

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2005 JAN -6 AM 9:09

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Finance and Management Agency
DATE: January 18, 2005

RE: A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO A PROFESSIONAL SERVICES CONTRACT WITH PUBLIC FINANCIAL MANAGEMENT, INC. TO CONDUCT A PERFORMANCE AUDIT OF THE OAKLAND POLICE SERVICE AGENCY OVERTIME AND RELATED STAFFING ISSUES FOR AN AMOUNT NOT TO EXCEED \$180,000.

SUMMARY

At its December 21, 2004 meeting, the City Council approved a Resolution sponsored by Council President Ignacio De La Fuente and Councilmember Larry Reid directing the City Administrator to retain an audit firm to conduct a performance audit of the Oakland Police Services Agency (OPD). This audit will include an analysis of the use of overtime and compensatory time, OPD staffing and other related personnel issues.

FISCAL IMPACT

Funds are available in the General Purpose Fund, Organization 08211-Accounting Administration, Project P40100-Automation and System Enhancements. Originally, these project funds were to be used to hire a consultant to upgrade the Oracle Time and Attendance Module. However, the Finance and Management Agency (FMA) has decided to perform this upgrade using City staff rather than hire a consultant.

BACKGROUND

The Budget Office's first quarter revenue and expenditure report projects OPD will exceed its FY 2004-05 overtime budget by approximately \$11.0 million. In FY 2003-04, OPD exceeded its overtime budget by \$10.1 million. Concerned by this continuing over expenditure and in an effort to assist the OPD in maximizing its resources to fulfill its mission, Council President Ignacio De La Fuente and Councilman Larry Reid presented a resolution directing the City Administrator by January 18, 2005, to hire an audit firm to conduct a performance audit of the OPD. On December 21, 2004, City Council approved the resolution.

Because of the urgency expressed by the City Council in its resolution, FMA staff was unable to conduct a Request for Proposal (RFP) process and requests exemption from the RFP process. Staff informally called a number of firms and two firms, Public Financial Management (PFM)

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and the Harvey M. Rose Accountancy Corporation, expressed an interest. FMA staff met with the two firms to discuss their proposals and selected PFM as the most qualified firm to perform the audit.

PFM is very familiar with the City of Oakland through its relationship as one of its financial advisors. In its proposal, PFM indicates that it will assign a group of auditors experienced in public safety issues. The team has prepared similar audits for the Washington D.C. Metropolitan Police Department (where the audit produced a \$3 million reduction in overtime), the County of Nassau, NY Police Department and the combination of the City of Louisville and Jefferson County, Kentucky Police Departments. In each case, PFM provided concrete proposals for cost savings and service improvements.

KEY ISSUES AND IMPACTS

This performance audit will focus primarily on overtime expenditures in the OPD. The scope of the audit includes, but is not limited to the following areas: review of overtime appropriations and expenditures over the last five years; identification of mandatory versus discretionary overtime; review the number of sworn personnel and its effects on overtime; review of the Memorandum of Understanding between the Oakland Police Officers Association and the City to determine if there are any issues that may contribute to the use of overtime and accrual of compensatory time; an analysis of Workers' Compensation and California Labor Code Section 4850 that impact overtime and a review of internal controls, information systems, payroll documentation and budget execution policies.

PFM will provide the following deliverables to OPD: effective utilization of overtime recommendations; budget execution strategies that will enable OPD to operate within its annual appropriation; and identification of inefficiencies and the cost savings associated with their implementation.

SUSTAINABLE OPPORTUNITIES

None

DISABILITY AND SENIOR CITIZEN ACCESS

None

RECOMMENDATION(S) AND RATIONALE

Staff recommends that the City Council approve the Resolution authorizing the City Administrator to enter into a contract with Public Financial Management Inc. in an amount not to exceed \$180,000 to conduct a performance audit of the Oakland Police Services Agency overtime policy and practices.

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ALTERNATIVE RECOMMENDATION(S)

None

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the City Council approve the Resolution authorizing the City Administrator to enter into a contract with Public Financial Management Inc. in an amount not to exceed \$180,000 to conduct a performance audit of the Oakland Police Services Agency overtime policy and practices.

Respectfully submitted,




William E. Noland

Director, Finance and Management Agency

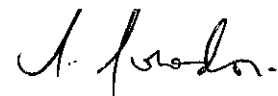
Prepared by:

Angela Joyner, Agency Administrative Manager
Finance and Management Agency

APPROVED AND FORWARDED TO THE
CITY COUNCIL


OFFICE OF THE CITY ADMINISTRATOR

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OAKLAND CITY COUNCIL

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RESOLUTION No. _____ C.M.S.

A RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR TO ENTER INTO A PROFESSIONAL SERVICES CONTRACT WITH PUBLIC FINANCIAL MANAGEMENT, INC. TO CONDUCT A PERFORMANCE AUDIT OF THE OAKLAND POLICE SERVICE AGENCY OVERTIME AND RELATED STAFFING ISSUES FOR AN AMOUNT NOT TO EXCEED \$180,000.

WHEREAS, the City Administrator and the City Council support the efforts of the Oakland Police Services Agency; and

WHEREAS, the; Oakland Police Services Agency continues to exceed its annually appropriated overtime budget; and

WHEREAS, on December 21, 2004, the City Council directed the City Administrator to engage a qualified audit firm to conduct a performance audit of the Oakland Police Services Agency; and

WHEREAS, funds are available in Fund 1010, organization 08211, Project P40100 to fund the cost of this contract; and

WHEREAS, the City Council finds that this contract is for services of a professional nature; and

WHEREAS, the City Council finds that the service is temporary in nature; and

WHEREAS, the City Council finds that this contract shall not result in the loss of employment or salary by any person having permanent status in the competitive service; and

WHEREAS, the City Council finds that the service is exempt from competitive bidding pursuant to Section 2.04.050 I of the Oakland Municipal Code; now therefore, be it

RESOLVED, that the City Manager is authorized to enter into a contract with the firm of Public Financial Management Inc., in an amount not to exceed \$180,000, to conduct a performance audit of the Oakland Police Services Agency. This contract will be approved as to form and legality by the Office of the City Attorney, and a copy will be on file in the Office of the City Clerk.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 20_____

PASSED BY THE FOLLOWING VOTE:

AYES—BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN AND PRESIDENT DE LA FUENTE

NOES—

ABSENT—

ABSTENTION—

ATTEST: _____
City Clerk and Clerk of the Council
of the City of Oakland, California