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 OFFICE OF THE CITY AUDITOR
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2012 Annual Report

Office of the City Auditor

City Administration Report Card: 2012

Audits & Special Reports	Release Date	Audit Recommendations	Administration Agreement or Implementation	Grade
Accounts Payable Duplicative Payments and Other Reportable Matters Performance Audit	March	7	86%	B+
Scotlan Youth and Family Services, Inc. (substantiated investigation report)	April	N/A	N/A	N/A
Police Technology Performance Audit	August	22	100%	A+
Parking Ticket Management Performance Audit	December	24	92%	A
Scotlan Youth and Family Services, Inc. (substantiated investigation report)	December	N/A	N/A	N/A
Tenant Improvement Grantee (substantiated investigation report)	December	N/A	N/A	N/A

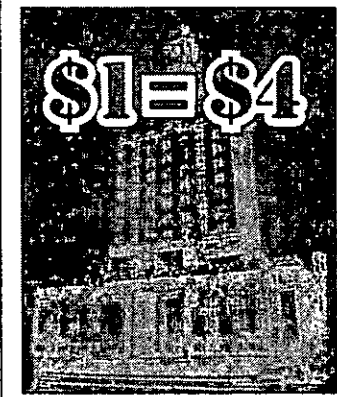
NOTE: At the time these audits and special reports were released, the Administration agreed to implement the corresponding percentage of report recommendations to address the identified system and operational deficiencies. The City Auditor's Office performs follow-up audits to determine if the Administration has sufficiently implemented these recommendations. Recommendations that were categorized as "resolved" at the time of the original audit but have not been implemented at the time of the follow-up report are treated as zero when calculating the Administration's grade.

The report card above shows, at a glance, how the Office of the City Auditor employed our resources in 2012 in support of good government, as well as how well the City Administration addressed the findings of our audits and special reports.

In 2012, the Administration successfully met the public's call for greater accountability. Generally, agreement and/or implementation of audit recommendations by the Administration were high.

In addition to the reports released, the Office initiated two complex audits in 2012: an audit of non-interference in administrative affairs to determine the City Council's compliance with Section 218 of the City Charter and an audit of the Workers Compensation Contract. Both audits will be released in the first half of 2013.

Our Fiscal Impact - Making a Measurable Difference



One of the few cost recuperative departments in the City of Oakland, in 2012 the Office of the City Auditor identified \$4 in future savings, lost revenue, monies due to the taxpayers, or waste -- for every \$1 spent on our operations.

For example, the Police Technology Performance Audit identified \$1.8 million in wasted spending, with \$1.3 million spent on systems that were never used and \$0.5 million spent on underused systems. The Parking Ticket Management Performance Audit found that the City is currently holding \$316,000 in citizens' overpayments related to FY 2010-11 alone, money that is due to the taxpayers. The Parking Ticket Management Performance Audit also found that when the contractor managing the new system failed to meet collection targets that would have brought in approximately \$400,000 to \$600,000 to the City, it paid merely \$10,128 in penalties.

In addition to future savings, lost revenue, or waste, the City Auditor's Office identified \$345,000 in inaccurately recorded or reported funds.

Master Fellows Program - A Successful Third Year

The Office of the City Auditor's Master Fellows Program continues to be a success. The third year of the program was the largest yet with four fellows participating: **Mejin Leechor**, **Matundu Makalani**, **Ryan Ramey**, and **Marcel Voracka**. Ms. Leechor and Mr. Ramey served as the first Fellows to work on critical investigations in our Fraud, Waste + Abuse Prevention Program. The City Auditor's Office would like to thank our 2012 Fellows for their service to our Office and the City.

The City Auditor Office's Master Fellows Program aims to provide a meaningful volunteer experience while simultaneously increasing the research and analytical capacity of the City Auditor's Office - bringing in new talent and energy to benefit the City of Oakland. We are now accepting applications for the 2013 Master Fellows Program. To apply or learn more about the program, visit the "Careers" section of the City Auditor's website: OaklandAuditor.com

Fraud, Waste + Abuse Prevention Program (FW+A)

**STAND
FOR OUR
CITY UP**



**Fraud, Waste + Abuse
Prevention Program
of the Oakland City Auditor**

In its fourth year, FW+A continued to bring greater accountability and integrity to the City of Oakland, receiving a total of 73 tips on the FW+A hotline, of which 70 percent came from Oakland City employees (compared to 44 percent in 2011). The latest FW+A Report on this program's activities (Volume Six: January 1 - December 31, 2012) will be released in the coming month.

In November 2012, the City Auditor's Office initiated the third annual **Ethical Climate Survey**, again asking City employees, "Do you think Oakland fosters an ethical work environment?" The survey showed that Oakland's overall ethical climate is shifting, improving from the prior year in every category.

Good news:

- The "Employee" section was again the highest-rated category with staff stating that they are expected to tell the truth, to behave ethically, and to treat everyone who comes before them equally.
- The "Management" section improved in all categories but one, with the most significant increase in staff's perception that management is helping elected officials work within their policy roles and stay out of day-to-day operations.
- The "Elected Officials" section showed the greatest improvement with all statements except one improving five or more points. Four areas increased by 10 points or more: elected officials allowing staff to handle day-to-day affairs, creating an environment in which staff is comfortable raising ethical concerns, excluding themselves from decisions when appropriate, and refusing special treatment.

Bad news:

- The "Elected Officials" section was still the lowest-scoring category, with only one statement within striking distance of a "High" rating.

See the City Auditor's website for the full survey results.