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CITY OF OAKLAND

AGENDA REPORT

TO: Office of the City Administrator
ATTN: Deanna J. Santana
FROM: Finance and Management Agency
DATE: March 13, 2012

RE: **Informational Report Presenting the Measure Y – Violence Prevention & Public Safety Act of 2004 Audit and Program Status Report**

SUMMARY

The Finance and Management Agency 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, performed the Measure Y – Violence Prevention and Public Safety Act of 2004 financial audit for the year ending June 30, 2011. 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 2010-2011 in accordance with Government Code Section 50075.3 (b).

A discussion of audit findings, recommendations and management response is included in the “Key Issues and Impacts” section of this report.

FISCAL IMPACT

This is an informational report only and there is no fiscal impact. Measure Y revenues totaled \$5.7 million in FY 2010-11. These revenues came mainly from the parking tax surcharge (\$4.9 million) and \$.8 million in parcel tax. In November 2010, voters in the City of Oakland approved the City’s Measure BB which amended certain provisions of Measure Y. This amendment allowed the City to collect Measure Y taxes; however, the taxes could not be levied and collected during the year ended June 30, 2011. With the amendment the City decided to appropriate expenditures under Measure Y programs. This resulted in a deficit in the Measure Y fund balance which was paid from the City’s pool investment. The City will collect the taxes for FY 2010-11 during the year ending June 30, 2012 and reimburse the pool investment.

Item#: _____
Public Safety Committee
March 13, 2012

BACKGROUND

Passed by Oakland voters on November 2, 2004, 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 C.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 will collect taxes for the year 2010-11 during the year ending June 30, 2012.

KEY ISSUES AND IMPACTS

The Measure Y – 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, which has no adverse impact on the auditor's unqualified opinion, which is a measure of the financial integrity of the Measure Y program.

Schedule of Audit Finding, Recommendation and Management Response

Audit Finding

During the testing of payroll for the month of January 2011, the auditors noted that the changes for charging 63 Police Officers to Measure Y were not updated in the payroll system correctly, despite the fact that the personnel order and employees' timesheets showed that these Police Officers worked under the Measure Y program. This is due to the fact that the effective date used for the employee master file changes was incorrect. This resulted in the understatement of payroll charges by approximately \$200,000 under the Measure Y program, which were not reviewed and corrected by the Police Department during their internal review of the payroll charge. An audit adjustment was made to correct these charges.

Recommendation

The auditors recommend that the City should review the Oakland Police Department’s (OPD) payroll control procedures and consider improving and strengthening the procedures to ensure that adequate training is provided to payroll personnel, timesheets are reviewed and verified against the standard documents before the time is input in the payroll system. 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

Management acknowledges this finding and plans to automate the time entry for police officers, thus eliminating data entry errors. OPD will review and reconcile on a regular basis payroll transactions to ensure that payroll is properly booked and will correct errors, if any on a timely basis.

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

The Measure Y expenditures for FY 2010-2011 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 2010-11.

Program	Program Description	FY 2010-11
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	\$ 5,238,568
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	6,086,416
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	4,000,000
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.	479,985
TOTAL		\$ 15,804,969

SUSTAINABLE OPPORTUNITIES

No environmental, economic, or social equity opportunities have been identified.

DISABILITY AND SENIOR CITIZEN ACCESS

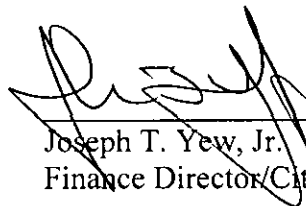
There are no ADA or senior access issues contained in this report.

RECOMMENDATION(S) AND RATIONALE

Staff recommends that the City Council accept the Measure Y – Violence Prevention and Public Safety Act of 2004 Audit and Program Status Report.

ACTION REQUESTED OF THE CITY COUNCIL

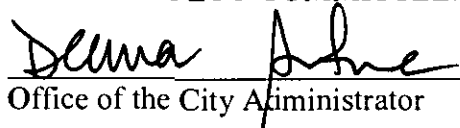
Staff recommends that the City Council accept the Measure Y – Violence Prevention and Public Safety Act of 2004 Audit and Program Status Report.



Joseph T. Yew, Jr.
Finance Director/City Treasurer

Prepared by:
Osborn Solitei, Controller
Finance and Management Agency

**APPROVED AND FORWARDED TO THE
PUBLIC SAFETY COMMITTEE:**



Office of the City Administrator

Attachments:
Measure Y – Violence Prevention and Public Safety Act of 2004 Audit Report

Item # _____
Public Safety Committee
March 13, 2012

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 2011

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, 2011

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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, 2011. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedule, 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, 2011 in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial schedule referred to above presents fairly, in all material respects, the revenues and expenditures of Measure Y activities for the year ended June 30, 2011 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 8, 2011 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 16 is presented for purposes of complying with Annual Reporting requirement and is not a required part of the financial schedule. This information has not been subjected to the auditing procedures applied by us in the audit of the financial schedule 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.

Parrin & Associates

Oakland, California

December 8, 2011

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Revenues:				
Parcel tax	\$	\$	\$ 834,421	\$ 834,421
Parldng tax surcharge			4,946,160	4,946,160
Total revenues			<u>5,780,581</u>	<u>5,780,581</u>
Expenditures:				
Community and Neighborhood Policing				
Salaries and employee benefits		5,900,387	5,191,610	708,777
Other supplies and commodities		123,060	40,156	82,904
Other expenditures		447,026	6,802	440,224
Total Community and Neighborhood Policing expenditures		<u>6,470,473</u>	<u>5,238,568</u>	<u>1,231,905</u>
Violence Prevention with an Emphasis on Youth and Children				
Salaries and employee benefits	60,820	871,261	896,094	(24,833)
Other supplies and commodities		42,791	28,641	14,150
Other contract services	185,830	6,284,314	5,153,333	1,130,981
Other expenditures	(246,650)	1,052,142	8,348	1,043,794
Total Violence Prevention expenditures		<u>8,250,508</u>	<u>6,086,416</u>	<u>2,164,092</u>
Fire Services				
Salaries and employee benefits		4,000,000	4,000,000	
Total Fire Service expenditures		<u>4,000,000</u>	<u>4,000,000</u>	
Evaluation		<u>546,407</u>	<u>459,720</u>	<u>86,687</u>
Administration		<u>49,505</u>	<u>20,265</u>	<u>29,240</u>
Total expenditures		<u>19,316,893</u>	<u>15,804,969</u>	<u>3,511,924</u>
Change in fund balance, on a budgetary basis	\$	\$ <u>(19,316,893)</u>	<u>(10,024,388)</u>	\$ <u>9,292,505</u>
Items not budgeted:				
Interest income			<u>(18,613)</u>	
Total items not budgeted			<u>(18,613)</u>	
Change in fund balance, on a GAAP basis			<u>(10,043,001)</u>	
Fund balance, beginning of year			<u>1,198,445</u>	
Fund balance, end of year			<u>\$ (8,844,556)</u>	

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, 2011

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, 2011

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, 2011 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, 2011

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.

NOTE D - FUND DEFICIT

Measure Y provided that Measure Y taxes may not be collected if "the appropriation for staffing of sworn uniformed police officers is at a level lower than the amount necessary to maintain the number of uniformed officers employed by the City for the fiscal year 2003-2004 (739)." In July, 2010, the City laid off 80 police officers, and appropriated non-Measure Y funds for fewer than 739 officers. Therefore, the City was precluded from continuing to collect Measure Y taxes at that time. Since there were no taxes collected, the City also decided not to appropriate expenditures under Measure Y programs.

In November 2010, voters in the City of Oakland approved the City's Measure BB which amended Measure Y provision by suspending a requirement in Measure Y until 2015 that the City maintain non-Measure Y appropriations for at least 739 police officers in order to be entitled to collect Measure Y taxes (parcel and parking). This amendment allowed the City to collect Measure Y taxes. However, the taxes could not be levied and collected during the year ended June 30, 2011. With the amendment, the City decided to appropriate expenditures under the Measure Y programs. This resulted in deficit in Measure Y fund balance which was paid from the City's pool investment. The City will collect the taxes for the year 2010-11 during the year ended June 30, 2012 and will reimburse the pool investment.

**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, 2011, and have issued our report thereon dated December 8, 2011. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and responses as item 2011-1 to be a material weakness.

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.

Parmi Associates
Oakland, California
December 8, 2011

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, 2011**

Finding 2011-1:

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:

Due to the requirement in Measure Y of appropriation of 739 non Measure Y position by the City, the City did not appropriate any payroll expenditure under Community and Neighborhood Policing program until December 2010. After the approval of Measure BB in November 2010, Oakland Police Department (OPD) decided to charge 63 problem solving officers (PSOs) to Measure Y from January 2011 onwards.

During our testing of payroll for the month of January 2011, we noted that the changes for charging these 63 PSOs to Measure Y were not updated in the payroll system correctly. Though the personnel order and employees' time sheets showed that these PSOs worked under Measure Y program, payroll system did not show the time charged to Measure Y. On our inquiry, we were informed by OPD that there were some system problems because of which when the payroll person made changes in the system, the system did not update the change from the beginning of the pay period. These errors resulted in understatement of payroll charges under Measure Y program which were not reviewed and corrected by OPD during their independent review of payroll charges.

Based on our request, when the changes made in January 2011 in the system were reviewed by the Finance Office, it was noted that these errors were wide spread and affected all most all the PSOs' payroll charges who started working under Measure Y in January 2011. This resulted in the understatement of payroll charges under Measure Y by approximately \$200,000. We were also informed that there were no issues in the payroll system and these errors occurred due to lack of training of payroll person and inadequate review of payroll charges by OPD. An audit adjustment was made to correct these charges.

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, 2011**

Cause:

Adequate training about the payroll system was not provided to the payroll person which resulted in the errors in updating the changes in payroll system. At the beginning of our review of payroll procedures under Measure Y, we were informed by OPD that based on our audit finding in the prior year, OPD has strengthened the controls over payroll by establishing independent review process of payroll charges to Measure Y. However, during our review and testing, we came across many instances where we noticed that the independent review of payroll charges was not done adequately and, thus, missed to detect errors in payroll charges.'

Effect:

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

Recommendation:

We recommend that the City should review OPD's control procedures for payroll and consider improving and strengthening the procedures to ensure that adequate training is provided to payroll personnel, timesheets are reviewed and verified against the standard documents before the time is input in the system for payroll processing. It should also consider reviewing and strengthening its independent review and reconciliation procedures for payroll to ensure that the payroll is properly reviewed and reconciled by an independent person on a periodic basis so that errors are detected and corrected in a timely manner.

Views of the responsible officials and planned corrective action:

Management acknowledges the finding, the Oakland Police Department (OPD) will work with Finance and Management Agency (FMA) and Department of Information Technology (DIT) to automate the entry of time for police officers. This will eliminate data entry errors as a source of misapplied charges in Measure Y. OPD 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.

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, 2011

FINDINGS

STATUS

2010-1: PAYROLL CHARGES

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

Not implemented. See current year finding 2011-1.

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, 2011 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: \$5,238,568

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: \$6,086,416

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: \$4,000,000

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: \$479,985

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.

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)	10-11 Status		Outcomes	Comments (Program achievements, issues, etc.)
			Completed	On-Going		
Community and Neighborhood Policing (OPD)						
Neighborhood beat program	\$ 4,774,348	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	387,823	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	76,396	-		xx		
<i>Subtotal Comm & Neigh Policing - FY10-11</i>	<i>\$ 5,238,568</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 (PTEs for Full Year)	10-11 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	
Violence Prevention Services With an Emphasis on Youth and Children (UIIS)							
Youth outreach counselors	104,000 86,136 220,000 99,900 115,000 175,000 142,290 65,000 176,600 16,361 176,166 300,000 300,144 223,309 133,200 122,569			xx xx xx xx xx xx xx xx xx xx xx xx xx xx xx xx xx		72 58 113 410 35 81 98 20 86 1556 10475 5833 80	To provide outreach, case management, employment and other services for youth who are chronically truant, dropped out or on probation
		1.30	xx		Breakout Prison Outreach East Bay Agency for Children East Bay Asian Youth Center Oakland Unified School District The Mentoring Center Youth Uprising Youth Employment Partnership Youth Radio Youth Employment Partnership Public Safety District Support CCNI Youth Uprising Breakout Prison Outreach Healthy Oakland, Inc. Youth Uprising Violence Prevention Coordinator		
After and in school program for youth and children	219,514 131,717 177,442 133,200			xx xx xx xx	Al City Health Care Services Agency OUSD OUSD Alternative Education Community Initiatives	693 33597 62 1909	To provide school based services including case management mental health, violence prevention curriculum and peer conflict mediation.
Domestic violence and child abuse counselors	399,600 177,600 248,640 27,750 25,000 85,000 310,800			xx xx xx x xx xx	Family Violence Law Center Safe Passages Al City ICPC Mentoring Center Family Justice Center Youth Alive Catholic Charities of the East Bay	1042 148 403 122 262	To provide special services for families experiencing domestic violence and youth exposed to violence including sexually exploited minors.
Offender/parolee employment training	110,731 90,909 157,440 220,500 230,000 83,250 222,000	0.80		xx xx xx xx xx xx	Mayor's Re-entry Specialist Goodwill Industries The Workfirst Foundation Volunteers of America Bay Area Youth Employment Partnership The Mentoring Center Volunteers of America Bay Area	57 78 32 62 31 109	To provide diversion and reentry services and employment for young adults on probation and parole.
Supporting all categories	487,560 84,168 7,920	4.31		xx xx xx	DHS - Administration - Personnel DHS - Administration - Non Personnel DHS - Misc. Vendors/Travel		
Subtotal Violence Prev Svcs - FY10-11	6,086,416	7.19					

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)	10-11 Status		Outcomes		Comments (Program achievements, issues Etc.)
			Completed	En-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	\$ 4,000,000			XX	25 engines, 7 trucks on-site education training, fire safety education, and career in the fire services 26 Advance Life Support units 7 Basic Life Support units	2,461 fire calls 41,291 EMS calls 7,289 other calls 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 - FY10-11	\$ 4,000,000						

MEASURE Y ANNUAL REPORTING - FISCAL YEAR 2010-2011

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 (FTEs for Full Year)	10-11 status		Outcomes	Comments (Program achievements, issues, etc.)
			Completed	On-Going		
Evaluation					Provider of Evaluation Services	Outcome and Process Evaluators for Msr Y web based contract mgmt and client level tracking system Msr Y Agenda preparation for Council or Committee meetings
	292,900		X		Resource Development	
	25,000		X		City Span	
	1,200		X		Agenda Reports -Subscription 6	
	140,620	1.00	X		Personnel and other O&M costs	
\$459,720						
Staff Oversight (CAO)					Services Performed	
Audit (FMA)	\$ 20,265	-			Services Performed	
Administrative Fee (FMA)					Measure Y annual financial audit	
Subtotal (Oversight & Evaluation - EY10-11)	\$ 479,985	1.00				