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March 11, 2022

Oakland City Council
1 Frank H. Ogawa Plaza 2nd Floor
Oakland, CA 94612

RE: LETTER OF SUPPORT FOR THE PUBLIC ETHICS COMMISSION'S PROPOSED CHANGES TO THE OAKLAND MUNICIPAL CODE SECTION 3.13--THE LIMITED PUBLIC FINANCING ACT

Honorable Members of the City Council:

As the elected Oakland City Auditor, I support the Public Ethics Commission's (Commission) proposed changes to Oakland Municipal Code section 3.13--the Limited Public Financing Act (LPFA). The proposed changes would

1. extend the deadline for candidates to deposit the City's reimbursement checks from 3 business days to 30 calendar days, and
2. delete the requirement that the City Auditor conduct a mandatory audit of all candidates who participate in the program every election cycle and replace with it with a discretionary audit option.

The City Auditor's Office has conducted audits of the LPFA. In recent years, the audits have not identified any significant deficiencies or misuse of funds. This is the result of changes to the Limited Public Financing Act, which changed how candidates received LPFA monies. In 2010, the LPFA began reimbursing candidates for valid expenditures, instead of advancing funds, as had previously occurred. Additionally, the Commission now has its own staff to assist candidates in meeting state and local election requirements, thereby enhancing controls over the use of LPFA monies.

The proposed changes would address two outstanding audit recommendations. In the 2019 audit, the City Auditor's report noted that not all candidates were complying with the requirement to deposit their reimbursement checks within the required three-day timeframe. The report also questioned the reasonableness of the requirement and recommended the

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Commission work with the City Council to amend the requirement to allow candidates more time to deposit their reimbursement checks.

In the 2021 audit, the City Auditor's report concluded the following:

"The audit found no instances of candidate non-compliance with the LPFA and found the PEC has implemented an effective process for administering and ensuring compliance with LPFA requirements. Specifically,

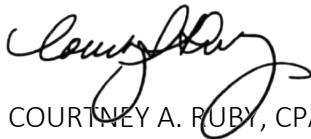
1. All candidates received appropriate reimbursements and met key LPFA requirements, including eligibility and post-election requirements, and
2. Overall, policies and procedures address the provisions of the LPFA."

Accordingly, the City Auditor recommended the PEC consider drafting an amendment for the City Council's consideration modifying the Oakland Municipal Code to eliminate the requirement mandating post-election LPFA audits.

The proposed changes would not preclude the Public Ethics Commission or the City Council from requesting audits, or the City Auditor, at their discretion, from conducting LPFA audits using the City Charter authority, if the need arises.

Thank you for your consideration of the proposed changes to the Limited Public Financing Act.

Sincerely,



COURTNEY A. RUBY, CPA, CFE
City Auditor