

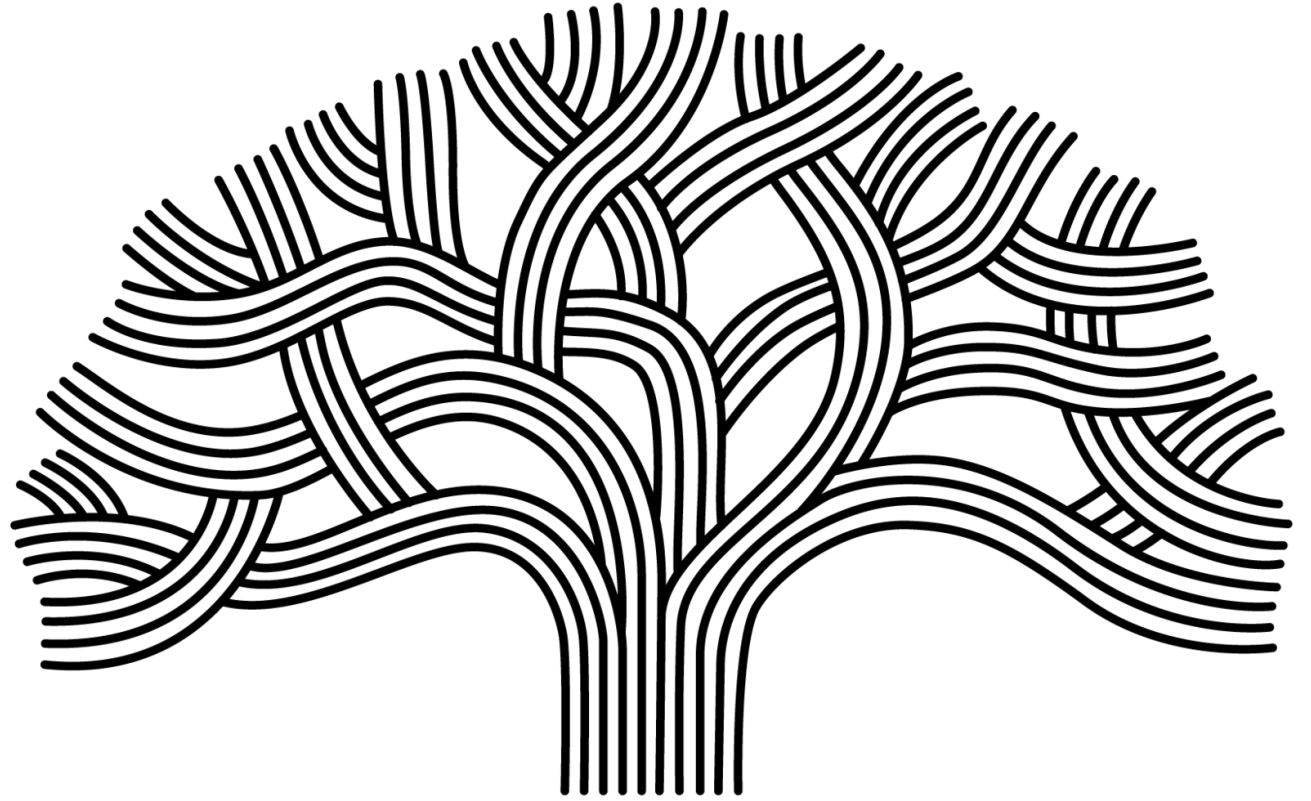
Office of the City Auditor

New Councilmembers' Orientation

Courtney Ruby CPA, CFE
City Auditor

Michael Houston, CIA
Assistant City Auditor

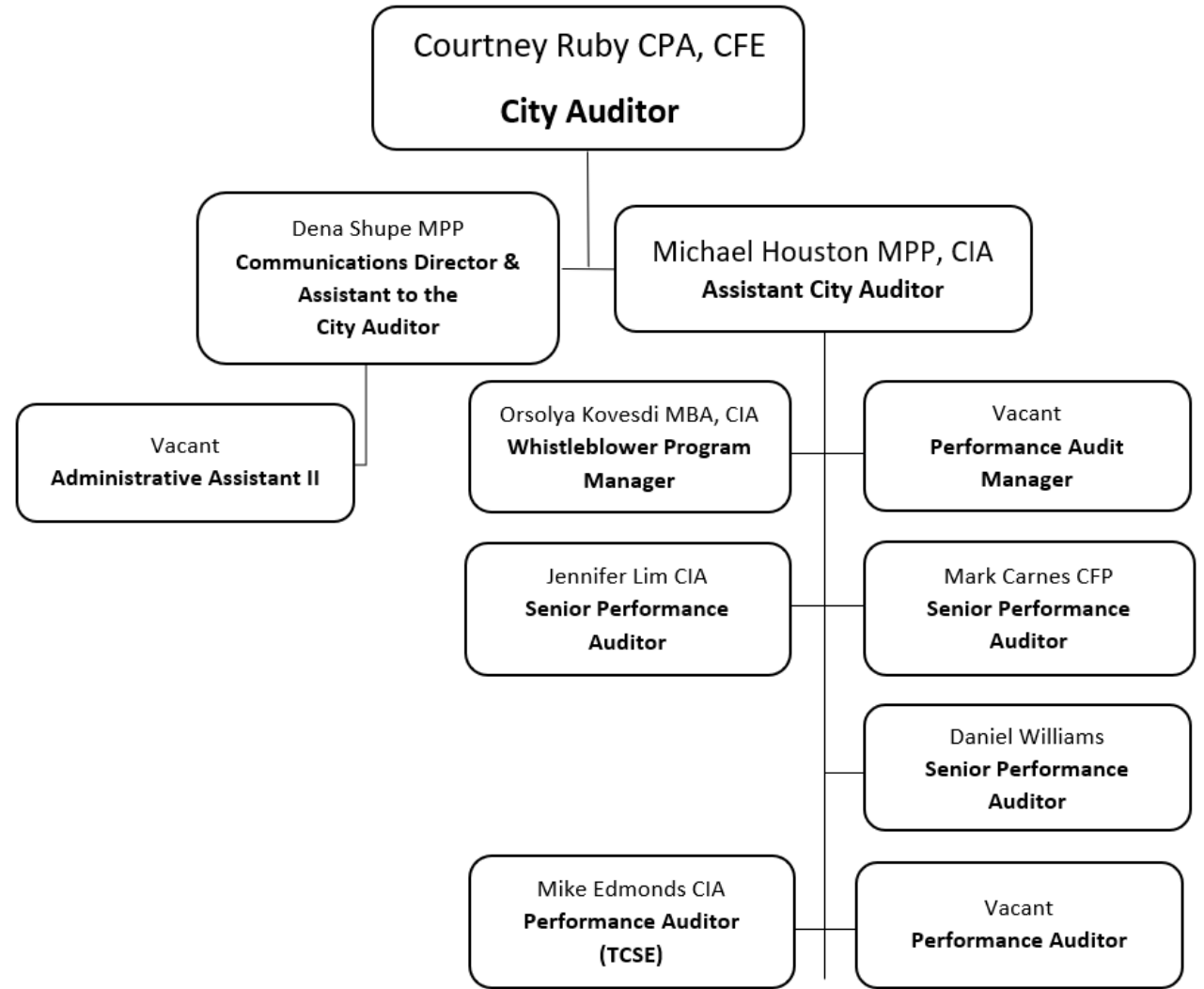
December 2022



CITY OF OAKLAND

Office Overview & Structure

- Auditor assumed Office January 7, 2019 and was re-elected in November 2022.
 - Term: 4 years
- Authority to audit anything and everything in the City
- Staffing: 11 FTE's
 - 9 Auditors
 - 2 Administrative staff
 - Oakland voters approved Measure X in November 2022, which when implemented, will increase the office's staffing to a minimum of 14 FTE.



Personal Vision

- Highest standards of performance and professionalism
- Serve the public with the utmost integrity
- Dig Deeper – greater impact



Mission Statement

To conduct performance audits and investigations that return in-depth and meaningful results to the residents of Oakland by identifying, auditing and investigating areas of government most vulnerable to mismanagement, fraud, waste, and abuse.



The City Auditor's Authority

Section 403 of the City Charter

The City Auditor shall have the power and duty to:

- Audit all departments and agencies of the City and such other matters as the Council and Mayor may request.
- Audit areas deemed to be in the best interest of the public.
- Report to Council the results of such audits.
- Advise and make recommendations to the City Administrator.
- Access all city records needed to conduct our work.

The Role of Public Sector Auditing

A cornerstone of good public sector governance

Auditors provide *unbiased, objective assessments* of whether public resources are *managed responsibly and effectively* to achieve intended results.

Auditors help public sector organizations

- attain accountability and integrity,
- improve operations, and
- instill confidence among residents and stakeholders.

The Role of Public Sector Auditing

The public sector auditor's role supports the governance responsibilities of oversight, insight, and foresight.

- ***Oversight*** addresses whether public sector entities are doing what they are supposed to do and serves to detect and deter public corruption.
- ***Insight*** assists decision-makers by providing an independent assessment of public sector programs, policies, operations, and results.
- ***Foresight*** identifies trends and emerging challenges.

Auditors use tools such as financial audits, performance audits, investigations, and advisory services to fulfill each of these roles.

How Does My Office Fulfill Its Role?

- Performance Audits
- Mandated Audits
- Ballot Measure Analyses
- Whistleblower Investigations
- And more...



What is a Performance Audit?

Performance audits evaluate the **efficiency and effectiveness** of government programs to **determine if there are ways of making them work better**.

We use **laws and leading practices as criteria** to evaluate City departments and programs and make recommendations when we find opportunities for improvement.

Performance audits answer questions such as, are:

1. Programs achieving their intended objectives or outcomes?
2. Services efficient, effective and equitable?
3. Legal requirements and rules being met?
4. Programs using evidence-based best practices

PERFORMANCE AUDIT PROCESS



1

Planning

Review organizational functions, program activities & related financial processes



2

Fieldwork

Conduct interviews, observe operations, perform data testing & document observations



3

Brief Auditee

Update auditee on observations as they are identified



4

Draft Report

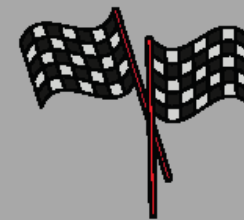
Review draft report with department & City Management. A **Report in Progress** is not a public document.



5

Response Period

Management prepares a formal response with action plan & timeline



6

Final Report

Final audit is issued & is publicly available on the **Reports** page



7

Follow-Up Report

Recommendations are later verified as completed

Why You Can Rely on the Audit Process

Organizational independence

A formal mandate

Unrestricted access

Objective staff

Competent staff

Auditee involvement

Relevant recommendations

Professional audit standards

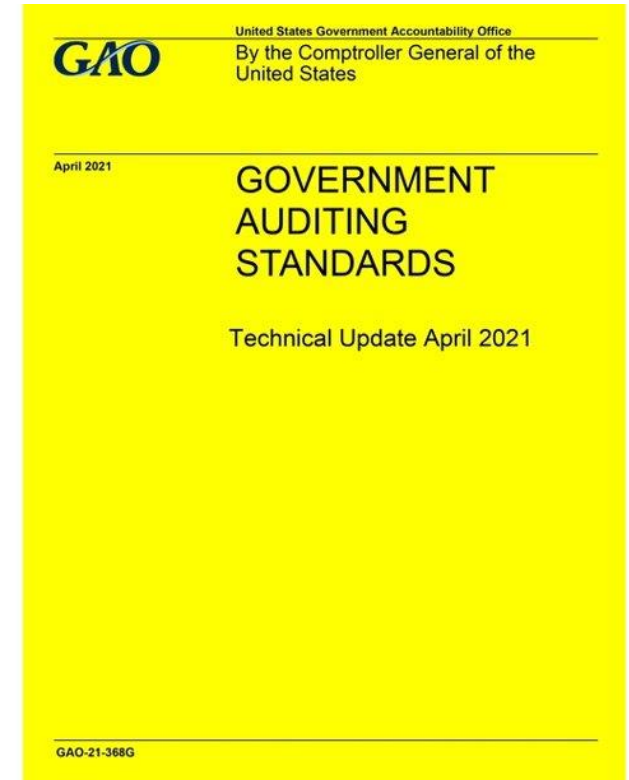


Why You Can Rely on the Audit Process

Generally Accepted Auditing Standards

Our office adheres to the Generally Accepted Government Auditing Standards, known as GAGAS/or the Yellow Book

- Provides a framework for conducting high-quality audits with competence, integrity, objectivity, and independence.
- Statement of Compliance with these standards is included in every audit we complete. Essentially, an affidavit we adhered to GAGAS's standards.
- Ensures reliable, credible audit reports

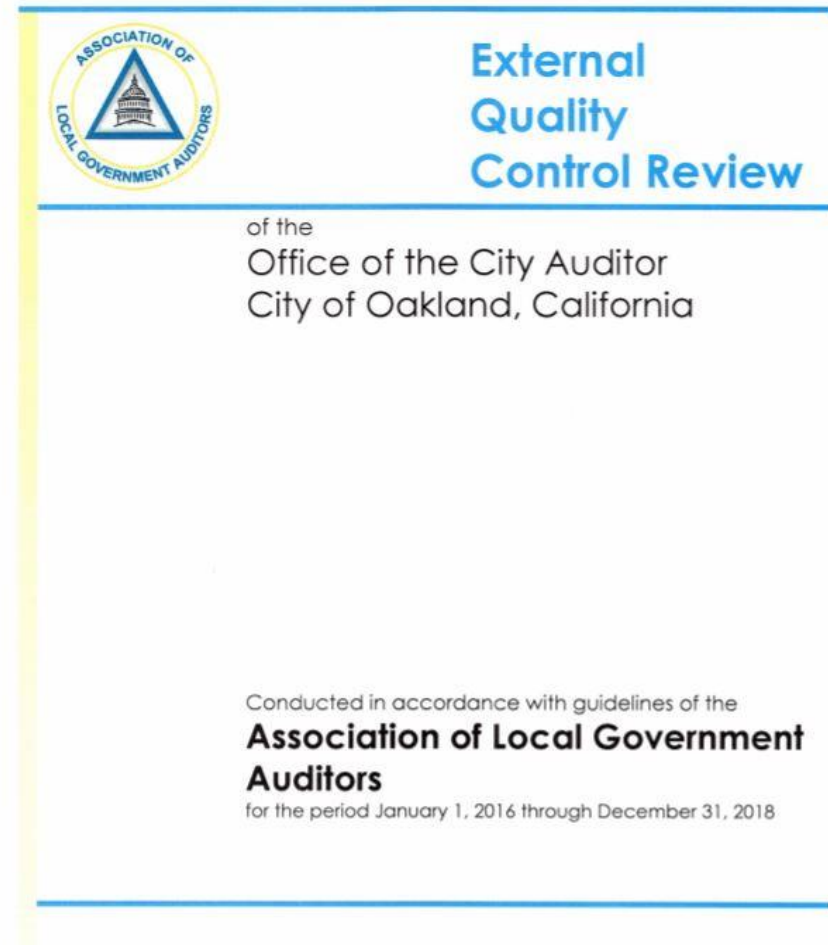


Why You Can Rely on the Audit Process

Who Audits the Auditor?

We receive an **External Peer Review** at least once every three years.

- **Conducted by a team of independent auditors** from other governmental jurisdictions.
- **Provides assurance** that established policies, procedures, and applicable **standards are being followed.**
- Determines if an audit organization has **internal quality control systems in place and if they are operating effectively.**



Audits Issued

Risk-based Audits

1. Police Overtime
2. City of Oakland Financial Condition (2018-19)
3. Workforce Development Board Follow-Up Audit
4. Oakland Fire Department – Fire Prevention Bureau
5. Rent Adjustment Program Follow-up Audit
6. City of Oakland Financial Condition (2019-20)
7. Homeless Encampment Management Interventions and Activities
8. Oakland Police Department (OPD) Overtime Recommendation Follow-Up Report on OPD Overtime Performance Audit Released in 2019
9. The City of Oakland's Homelessness Services: Better Strategy and Data are Needed for More Effective and Accountable Service Delivery and Positive Outcomes for Oakland's Homeless Residents

Mandated Audits

10. Library Services (Measures Q and D)
11. Kids First! Fund for Children and Youth Act (Measure D)
12. Police Commission & Community Policing Review Agency (Measure LL)
13. Business Tax Refunds FY 2017-18
14. Limited Public Financing Act 2020 Election
15. Measure M - Emergency Medical Services Retention Act
16. Measure N - Paramedic Services Act

Audits in Progress

Risk-based Audits

- Recommendation Follow-up Audit
- Planning & Building:
 - Development Services Fund
 - Internal Controls

Mandated Audits

- Business Tax Refunds
- Measure Q – The 2020 Oakland Parks and Recreation Preservation, Litter Reduction, and Homeless Act



Ballot Measure Financial Analyses

These reports provide an impartial financial analysis
of City of Oakland ballot measures

Analyses Completed in 2022

1. Measure Q - Article 34 Affordable Housing Authorization
2. Measure W - Fair Elections Act/Campaign Reform
3. Measure R - Gender Inclusive Language
4. Measure X - Good Governance Charter Reform
5. Measure V - Just Cause Amendment
6. Measure U - New Infrastructure Bond
7. Measure S - Non-Citizen Voting/OUSD
8. Measure Y - Oakland Zoo
9. Measure T - Progressive Business Tax III
10. Measure C - Library Services Retention & Enhancement Act of 1994



Whistleblower Program Purpose

- Deter, detect and defend against **fraud, waste, and abuse**.
- 46% of fraud is initially detected through hotline tips; drops to 30% without hotline and
- 28% of tips come from employees

A graphic for the Whistleblower Program. It features a dark blue background with a subtle pattern of concentric circles. In the center, the words "Fraud", "Waste", and "Abuse" are stacked vertically in white, with a red diagonal line striking through them. A large red circle with a diagonal slash is superimposed over the text. Below this, a dark grey box contains the text "The Whistleblower Program". Further down, three lines of text are separated by horizontal lines: "See it. If you see something, say something", "Report it. Securely, confidentially, anonymously", and "Own it. Serve Oakland with integrity". At the bottom, contact information is provided: "Online: OAKwhistleblower.com" and "24/7 365 Hotline: (888) 329-6390". The City of Oakland logo and "Office of the City Auditor" are also present.

**Fraud
Waste
Abuse**

The Whistleblower Program

See it. If you see something, say something
Report it. Securely, confidentially, anonymously
Own it. Serve Oakland with integrity

Online: [OAKwhistleblower.com](https://oakwhistleblower.com) 24/7 365 Hotline: (888) 329-6390

 City of Oakland | Office of the City Auditor

Waste

Extravagant, irresponsible use or management of the City's resources.

Ex: Leaving City vehicle unsecure and vulnerable to theft

Fraud

Attempt to personally benefit through wrongful or criminal deception

Ex: theft of City property, payroll & timekeeping fraud, information theft

Abuse

Misusing authority and access for personal reasons.

Ex: Using City vehicle outside of City purposes

We Work Honestly & Fairly With the Public

- The City Auditor protects **confidentiality**.
- Whistleblowers can remain **anonymous**.
- Employees are protected from **retaliation**.
- We will take **appropriate action** based on the investigation results.
- The City **benefits!**



How to Submit a Confidential Complaint

To file a complaint, call the **WHISTLEBLOWER HOTLINE** at **1-888-329-6390** (interpreter available) or **SUBMIT A REPORT ONLINE**

(Español or 汉语)

All reports go through an independent company

All reports are then reviewed by the Office of the City Auditor

Whistleblower Investigations Issued



2019

- Oakland Promise Investigation

2020

- Controlled Substances Investigation

2021

- Cannabis Dispensary Application Process
- Flawed Contracting Process: Biohazard Clean-up Services
- Oakland Parks Recreation & Youth Development Investigation

2022

- Oakland Fire Prevention Bureau Investigation: Employees Lack Required Certifications
- Sewer Service Franchise Fee Investigation
- Telecommunication Facilities Sinking Fund Investigation Report

Open Lines of Communication with Councilmembers

- ✓ Check-ins at any time
- ✓ Briefings on audits and investigations
- ✓ Follow-up on audit presentations to Council
- ✓ Collaboration on potential audits
- ✓ Annual audit planning meetings

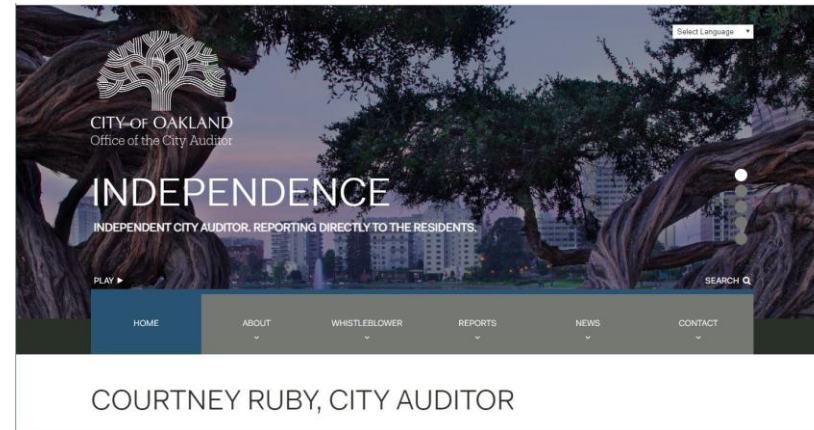


Contact Us

1 Frank H. Ogawa Plaza
4th Floor, City Hall
Oakland, CA 94612

Ph. (510) 238-3378

Comments and questions
cityauditor@oaklandca.gov



View Reports at:
www.oaklandauditor.com/Reports