Charities of the East Bay	260	



A. Status Report ("status of projects required or authorized to be funded")

Offender/parolee employment training	97,528	0.80		Mayor's Re-entry Specialist	NA	Provide diversion and reentry services and employment for youth and young adults on probation and parole
	93,240		XX	Goodwill Industries	66	
	324,900		XX	The Workfirst Foundation	75	
	222,000		XX	Volunteers of America Bay Area	49	
	222,000		XX	Youth Employment Partnership	42	
	109,890		XX	The Mentoring Center	55	
	222,000		XX	Volunteers of America Bay Area	90	
supporting all categories	557,564	4.31		DHS - Administration - Personnel		Provide Late Nigh Live Parks program in three parks for youth and young adults at the highest stressed neighborhoods between hours of 8 pm - 12 pm
	21,102			DHS - Administration - Non Personnel		
	79,543			DHS - Other Contract		
	45,441			DHS - Travel/Other		
	61,860	0.40	XX		On going	
<b>Subtotal Violence Prev Svcs - FY10-11</b>	<b>6,137,253</b>	<b>8.11</b>				

MEASURE Y ANNUAL REPORTING - FISCAL YEAR 2011-2012

FIRE DEPARTMENT

A. Status Report ("status of projects required or authorized to be funded")

Program Name & Description (According to Measure Y language)	Dollar Amount Expended	City Personnel Employed (FTEs for Full Year)	11-12 Status		Outcomes		Comments (Program achievements, issues, etc.)
			Completed	On-Going	Services Performed: Number of fire companies retained, paramedic and mentorship services provided	Number of People Served During the Year	
Fire Services (Fire)							
Minimum staffing and equipment	\$ 3,866,527			xx	25 engines, 7 trucks on-site education training, fire safety education, and career in the fire services 26 Advance Life Support units 6 Basic Life Support units	2,072 fire calls 55,005 EMS calls 7,417 other calls 37,972 Oakland youth were served through the public education program	The figures for people served through Oakland Fire Department is a department-wide number. Measure Y funds 5.1 percent of the department's operations personnel costs. As part of their duties, department personnel engage in youth public education. As written, Measure Y does not distinguish between Measure Y fire department personnel and non-Measure Y fire department personnel. Therefore Measure Y supports and can be credited for approximately 5.1 percent of the youth served in each fiscal year.
Paramedic services	<i>included in above</i>			xx			
Mentorship program	<i>included in above</i>			xx			
Subtotal Fire Svcs - FY11-12	\$ 3,866,527						

MEASURE Y ANNUAL REPORTING - FISCAL YEAR 2011-2012

PROGRAM AUDIT AND OVERSIGHT

A. Status Report ("status of projects required or authorized to be funded")

Program Name & Description (According to Measure Y language)	Dollar Amount Expended	City Personnel Employed FTFs for Full Year	11-12 status		Outcomes		Comments (Program achievements, issues, etc.)
			Completed	On-Going			
Evaluation	350,000		X		Provider of Evaluation Services		
	24,999		X		Resource Development	Contract completed for FY12	Outcome and Process Evaluators for Msr Y
	3,000		X		Resource Development	Contract completed for FY12	Completion of PH1 OPD SARA data system
	76,930	0.80	X		National Council on Crime and Delinquency	Completed	Coding clients identity of nonprofits to protect their privacy and confidentiality
					Personnel and other O&M costs	Claudia Albano and Amber Todd and misc. expenses	Staffing and support to Msr Y Eval Board
	\$454,929						
Staff Oversight (CAO)					<b>Services Performed</b>		
					Provided staff assistance to the Measure Y Oversight Committee by noticing meetings, preparing agendas and minutes. Coordinating with OPD, DHS and the Measure Y Evaluator regarding presentation. Prepared the RFP for the new Measure Y evaluator for FY 2013-15 and managed the review and section process.		Increased the involvement of the Measure Y Oversight Committee in the review of public documents and policy matters prior to review by the Public Safety Committee or other appropriate body or agency.
					Prepared staff reports, contracts, and coordinated the agenda process for Measure Y related items before the Public Safety Committee. Coordinated with the Measure Y Evaluator and OPD/DHS on evacuation issues.		
					<b>Services Performed</b>		
Audit (Administrative Service Department)	\$ 20,875			X	Measure Y annual financial audit		
	\$ 467,400			X	Administration fees (County of Alameda)		
<b>Subtotal Oversight &amp; Evaluation - FY11-12</b>	<b>\$ 943,204</b>	<b>0.80</b>					