



CITY OF OAKLAND

# AGENDA REPORT

**TO:** Jestin D. Johnson  
City Administrator

**FROM:** Joe DeVries  
Deputy City Administrator

**SUBJECT:** **SUPPLEMENTAL**-Performance Audit  
Of Grants From The City Of Oakland  
To Saba Grocers Initiative And Its  
Fiscal Sponsor

**DATE:** October 15, 2024

City Administrator Approval

  
Jestin Johnson (Oct 17, 2024 09:31 PDT)

Date: Oct 17, 2024

## **RECOMMENDATION**

**Staff Recommends That City Council Receive An Informational Report From The City Auditor On The Performance Audit Of Grants From The City Of Oakland To Saba Grocers Initiative And Its Fiscal Sponsor**

## **REASON FOR SUPPLEMENTAL**

This supplemental report provides an overview of that response and includes the City Administration's proposed plan for implementing the audit's recommendations. The Office of the City Administrator has reviewed the findings and recommendations of the performance audit. In response, the City Administration has developed a detailed implementation plan to address the identified issues and enhance the oversight and management of grants provided to the Saba Grocers Initiative. (**Attachment A**).

## **Key Response and Actions:**

1. **Fiscal Oversight:** The City Administration Office will implement stricter financial monitoring and reporting requirements for the Saba Grocers Initiative to ensure grant funds are used as intended.
2. **Program Management:** Clearer performance metrics and deliverables will be established to assess the impact of the grants and to ensure that the Initiative is meeting its goals.
3. **Grant Compliance:** Enhanced training and technical assistance will be provided to ensure compliance with the Citywide Grant Management policies and procedures, both for Saba Grocers Initiative and its fiscal sponsor.

Jestin D. Johnson, City Administrator

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4. **Ongoing Monitoring:** The City Administration Office will create a system for ongoing monitoring of grant performance and compliance, with regular reporting.

Based on the Auditor's Report, the Initiatives Scope of Work was amended, and the evaluation, monitoring, and reporting requirements have been enhanced (please refer to **Attachments B, C, and D**)

### **ACTION REQUESTED OF THE CITY COUNCIL**

**Staff Recommends That City Council Receive The Office of the City Administrator prepared response to the findings and recommendations presented in the City Auditors' Report.**

For questions regarding this report, please contact Daniel Hamilton, Sustainability Director/Chief Resilience Officer covering for Joe DeVries, Deputy City Administrator, at 510-238-6179.

Respectfully submitted,

*Daniel Hamilton*

Daniel Hamilton (Oct 16, 2024 14:49 PDT)

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Daniel Hamilton

Sustainability Director/Chief Resilience Officer

Attachment (1)

- A: Audit of Saba Grocers Initiative Grants City Administration 's Recommendation Implementation Plan
- B: Amended SABA Grocers Initiative Grants Scope of Work
- C: Report Narrative Template
- D. Monitoring Tool

Special Finance & Management Committee  
October 22, 2024



Recommendation	City Auditor's Recommendations	Management Action Plan	Responsible Party	Target Date for Completion
1	<p>To strengthen oversight and accountability around City grants, the City Administrator's Office should develop and implement a policy for overseeing grants for which it is a grantor. The policy should outline guidance for activities throughout the entire grant lifecycle – pre-award, active-award, and post-award phases – including, but not limited to:</p> <ul style="list-style-type: none"> <li>a. considering and approving grant proposals,</li> <li>b. setting guidelines for assessing, negotiating, and controlling indirect costs,</li> <li>c. implementing and monitoring grant requirements,</li> <li>d. reporting grant outcomes and results, and</li> <li>e. setting clear expectations and responsibilities for staff involved in grant management and oversight.</li> </ul>	<p>The CAO onboarded a Citywide Grant Coordinator in the summer of 2024 who is developing a Centralized Grant Process to enhance grant-related activities' efficiency, strategic alignment, and success rates across City departments. This initiative aims to streamline grant management, foster interdepartmental</p>	<p>CAO Citywide Grant Coordinator</p>	<p>There are three phases to the new Centralized Grant Process: 1) Assessment and Planning, 2) Design and Development, and 3) Training and Rollout. The City is currently in phase 2.</p>



Office of the City Auditor

## Audit of Saba Grocers Initiative Grants

City Administration's Recommendation Implementation Plan

Recommendation	City Auditor's Recommendations	Management Action Plan	Responsible Party	Target Date for Completion
		collaboration, and ensure compliance with funding requirements, ultimately maximizing the impact of grant dollars on City projects.		
2	<p>To strengthen oversight and accountability around City grants, the Finance Department should develop procedures for reviewing grantees' requests for payments, and ensuring the City's payments to grantees are appropriate and in alignment with grant terms. The procedures should guide staff on:</p> <ul style="list-style-type: none"> <li>a. ensuring grantees' requests for payments are reasonable, and</li> <li>b. assessing the sufficiency of invoices, receipts, and other supporting documentation submitted by grantees.</li> </ul> <p>These procedures may be included in the policy recommended in recommendation #1, may stand-alone, or may be included in another City policy.</p>	<p>On May 14, 2024, the Finance Department presented a <a href="#">proposed amended Consolidated Fiscal Policy (CFP)</a> to the Finance &amp; Management Committee. The CFP includes a new section titled "Grant Management</p>	Finance Department	Current practice already in place



**Audit of Saba Grocers Initiative Grants**

City Administration's Recommendation Implementation Plan

Recommendation	City Auditor's Recommendations	Management Action Plan	Responsible Party	Target Date for Completion
		<p>Policy” establishing comprehensive guidelines for the City’s grant portfolio and management plan based upon the Government Finance Officers Association best practices. The Auditor’s recommendation will be incorporated into the final proposed Amended Consolidated Fiscal Policy presented to the Finance &amp; Management Committee and City Council in January 2025.</p>		



Recommendation	City Auditor's Recommendations	Management Action Plan	Responsible Party	Target Date for Completion
3	<p>To strengthen oversight and accountability around City grants involving City-funded debit cards, the City Administrator's Office should develop procedures that:</p> <ul style="list-style-type: none"> <li>a. require eligibility requirements for cardholders,</li> <li>b. adopt procedures for reviewing and scrutinizing the distribution and accounting of cards, and</li> <li>c. consider requiring controls for ensuring cards are used only by intended recipients and for intended purposes.</li> </ul> <p>These procedures may be included in the policy recommended in recommendation #1, may stand-alone, or may be included in another City policy.</p>	<p>The City has no plans to implement another debit-card distribution program due to the high possibility of card abuse. However, if a grant application to the City contains a proposal to issue debit cards for any reason, the City will require eligibility requirements that align with CalFresh regarding annual income limits, will require the grantee to collect Personally Identifiable Information about card recipients, and will require that</p>	<p>CAO Citywide Grant Coordinator</p>	<p>Immediate.</p>



Office of the City Auditor

## Audit of Saba Grocers Initiative Grants

City Administration's Recommendation Implementation Plan

Recommendation	City Auditor's Recommendations	Management Action Plan	Responsible Party	Target Date for Completion
		the data is shared and reviewed by the City's program manager overseeing the grant. the City will also require that cards only be issued that have built in restrictions on expenditures (similar to a CalFresh Card).		
4	The City Administrator's Office should review existing Administrative Instructions related to grants management procedures, and update them as needed.	The Citywide Grants Coordinator is reviewing all existing AI's and is updating the process as per number 1 above—creation of a centralized grant process.	CAO Citywide Grant Coordinator	Because the Grant Management Policy is incorporated into the City's proposed Amended Consolidated Fiscal Policy that will be presented to Council in



**Office of the City Auditor**

**Audit of Saba Grocers Initiative Grants**

City Administration's Recommendation Implementation Plan

Recommendation	City Auditor's Recommendations	Management Action Plan	Responsible Party	Target Date for Completion
				January 2024, the target date for this recommendation is by the end of the first Quarter of 2025 (pending council approval).
5	The City Administrator's Office should provide training and awareness sessions to familiarize staff with the new policies, procedures, and Administrative Instructions.	There are three phases to the new Centralized Grant Process: 1) Assessment and Planning, 2) Design and Development, and 3) Training and Rollout.		Similar to Recommendation 4, the timeline for this is also the end of the first quarter of 2025 since it is part of the proposed amended Consolidated Fiscal Policy.
6	The City Administrator, in consultation with the City Attorney's Office, should determine how to address instances of Saba's misspending and non-compliance with City grant terms, identify whether Saba owes the City, and if so, pursue amounts owed.	The City Administrator and City Attorney are in the process of reviewing both grant agreements	CAO/OCA	November 2024





**Audit of Saba Grocers Initiative Grants**

City Administration's Recommendation Implementation Plan

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		and determining the best approach to addressing any misuse of the funds		

## SCOPE OF WORK

### Saba Grocers Fresh5x Program

#### Program Overview:

##### 1. Participant Benefits:

- **Financial Support:** Each resident will receive between \$50 and \$300 per month for the purchase of fresh produce only. The exact amount will be adjusted quarterly, based on sales performance and budget spend down.
- **Eligibility:** Participants must be enrolled in EBT/SNAP, with eligibility confirmed through the State system.
- **SNAP Match:** For every \$1 spent on produce using SNAP at participating stores, residents will receive \$5 back in the form of a match, to be used for produce purchases only

##### 2. Card and Technology Setup:

- **Virtual Card System:** Participants will be provided with a virtual card or wallet, accessible through a mobile app. No physical cards will be issued, reducing overall program costs and increasing direct benefits to residents.
- **App Functionality:** The mobile app will include features such as store location data, financial spending tracking, and other relevant program information to support users.
- **Stores:** Residents will be able to shop at 7 to 10 small independent corner stores located across the City of Oakland and redeem their rewards by swiping their EBT card or entering the associated phone number. .

##### 3. Eligible Purchases:

- **Produce Only:** Resident spending is restricted to fresh produce, enforced through:
  - **MOU Agreements & Store Training:** Participating stores will undergo training and sign Memorandums of Understanding (MOUs) outlining the program's rules and restrictions.
  - **POS Technology:** Proprietary Point of Sale (POS) technology will be used to monitor and validate eligible purchases.
  - **Secret Shopper Program:** A decoy-buy system will be implemented to ensure compliance and adherence to program rules.

#### 4. **Program Funding:**

- **Total Program Budget:** The Fresh5x program has secured \$1,000,000 in federal matching funds.
- **USDA Grant:** This proposal will serve as the required one-to-one match for a \$500,000 USDA Gus Schumacher Nutrition Incentive Grant awarded to Saba in September 2023.

#### 5. **Timeline and Reporting:**

- **Duration:** The program will run for 24 months from the start date.
- **Budget Adjustments:** Monthly benefits will be adjusted quarterly based on sales data and budget spend-down.
- **Compliance Reporting:** Regular reporting on store compliance, budget expenditure, and participant outcomes will be provided to ensure transparency and accountability.

PROGRAM INFORMATION			
Organization/Public Agency Name:		Funding Area:	
Project Title:		Project/Agency Website:	
Project Description:			
Designation (Check Appropriate Category):			Project Dates/Frequency:
Small & Emerging Org	Single Agency Applicant	Collaborative	
Mailing Address for SSB Invoice Checks:			
Person Authorized to Pick-Up Reimbursement Payments			
First Name:		Last Name:	
Phone:	Email:	Position:	
Executive Director			
First Name:		Last Name:	
Phone:	Email:		
Project/Event Representative			
First Name:		Last Name:	
Phone:	Email:		
Contract Representative			
First Name:		Last Name:	
Phone:	Email:		
Service Site			
Site Name:			
Address:			
Contact Person For this Site (if not Project Representative)			
Organization (if Collaborative):			
First Name:		Last Name:	
Phone:	Email:		
Collaborative Partners			

PARTICIPANT INFORMATION		
<b>Participant</b>		
<b>First Name:</b>	<b>Last Name:</b>	
<b>Date of Birth:</b>	<b>Age:</b>	<b>Youth /Adult Participant</b>
<b>Street Address:</b>	<b>Zip Code:</b>	<b>District:</b>
<b>Race/Ethnicity:</b>	<b>Gender:</b>	<b>Release of Information: Y/N</b>
<b>Email Address:</b>	<b>Telephone:</b>	
<b>Parent/Guardian/Legal Representative 1 (if participant is a minor):</b>		
<b>First Name</b>	<b>Last Name:</b>	
<b>Mailing Address:</b>	<b>Home Telephone:</b>	
<b>Work Telephone:</b>	<b>Email Address:</b>	
<b>Parent/Guardian/Legal Representative 2 (if participant is a minor):</b>		
<b>First Name</b>	<b>Last Name:</b>	
<b>Mailing Address:</b>	<b>Home Telephone:</b>	
<b>Work Telephone:</b>	<b>Email Address:</b>	
<b>EMERGENCY CONTACT INFORMATION</b>		
<b>First Name</b>	<b>Last Name:</b>	
<b>Mailing Address:</b>	<b>Home Telephone:</b>	
<b>Work Telephone:</b>	<b>Relationship to Participant:</b>	

**\*Note: You do not need to fill or submit this participant information sheet.** Just ensure that the participant information sheet being used is capturing this information. Please provide a participant roster (if applicable).

## SUMMARY

### Program Highlight and Successes

Based on the plans you provided to SSB in your approved Scope of Work: Did your program operate the way you envisioned? What was successful about your services, and what additional services (if any) did you provide in response to changing community needs??

### Program Challenges

What were some of the challenges that you faced in your program's delivery of services? Share how you received and incorporated feedback from youth and their families into your services.

### Performance Goals

Please detail the main services provided in this period, including services provided by subcontractors. These should match the plans provided to SSB and the updates to programs that you have shared in the responses above. Be sure to include activity name, the frequency, participants reached and outcomes. Did you meet your performance goals? Please provide a response to the following questions.

1. What caused the shortfall (i.e., recruitment issues, staffing issues, scheduling, etc.?)

2. What steps have been taken to prevent a shortfall in subsequent quarters?

3. How will the performance be made up in subsequent quarters?

### Updates

Provide updates on any changes concerning agency and program staff, scheduling, space and location, activities, etc.

### Subcontractor and Consultants

Share any activities and new development with subcontractors and consultants this quarter.

### Additional Comments

Provide comments or feedback to SSB staff.

Prepared By:

Title:  
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**Anecdotal Story**

Please share a highlight or an achievement of your program or participants this quarter. If you have photos or video that support the story, please attach.

**NOTE: This content may be used in newsletters, website, or other formats. Please only upload photos and share videos of participants with media releases on file.**



Name of grantee organization:	Date of monitoring visit:
Program title:	Service Area:
<b>Expected #</b> to serve:	<b>Actual # Served:</b>
Strategic focus area:	
Agency/Program Staff present at monitoring visit:	
SSB staff present at monitoring visit:	

The following items should be provided by the grantee before the monitoring visit. Staff to review items and develop follow-up questions to be asked during monitoring visit.

DESK AUDIT ITEMS (Sent in advance of monitoring visit)	Date Rec'd	F/U Req.
1. Current organizational chart for agency, designating vacant positions		
2. Board Bylaws		
3. Current Board roster with vacancies noted		
4. Most recent minutes from last two (2) Board of Directors meetings		
5. Signed Board Member Conflict of Interest Statements		
6. Policy that prohibits the use of grant funds for political and religious activities		
7. Policy regarding harassment and non-discrimination		
8. Policy regarding illegal or unethical behavior on the part of the Board or staff		
9. Current agency composite budget showing <b>all</b> programs, administration, and funding sources		
10. Current program budget and expenditures (YTD) for program		
11. Written fiscal operating procedure		
12. Most recent financial audit report		
13. Customer satisfaction survey tool and evaluation results		





<b>OPERATIONS MANAGEMENT</b> (Interview Executive Director, COO and Program Director)	<b>NOTES</b>
<ul style="list-style-type: none"> <li><input type="checkbox"/> What are the successes of the SSB funded program?</li> <li><input type="checkbox"/> Is your program staffing adequate to provide quality services?  <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li><input type="checkbox"/> How is the staff for the program selected?</li> <li><input type="checkbox"/> Are any key positions vacant? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li><input type="checkbox"/> Does the agency retain personnel to support stable program operations and development? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li><input type="checkbox"/> Has the agency identified any specific reasons for turnover (i.e. low pay, poor fit, personality, workload, work environment)? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li><input type="checkbox"/> If yes, have any actions been taken to address reasons for turnover?</li> </ul>	
<ul style="list-style-type: none"> <li><input type="checkbox"/> Do the agency fiscal and organizational programs provide a stable environment for the SSB program? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li><input type="checkbox"/> Does the agency have a fraud policy? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li><input type="checkbox"/> Were there any findings on most recent audit? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li><input type="checkbox"/> Have the RFFs and reports been submitted in a timely manner?  <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	
<ul style="list-style-type: none"> <li><input type="checkbox"/> Is the agency effectively governed by the Board of Directors?  <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li><input type="checkbox"/> How often does the Board meet?</li> <li><input type="checkbox"/> How often does the Board review agency's financial statements?</li> <li><input type="checkbox"/> What are the minimum and maximum number of Board members?</li> <li><input type="checkbox"/> Are there any Board positions vacant? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> <li><input type="checkbox"/> Are Board Minutes on file and up-to-date? <input type="checkbox"/> Yes <input type="checkbox"/> No</li> </ul>	



<b>FISCAL MANAGEMENT</b> (Interview CFO, Accountant or Bookkeeper)	<b>NOTES</b>
<p><input type="checkbox"/> Is the accounting system appropriate for the SSB grant and the agency? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Accounting system used: _____</p> <p><input type="checkbox"/> Review composite program budget</p> <p><input type="checkbox"/> Collect Chart of accounts - grant specifics (printed copy)</p> <p><input type="checkbox"/> Collect General ledger (printed copy)            (Look for SSB accounting/funding codes)</p> <p><input type="checkbox"/> How many weeks or months could the agency operate if all funds ceased? _____</p> <p><input type="checkbox"/> Does your agency have a line of credit or reserves?  <input type="checkbox"/> Yes <input type="checkbox"/> No Value ? _____</p> <p><input type="checkbox"/> Review current bank statements, reconciliation reports, and filing system. Are reports up to date and filed?  <input type="checkbox"/> Yes <input type="checkbox"/> No Date _____</p> <p><input type="checkbox"/> Review Vendor invoices and allocation forms (internal process).</p> <p><input type="checkbox"/> Review SSB Program Budget Report summarizing allocated costs to date and balance remaining.</p> <p><input type="checkbox"/> Collect A/P &amp; A/R 90-day aging summary reports (copy)</p> <p><input type="checkbox"/> Does the agency manage payroll efficiently and pay payroll taxes regularly and on time? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Review most recent Quarterly Federal Tax Form 941.</p> <p><input type="checkbox"/> Review most recent State DE 6 or DE 9 Wage Withholdings.            (Do not take tax and wage forms)</p>	



PROGRAM DELIVERY (Interview Program Director, COO or Direct Staff)	NOTES
<ul style="list-style-type: none"> <li><input type="checkbox"/> Who are the collaborating partners for the SSB funded program? Agency wide collaborating partners?</li> <li><input type="checkbox"/> Are the collaborations effectively managed and utilized to meet program goals? <input type="checkbox"/>Yes <input type="checkbox"/> No</li> <li><input type="checkbox"/> Is the agency delivering quality services as outlined and contracted in the grant agreement? <input type="checkbox"/>Yes <input type="checkbox"/> No</li> <li><input type="checkbox"/> What is the program staff to client ratio?</li> <li><input type="checkbox"/> What curriculum, if any, is used to achieve the program results?</li> <li><input type="checkbox"/> What outreach methods are used to engage/recruit program participants?</li> <li><input type="checkbox"/> What has the agency learned about the reality of carrying out the program designed in your proposal and grant agreement?</li> <li><input type="checkbox"/> What challenges or problems have been encountered by the agency in implementing the SSB contract? Describe how staff and clients have been affected. Are the problems resolved? If not, what are the plans to resolve them?</li> <li><input type="checkbox"/> Has the agency modified the funded program to respond to the community environment?</li> <li><input type="checkbox"/> Are Customer/client satisfaction surveys conducted and summarized? <input type="checkbox"/>Yes <input type="checkbox"/> No How often? _____</li> <li><input type="checkbox"/> Review and discuss Form/Evaluation Results.</li> <li><input type="checkbox"/> Does grantee have any questions, comments, or suggestions</li> </ul>	



DOCUMENTATION	NOTES
<p><input type="checkbox"/> What database systems are used to collect and monitor client data?</p> <p><input type="checkbox"/> Is the agency documenting participant household eligibility per federal poverty level guidelines and residency? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p><input type="checkbox"/> Confirm client files contain appropriate records such as documentation of <b>eligibility information</b> and demographics.</p> <p><input type="checkbox"/> Review program intake form.</p> <p><input type="checkbox"/> Collect blank residency verification form.</p> <p><input type="checkbox"/> Collect income verification form (if separate).</p> <p><input type="checkbox"/> Are client files locked in a drawer and behind a locked door?  <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Review 10 client files for document verification and file completeness.</p> <p><input type="checkbox"/> 1.</p> <p><input type="checkbox"/> 2.</p> <p><input type="checkbox"/> 3.</p> <p><input type="checkbox"/> 4.</p> <p><input type="checkbox"/> 5.</p> <p><input type="checkbox"/> 6.</p> <p><input type="checkbox"/> 7.</p> <p><input type="checkbox"/> 8.</p> <p><input type="checkbox"/> 9.</p> <p><input type="checkbox"/> 10.</p>	

ADDITIONAL NOTES:	



**PROGRAM OBSERVATION**

Date: \_\_\_\_\_ Time: \_\_\_\_\_ Location: \_\_\_\_\_

Program observed:

Number and type of staff present:

Number of participants (clients):

Type of activities observed:

Is the activity supportive for meeting the grant agreement objectives?

Is the physical facility welcoming and safe?

Is a written schedule of activities available, posted or hard copy for staff and participants  Yes  No

**Notes:**

**SSB Staff: (Print Name)** \_\_\_\_\_ **Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_