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AGENDA REPORT

TO: FRED G. BLACKWELL
CITY ADMINISTRATOR

FROM: Osborn K. Solitei

SUBJECT: Measure Y - FY 2012-13
Financial Audit Report

DATE: March 14, 2014

City Administrator

Date

Approval

4-7-14

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends that the City Council accept the Measure Y-Violence & Public Safety Act of 2004 Independent Auditor's Report for the year ended June 30, 2013.

EXECUTIVE SUMMARY

The Controller's Office 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 to Macias, Gini & O'Connell, the City's external auditor, performed the Measure Y -Violence Prevention and Public Safety Act of 2004 financial audit for the year ending June 30, 2013. 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 2012-2013 in accordance with Government Code Section 50075.3 (b).

A discussion of audit findings, recommendations and management response is included in the "Analysis" section of this report.

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OUTCOME

The City will be in compliance with the reporting requirements of Measure Y, Part 1 Section 3.4 and Part 2, Section 1 and Government Code Section 50075.3 (a) and (b).

BACKGROUND/LEGISLATIVE HISTORY

On November 2, 2004, Measure Y was passed by Oakland voters. 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. Measure BB amended Measure Y, suspending a requirement 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 collection of Measure Y taxes, even if the City has fewer than 739 police officers funded by non-Measure Y funds.

ANALYSIS

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 for the current year, which is a measure of the financial integrity of the Measure Y program. This finding has no adverse impact on the auditor's unqualified opinion.

Schedule of Audit Finding, Recommendation and Management Response

Current Year Audit Finding

During the testing of controls over payroll charged to Measure Y, the auditors observed that based on the prior year finding, the Oakland Police Department (OPD) had taken steps to improve and strengthen the controls over payroll charged to Measure Y. As a result, they noted very few errors in the payroll charges to Measure Y. However, some issues in the review and reconciliation process were noted during the audit.

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Due to the nature of OPD's operation, sometimes problem solving officers (PSOs) are required to work on an emergency assignment that is not funded by Measure Y. This situation results in an increased risk of errors in payroll allocation to Measure Y and requires a regular review and reconciliation of payroll charges by an independent person. However, the auditors noted that the payroll charges to Measure Y were not properly and regularly reconciled by an independent staff member during the year.

During the year ended June 30, 2013, Oakland Police Department implemented automated time entry system, Self-Serve, through which PSOs submitted their time sheets on-line. This system change eliminated the risk of errors in payroll charges occurring due to manual time entry by payroll person. However, with this change, for a period of time, supervisors and payroll personnel were not able to see program codes on the timesheets submitted by PSOs and therefore, were not able to review and verify the accuracy of the program codes charged. As mentioned above, these payroll charges were not reconciled by an independent person.

Recommendation

The auditors recommend that the Oakland Police Department should review its procedures for review and reconciliation of payroll and strengthen them to ensure that payroll is properly reviewed and reconciled by an independent person on a periodic basis and errors, if any, are corrected in a timely manner.

Management Response

OPD management accepts the auditor's recommendation above and will continue to review and monitor all payroll charges to the Measure Y program. Specifically, an independent OPD Fiscal Services staff will review and reconcile on a regular basis payroll transactions to ensure that payroll is properly booked and if any errors are detected they are corrected in a timely manner.

To ensure compliance with the Measure Y program and reduce the risks of errors, OPD management will design controls that will help prevent and detect errors. The reconciliation measures will include the following:

- An accountant or additional resources will be assigned to review and reconcile Measure Y payroll transactions on a monthly basis and;
- Measure Y supervisors and officers will be afforded payroll training to strengthen payroll processes.

Status of Prior-Year Finding

This finding is related to payroll charges applied to Measure Y. There were many discrepancies in processing payroll charged to Measure Y by OPD in the prior year. As stated above, OPD

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has taken steps to strengthen controls over payroll charged to Measure Y, thus the errors in payroll charged to Measure Y have been minimized in the current year.

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

Summary of Financials

The Measure Y expenditures for FY 2012-2013 by program along with a description of each program are summarized below. The attached audit report provides further details on deliverables of each program during FY 2012-13.

Program	Program Description	FY 2012-13
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	\$ 9,546,326
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	5,918,964
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	3,866,527
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/Administration:</i> In addition to the evaluation amount, tax proceeds may be used to pay for the audit specified by Government Code Section 50075.3.	602,250
TOTAL		\$ 19,934,067

PUBLIC OUTREACH/INTEREST

This item did not require any additional outreach other than the required posting on the City's website.

COORDINATION

This report was prepared in coordination with the Oakland Police Department, Oakland Fire Department, Department of Human Services, City Administrator Office, City Attorney's Office and the Budget Office.

COST SUMMARY/IMPLICATIONS

This is an informational report only; there is no fiscal impact.

Measure Y revenues collected totaled \$22.3 million in FY 2012-13 and were generated mainly from the parcel tax (\$14.7 million) and parking tax surcharge (\$7.6 million). Expenditures for FY 2012-13 totaled \$19.9 million.

SUSTAINABLE OPPORTUNITIES

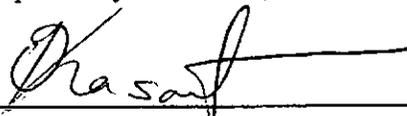
Economic: No direct economic opportunities have been identified

Environmental: No environmental opportunities have been identified

Social Equity: No social equity opportunities have been identified

For questions regarding this report, please contact Osborn K. Solitei, Finance Director/Controller at (510) 238-3809.

Respectfully submitted,



OSBORN K. SOLITEI
Finance Director/Controller
Controller's Office

Attachments:

Measure Y-Violence Prevention & Public Safety Act of 2004 Independent Auditor's Report for the year ended June 30, 2013

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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 30, 2013

 **Patel &**
Associates
Certified Public Accountant

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, 2013

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Oakland, California

Report on the Financial Schedule

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, 2013 and the related notes to the budgetary comparison schedule, which collectively comprise the revenues and expenditures of Measure Y activities.

Management's Responsibility for the Financial Schedule

Management is responsible for the preparation and fair presentation of the financial schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial schedule in order to design 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 as it pertains to Measure Y activities. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2013, in conformity with the basis of accounting described in Note B.

Emphasis of Matter

The financial schedule was prepared to present the total revenues and expenditures of Measure Y activity 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, 2013 in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial schedule as a whole. Measure Y Annual Reporting on pages 12 through 17 is presented for purposes of additional analysis and complying with Annual Reporting requirement and is not a required part of the financial schedule.

Measure Y Annual Reporting information has not been subjected to the auditing procedures applied in the audit of the financial schedule and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2013 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Pamela A. Aschbacher

Oakland, California
December 19, 2013

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, 2013

	Original Budget	Final Budget	Actual	Positive (Negative) Variance
Revenues:				
Parcel tax	\$ 13,956,299	\$ 13,956,299	\$ 14,723,019	\$ 766,720
Parking tax surcharge	6,888,278	6,888,278	7,618,025	729,747
Total revenues	<u>20,844,577</u>	<u>20,844,577</u>	<u>22,341,044</u>	<u>1,496,467</u>
Expenditures:				
Community and Neighborhood Policing				
Salaries and employee benefits	11,134,405	11,134,405	9,272,478	1,861,927
Other supplies and commodities	500,000	186,640	94,100	92,540
Other contract services		143,777	25,957	117,820
Other expenditures	2,146	121,113	153,791	(32,678)
Total Community and Neighborhood Policing expenditures	<u>11,636,551</u>	<u>11,585,935</u>	<u>9,546,326</u>	<u>2,039,609</u>
Violence Prevention with an Emphasis on Youth and Children				
Salaries and employee benefits	937,558	1,003,975	839,732	164,243
Other supplies and commodities	8,350	37,840	12,481	25,359
Other contract services	5,649,244	7,060,048	5,004,955	2,055,093
Other expenditures	(45,696)	1,560,307	61,796	1,498,511
Total Violence Prevention expenditures	<u>6,549,456</u>	<u>9,662,170</u>	<u>5,918,964</u>	<u>3,743,206</u>
Fire Services				
Salaries and employee benefits	4,000,000	4,133,473	3,866,527	266,946
Total Fire Service expenditures	<u>4,000,000</u>	<u>4,133,473</u>	<u>3,866,527</u>	<u>266,946</u>
Evaluation				
	<u>469,282</u>	<u>576,179</u>	<u>363,002</u>	<u>213,177</u>
Administration				
	<u>30,830</u>	<u>59,927</u>	<u>239,248</u>	<u>(179,321)</u>
Total expenditures	<u>22,686,119</u>	<u>26,017,684</u>	<u>19,934,067</u>	<u>6,083,617</u>
Change in fund balance, on a budgetary basis	\$ <u>(1,841,542)</u>	\$ <u>(5,173,107)</u>	<u>2,406,977</u>	\$ <u>7,580,084</u>
Items not budgeted				
Investment loss			<u>(9,829)</u>	
Total items not budgeted			<u>(9,829)</u>	
Change in fund balance, on a GAAP basis			2,397,148	
Fund balance, beginning of year			<u>5,123,115</u>	
Fund balance, end of year			<u>\$ 7,520,263</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, 2013

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, 2013

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, 2013 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, 2013

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.

**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, in accordance with the 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, the 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, 2013, and the related notes to the financial schedule which collectively comprise the revenues and expenditures of the Measure Y activities and have issued our report thereon dated December 19, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial schedule, we considered the City's internal control over financial reporting (internal control) as it pertains to Measure Y, to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial schedule, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting as it pertains to Measure Y.

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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial schedule will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiency in internal control described in the accompanying schedule of findings and responses listed as 2013-1 that we consider to be significant deficiency.

Compliance and Other Matters

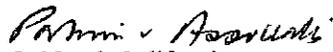
As part of obtaining reasonable assurance about whether Measure Y's financial schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

City of Oakland's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial schedule and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance as it pertains to Measure Y. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance as it pertains to Measure Y. Accordingly, this communication is not suitable for any other purpose.


Oakland, California
December 19, 2013

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, 2013

Finding 2013-1:

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:

During our testing, we observed that based on our findings in the prior years, payroll personnel have taken steps to improve and strengthen the control procedures over payroll processed and charged to Measure Y. As a result, we noted very few errors in the payroll charges to Measure Y. However, we noted some issues in the review and reconciliation process.

Due to nature of OPD's operation, sometimes PSOs are required to work on emergency assignment which is not funded by Measure Y. This situation results in increased risk of errors in payroll allocation to Measure Y and requires a regular review and reconciliation of payroll charges by an independent person. However, we noted that the payroll charges to Measure Y were not properly and regularly reconciled by an independent person during the year.

During the year ended June 30, 2013, Oakland Police Department (OPD) implemented automated time entry system, Self-Serve, through which problem solving officers (PSO) submitted their time sheets on-line. This system change eliminated the risk of errors in payroll charges occurring due to manual time entry by payroll person. However, with this change, for a period of time, supervisors and payroll personnel were not able to see program codes on the timesheets submitted by the PSOs and therefore, were not able to review and verify the accuracy of those program codes charged. As mentioned in earlier paragraph, these payroll charges were not reconciled by an independent person.

Cause:

Due to change in time entry system, supervisors and payroll personnel were not able to review and verify the program codes of time sheet charges. Payroll reconciliation was not done by an independent person to review and verify the time charged to Measure Y.

Effect:

There may be errors in the time charged by the PSOs to Measure Y which may result in misstatement of payroll charges under Measure Y.

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, 2013

Recommendation:

We recommend that OPD should review its procedures for review and reconciliation of payroll and strengthen them to ensure that payroll is properly reviewed and reconciled by an independent person on a periodic basis and errors, if any, are corrected in a timely manner.

Views of the responsible officials and planned corrective action:

Oakland Police Department (OPD) management accepts the auditor's recommendations above and will continue to review and monitor all payroll charges to Measure Y program. Specifically, an independent OPD Fiscal Services staff will review and reconcile on a regular basis payroll transactions to ensure that payroll is properly booked and if any errors are detected they are corrected in a timely manner.

To ensure compliance with the Measure Y program and reduce the risks of errors, OPD management will design controls that will help prevent and detect errors. The reconciliation measures include the following:

An accountant or additional resources will be assigned to review and reconcile Measure Y payroll transactions on a monthly basis and;

Measure Y supervisors and officers will be afforded payroll training to strengthen payroll processes.

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, 2013

FINDINGS

STATUS

2012-1: PAYROLL CHARGES

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

Partially implemented. See current year finding 2013-1.

SUPPLEMENTARY INFORMATION

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, 2013

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, 2013 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: \$9,546,326

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: \$5,918,964

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: \$3,866,527

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: \$602,250

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.

MEASURE Y ANNUAL REPORTING - FISCAL YEAR 2012-2013

POLICE DEPARTMENT

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)	12-13 Status		Outcomes	Comments (Program achievements, issues, etc.)
			Completed	On-Going		
Community and Neighborhood Policing (OPD)						
Neighborhood beat program	\$ 6,249,587	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	3,022,891	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	273,848	-		xx		
<i>Subtotal Comm & Neigh Policing - FY12-13</i>	<i>\$ 9,546,326</i>	<i>63 00</i>				

MEASURE Y ANNUAL REPORTING - FISCAL YEAR 2012-13

DEPARTMENT OF HUMAN SERVICES

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)	12-13 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 (DHS)								
Youth outreach counselors G421274	105,000		XX		Youth Alive		Provide outreach, case management, employment and other services for youth who are chronically truant, dropped out or on probation	
G421274	112,000		XX		MISSEY	49		
G421274	275,000		XX		Fast Bay Asian Youth Center	47		
G421174/G421274	178,000		XX		Oakland Unified School District	121		
G421174/G421274	75,000		XX		The Mentoring Center	100		
G421174/G421274	159,300		XX		Youth Uprising	51		
G421161	546,000		XX		California Youth Outreach	90		
G421161	260,980		XX		Healthy Communities	264		
G421161	25,000		XX		CAL PEP	99		
G421269	139,774	1.00	XX		Violence Prevention Coordinator	260		
G421152	130,210	2.00	XX		City County Neighborhood Initiative (CCNI)	NA	68	Provide outreach services to families, provide employment training and employment. Also implemented events such as, Health Fairs, Job Fairs, Earth Day, and National Night Out.
G421273 Messengers For Change	2,368	N/A					1033	Community outreach and organizing
							800	Provide Late Night Live Parks program in three parks for youth and young adults at the highest stressed neighborhoods between hours of 8pm - 12
After and in school program for youth and children								
G421266	198,000		XX		All City Health Care Services Agency		982	Provide school based services
G421275	125,000		XX		OUSD Alternative Education		105	including case management, mental
G421259	150,000		XX		Community Initiatives		291	health, violence prevention
G421251	180,000		XX		Youth Employment Partnership		102	curriculum and peer conflict
G421251	95,869		XX		Youth Radio		30	mediation
G421251	82,350		XX		Unity Council		32	
G421251	89,000		XX		Youth Uprising		45	

MEASURE Y ANNUAL REPORTING - FISCAL YEAR 2012-13

DEPARTMENT OF HUMAN SERVICES

A Status Report ("status of projects required or authorized to be funded")

Domestic violence and child abuse counselors							
G421254	400,000	-	XX	Family Violence Law Center		1138	Provide special services for families experiencing domestic violence and youth exposed to violence including
G261270	10,672		XX	Alameda County Health Care			
G421256	40,000		XX	Safe Passages		306	
G421256	60,000		XX	The Link to Children		315	
G421257	75,000		XX	MISSEY		73	
G421257	100,000		XX	Bay Area Women Against Rape		183	
G421272	125,000		XX	Youth Alive		167	
G421276	299,000		XX	Catholic Charities of the East Bay		326	
Offender/parolee employment training							
G421253	113,265	1 00	XX	Outreach Developer	NA		Provide diversion and reentry services and employment for youth and young adults on probation and parole
G421255	144,000		XX	Civic Corps		30	
G421255	90,000		XX	Men of Valor		51	
G421255	210,000		XX	Oakland Private Industry		63	
G421255	89,521		XX	Youth Uprising		22	
G421255	34,000		XX	The Work First Foundation			
G421255	168,000		XX	Volunteers of America Bay Area		43	
G421255	179,999		XX	Youth Employment Partnership		36	
G421265	100,000		XX	The Mentoring Center		35	
G421265	160,000		XX	Volunteers of America Bay Area		130	
Supporting all categories	445,560	4 30		DHS - Administration - Personnel			Provide Late Nigh Live Parks program in three parks for youth and young adults at the highest stressed neighborhoods between hours of 8pm - 12
G261250, G358561, G358550, G421150, G421250, G421263	47,988			DHS - Administration - Non Personnel			
G261250, G261271, G261273, G421150	28,261			DHS - Other Contract			
G261250, G261271, G261273, G421150	1,891			DHS - Travel/Other			
	67,956						
Subtotal Violence Prev Svcs - FY12-13	5,918,964		8 30				

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)	12-13 Status		Outcomes		Comments (Program achievements, issues, etc.)
			Completed	On-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	\$ 3,866,527			XX	25 engines, 7 trucks on-site education training, fire safety education, and career in the fire services 26 Advance Life Support units 6 Basic Life Support units	2,072 fire calls 55,005 EMS calls 7,417 other calls 37,972 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 51 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
Paramedic services	<i>included in above</i>			XX			
Mentorship program	<i>included in above</i>			XX			
Subtotal Fire Svcs - FY12-13	\$ 3,866,527						

MEASURE Y ANNUAL REPORTING - FISCAL YEAR 2012-2013

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)	12-13 status		Outcomes	Comments (Program achievements, issues, etc.)
			Completed	On-Going		
Evaluation	26,600		X		Provider of Evaluation Services Resource Development Resource Development City Span Personnel and other O&M costs	Contract completed for FY12 Customization programming for contract management, client tracking and juvenile justice center strategy client tracking system Staffing and support to Msr Y Eval Board
	183,000		X			
	50,000		X			
	103,402	0.80	X			
	\$363,002					
Staff Oversight (CAO)		-			Services Performed Provided staff assistance to the Measure Y Oversight Committee by noticing meetings, preparing agendas and minutes Coordinating with OPD, DHS and the Measure Y Evaluator regarding presentation Prepared the RFP for the new Measure Y evaluator for FY 2013-15 and managed the review and selection process Prepared staff reports, contracts, and coordinated the agenda process for Measure Y related items before the Public Safety Committee Coordinated with the Measure Y Evaluator and OPD/DHS on evaluation issues	Increased the involvement of the Measure Y Oversight Committee in the review of public documents and policy matters prior to review by the Public Safety Committee or other appropriate body or agency
					Services Performed Measure Y annual financial audit	
Audit (Administrative Service Department)	\$ -	-		X	Administration fees (County of Alameda)	
	\$ 239,248			X		
Subtotal Oversight & Evaluation - FY12-13	\$ 602,250	0.80				