

City of Oakland Office of the City Auditor

**Measure Y Violence Prevention
Performance Audit: Grant Selection,
Management, Monitoring and
Evaluation Needs Improvement**

August 31, 2009



City Auditor
Courtney A. Ruby, CPA

August 31, 2009

OFFICE OF THE MAYOR
HONORABLE CITY COUNCIL
OAKLAND, CALIFORNIA

**RE: A PERFORMANCE AUDIT OF THE CITY'S GRANT SELECTION,
MANAGEMENT, MONITORING AND EVALUATION FOR THE MEASURE Y
VIOLENCE PREVENTION PROGRAM**

Dear Mayor Dellums, President Brunner and Members of the Council:

Attached is the Performance Audit of the grant administration for the Measure Y Violence Prevention Program. The objectives of the audit were to assess:

- (1) The Department of Human Services' (DHS') administration of the grant program, including its oversight and monitoring of grantee activities;
- (2) the extent to which grantees have administered the grants in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant awards; and
- (3) the effectiveness of the process for evaluating Measure Y grants.

As public servants it is critical for us to realize that grant administration poses a unique challenge. We award funds to entities outside of our direct control. Most government departments awarding funds face this significant challenge. In fact, the U.S. Department of Justice, Office of the Inspector General has identified grant management as one of its top ten challenges for addressing misuse and potential fraud. Additionally, the U.S. Attorney for the Northern District of California estimates that government entities lose between 10-15% of federal grant funds to fraud. Therefore, it is the City's responsibility to ensure that grant management practices minimize opportunities for waste, fraud and abuse to occur.

While the audit acknowledges the accomplishments of DHS thus far in implementing Measure Y objectives including the use of several key grant management controls it also includes several recommendations for improvement. As the audit reveals in the administration of grant funds, the City must be proactive and comprehensive in the implementation of its grant management systems to ensure on-going monitoring of all taxpayer dollars issued as grants.

The audit demonstrates that the City awarded grants before ensuring essential management, monitoring and evaluation systems were in place. When the City fails to recognize the importance of building solid management systems on the front end of program development, taxpayer dollars and confidence are placed at risk.

The City and the electorate have placed great expectations on the successful implementation of Measure Y. It is my hope that this audit will be a tool to ensure stringent oversight of these grant funds is incorporated into not only the administration of the Measure Y Violence Prevention Program, but all other City Programs where grant funds are awarded.

I would like to express my appreciation to the City Administration for their cooperation during our audit. A response from the Administration is included in the audit report.

I would also like to acknowledge my staff for their dedicated service in performing the audit of the Measure Y Violence Prevention Program grants administration.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'Courtney A. Ruby', written in a cursive style.

COURTNEY A. RUBY, CPA
City Auditor

City of Oakland Office of the City Auditor

Measure Y Violence Prevention Program
Performance Audit: Grant Selection,
Management, Monitoring and Evaluation
Needs Improvement

August 31, 2009

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EXECUTIVE SUMMARY

The Office of the City Auditor conducted a performance audit of grants oversight for the Measure Y Violence Prevention Program, which is administered by the City of Oakland's Department of Human Services (DHS). The scope of the audit was fiscal years 2006-07 and 2007-08. The objectives of the audit were to assess:

- (1) DHS' administration of the grants program, including its oversight and monitoring of grantee activities;
- (2) The extent to which grantees have administered the grants in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant awards; and
- (3) The effectiveness of the process for evaluating Measure Y grants.¹

Since the inception of the Measure Y Violence Prevention Program in 2004, the City has awarded approximately \$23 million in 104 violence prevention grants to this program for the purpose of providing a continuum of support for youth and young adults in Oakland most at risk for committing and/or becoming victims of violence. The City's partnership with nonprofit and public agencies through Measure Y grant awards is essential to complying with the requirements of the ordinance and meeting voter-mandated expectations.

The audit acknowledges the accomplishments of DHS thus far in implementing Measure Y objectives. DHS is employing several key grant management controls including establishing grantee reporting requirements; developing a database to monitor grantees; providing training and technical assistance; and conducting annual site visits. As the audit reveals, in the administration of grant funds, the City must be proactive and comprehensive in the implementation of its grant management systems to ensure on-going monitoring of all taxpayer dollars issued as grants.

For any public or private organization, grants administration poses a unique challenge for the provider in that funds are being awarded to entities outside of its direct control. The U.S. Department of Justice, Office of the Inspector General has identified grant management as one of its top ten challenges for addressing misuse and potential fraud. The U.S. Attorney for the Northern District of California estimates that government entities lose between 10-15% of federal grant funds to fraud. As a result, there is a need to ensure that grant management practices minimize opportunities for waste, fraud and abuse to occur.

¹ Grants are legal instruments through which funds are transferred to support a public purpose.

Unlike the financial audit performed annually by external auditors, a performance audit addresses whether the City is effectively spending taxpayer dollars and using efficient processes and procedures while complying with relevant rules and regulations. If areas needing change are identified, recommendations for improving operations are provided. In our audit we *did not* assess the program effectiveness of the Measure Y Violence Prevention grants, *nor* did we evaluate the performance of individual Measure Y Programs.

FINDINGS AND RECOMMENDATIONS

As a result of this performance audit of the City's grants administration of the Measure Y Violence Prevention Program, including oversight and monitoring of grantee activities, it is incumbent upon the City to improve its grant management practices to:

- Ensure all grant funds are awarded through a defined selection process;
- Ensure internal controls are designed, implemented and monitored to reduce the risk of inappropriate or ineffective use of grant funds; and
- Ensure all organizations that receive grant awards are evaluated.

This audit report contains three sections of findings. The first finding section discusses the fairness of the Measure Y Violence Prevention Program competitive Request for Proposals (RFP) process. The second finding section discusses DHS' grant management efforts. Finally, the third finding section discusses the effectiveness of the process for evaluating Measure Y grants.

Grant Award Selection Process Was Conducted Adequately But Selection Criteria Needs To Be Better Defined

The Measure Y Violence Prevention Program grant award process was adequate; however, DHS needs to better define the selection criteria that requires grantee applicants to have a proven track record for providing violence prevention services. In addition, some applicants were approved without going through the Request for Proposal (RFP) process.

The fundamental values of an open competitive process for City funds are to ensure transparency, equity and consistency in making award decisions. Funding decisions should be based solely on a clearly defined selection process.

The audit revealed that for fiscal years 2006-07 and 2007-08 approximately 27% of Measure Y awards were approved without going through the RFP process.

It is advised that all applicants participate in a defined selection process to ensure the credibility, integrity and fairness of the selection process is not compromised.

Grant Management and Monitoring Efforts Need To Be Improved

The effective use of DHS' time must strike a balance between administering grants and providing management and oversight of organizations receiving grant funds. When the appropriate balance is not achieved, the public cannot be certain that program objectives are being met and funds are being properly spent.

Our review found that DHS has implemented some aspects of key management controls and has made progress in initiating a grant management and monitoring program. For instance, DHS has: (1) established grantee reporting requirements; (2) contracted for the development of a database to monitor grantees; (3) provided training and technical assistance to grantees; and (4) conducted annual site visits of grantees.

However, improvements in DHS' grant management and monitoring efforts are still needed. The following are examples of oversight weaknesses identified in the audit:

- ***The grantees we sampled did not meet required contract deliverables in at least one of the four quarters in fiscal year 2007-08.***
- ***DHS paid grantees the full contract amount despite deliverables not being met and without sufficiently documenting the reason for full payment.***
- ***On the day of our site visit, 70% of the students currently enrolled in one of the Measure Y Programs were not present.***
- ***During our review, a grantee could not provide eligibility documentation for 58% of the participants, or 23 out of the 40 participants.***
- ***DHS does not require sub-grantee monitoring by DHS staff; instead this responsibility is assigned to the grantee, which is the lead agency and is reviewed as part of DHS' site visit of the lead agency.***

- *During our review of grant monitor files, we could not verify the level of monitoring that DHS performed due to DHS' lack of documentation in the grant files.*
- *Several Site Visit Checklists were incomplete and there was no evidence that a supervisor had reviewed the checklist to ensure a proper site visit had been conducted or had occurred.*
- *One grantee received funding for salary costs for a position that was not filled. In addition, two grantees charged various items to the grant that were not approved in the contract.*

Essentially, stringent oversight of these grant funds must be fully incorporated into the administration of the Measure Y Violence Prevention Program. An effective grant management system will ensure programmatic dollars are being spent in accordance with the Measure Y ordinance.

Program Evaluation Process Needs to be Improved

Program evaluation allows the City to determine whether Measure Y-funded nonprofit and public agencies have achieved expected outcomes. In turn, these evaluations provide the public with a basis for assessing the City's success in accomplishing the objectives of the voter-approved measure.

The City Administrator contracted an independent evaluator to measure the effectiveness of the Measure Y Violence Prevention Program; however, we noted problems regarding the data collected for the evaluators.

Despite the Measure Y ordinance stipulation, six Measure Y grantees that received more than \$1.7 million were not evaluated.

Without proper evaluation, the City cannot determine whether the grants awarded are an appropriate use of City funds and if the Measure Y Violence Prevention Program met the intention of the voters.

RECOMMENDATIONS

In summary, our audit report acknowledges both the accomplishments of DHS thus far, as well as the improvements that must occur. Without a fully effective grant management and oversight program, Measure Y funds are subject to risk of inappropriate use and inability to meet program objectives.

The audit report includes recommendations to improve the award process, grant management and monitoring efforts, and the process for evaluating the Measure Y grants. Specifically, we recommend the following to DHS:

- ☒ Adhere to the selection criteria of grantee applicants that are specified in the RFP and clearly define the criteria for “a proven track record” of providing violence prevention services in its next RFP.
- ☒ Continue to develop written policies and procedures for grant management and provide adequate staff training to ensure the appropriate execution of such policies and procedures.
- ☒ Establish formal processes for detecting and preventing fraud on the part of the Measure Y Violence Prevention Program grantees and require grant management staff to perform annual fraud assessments of grantees as part of their annual site visits.
- ☒ Define specific parameters for issuing payments when grantees do not meet their deliverables.
- ☒ Implement a formal course of action to address attendance issues with grantees.
- ☒ Implement a verification process for ensuring that grantees are providing Measure Y services to Oakland residents only. It should also enforce its contract by disallowing reimbursement to grantees that cannot provide eligibility information on Measure Y participants.
- ☒ Improve the method of follow-up and tracking corrective action.
- ☒ Pursue a more active role in directly monitoring all of the Measure Y sub-grantees. In addition, further refine the policies and procedures for monitoring sub-grantees and establish the specific responsibility the lead agency will have in those monitoring efforts.

- ☑ Require grant monitors to maintain documentation from grantee site visits and expand their sampling of budget line items and client files. In addition, it should establish policies and procedures for supervisory review of the Site Visit Checklists and supporting documentation prior to issuing a Site Visit Summary.

We also recommended that the City Administrator:

- ☑ Ensure that all Measure Y Violence Prevention Program grantees are evaluated.

INTRODUCTION

The Office of the City Auditor (City Auditor) has conducted a performance audit of grants oversight for the Measure Y Violence Prevention Program, which is administered by the City of Oakland's (City) Department of Human Services (DHS). As of December 31, 2008, the City has awarded approximately \$23 million in 104 violence prevention grants.¹ The purpose of these grants is to provide a continuum of support for youth and young adults most at risk for committing and/or becoming victims of violence.²

The objectives of the audit were to assess: (1) DHS' administration of the program, its oversight and monitoring of grantee activities; (2) the extent to which grantees have administered the grants in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant awards; and (3) the effectiveness of the process for evaluating Measure Y grants.

Background

Oakland has a number of neighborhoods with high rates of homicide and violent crime. In fact, more than 80% of violent crimes in Alameda County occur in Oakland or to Oakland residents. The crime rate in Oakland has been consistently high over the last two decades.³ The prevalence of violence demands urgent attention by policymakers and program managers to collectively develop and enact creative prevention strategies to reduce risk factors and increase resiliency factors.

In response to rising crime and violence, Oakland voters passed Measure Y in 2004 to address the root causes of violence including poverty, unemployment, discrimination, substance abuse, educational failure, fragmented families, and domestic abuse. The initiative supports approximately \$20 million per year for increased police services, fire safety, and violence prevention programs. The goal of Measure Y is to increase public safety and to dramatically reduce violence.

Overview of Measure Y Legislation

Measure Y provides for the collection of a dedicated parcel tax and a parking tax surcharge to increase police staffing, enhance fire safety, and expand violence prevention programs. The Measure Y taxes became effective January 1, 2005, and will continue for 10 years. Measure Y establishes an

¹ \$6.3 million in FY 2006-07; \$8.2 million in FY 2007-08; and \$8.1 million in FY 2008-09 funded to Measure Y grantees.

² Grants are legal instruments through which funds are transferred to support a public purpose.

³ Violence in Oakland: A Public Health Crisis, Alameda County Public Health Department, December 2006

allocation process for use of the tax proceeds. First, the City allocates up to \$4 million for fire services. Of the remaining money (the “anti-violence money”), the City must allocate at least 40% for violence prevention social services. The City allocates the remaining monies to police services and equipment.

Measure Y includes other stipulations regarding the use of the proceeds. The measure stipulates that tax proceeds raised by Measure Y may only be used as part of the following integrated program of violence prevention and public safety intervention, in accordance with the following specific purposes:

- Community and Neighborhood Policing: Hire and maintain at least a total of 63 police officers assigned to specific community policing objectives.
- Violence Prevention Services with an Emphasis on Youth and Children: Expand preventive social services provided by the City or by adding capacity to community-based nonprofit programs with demonstrated past success.
- Fire Services: Maintain staffing and equipment to operate 25 fire engine companies and 7 truck companies, expand paramedic services, and establish a mentorship program at each station.
- Evaluation: Not less than 1% or more than 3% of funds appropriated to each police services or social service program shall be set aside for the purpose of independent evaluation of program.

Oversight, Annual Audit and Imposition of Tax

Measure Y establishes a citizen oversight committee, requires an annual independent audit, and outlines the conditions that must be met before any taxes can be collected. The Measure Y ordinance establishes an 11-member Violence Prevention and Public Safety Oversight Committee also known as the Measure Y Oversight Committee. Comprised of three mayoral appointments and one appointment from each of the City Council members, the Measure Y Oversight Committee is charged with ensuring proper administration of the revenue collection and spending, and the implementation of programs mandated by Measure Y. Measure Y also provided for the Measure Y Oversight Committee to review the annual audit, evaluate, inquire and review the administration, coordination and evaluations of the programs and make recommendations to the Mayor and City Council for any new regulations, resolutions or ordinances for the administration of the programs to comply with the requirements and intent of Measure Y.

Measure Y requires an annual audit to assure accountability and the proper disbursement of the tax proceeds. Since the passage of Measure Y, the City has contracted with an external auditor to conduct this annual audit.

Measure Y also stipulates that no tax may be collected to fund programs and services in any year that the City budget for staffing of sworn uniformed officers is at a level lower than 739. Thus, Measure Y requires that the Oakland Police Department be funded to hire at least 739, but does not require these positions be filled before the Measure Y tax can be collected.

Measure Y Violence Prevention Program

A key component of Measure Y and of violence prevention in general, is the prevention of new crimes. Measure Y provides funds for a wide range of community programs designed to prevent teenagers and young adults from engaging in criminal activity. Some of these programs are aimed at youth who have never committed a crime, while others focus on individuals who are on probation or are returning from prison and at risk of committing further crimes.

DHS is currently overseeing approximately \$8.1 million for the Measure Y Violence Prevention Program in fiscal year 2008-09, including approximately \$6.3 million in ongoing programs, plus \$1.8 million in carry forward funds.⁴ Fiscal year 2008-09 is the third and final year of a three-year funding cycle for most Measure Y funded programs. Appendix I lists all of the grantees, a description of service that the grantee is providing and Appendix II lists the strategy the grantee is intended to address, and the grant amounts.

DHS oversees all of the Measure Y Violence Prevention Program grants. The Measure Y Violence Prevention Program is organized into seven *strategies*, each of which is intended to offer a set of integrated and coordinated services focusing on specific aspects of violence prevention and using a shared logic model.⁵ The strategies and a description of each, as provided by DHS are listed below.

- **Youth Outreach and Services** serve those youth (ages 14-24) who are most at risk for involvement in violence, including those who are on probation, suspended or expelled from school, sexually exploited and/or chronically truant.
- **Family Violence and Mental Health Services** serve children, youth and families who have been exposed to violence, including domestic violence, child abuse and sexual exploitation.

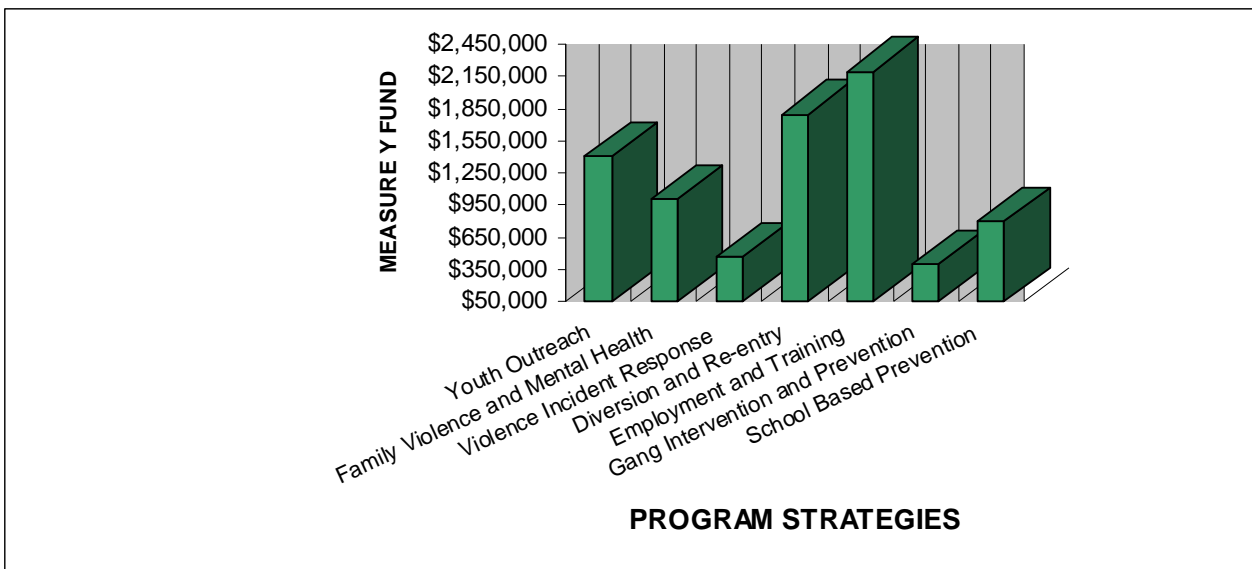
⁴ Carry forward funds are funds that were allocated to grantees but were not dispersed. The unspent funds are transferred to the Measure Y reserve and are available for the City Council to use for specific high priority projects.

⁵ The logic model is a general framework for describing work in an organization. In its simplest form, the logic model analyzes work into four categories or steps: inputs, activities, outputs, and outcomes.

- **Violent Incident Response Services** aid the families of victims of shootings and homicides.
- **Diversion and Re-entry Services** assist youth and young adults who are on probation and parole reintegrate successfully back into the Oakland community.
- **Employment and Training** programs engage high risk youth and young adults on parole and probation in paid training and place them in jobs.
- **Gang Intervention and Prevention** programs assist young people in, or at risk of attachment into gangs, and teach parents of school aged children how to keep their children out of gangs.
- **School Based Prevention Services** are prevention-oriented programs that promote emotional health, pro-social behavior, and conflict mediation for children in Oakland public schools and Head Start centers.

The following exhibit displays the funding for the seven strategies. As Exhibit 1 demonstrates, in fiscal year 2007-08, Employment and Training and Diversion and Re-entry Services were the top two funded strategies.

Exhibit 1
Measure Y Violence Prevention Program Funding
By Strategy for Fiscal Year 2007-08



Source: City of Oakland, Department of Human Services

Within a given strategy, individual programs employ a common program model that offers targeted interventions to their clients. The programs are administered by grantees, also known as lead agencies, which are the community-based organizations and government agencies that implement and operate the Measure Y programs. In some cases, a single program is operated jointly by two or more grantees. In other cases, a single grantee

may operate more than one program. Across the seven strategies, in fiscal year 2007-08, 38 Measure Y grants were awarded.

Measure Y provided outreach for 7,307 Oakland youth/young adults in fiscal year 2007-08.⁶ Exhibit 2 lists the number of individual clients served by the various Measure Y grantees and sub-grantees.

Exhibit 2
Measure Y Clients Provided with Individual-Level Services for
Fiscal Year 2007-08

Agency	Total Number Individual Clients Served
Alameda County Health Care Services (OUR KIDS)	663
Alameda County Health Care Services (CRSN)	93
Allen Temple (Project Choice, Intensive Reentry)	187
Attitudinal Healing (Restorative Justice)	64
Bay Area Video Coalition/Youth (After School Jobs)	34
Catholic Charities of the East (Community Response and Support)	423
City of Oakland Office of the City Administrator Neighborhood Services Division (City-County Neighborhood Initiative)	194
East Bay Agency for Children (Street Outreach)	259
East Bay Asian Youth Center (Street Outreach)	169
Family Justice Center (Older Youth Support Groups)	75
Leadership Excellence (Leadership Excellence)	414
Office of Parks and Recreation (Sports & Recreation)	310
OUSD, Office of Alternative Education (Gang Intervention and Prevention)	160
Project Re-Connect (Gang Intervention and Prevention)	59
Sports4Kids (Sports & Recreation)	178
The WorkFirst Foundation (Transitional Jobs/America Work)	236
Volunteers of America, Bay Area (Crew-Based Sheltered Employment)	52
Volunteers of America, Bay Area (Project Choice)	175
Youth ALIVE (Highland Hospital)	53
Youth ALIVE! (Street Outreach)	91
Youth Employment Partnership (Intensive Reentry Employment)	50
Youth Employment Partnership (Summer Jobs)	140
Youth Employment Partnership (After School)	157
Youth Radio (After School Jobs)	56
Youth UpRising (Street Outreach, Sports & Recreation)	150
Alameda County Sexually Exploited Minors Network	260
The Mentoring Center - Pathways to Change	184
The Mentoring Center - Project Choice	65
Family Violence Law Center	2356
Total	7,307

Source: Measure Y Cityspan Database

⁶ According to DHS, Measure Y also served more than 16,000 students through the Oakland Unified School District's Second Step and Conflict Mediation program. However, we did not verify the data source for this group of Measure Y program participants.

Measure Y Contracting Method

DHS has employed the use of performance based contracting to administer the Measure Y Violence Prevention grants. This type of contracting uses several elements that distinguish it from the more traditional types of governmental contracting, which tend to place emphasis on inputs rather than outcomes. For example, such contracts usually have detailed the procedures and processes to be used in delivering a service; amount and type of equipment; and/or time and labor to be used. Performance based contracting, however, typically incorporates some or all of the following characteristics:

- An emphasis on results related to output, quality, and outcomes rather than how the work is performed,
- Outcomes that contain clearly defined objectives and timeframes,
- Measurable performance standards and quality assurance plans, and
- Performance incentives that tie payment to outcomes.

Not all of these specific characteristics are included by state and local agencies implementing performance based contracting, but all agencies do include an emphasis on contractor performance that is related to desired agency outputs and outcomes for the services provided.

Because the intent is to pay contractors based on outcomes and performance rather than the processes or methods used to deliver goods and services, there are some potentially positive expectations and benefits often associated with performance based contracting. Some of these expectations and benefits include requiring less day-to-day monitoring, more economical procurement and contract administration, fewer reporting requirements and less frequent but more meaningful monitoring.

Annual Independent Evaluation

Measure Y also provides funding for an ongoing independent evaluation of the Measure Y Violence Prevention Program's effectiveness. The evaluation team for the first two years has been led by Berkeley Policy Associates (BPA), an Oakland-based social policy research firm, with the RAND Corporation as a subcontractor. In fiscal year 2008-09, the City contracted with Resource Development Associates to evaluate the Measure Y Violence Prevention Program grants.

Objectives, Scope, and Methodology

Audit Objectives

The objectives of the audit were to assess: (1) DHS' administration of the program, its oversight and monitoring of grantee activities; (2) the extent to which grantees have administered the grants in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant awards; and (3) the effectiveness of the process for evaluating Measure Y grants. In our audit, we did not assess the program effectiveness of the Measure Y Violence Prevention grants, nor did we evaluate the performance of individual Measure Y grantees.

Audit Scope

The scope of the audit was fiscal years 2006-07 and 2007-08. Our review of the internal controls was limited to those controls that DHS relied on to administer and provide oversight to the Measure Y Violence Prevention Program.

Audit Methodology

This section describes the methodologies we used to complete the audit objectives. To assess the adequacy of DHS' administration of the Measure Y Violence Prevention Program, we performed audit work at DHS and at the grantee sites. Specifically, we: (1) reviewed laws, regulations, and other guidance for managing and administering, and awarding contracts and grants for the Measure Y Violence Prevention Program; (2) interviewed DHS staff, Measure Y Oversight Committee members, the City Administrator's staff, the independent evaluator and grantee officials responsible for implementing the program; (3) surveyed non-funded Measure Y applicants regarding the Request for Proposal (RFP) process; (4) verified the accuracy of scoring for 30% of funded applicants as well as 30% of non-funded applicants; and (5) reviewed documentation related to the Measure Y grants awarded from fiscal years 2006-07 and 2007-08.

To evaluate the extent to which grantees have administered the grants in accordance with applicable laws, regulations, guidelines, and terms and conditions of the grant awards we judgmentally selected a sample of five Measure Y grants totaling \$1,396,714 awarded in fiscal year 2006-07 and \$1,471,714 in fiscal year 2007-08. In our sample, each grantee was chosen from a different program strategy under Measure Y. We also included grantees that were awarded different levels of funding to cover the complete range of low to high awards. For each grant selected, we reviewed the grant files and performed various tests to determine whether DHS was adequately monitoring grants awarded to Measure Y grantees, whether required financial

and progress reports were submitted, whether corrective action had been taken on or initiated for the deficiencies found in grantee Site Visit Summaries, and whether program deliverables were met in a timely manner.⁷ In addition, we performed tests to determine if the grantees were providing the services that were included in the contract with the City. Based on selected observations of program operations during our site visits, we compared the scope of work presented in the contract to the actual services the grantee was providing. The five grantees we selected for our review are shown in Exhibit 3 below:

Exhibit 3

Measure Y Grantees Selected for Review by Strategy for Fiscal Years 2006-07 and 2007-08

Sample Grantees	Program Strategy	Amounts Awarded FY 2006-07	Amounts Awarded FY 2007-08
Leadership Excellence/The YMCA	Youth Outreach and Services	\$245,500	\$245,500
The Mentoring Center – PTC	Diversion and Re-Entry Services	\$691,214	\$691,214
Catholic Charities	Violent Incident Response	\$300,000	\$300,000
Project Re-connect	Gang Intervention and Prevention	\$ 85,000	\$ 85,000
Youth Radio	Employment and Training	\$ 75,000	\$150,000
Total		\$1,396,714	\$1,471,714

Source: City of Oakland, Department of Human Services

To assess the effectiveness of the process for evaluating Measure Y Violence Prevention Program grants we: (1) evaluated the accuracy of performance and financial data reported to DHS for fiscal years 2006-07 and 2007-08; (2) interviewed the Independent Evaluator responsible for evaluating the Measure Y grants; and (3) interviewed Measure Y grantees to obtain their views on the effectiveness of DHS' Measure Y Violence Prevention Program.

This audit report contains three sections of findings. The first finding section discusses the fairness of the Measure Y Violence Prevention Program RFP process. The second finding section discusses DHS' grant management efforts. Finally, the third finding section discusses the effectiveness of the process for evaluating Measure Y grants.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁷ Program deliverables are tangible and measurable results, outcomes, or items that must be produced to complete a project or part of a project. Typically, the project team and project stakeholders agree on program deliverables before the project begins.

The Office of the City Auditor is required to disclose that the City Auditor, as well as the Audit Manager who performed the Measure Y Violence Prevention Program audit, made personal donations to Measure Y grantees prior to initiating this audit. These donations were made to the Attitudinal Healing Connection and the Family Violence Law Center, respectively. In our judgment, these donations do not impair our independence.

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AUDIT RESULTS

FINDING 1: GRANT AWARD SELECTION PROCESS WAS CONDUCTED ADEQUATELY BUT THE SELECTION CRITERIA NEEDS TO BE BETTER DEFINED

The Measure Y Violence Prevention Program award process was adequate; however, DHS needs to better define the selection criteria that requires grantee applicants to have a proven track record for providing violence prevention services. In addition, some applicants were approved without going through the RFP process.

In our audit, we evaluated the selection process by which awards were made to service providers. We reviewed data from a judgmental sample of awarded grants, as well as from a judgmental sample of non-funded applicants. The following section discusses the application process, types of funded organizations, the review process and the process for scoring applicants.

Process for Awarding Violence Prevention Grants

DHS issued its first solicitation for awarding Measure Y Violence Prevention Program grants in fiscal year 2004. As shown in Exhibit 4, from fiscal years 2006-07 through 2008-09, DHS awarded up to 40 grants to various service providers.⁸

Exhibit 4
Measure Y Total Grants Awarded from
Fiscal Years 2006-07 through 2007-08

Fiscal Year Awarded	Grants Awarded	Amounts Awarded
2006-07	26	\$6.3 million
2007-08	38	\$8.2 million
2008-09	40	\$8.1 million
Total	104	\$22.6 million

Source: City of Oakland, Department of Human Services

⁸ Grants awarded include both Measure Y grantees and sub-grantees.

Measure Y Funding Strategy

Funding decisions for Measure Y Violence Prevention Program grants to non-profit organizations and public agencies were determined, in part, by their ability to best serve the high risk youth populations in high risk areas. Distribution of Measure Y resources was designed to reflect Oakland's local communities that are affected by violence at vastly different levels. In order to determine the varying needs of each community, staff evaluated fifty-seven (57) community police beats on eleven data indicators, referred to as "stressors" and organized under three factors as listed on the following page.

- Crime Factors: Juvenile and young adult arrests, domestic violence and child abuse, violent offenses and total crime.
- Economic Factors: Census data for unemployment, percent of residents living under the poverty level and percent of residents receiving public assistance.
- Education Factors: Number of chronic truants and violent suspensions.

Each police beat was rated on each stressor and the top ten beats for each stressor were highlighted. The number of times a police beat was found in the top ten, on any given indicator or stressor, counted toward the total stressors of that particular beat.

After identifying the 13 beats with the greatest number of stressors (4 or more) and the 8 beats with medium level of stressors (2 to 3), staff generated a map to show the concentration of high stressor beats in three sections of the City. The map indicated the beats with the high number of (4 or more) stressors and the beats with the medium (2 or 3) stressors.

Funding decisions for Measure Y Violence Prevention Program grants to non-profit organizations and public agencies were determined, in part, by their ability to best serve the high risk youth populations in high stress beats.

Application and Review Process

DHS established a two-step application process for the violence prevention funding. This process was designed to save applicants time, and to allow for a focus on developing formal partnerships and service integration. DHS solicited Preliminary Proposals. Nonprofit, community based organizations and public agencies that wanted to be considered for these funds submitted a Preliminary Proposal by the deadline.

Organizations and partnerships that demonstrated in the Preliminary Proposal the capacity to provide the requested services and the ability to implement quality programs were invited to submit a full proposal. The full proposal required more detailed information from applicants, including a more

detailed and comprehensive program description, evidence of formalized partnerships (i.e. signed Memoranda of Understanding), a full budget and budget justification, and evidence of nonprofit status and appropriate levels of insurance.

According to the City's Request for Proposal (RFP), proposals should include the following six critical elements:

1. Strong service track record, particularly with targeted populations and geographic areas;
2. Incorporation of best practices into program design;
3. Clear, specific outcomes linked to violence prevention;
4. Service activities that clearly lead to these outcomes;
5. Demonstrated partnerships; and
6. Leveraged resources.

The City received a total of 44 preliminary proposals. City staff from the Office of the City Administrator, Community and Economic Development Agency, and DHS worked with outside experts to conduct a review of all preliminary proposals submitted. Outside panelists were selected for their expertise in key areas including violence prevention, street outreach, employment, youth development with high risk youth, family violence, mental health, recreation, and community policing. Panels were developed representing experts with varied programmatic experience in the public and nonprofit sectors. Panels were instructed to conduct a review of each preliminary proposal using a consistent evaluation rubric. During the proposal review, the panel was directed to look at balancing geographic distribution across the high need community police beats and how collaborations and other strategies might maximize the use of resources. According to DHS, preliminary applicants who demonstrated clear qualifications, including a history of success to deliver the service to the specific target populations in the geographic areas, were invited to submit a full proposal. Final funding recommendations were brought to the Oakland City Council for approval.

In fiscal year 2006-07, the City awarded 26 service contracts. Organizations selected to provide services were contracted by the City initially for a term of 12 to 15 months. The City awarded the final contracts in April 2006, with services commencing in May through July of 2006. Upon mutual agreement, the City renewed the contracts with the service providers for two (2) additional 12-month periods, subject to satisfactory performance, availability of City funds, and City Council approval.

Types of Funded Organizations

Nonprofit organizations and public agencies received Measure Y funds. Nonprofit community based organizations can be private or public nonprofit organizations, incorporated in the State of California, and designated as tax-exempt and registered with the California Franchise Tax Board. Public private partnerships were also heavily encouraged. According to DHS, the Measure Y Violence Prevention Program funds are for “adding capacity to community based nonprofit programs with demonstrated past success.” The program is designed to support existing programs and agencies with a successful track record of serving the target populations and providing the types of violence prevention service strategies approved by City Council. According to DHS, the program is not designed to provide startup funding for new agencies. However, new partnerships between established agencies were encouraged.

Scoring Applicants

To assess whether DHS accurately and fairly scored Measure Y grant applicants we reviewed a sample of 30% of the funded proposals, as well as 30% of the non-funded proposals. We performed tests to determine if the scoring process was adequately documented, if all approved grantees went through the scoring process, and if the scoring was consistent throughout the process.

The selection criteria specified in the Measure Y Ordinance and the RFP required grantee applicants to have a proven track record of providing violence prevention services; however, DHS does not clearly define the criteria for “a proven track record.” For example, we noted that the RFP does not specify the number of years that an applicant must have been providing services. This lack of specific criteria in the RFP leaves it up to individuals to determine what a “proven track record” means. As a result, we questioned whether one of the grantees had a proven track record of providing violence prevention services. In our judgment, the program was less than 3 years old and had not provided such services in the past. We recommend that DHS adhere to the selection criteria of grantee applicants that are specified in the RFP and clearly define the criteria for “a proven track record” in its next RFP.

Exhibit 5 **Measure Y Awards for** **Fiscal Year 2006-07**

RFP Awards	19
Non-RFP Awards	7
Total Grants Awarded	26

Source: City of Oakland, Department of Human Services

Our audit also found that in the fiscal year 2006-07 funding cycle, the City Council approved funding for 7 out of 26 programs without utilizing the RFP process. The following are a list of programs that were not required to go through the RFP process, which were awarded a total of \$1,126,711, placing a significant amount of funds at risk of insufficient scrutiny which was employed for other Measure Y grantees:

- City-County Neighborhood Initiative
- Alameda County Family Justice Center - Youth Support Groups
- Attitudinal Healing Connection - Restorative Justice
- Safe Passages Middle School Model
- Second Step Violence Prevention Curriculum
- Peer Conflict Resolution Program
- Oakland Parks and Recreation Radical Rovers

Conclusion

The impact of allocating funding to programs without going through the RFP process may compromise the credibility, integrity and fairness of the selection process. However, the Measure Y ordinance did not require program funds to be distributed through a competitive bidding process. DHS explained that the City Council made funding decisions on behalf of the above grantees without utilizing the RFP process for several reasons, including: “1) the program could only be implemented by a public agency; 2) it was determined that the agency was important enough to warrant sole source funding due to its vital role in the delivery of violence prevention services; or 3) it was an existing program that was unique and merited support.”

In our opinion, funding decisions should be based solely on a clearly defined selection process. Further, all requirements defined in the RFP process should be followed to ensure fairness and integrity in the grantee selection process for the Measure Y Violence Prevention Program and that the intentions of the voters are met. Therefore, we recommend that DHS adhere to the selection criteria of grantee applicants that are specified in the RFP and clearly define the criteria for “a proven track record” of providing violence prevention services in its next RFP. We also recommend that the City Council ensure that the selection process for grantee applicants is clearly defined if the RFP process is not utilized.

Recommendations

We recommend that DHS:

RECOMMENDATION NO. 1: Adhere to the selection criteria of grantee applicants specified in the RFP and clearly define the criteria for “a proven track record” of providing violence prevention services in its next RFP.

We recommend that the City Council:

RECOMMENDATION NO. 2: Ensure that the selection process for grantee applicants is clearly defined if the RFP process is not utilized.

FINDING 2: GRANT MANAGEMENT AND MONITORING EFFORTS NEED TO BE IMPROVED

DHS is responsible for grant management and monitoring of Measure Y's Violence Prevention Program. Accordingly, DHS has established some controls to provide oversight for the Violence Prevention Program grants. These efforts have been in addition to the previously described RFP process and financing of 26 agencies, and have occurred within a limited timeframe. While DHS has made progress in initiating a grant management and monitoring program, our audit identified oversight weaknesses in the following nine areas: (1) grantees meeting program deliverables, (2) defining specific program requirements, (3) program attendance, (4) verification of program eligibility, (5) grantee fiscal management, (6) corrective action follow-up and tracking, (7) sub-grantee monitoring, (8) supervisory review, and (9) documentation and records retention.

To address these weaknesses, we concluded that DHS needs to improve its grant management and monitoring efforts in order to effectively administer the Violence Prevention Program grants. The Measure Y Violence Prevention Program annually awards approximately \$8 million in grants, which necessitates a comprehensive oversight program. Therefore, DHS needs to establish a strong system of internal controls to ensure that grant programs are properly implemented, grant funds are spent appropriately and objectives are achieved.

Effective Grant Management Requires Appropriate Internal Control Systems to Ensure Grant Funds Are Used Appropriately and Achieve Intended Results

Without an effective grant management and oversight program, Measure Y funds are subject to an increased risk of inappropriate use that could undermine DHS' ability to achieve the Violence Prevention Program's objectives. Third-party analysis acknowledges the challenges and importance of implementing appropriate oversight measures. For at least the past eight years, the Department of Justice (DOJ) Office of the Inspector General has identified grant management as one of its top ten management challenges. Maintaining proper oversight over grantees to ensure the funds are used as intended is DOJ's main objective for the vulnerable area of grant funding. Subsequently, in October 2005 the Comptroller General of the United States formed a domestic working group to offer suggestions for improving grant

accountability. The working group published a *Guide to Opportunities for Improving Grant Accountability*. This guide stresses that organizations that award and receive grants need good management or internal control systems to ensure that funds are properly used and achieve intended results.⁹ These systems, which must be in place prior to grant award, can serve as the basis for ensuring grants are awarded to eligible entities for intended purposes, and are managed appropriately. Internal control systems that are not adequately designed or followed make it difficult for managers to determine whether funds are properly used. The *Guide to Opportunities for Improving Grant Accountability* identified a number of areas where internal controls are important, including:

- Preparing policies and procedures before issuing grants;
- Consolidating information systems to assist in managing grants;
- Providing grant management training to staff and grantees; and
- Managing grant program performance.

Preparing Policies and Procedures Before Issuing Grants

Having regulations and internal operating procedures in place prior to awarding grants enables agencies to set clear expectations. Policies serve as guidelines for ensuring that new grant programs include provisions for holding awarding organizations and grantees accountable for properly using funds and achieving agreed-upon results. Although different programs may need different procedures, general policies should be established that all programs must follow.

Consolidating Information Systems to Assist In Managing Grants

Consolidating information systems enables agencies to better manage grants by providing information on all grants. Each grant produces a large volume of information. By consolidating information and making it more accessible, agencies can better manage grant programs directed toward a common goal.

Providing Grant Management Training to Staff and Grantees

Agency staff and grantees need sufficient training so that they can understand the numerous regulations, policies, and procedures governing grant funds. Audit reports have found that deficiencies in grant oversight are not due to a lack of policies, but rather that existing policies are not being followed. Local governments are responsible for ensuring that staff is properly trained to fulfill grant requirements. It is essential that grantees also receive training, particularly small entities not familiar with all of the regulations and policies.

⁹ Internal controls consist of plans, methods, policies and procedures used to meet management's mission, goals and objectives.

Managing Grant Program Performance

Once grants are awarded, it is important that agencies properly manage the grants. Agencies need to ensure that grant funds are used for intended purposes, in accordance with laws and regulations, and lead to planned results. Effective grant management increases the likelihood that grants will contribute to agency goals. When managing grants, agencies should address:

- Monitoring the financial status of grants;
- Ensuring results through performance monitoring;
- Using audits to provide valuable information about grantees; and
- Monitoring sub-grantees as a critical element of grant success.

DHS Has Implemented Some Controls to Manage the Violence Prevention Grants

DHS implemented the Measure Y Violence Prevention Program in fiscal year 2005-06. Establishing a new program of this nature requires significant effort to establish appropriate internal controls over programmatic and fiscal activities. Our review found that DHS has implemented at least some aspects of many of the internal controls identified in *The Guide to Opportunities for Improving Grant Accountability* as shown in Exhibit 6. However, improvements in DHS' grant management and monitoring efforts are still needed.

Exhibit 6
Assessment of DHS' Implementation of Key Grant Management Areas

Areas of Opportunity	Key Grant Management Areas	City Auditor's Assessment of DHS' Implementation
Internal Control Systems	Preparing policies and procedures before issuing grants	Not Implemented
	Consolidating information systems to assist in managing grants	✓
	Providing grant management training to staff and grantees	Partially Implemented
	Coordinating programs with similar goals and purposes	✓
Performance Measures	Linking activities with program goals	✓
	Working with grantees to develop performance measures	✓
Pre-Award Process	Assessing applicant capability to account for funds	✓
	Competing grants to facilitate accountability	✓
	Preparing work plans to provide framework for grant accountability	✓
	Including clear terms and conditions in grant award documents	✓
Managing Performance	Monitoring the financial status of grants	✓
	Ensuring results through performance monitoring	Partially Implemented
	Using audits to provide valuable information about grantees	✓
	Monitoring sub-recipients as a critical element of grant success	Partially Implemented
Assessing and Using Results	Providing evidence of program success	✓
	Identifying ways to improve program performance	✓

Source: Adapted from the *Guide to Opportunities for Improving Grant Accountability*, October 2005

As Exhibit 6 above shows, DHS has implemented many of the internal controls noted in *The Guide to Opportunities for Improving Grant Accountability*. For instance, DHS has: (1) established grantee reporting requirements; (2) contracted for the development of a database to monitor grantees; (3) provided training and technical assistance to grantees; and (4) conducted annual site visits of grantees. These controls are described below.

DHS Has Established Grantee Reporting Requirements

DHS requires grantees to submit a scope of work and an itemized budget for the fiscal year. The scope of work includes a detailed description of the services that are to be performed as a provision for receiving Measure Y funding. The budget narrative includes the total project budget, including direct and indirect costs. The direct costs consist of program personnel costs, office expenses, program materials, and office equipment. Indirect costs consist of items such as overhead expenses.

DHS requires Measure Y grantees to submit quarterly progress reports. The quarterly progress reports are due on the dates specified in each grantee's contract. These reports address progress in terms of program implementation and completing the tasks specified in the contract, plans for the resolution of any problems which may arise and, if necessary, an updated work plan for the remainder of the contract period.

DHS also requires grantees to provide an annual final report for the fiscal year. The final report synthesizes information from all tasks to provide a complete analysis of accomplishments, including reported outcomes with regard to violence and safety related behavior and other social indicators, as appropriate. The report also includes a compilation of the quarterly progress reports data and quantitative and qualitative analyses of the data collected. In addition, the report contains the actual expenditures and the remaining balance for each budget category.

DHS Has Established a Database to Oversee Grantee Activities

DHS has established Cityspan, the Measure Y database that allows the City to track the services that Measure Y grantees provide to clients and their families. The database benefits both the grantees and DHS by:

- Eliminating redundancy in data collection and reporting;
- Reducing time and paperwork required for grantee to submit invoices; progress reports, and evaluation data to DHS;
- Streamlining internal data management processes for programmatic analyses, planning, evaluations, and research purposes;
- Tracking the number of clients served and the hours and numbers of client contacts; and
- Facilitating client data matching to school and probation data.

DHS Has Provided Training and Technical Assistance to Grantees

We noted that DHS has provided Measure Y grant recipients with training and technical assistance on how to implement effective programs and practices, and how to address new issues regarding violence. The types of technical assistance and training provided by DHS included: (1) sharing information on trends, new approaches, and innovative techniques for youth service providers, and child advocacy organizations; and (2) training on the use of the Cityspan grant management database.

DHS Has Conducted Grantee Annual Site Visits

DHS grant managers are responsible for performing annual site visits to review the activities of the Measure Y grantees. According to DHS, all Measure Y grantees are subject to annual on-site visits. Individual grant

managers notify the grantee and request that the grantee have grant documents ready for review. When conducting the reviews, two DHS staff members are on-site for approximately four hours to examine the grantee's progress toward grant objectives and assess grantee compliance with the conditions of the grant. The grant manager uses a Site Visit Checklist to perform a review of the grantee's files. See Appendix IV for the Site Visit Checklist. According to DHS, files are reviewed for eligibility documentation, consent forms, quality of case files and for verification that the dates and hours of service in the file are the same as the dates and times in the Measure Y database for specific clients. Following the completion of the review, the grant manager is responsible for completing a Site Visit Summary containing the findings and corrective actions needed.

DHS Needs To Strengthen and Establish Additional Grant Management Controls and Practices

Although DHS implemented some of the necessary internal controls for managing and monitoring the Measure Y program, we found that the weaknesses identified in grantees meeting program deliverables, defining specific program requirements, program attendance, verification of program eligibility, grantee fiscal management, sub-grantee monitoring, supervisory review, implementation of corrective action, and documentation and records retention are attributed to not implementing key grant management controls such as having formal, comprehensive written policies and procedures for grant management and monitoring prior to awarding contracts, providing adequate grant management training to staff, incorporating fraud assessments into annual site visits and providing adequate guidance for grantees regarding program and fiscal management of Measure Y funds.

DHS Needs to Continue Refining its Formal Written Policies and Procedures

Formal written policies and procedures are a fundamental component of an organization's management and also an integral part of sound financial management, in that they provide reasonable, though not absolute assurance that management's objectives are being met. The lack of documented policies and procedures may result in inconsistencies, non-compliance with laws and regulations and processing or procedural errors.

During our audit fieldwork, DHS lacked formal written policies and procedures for administering the Measure Y Violence Prevention Program. However, after the completion of our audit fieldwork, DHS developed and provided a Policies and Procedures Manual which we concluded requires further revisions to include specific areas identified in our report findings and recommendations.

Therefore, we recommend that DHS continue to develop written policies and procedures for grant management and provide adequate staff training to ensure the appropriate execution of such policies and procedures.

DHS Needs to Improve its Training for Grant Managers

As cited earlier, *A Guide for Opportunities to Improving Grant Accountability* states that training is an important internal control to ensure that grant management staff understand all the administrative, financial, and programmatic requirements for the types of grants they award. As such, staff needs “sufficient training so that they can understand the numerous regulations, policies, and procedures governing grant funds” as “deficiencies in grant management are not due to a lack of policies, but rather that existing policies are not followed.”

The audit found that DHS provides training to its grant managers; however, it has not established a formal training program. Specifically, DHS has not identified core courses for grant managers. According to DHS, it contracted a consultant to train staff on fiscal document reviews performed during annual site visits. However, DHS management acknowledged that there was no formal training program and on-the-job training was provided to staff through the use of grant management tools and procedures developed by the Oakland Fund for Children and Youth. Industry standards recommend that granting agencies should offer annual training to their grant administrators to reinforce administrative, financial, and programmatic requirements for the types of grants they award.¹⁰ We recommend that DHS develop a formal program to address the training needs of the grant management staff.

DHS Needs to Provide Fraud Training to Grant Managers and Conduct Fraud Assessments of Grantees

Typically, grant programs are highly vulnerable and susceptible to fraud.¹¹ The U.S. Attorney for the Northern District of California estimates that government entities lose between 10-15% of federal grant funds to fraud. The Measure Y Violence Prevention Program, like other grant programs, is susceptible to fraudulent behavior on the part of grantees. This behavior may include but is not limited to the inappropriate use of grant funds, over-reporting of performance, and providing services to ineligible clients. Therefore, DHS needs to ensure that grant management staff are properly trained to detect and prevent potential fraudulent behavior. Furthermore, grant managers

¹⁰ U.S. Department of Justice, Office of the Inspector General, *Improving the Grant Management Process*, Feb. 2009

¹¹ U.S. Department of Justice, *2008 Performance and Accountability Report: Top Management and Performance Challenges*

need to conduct fraud assessments while conducting site visits of grantees.

According to DHS, it has provided some training to staff on fraud detection; however, the audit found that DHS should establish additional controls for preventing and detecting fraud through developing a formal training program for grant managers on detecting and preventing fraud. Furthermore, grant management staff should incorporate a formal fraud assessment of grantees, while conducting annual site visits of grantees.

Therefore, we recommend that DHS establish formal processes for detecting and preventing fraud on the part of the Measure Y Violence Prevention Program grantees. This training should include how grant managers can spot indicators of potential fraud such as over-reporting of performance, poor internal controls over the handling of grant funds, and lack of documentation for performance and financial reporting. Furthermore, we recommend that DHS require grant management staff to perform annual fraud assessments of grantees as part of their annual site visits of grantees. DHS stated that it will commit to working with the Office of the City Administrator to institute a plan to best investigate fraud in grantee organizations that are funded by and through the City of Oakland in the future.

DHS Needs to Improve Grant Management Guidance for Grantees

Our audit found that DHS has not developed a manual for grantees on program and financial management. To this end, we recommend that DHS develop a grant management manual for the grantees that are awarded Measure Y funds to ensure that all Measure Y grants are administered consistently and grantees are required to adhere to the same guidelines. This manual should include such pre-award and post-award requirements as conditions of award and acceptance, standards for financial management systems, adjustments to awards, and allowable and unallowable costs.¹²

Key grantee officials should be required to take annual grant administration training that covers financial and programmatic requirements, and fraud awareness. This could be implemented via an on-line training program that can administer a test to ensure the recipient understands the basic requirements and can track the recipient's completion of the training.¹³

In addition, we recommend that DHS develop and distribute a user's manual for the Cityspan database to all grantees. During our fieldwork we observed grantees entering program deliverable data into the Cityspan database; however, we noted that grantees did not have a Cityspan user's manual on

¹² United States, Department of Justice, Office of Justice Programs Financial Guide 2008

¹³ U.S. Department of Justice, Office of the Inspector General, Improving the Grant Management Process, February 2009

site. DHS provides a Cityspan user's training for all grantees, a hand-out containing instructions for inputting data, and a Cityspan help desk that is staffed full-time. DHS also hired a full-time, independent contractor who grantees are instructed to call, in addition to the Cityspan help desk, if they have questions or problems regarding entering data. However, for efficiency purposes, we recommend each grantee should have a comprehensive user's manual readily available.

Audit Testing Revealed Additional Controls Are Needed for Programmatic and Fiscal Activities

To assess the adequacy of monitoring related to the Measure Y Violence Prevention Programs, we judgmentally selected a sample of five Measure Y grants totaling \$1,396,714 awarded in fiscal year 2006-07 and \$1,471,714 awarded in fiscal year 2007-08. For each grant selected, we reviewed the grant files and performed various tests to determine: whether DHS was adequately monitoring grants awarded to Measure Y grantees, whether required financial and progress reports were submitted, and whether program deliverables were met in a timely manner. Based on the results of our grant audits, we concluded that weaknesses in DHS management and monitoring had permitted a wide range of deficiencies. These deficiencies include:

- Inconsistent Payment Practices;
- Program Attendance Issues Insufficiently Addressed;
- Program Participants Eligibility Not Always Verified;
- Inadequate Fiscal Management;
- Budgetary Controls Need Improvement;
- Insufficient Corrective Action Follow-up and Tracking;
- Lack of Sub-Grantee Monitoring;
- Inadequate Supervisory Review of Annual Site Visits; and
- Lack of Requirement for Documentation and Records Retention.

Inconsistent Payment Practices

The Measure Y contracts between the City and the grantee's stipulate that failure to satisfactorily render program deliverables as indicated in the contract may result in a reduction in payment, suspension of payment, termination of the agreement, and disqualification from contracting or receiving funds from the City during the subsequent twelve months. This is a critical aspect of performance based contracting as it provides DHS with leverage to ensure that grantees provide the deliverables indicated in the contract. If the grantees do not provide the required deliverables, program participants may not be receiving the intended services and the City may not be receiving the benefits to prevent violence.

We conducted reviews of DHS grant monitoring documentation on program deliverables for the five sample grantees. We determined that all five grantees did not meet required contract deliverables in at least one of the four quarters in fiscal year 2007-08.

For the same sample of grantees, we compared the grantee contract amounts with the actual amounts of funding received for each quarter in fiscal year 2007-08. Although we noted that in some instances DHS withheld partial funding when grantees did not meet required quarterly deliverables, in most cases, we determined that DHS paid grantees the full contract amount, despite deliverables not being met. However, the criteria and consistent application for withholding funds was not clearly evident in the grants we reviewed. DHS stated that there are several subjective areas it considers before issuing payments including: (a) some grantees are responsible for several deliverables, some of which are more important to the program strategy than others, and (b) there are several valid reasons a deliverable could not be met. We recommend that DHS define specific parameters for issuing payments when grantees do not meet their deliverables.

The U.S. Government Accountability Office (GAO) issued a report on performance based contracts. In regards to payments to contractors, the GAO report states that performance based contracts should include quality assurance plans that describe how the contractor's performance will be evaluated, as well as positive and negatives incentives related to the contractor's performance.

To improve accountability for its performance based contracting, we recommend that DHS further define the criteria for assessing whether grantees met their deliverables and the positive and negatives incentives for meeting or not meeting the required deliverables. The criteria and incentives should be clearly spelled out in the grant agreements.

Program Attendance Issues Insufficiently Addressed

During our site visits of grantees, we identified attendance reporting issues. For example, on one site visit, 70% of the students currently enrolled were not present on the day of our site visit. In addition, two students had completely dropped out of the program before this site visit happened.

We also identified attendance issues at another grantee's program. Four of the participants left early and other participants were not fully engaged in the violence prevention activities. DHS staff also noted this issue on a site visit, but no corrective action was taken to address this matter.

Attendance and participation are critical if program participants are to reap the rewards of these programs. Furthermore, DHS is funding these programs

based on a specified level of service. Therefore, we recommend that DHS work with grantees to develop appropriate internal controls to ensure that DHS only pays for participants attending and participating in the violence prevention activities.

Program Participants Eligibility Not Always Verified

DHS needs to ensure that grantees provide services to the targeted groups to be served. Accordingly, the grant contract specifically states that, “Failure to provide eligibility or placement information as required on Measure Y participants can result in non-reimbursement for services rendered.”

Our review found that DHS does not adequately monitor grantees to ensure that they provide services to eligible program participants. We found that DHS did not verify the eligibility of program participants, nor did it ensure that its grantees maintained complete and accurate records of program participants. For example, during one grantee site visit, we requested the grantee provide evidence or documentation to prove the eligibility of participants in the first and third quarters of fiscal year 2007-08; however, the grantee could not provide support for 23 out of 40 participants, which constitutes 58% of the participants in the two quarters. DHS explained some participants were referrals; therefore it is presumptive that they had met eligibility requirements through the referring agency. Further, out of the 23 participants, we found that only five were referred by other Measure Y agencies.

According to DHS, staff checks the grantees’ files to verify participant eligibility. Although *DHS conducted an annual site visit of the same grantee and should have included a review of program participant files for eligibility documentation*, there were no related findings or corrective action in the Site Visit Summary. DHS acknowledged that staff performed limited sampling to verify eligibility. Because DHS did not maintain any supporting documents for the Site Visit Summaries for any of the five grantees we sampled, we could not determine which files were reviewed, the contents of the files reviewed, or if the file review was actually performed.

Accordingly, we recommend that DHS further develop written policy and procedure for ensuring that staff verifies that grantees maintain eligibility information on participants served. The procedure should specify an appropriate level of sampling to ensure that eligibility problems are identified and corrected.

It is imperative that DHS ensure that Measure Y funds are only being spent on Oakland residents, as the intent of Measure Y is to lower the incidence of violence in Oakland and is funded through the City of Oakland’s parcel and

parking tax revenue. Of the sample of five grantees, we noted this residency requirement is only stipulated in one grantee's contract.

Therefore, we recommend DHS implement a verification process for ensuring that grantees are providing Measure Y services to Oakland residents only. It should also enforce its contract by disallowing reimbursement to grantees that cannot provide eligibility information on Measure Y participants.

According to DHS, it reviews the zip codes listed in the CitySpan database for each client for each grantee as part of the quarterly report to ensure that non-Oakland residents are not being served. If non-Oakland zip codes are listed, DHS staff requests reasons for why this is the case. DHS also stated that it is usually due to the safety of the client or because the client has moved in with a relative or group home that can better care for them. DHS believes requiring very high risk clients to show proof of residency beyond this will be an impediment to providing services.

Inadequate Fiscal Management

We recognize that DHS uses performance based contracting to administer the Measure Y Violence Prevention grants. We understand that this type of contracting focuses on payment as an incentive for meeting service deliverables, rather than placing an emphasis on fiscal management as in a more traditional contracting model. In this audit we are not making a judgment as to whether DHS should employ performance based contracting as opposed to traditional contracting methods. However, since our audit identified significant weaknesses in grantee fiscal management, we are recommending that DHS develop and implement additional internal controls to strengthen grantee fiscal management of Measure Y funds.

Each grantee has a contract that includes a budget and a scope of work that outlines how the Measure Y funds can be used. However, DHS has not established general program guidelines concerning fiscal management for grantees to follow. In addition, we determined that DHS has not developed a manual for grantees to ensure proper financial or program management. In our review of the five grants, we found significant weaknesses in grantee fiscal management that may have been prevented if grantees were provided with general program guidelines. For example:

- Grantee A¹⁴ did not maintain a separate account for Measure Y funds;
- Grantee B could not provide a general ledger that summarized the Measure Y expenditures;

¹⁴ The specific agency names have been omitted in order to maintain confidentiality and protect the anonymity of the Measure Y Violence Prevention Program grantees.

- Grantee C received funding for salary costs of a position that was not filled, in the amount of \$3,750 for one quarter;
- Grantee A and a sub-grantee charged various items to the grant that were not approved in the contract, totaling \$4,326; and
- Grantees B and D could not provide adequate supporting documentation for several of our sample of ten expenditures, totaling \$2,082.

The findings noted above demonstrate that DHS must improve its fiscal monitoring efforts of the Measure Y grants and provide adequate guidance to grantees as it relates to fiscal management. In our judgment, the problems that we identified in our review of the five grantees are significant given that *DHS had already performed site visits and did not identify a number of these issues*. Without providing improved guidance to the grantees, these issues will continue to proliferate and there is no assurance that Measure Y funds are being spent appropriately.

Budgetary Controls Need Improvement

According to DHS, performance based contracting does not require a strict enforcement of the ways that an agency spends their budgeted funds, as long as benchmarks are being met and as long as the funds are spent in a non-fraudulent manner. In the policies and procedures provided to us after the completion of audit fieldwork, DHS requires grantees to submit budget adjustments or modifications for approval. In our audit we compared the grantees' actual expenditure amounts to their approved budget amounts and found that for one grantee there were significant differences in the budget categories for stipends and indirect costs; however, we did not find any evidence of review and approval by DHS.

In fiscal year 2007-08, a grantee under-spent in each of the two categories by \$8,456 and \$863 respectively. The grantee's Executive Director stated that the agency did not meet their budget because of the lack of client attendance, so it was not able to pay out the full stipends. Also, because not all of the students were attending, the grantee was unable to charge all of the indirect costs to Measure Y. Thus, we recommend that DHS review and make timely and necessary adjustments to approved grantee budgets as an additional internal control to ensure that Measure Y funds are being used appropriately and efficiently to meet its end goal of violence reduction.

Insufficient Corrective Action Follow-up and Tracking

The audit found that DHS does not have an adequate method for tracking corrective actions to ensure that grantees correct problems identified through annual site visits in a timely manner.

In one case DHS issued a corrective action in the Site Visit Summary requiring the grantee to input the sub-grantee program activities into the Cityspan database by June 30, 2007. However, there was no evidence in the grant file that DHS followed up on the corrective action. For a different corrective action in the next fiscal year, DHS required the same grantee to provide a written plan for its sub-grantee to catch up by May 15, 2008 on past due deliverables. Between June 30, 2007 and May 15, 2008, we noted correspondence discussing problems that the sub-grantee had with meeting its deliverables and inputting its program data into the Cityspan database. Grant file documentation showed that DHS followed up with the grantee on July 2, 2008, which was approximately two months after the corrective action due date of May 15, 2008. According to DHS, the grantee subsequently informed the Department that the sub-grantee decided to no longer continue its Measure Y partnership. Given the sub-grantee's history, more close and timely follow-up of corrective action might have resulted in the sub-grantee meeting its Measure Y program obligations. Moreover, despite DHS' recommendation to terminate funding for this sub-grantee in FY 2007-08, in June 2007 the City Council expressed its interest in continuing to support the sub-grantee's program and directed DHS to provide them with technical assistance.

We also noted that in its Site Visit Summary for another grantee DHS reported that four Measure Y participants left the session early; however, there was no corrective action regarding participant attendance cited in the report.

Further, DHS did not have an adequate tracking system for corrective action. Without an adequate tracking system DHS cannot provide adequate assurance that grantees have corrected identified problems that may jeopardize the success of the program as exemplified above.

We recommend that DHS improve its follow-up and method of tracking corrective action. DHS agreed that its method for tracking corrective actions can be improved and has already planned to include corrective action tracking in the Cityspan database for the next grantee funding cycle.

Lack of Sub-Grantee Monitoring

Agencies are strongly encouraged to apply in partnerships that coordinate programs spanning two or more Measure Y program strategies. In the case of a partnership where more than one organization will receive Measure Y grants, one organization must apply as the "lead organization" that will (1) be the fiscal agent for the funded proposal, (2) assume fiscal responsibility for the entire grant amount and (3) submit (though not necessarily prepare) all required reports for the partnership. The other

partner agencies receiving Measure Y funds, via the lead organization, are known as “sub-grantees.”

Out of a total of \$23 million awarded over three fiscal years, sub-grantees have been awarded a total of \$3.3 million. According to DHS, there is no requirement to monitor sub-grantees. In its newly drafted policies and procedures, DHS stated that it is the legal obligation of the lead organization funded by Measure Y to monitor the sub-grantee’s progress and ensure accountability. DHS also stated that it has the right to conduct file reviews and program observations of sub-grantee agencies; thus, it conducted such reviews of one sub-grantee in our sample. Specifically, DHS reviewed the sub-grantee client files, observed at least one of its programs activities, and assessed staff qualifications. DHS reported on its monitoring activities of the sub-grantee within its Site Visit Summary of the “lead organization.” Despite the limited monitoring efforts mentioned above, the sub-grantee was still not able to meet program deliverables. As discussed in the previous section, the lack of timely sub-grantee monitoring contributed to the termination of the sub-grantee relationship with DHS. More active monitoring of other sub-grantees may identify similar instances of performance issues. Therefore, we recommend that DHS pursue a more active role in directly monitoring all of the sub-grantees. In addition, DHS should further refine its policies and procedures for monitoring sub-grantees and establish the specific responsibility the lead organization will have in those monitoring efforts.

Inadequate Supervisory Review of Annual Site Visits

For the sample of five grantees we did not find evidence maintained in the file that a supervisor reviewed either the Site Visit Checklists, or supporting documents prior to issuing the Site Visit Summary. DHS explained that there is no requirement for supervisory review of the Site Visit Checklists, but that the supervisor reviews and signs the Site Visit Summary. During our fieldwork, we found that the checklists were incomplete and not supported by documentation. In addition, the sampling of budget line items and client files was too small to adequately monitor the grantee and make sound conclusions for improvements. Therefore, we recommend that DHS require grant managers to maintain documentation from grantee site visits and expand their sampling of budget line items and client files. We also recommend that DHS establish policies and procedures for supervisory review of the Site Visit Checklists and supporting documentation requirements prior to issuing a Site Visit Summary. This practice would give reasonable assurance that adequate monitoring is being performed to ensure Measure Y grantees are utilizing funds appropriately and contracted services are being rendered. Further, given that supervisory review is an essential component of the quality control process for monitoring grantees, evidence of such a review is a critical step in the process.

Lack of Requirement for Documentation and Records Retention

To assess DHS' monitoring efforts, we reviewed its grant manager files for the sample of five grantees. We could not verify the level of monitoring that DHS performed due to DHS' lack of documentation in the grant files. As previously stated, we found incomplete Site Visit Checklists and no supporting documentation for the annual site visits conducted by DHS staff. In addition, there is no evidence that a supervisor had reviewed the checklist to ensure a proper site visit was conducted or had occurred. Therefore, we recommend that DHS require grant managers to maintain documentation from grantee site visits and establish policies and procedures for records retention. Maintaining documentation of annual site visits provides the evidence that adequate monitoring is being performed. Further, it provides supervisors the documentation they must review during the quality control process for monitoring grantees.

In addition, DHS records do not provide a sufficient audit trail detailing the decisions reached regarding quarterly payments not in the amount of the scheduled contract payments or justification for those decisions. For instance, when we questioned what appeared to be overpayments to one grantee, DHS explained that the payment to that grantee for \$5,571 in one quarter was an additional amount to pay back the grantee some of the funds withheld in previous quarters. DHS had withheld some of the funds in previous quarters due to the grantee not meeting its required deliverables. In another quarter a payment for \$25,000 to this grantee was attributed to a one month, no-cost contract extension. These explanations should have been better documented in writing, and if extensive, included as attachments. DHS should have procedures in place to ensure that all decisions made regarding grantee quarterly payments are documented in writing. However, we found insufficient written evidence of the decisions reached and the justification for these decisions. We recommend that DHS improve its documentation to support quarterly payments that are not in the amount of the scheduled contract payment.

Conclusion

The Measure Y Violence Prevention Program annually awards approximately \$8 million to nonprofit agencies. This significant investment in reducing crime and increasing public safety is subject to risks of misuse by nonprofit agencies if internal controls for DHS are not in place. Consistent with the findings of the Department of Justice Office of the Inspector General, DHS needs to establish a strong system of internal controls to ensure that grant programs are properly implemented, objectives are achieved, and grant funds are spent appropriately. Although DHS has implemented some of the necessary internal controls for managing and monitoring the Measure Y Program, the audit found several deficiencies in DHS' management over the Measure Y Violence Prevention grants. DHS needs to strengthen and establish additional grant management controls.

The development of comprehensive policies and procedures should address audit findings regarding effective monitoring of grantees and sub-grantees. Specifically, the policies and procedures should clearly define specific program requirements and address the grantees meeting program deliverables, program attendance, verification of program eligibility, grantee fiscal management, sub-grantee monitoring, supervisory review, record retention and implementation of corrective action. In addition, DHS needs to improve training of its grant managers to include a formal grant management training plan, as well as fraud detection and prevention.

Recommendations

We recommend that DHS:

RECOMMENDATION NO. 3: Continue to develop written policies and procedures for grant management and provide adequate staff training to ensure the appropriate execution of such policies and procedures.

RECOMMENDATION NO. 4: Develop a formal program to address the training needs of the grant management staff.

RECOMMENDATION NO. 5: Establish formal processes for detecting and preventing fraud on the part of the Measure Y Violence Prevention Program grantees and require grant management staff to perform annual fraud assessments of grantees as part of their annual site visits of grantees.

RECOMMENDATION NO. 6: Develop a Measure Y *Grant Manual* for the grantees that are awarded Measure Y funds to ensure that all Measure Y

grants are administered consistently and grantees are required to adhere to the same guidelines.

RECOMMENDATION NO. 7: Develop and distribute a user's manual for the Cityspan database to all grantees.

RECOMMENDATION NO. 8: Define specific parameters for issuing payments when grantees do not meet their deliverables.

RECOMMENDATION NO. 9: Further define the criteria for assessing whether grantees met their deliverables and the positive and negatives incentives for meeting or not meeting the required deliverables. The criteria and incentives should be clearly spelled out in the grant agreements.

RECOMMENDATION NO. 10: Implement a formal course of action to address attendance issues with grantees.

RECOMMENDATION NO. 11: Further develop a written policy and procedure for ensuring that staff verifies that grantees maintain eligibility information on participants served. It should also specify an appropriate level of sampling to ensure that eligibility problems are identified and corrected.

RECOMMENDATION NO. 12: Implement a verification process for ensuring that grantees are providing Measure Y services to Oakland residents only. It should also enforce its contract by disallowing reimbursement to grantees that cannot provide eligibility information on Measure Y participants.

RECOMMENDATION NO. 13: Review and make timely and necessary adjustments to approved grantee budgets.

RECOMMENDATION NO. 14: Improve the method of follow-up and tracking corrective action.

RECOMMENDATION NO. 15: Pursue a more active role in directly monitoring all of the Measure Y sub-grantees. In addition, further refine the policies and procedures for monitoring sub-grantees and establish the specific responsibility the lead agency will have in those monitoring efforts.

RECOMMENDATION NO. 16: Require grant managers to maintain documentation from grantee site visits and expand their sampling of budget line items and client files. In addition, it should establish policies and

procedures for supervisory review of the Site Visit Checklists and supporting documentation prior to issuing a Site Visit Summary.

RECOMMENDATION NO. 17: Establish policies and procedures for internal records retention and also require staff to comply with them.

RECOMMENDATION NO. 18: Improve its documentation to support quarterly payments that are not in the amount of the scheduled contract amount.

FINDING 3: PROGRAM EVALUATION PROCESS NEEDS TO BE IMPROVED

The City contracted an independent evaluator to measure the effectiveness of the Measure Y Violence Prevention Program; however, we noted problems regarding the data collected for the evaluators. In addition, several grantees were not evaluated as stipulated in the Measure Y ordinance. Further, we noted that the role and responsibility for providing oversight and technical direction to the program evaluators is unclear between DHS and the Office of the City Administrator.

Grant evaluation assesses the effectiveness of an ongoing program in achieving its objectives, relies on the standards of project design to distinguish a program's effects from those of other forces, and seeks to improve programs through a modification of current operations. Program evaluations are critical because they can be used to improve existing programs and provide policymakers and program managers with information for future program development. In addition, evaluations are used to assess how well programs have been implemented, and the extent to which funded activities have achieved their stated goals.

- Programs should have specific long-term performance goals that focus on outcomes and meaningfully reflect the purpose of the programs.
- Programs should have annual performance goals that demonstrate progress toward achieving long-term goals. Annual performance goals enable program management to detect deficiencies in program performance and develop corrective actions in a timely manner.

Program evaluation is especially important to the City because, through DHS, it administers over \$8 million annually in Measure Y grants. Without proper evaluation, the City cannot determine whether the grants it awards are an appropriate use of City funds. In addition, program evaluations provide policymakers and program managers with information about which programs are successful and which programs are inefficient. The City has expended

\$500,000 on Measure Y program evaluations, however, the evaluations are incomplete and the results were inconclusive as to program effectiveness. The former independent evaluator explained that the Measure Y program effectiveness is inconclusive because the program is new; therefore there is not enough data available to have definite results.

Measure Y Evaluation Methods

Measure Y legislation requires a professional evaluation to assess the effectiveness of the program. Up to three percent (3%) of the Measure Y funds dedicated to violence prevention and police services are budgeted for evaluation.

The Office of the City Administrator is responsible for the oversight of the contract administration of the Measure Y evaluation. The Office of the City Administrator contracted with Berkeley Policy Associates (BPA) as the contractor and the RAND Corporation as the subcontractor to perform the evaluation for Measure Y grants. The City paid nearly \$500,000 for the independent evaluation of the first two years of the Measure Y Violence Prevention Program. In fiscal year 2008-09, the Office of the City Administrator contracted with Resource Development Associates to perform the evaluation for the next cycle of Measure Y grants.

The goal of the independent evaluation is to determine if the Measure Y-funded programs are having positive and measurable outcomes for program participants. Examples of outcomes include reduction in the suspension, truancy and recidivism rates of program participants. These outcomes are short-term in nature and constitute the primary focus of the evaluation. Data on longer-term outcomes will be gathered in future years of the evaluation.

The specific goals of the Measure Y program evaluation include:

- Tracking and analyzing data to identify best practices, service patterns, gaps, and participant outcomes in relation to their level of service participation;
- Demonstrating how funded programs are part of a comprehensive service system aimed at improving common but complex outcomes;
- Demonstrating how the intensity of services provided to clients, and the overlapping of services from multiple funded programs, leads to improved client outcomes; and
- Creating an efficient data collection infrastructure that can be expanded to include new funded programs and outcomes.

To date, the program evaluation process has had limited value and needs to be improved. Specifically, the audit found that:

- Insufficient data is collected;
- Several Measure Y grantees were not evaluated; and
- Roles and responsibilities need to be clarified.

Insufficient Data Collection for Evaluation

In performing the evaluation for the first two years of the Measure Y Violence Prevention Program, the independent evaluator reported that several constraints, including the lack of completed evaluation consents, limited their ability to evaluate the impact of the Measure Y Program. DHS is responsible for ensuring grantees collect and input this data into the Cityspan database so that the independent evaluator can analyze the data for program evaluation. In its interim report, the independent evaluator explained that, depending on the age of participants, the common outcome measures across Measure Y program strategies included suspension, truancy, and recidivism. To that end, the independent evaluator performed an administrative data match of records provided by the Oakland Unified School District (OUSD) and the Alameda County Probation Department, to determine suspension, truancy and recidivism rates. However, the only way Measure Y participants could participate in the match was to have an evaluation consent form on file.

While DHS and Measure Y agency contracts mandate that grantees have all adult and minor participants complete a BPA evaluation consent form, we found that two grantees did not have completed consent forms on its participants. Without completed consent forms, the evaluator did not have the authorization to collect data for the evaluation on these participants. We recommend that DHS ensure consent forms are completed by all program participants.

The audit also found that DHS did not always ensure that grantees collected and reported program participant demographic data which is used by the evaluator. We did not find any written evidence in the grant files that the issue of missing demographic data was being addressed by DHS. Furthermore, we identified only one instance when DHS withheld part of a grantee's quarterly payment due to missing demographic data. To this end, we recommend that DHS implement a mechanism to ensure grantees provide complete and accurate demographic data for evaluators in assessing program outcomes.

Several Measure Y Grantees Were Not Evaluated

Although Measure Y requires all grantees to be evaluated, the independent evaluator did not evaluate six Measure Y grantees. As Exhibit 7 illustrates

below, the six grantees were awarded over \$1.7 million during fiscal years 2006-07 and 2007-08 in grants but were not evaluated.

Exhibit 7
**Measure Y Grantees Not Evaluated by Total Grants Awarded for
Fiscal Years 2006-07 and 2007-08**

Measure Y Grantee	FY06-07	FY07-08	Total
Attitudinal Healing Connection	\$32,000	\$160,000	\$192,000
Alameda County Health Care Services Agency (Middle School) ¹⁵	\$240,000	\$240,000	\$480,000
Alameda County Health Care Services Agency (CRSN)	\$100,000	\$100,000	\$200,000
Catholic Charities of the East Bay	\$300,000	\$300,000	\$600,000
Oakland Parks and Recreation (OPR) – Radical Rovers	N/A	\$85,000	\$85,000
Project Re-Connect	\$85,000	\$85,000	\$170,000
Total	\$757,000	\$970,000	\$1,727,000

Source: City of Oakland, Department of Human Services

BPA explained that for these grantees, data matching or a case manager survey would not be applicable or appropriate because these grantees were either pilot programs still in the process of initial implementation, or did not provide youth services. Specifically, BPA explained, Attitudinal Healing Connection, Alameda County Health Care Services Agency, and Oakland Parks and Recreation are pilot programs in their implementation phase and outcome data are not yet available. Project Re-Connect is a parent education program, and thus it is not possible to match participant records with the Oakland Unified School District or probation data.

We also noted that two of the grantees who were not evaluated were also awarded Measure Y funds without going through the RFP process, as previously discussed in Finding I. These grantees included the Alameda County Family Justice Center and Attitudinal Healing Connection. In our judgment, all programs should be required to be evaluated to determine a program's efficacy regardless of the stage the program is in. Thus, we recommend that, in the future, the independent evaluator perform evaluations of grantees as is required under Measure Y. We also recommend that the City Administrator ensure that all Measure Y Violence Prevention Program grantees are evaluated.

Roles and Responsibilities Need to be Clarified

According to the independent evaluator, DHS did not ensure that grantees collected and reported complete data on its participants. On the other hand, DHS stated that it is the role of the evaluator to ensure complete and accurate data is collected from Measure Y grantees. DHS further stated that it is the

¹⁵ Alameda County Health Care Services Agency (Middle School) provided its own independent evaluation performed by the University of California San Francisco.

responsibility of the City Administrator to ensure that the independent evaluator is carrying out the duties set forth in its contract. However, the contract between the City and BPA clearly states that it is the responsibility of DHS to ensure the collection of the data to be used for evaluation. The contract specifically states “*The City of Oakland, Department of Human Services will directly supervise implementation of the data collection methodology including...data collection, data entry training, and compliance across violence prevention program grantees.*” Therefore, we recommend that DHS ensure that grantees properly collect and report on performance data needed to evaluate their program. Further, the role and responsibility for providing oversight and technical direction to the program evaluators is unclear between DHS and the Office of the City Administrator. In our judgment, the City Administrator should clarify the role of DHS and the City Administrator in providing oversight and technical direction to the program evaluators. Therefore, we recommend that the City Administrator establish clear roles and responsibilities for providing oversight and technical direction to the program evaluators.

Conclusion

Program evaluation is especially important to the City because, through DHS, it administers over \$8 million annually in Measure Y grants and over \$23 million to date. Without proper evaluation, the City cannot determine whether the grants it awards are an appropriate use of City funds and if the Measure Y Violence Prevention Program met the intention of the voters.

We identified weaknesses in the independent evaluation process to measure the efficacy of the Measure Y Violence Prevention Program. While the City contracted an independent evaluator to measure the efficacy of the Measure Y Violence Prevention Program, we noted problems regarding the data collected for the evaluators. In addition, several grantees were not evaluated as stipulated in the Measure Y ordinance. Further, we noted that the role and responsibility for providing oversight and technical direction to the program evaluators is unclear between DHS and the Office of the City Administrator.

Recommendations

We recommend that DHS:

RECOMMENDATION NO. 19: Ensure consent forms for the evaluators are completed by all program participants.

RECOMMENDATION NO. 20: Implement a mechanism to ensure grantees provide complete and accurate demographic data for evaluators to use in assessing program outcomes.

RECOMMENDATION NO. 21: Ensure that grantees properly collect and report on performance data needed to evaluate their program.

We recommend that the City Administrator:

RECOMMENDATION NO. 22: Ensure that all Measure Y Violence Prevention Program grantees are evaluated.

RECOMMENDATION NO. 23: Establish clear roles and responsibilities for providing oversight and technical direction to the program evaluators.

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APPENDIX I

DESCRIPTIONS OF MEASURE Y GRANTEES

The Mentoring Center operates *Pathways to Change*. This program is a highly comprehensive diversion program for repeat juvenile offenders, with low caseloads for case workers, frequent contact, family contact and support, and careful coordination of community services. Sub-grantees include Leadership Excellence, Scotlan Center, Center for Family Counseling, Easy Bay Asian Youth Center, Youth ALIVE!, and Pacific News Service. This collaboration of agencies serves juvenile probationers throughout Oakland.

The Mentoring Center maintains their *Project Choice* re-entry program for youth offenders throughout Oakland. The program provides cognitive behavior change and intensive case management services to wards while in the California Youth Authority and after their parole.

Project Re-Connect provides Central and East Oakland parents of elementary and middle school children at-high risk for gang involvement with parent education classes. Classes are held once a week for six weeks and include sessions devoted specifically to gang awareness and prevention. Project Re-Connect offers continued parent support services for the parents who have attended the workshops, including mentoring, parent support groups, and resource referrals for additional services.

Catholic Charities of the East Bay coordinates with the Oakland Community Response and Support Network to provide first response, emergency funds, intensive support services, referral to mental health services for friends and families of homicide victims.

YMCA is a sub-grantee of Leadership Excellence which provides truant and probation youth sports activities as they receive mentorship.

Youth Radio provides job training and work experience that emphasizes skill-building and responsibility for eligible high-risk youth through hands on media production workshops.

East Bay Asian Youth Center implements the multi-racial, multi-ethnic, and multilingual EBAYC Street Team to provide street outreach and case management services linked to employment programs, media training for youth, chronic truants, school dropouts, suspended/expelled students, and juvenile offenders residing in Oakland's San Antonio and Fruitvale neighborhoods.

Leadership Excellence operates the Bridge, which combines outreach, case management, employment, and recreation services to reduce drop-out rates at McClymonds High School and decrease violence in West Oakland. It

outreaches to high-risk youth and provides case management. Truant and probation youth receives mentorship while participating in sports activities at the M. Robinson Baker YMCA.

Youth UpRising employs structured violence prevention programming that includes intensive case management, outreach, violence prevention education, and recreational opportunities for higher-impact youth. Outreach is focused on higher-impact youth, including those trending towards chronic truancy, expulsion or suspension from school, and youth on probation and parole. Through a sub-grant with The Destiny Arts Center, participants receive instruction in recreational activities including basketball and dance. Youth UpRising's primary population are youth and young adults ages 13 to 24 living throughout Alameda County, with an emphasis on those living in East Oakland.

Youth ALIVE!, located in downtown Oakland, is considered a "Caught in the Crossfire" intervention program that works with youth who are hospitalized due to violent injuries. The program's purpose is to reduce retaliation, re-injury, and arrest.

East Bay Agency for Children provides outreach, assessment, case management, and mental health services to increase school attendance and diminish involvement in violence among students at Dewey and Rudsdale Continuation High Schools. The focus of program is on youth probation.

Sports4Kids is a collaborative effort to meet the needs of expelled, delinquent and chronically truant youth. This is conducted by providing recreational activities integrated with non-violence curriculum throughout the day and after school to many students. The targeted schools are Rudsdale Continuation High School, Westlake and Edna Brewer Middle Schools. Sports4Kids also trains and deploys youth as assistant coaches for younger children.

Radical Rovers is a City of Oakland, Parks and Recreation program that provides at-risk youth with after school activities. Using non-traditional methods and engaging, educational programs, this unique program offers healthy alternatives to youth who need extra support for positive participation in the community. Youth involved in Radical Roving Recreation learn a multitude of skills as they participate in fun activities such as boating, junior lifeguard courses, sports, theater arts, and self-empowerment workshops.

Family Violence Law Center along with sub-grantees Safe Passages, Center for Child Protection/The D.O.V.E.S. Project, Jewish Family & Children's Services, Parental Stress Services, Inc., and Through the Looking Glass, runs a coordinated program called Family Violence Intervention and Prevention (Family VIP). This project strives to reduce recidivism for family violence

and child maltreatment by providing 1) crisis intervention for families with children throughout Oakland experiencing domestic violence and 2) early identification and treatment for developmental/behavioral pathology to young children exposed to family violence. Some programming is delivered at the Harriet Tubman Child Development Center in West Oakland, the International Child Development Center in Central Oakland, and at the Eastmont and 85th Avenue Head Start programs in East Oakland.

Family Justice Center supports the older girls of families receiving domestic violence services through partners at the Family Justice Center; girls involved in the criminal justice system as well as sexually exploited minors outreached through Measure Y grantees by offering support groups and case management.

Alameda County Health Care Services Agency provides mental health services and coordination for participants.

Volunteers of America, Bay Area seeks to reduce recidivism among parolees by integrating violence prevention with behavior modification, participation in drug awareness and treatment, and employment services. The crew-based employment program involves parolees in structured, subsidized, crew-based employment for three months while living in subsidized supportive housing, in either Fruitvale/San Antonio or Downtown/West Oakland. Their Project Choice program operates inside San Quentin prison and connects clients with intensive case management, family support, and access to services up to a year prior to, and for up to a year after release.

Allen Temple HCDC located in East Oakland, provides Project Choice intensive coaching to young adult re-entry participants living throughout Oakland, with a portion of those participants receiving intensive re-entry services including subsidized transitional employment, volunteer mentorship, and placement into unsubsidized employment.

The Dr. J. Alfred Smith Training Academy (DJASSTA)'s core focus is on providing formerly incarcerated individuals with the skills and support they need to re-enter society and achieve self-sufficiency. All Alameda County residents on probation or parole are eligible for employment training, job placement, GED classes, and related services at DJASSTA.

Youth Employment Partnership with recruitment/case management partners at EBAYC (Fruitvale/San Antonio), Youth Uprising (East Oakland), and Scotlan (West Oakland), provides after school training and employment to high-risk youth through "Career Try-Out" paid internships or training program during the school year. In conjunction with the Mayor's Summer

Jobs Program, YEP also enrolls high-risk youth in paid summer internships and paid soft skills workshops.

For young adults, the Intensive Re-Entry Training and Employment program provides paid training to young adults under age 25 who are on probation or parole through an intensive, subsidized, on-the-job training program in the construction industry.

The Work First Foundation (America Works) located in Downtown Oakland, provides direct job placement to young adults (under age 35) on parole and probation, with follow-up services to guarantee a 60% retention rate after 180 days.

OUSD- Alternative Education (CYO) - A collaborative led by the **Oakland Unified School District, Office of Alternative Education** and sub-grantee **California Youth Outreach** uses Youth Intervention Specialists working in five of Oakland's alternative schools to provide gang involved youth with Gang Redirect classes, personal and family interventions, case management, leadership opportunities and connections to community support services.

The Attitudinal Healing Connection, Inc., is based in West Oakland and has graciously opened its doors to provide fiscal sponsorship as well as meeting space for Restorative Justice for Oakland Youth (RJOY). RJOY is engaged in a collaboration with the juvenile justice system to implement restorative measures within Alameda County's juvenile justice division which: (1) Focus on repairing the harm caused by crime and addressing the needs and obligations which arise in its wake; (2) Support the needs of victims; (3) Hold offenders accountable and support them in the effort to transform and re-integrate into the community as positive, productive citizens.

The Alameda County Interagency Children's Policy Council is managing a collaborative of agencies including Bay Area Women Against Rape (BAWAR), Covenant House, MISSEY/Be a Mentor, and the Scotlan Center to conduct street outreach to and assess over 500 Sexually Exploited Minors (SEMs), accompany the Oakland Police Department on planned prostitution "sweeps" at least one time per month, provide intensive outreach to 280 SEMs throughout Oakland, operate a drop-in facility at the Family Justice Center for SEMS, and provide 60 SEMs with case management. The collaborative also provides education and awareness training to young people, community groups, and public system partners about the issue of youth sexual exploitation.

The Office of the City Administrator, in collaboration with the Mayor's Public Safety Coordinator, leads the City/County Neighborhood Initiative (CCNI) to expand neighborhood organizing in the three Public Safety

Districts. Through CCNI, community builders work closely with teams of service agencies including the Service Delivery System (SDS) Teams, Neighborhood Services Coordinators, Y Teams, County agencies, schools, and local non-profit agencies. In the neighborhoods currently participating in the initiative, youth have become a key focus for neighborhood organizing.

Youth Sounds was founded in 2001 at McClymonds High School in West Oakland (where the graduation rate was a lowly 6%). Youth Sounds served school-age youth through programs in video, audio, and music production in a wide variety of school-based and after school programs in some of the most challenging neighborhoods in Oakland. Youth Sounds merged with the Bay Area Video Coalitions's (BAVC) youth programs in January 2006, creating BAVC's Next Generation Programs, a regional network of high school- and community-based training centers for low-income teens in video, music, digital arts, gaming and animation.

Office of Personnel Resource Management (OPRM) Re-Entry Employment - The Mayor's Office receives funding for a Reentry Employment Specialist, who focuses on enhancing opportunities for individuals on probation and parole to access career opportunities in the public sector, either directly with the City of Oakland or other public agencies or through priority hiring on City projects. The work involves a mix of direct service such as providing regular orientations to City employment and promoting policy changes such as "banning the box" which is removing the question off the City of Oakland's job application asking applicants if they have ever been convicted of a crime/felony.

Paul Flores was contracted under the Measure Y Violence Prevention Program as a consultant for gang prevention presentations.

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APPENDIX II

GRANTEE CONTRACT AMOUNTS IN FISCAL YEAR 2007-08

Program Strategy By Area	Grantee/Contractor	Annual
Youth Outreach	East Bay Asian Youth Center	\$200,000
	Leadership Excellence	\$200,000
	Youth UpRising	\$130,670
	Youth ALIVE!	\$175,000
	East Bay Agency for Children	\$150,000
Sports and Recreation	Sports4Kids	\$91,500
	Leadership Excellence (YMCA)	\$45,500
	Youth UpRising (Destiny Arts)	\$45,500
	OPR – Radical Rovers	\$85,000
Outreach to Sexually Exploited Minors	A. County Interagency Children's Policy Council	\$225,000
City-County Neighborhood Initiative	Office of the City Administrator Neighborhood Services Division	\$196,485
Family Violence Intervention Unit	Family Violence Law Center	\$491,214
Mental Health Services for children 0-5	Family Violence Law Center	\$294,728
Youth Support Groups	Family Justice Center (Girls Justice Initiative)	\$147,364
Family Justice Center	Family Justice Center	\$36,182
Community Response 2 nd Support Network (CRSN)	Catholic Charities	\$300,000
Mental Health for CRSN	Alameda County Health Care Services Agency	\$100,000
Caught in the Crossfire	Youth ALIVE! (Highland Hospital)	\$65,000
Pathways to Change	The Mentoring Center	\$691,214
Project Choice	Allen Temple HCDC	\$163,738
	The Mentoring Center	\$163,738
	Volunteers of America, Bay Area (CDCR)	\$163,738
(continued)		\$270,000

Program Strategy By Area	Grantee/Contractor	Annual
Project Choice	Volunteers of America, Bay Area – (CAP/CSBG)	\$65,453
Restorative Justice	Attitudinal Healing Connection	\$25,000
RJOY-Cole	Attitudinal Healing Connection	\$135,000
Intensive Re-Entry Employment/Training	Allen Temple HCDC	\$280,000
	Youth Employment Partnership	\$280,000
Crew Based Employment	Volunteers of America	\$273,742
After School Job Training	Youth Radio	\$150,000
	Youth Sounds / (BAVC)	\$75,000
	Youth Employment Partnership	\$190,000
Summer Jobs	Youth Employment Partnership	\$205,848
Transitional Jobs	Youth Employment Partnership	\$150,000
	The Work First Foundation (America Works)	\$390,000
	OPRM Re-Entry Employment	\$118,000
Gang Intervention	OUSD- Alternative Education (CYO)	\$190,000
Gang Prevention	OUSD- Alternative Education (CYO)	\$65,000
Gang Parent Education	Project Re-Connect	\$85,000
Gang Prevention Presentations	Paul Flores	\$14,999
Safe Passages Middle School Model	Alameda County Health Care Services Agency	\$240,000
Second Step Curriculum	Oakland United School District	\$275,080
Peer Conflict Resolution	Oakland United School District	\$235,782
Teen Center Support	Youth UpRising	\$300,000

APPENDIX III

ANALYSIS OF MEASURE Y OVER AND UNDER PAYMENTS IN FISCAL YEAR 2007-08

Grantee Agency	Check Amount	Contract Amount	Payments	Met Deliverable
<i>Project Re-Connect</i>				
Advance	17,000	17,000	0	N/A
1st	17,000	17,000	0	No
2nd	17,000	17,000	0	Yes
3rd	17,000	17,000	0	Yes
4th	17,000	17,000	0	No
PRC Total	\$ 85,000	\$ 85,000	0	
<i>Youth Radio</i>				
Advance	37,500	37,500	0	N/A
1st Quarter	28,125	28,125	0	No
2nd Quarter	24,000	28,125	-4,125	No
3rd Quarter	31,000	28,125	2,875	No
4th Quarter	24,374	28,125	-3,751	No
YR Total	\$ 144,999	\$ 150,000	\$ (5,001)	
<i>Leadership Excellence</i>				
Advance	49,100	49,100	0	N/A
1st Quarter	49,100	49,100	0	No
2nd Quarter	46,100	49,100	-3,000	No
3rd Quarter	46,100	49,100	-3,000	No
4th Quarter	43,000	49,100	-6,100	No
LE Total	\$ 233,400	\$ 245,500	\$ (12,100)	
<i>The Mentoring Center</i>				
Advance	138,242.80	138,242.80	0	N/A
1st Quarter	138,242.80	138,242.80	0	No
2nd Quarter	115,000.00	138,242.80	-23,242.80	No
3rd Quarter	138,242.80	138,242.80	0	Yes
4th Quarter	138,243.00	138,242.80	0.20	No
TMC Total	\$ 667,971	\$ 691,214	\$ (23,243)	
<i>Catholic Charities</i>				
Advance	60,000.00	60,000	0	N/A
1st	33,033.59	60,000	-26,966.41	No
2nd	45,000.00	60,000	-15,000	No
3rd	65,571.00	60,000	5,571	No
4th	85,000.00	60,000	25,000	Yes
5th Additional	11,395.00		11,395	
CC Total	\$ 299,999	\$ 300,000	\$ (0.41)	
TOTAL	\$1,431,369	\$ 1,471,714	\$ (40,344)	

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APPENDIX IV

DHS' SITE VISIT CHECKLIST



City of Oakland Department of Human Services

MEASURE Y

Program Monitoring Site Visit



Agency:
Date & Time of Site Visit:
Program name:
CBO Staff Attending:
Measure Y Staff Attending:

ITEMS FROM DESK AUDIT & PREVIOUS PROGRAM REPORTS	NOTES
Organizational Chart for Agency, designating vacant positions <input type="checkbox"/> Key positions are filled <input type="checkbox"/> Provides adequate structure for supervision and leadership <input type="checkbox"/> Consistent with monitor's knowledge of the agency	
Agency composite budget showing all programs, administration, and funding sources <input type="checkbox"/> Budget clearly differentiates Program Services from Supporting Services (including Administration & Fundraising) <input type="checkbox"/> Composite budget is consistent with Measure Y grant agreement budget	
Board roster <input type="checkbox"/> All seats are filled. <input type="checkbox"/> Any conflicts of interest? <input type="checkbox"/> Diversity needed to govern agency (if occupations or affiliations are indicated)	Number of seats _____, Number of vacancies _____
Most recent minutes from meeting of Board of Directors <input type="checkbox"/> Date of last minutes _____ <input type="checkbox"/> Decisions are recorded <input type="checkbox"/> Board meets at least once per quarter <input type="checkbox"/> Staff attends meetings	



City of Oakland Department of Human Services

MEASURE Y

Program Monitoring Site Visit



ITEMS FROM DESK AUDIT & PREVIOUS PROGRAM REPORTS	NOTES
<input type="checkbox"/> Discussion is relevant to agency governance <input type="checkbox"/> Note any salient issues	
Most recent audit report <input type="checkbox"/> Year of audit _____ <input type="checkbox"/> Balance Sheet: Assets/Liabilities > 1? Current Assets/Current Liabilities > 1? <input type="checkbox"/> Reserve: How many months of operating reserve are there? <input type="checkbox"/> Statement of cash flows – is the cash flow adequate? <input type="checkbox"/> Accounts Receivable - any outstanding items older than 6 months?	
Most recent progress report <input type="checkbox"/> Submitted on time? <input type="checkbox"/> Meeting contract benchmarks? <input type="checkbox"/> Issues noted- have they been resolved?	
Program Budget Sheet from Progress Report <input type="checkbox"/> Consistent with program activities and grant payments <input type="checkbox"/> Reflects actual expenditures for each quarter (are expenditures falsely equal to invoice amount)? <input type="checkbox"/> Are stipends, wages & flexible funds being spent at expected rate? <input type="checkbox"/> Note line items to verify during visit (like flex fund, food, equipment purchase)	
Scope of Work (from grant agreement) <input type="checkbox"/> What are mandated staff ratios and caseload sizes? <input type="checkbox"/> Service Intensity levels required?	
Other Program Observations <input type="checkbox"/> Has the agency been responsive to staff communications? <input type="checkbox"/> Does agency staff attend meetings and trainings?	



City of Oakland Department of Human Services

MEASURE Y

Program Monitoring Site Visit



FISCAL MANAGEMENT w/ Fiscal Manager	NOTES
<p>Accounting system appropriateness</p> <p><input type="checkbox"/> What is the computer-based accounting system used by agency?</p> <p><input type="checkbox"/> Chart of accounts</p> <p>Are their account codes to distinguish charges to programs funded by Measure Y in categories that align with Measure Y?</p> <p><input type="checkbox"/> A/P & A/R Subsidiary</p> <p><input type="checkbox"/> Is it up to date?</p> <p><input type="checkbox"/> Look at the list of outstandings: How many unpaid receivables are over 6 months old?</p> <p>OPTIONAL</p> <p><i>Can the system handle the agency's transaction and volume?</i></p> <p><i>Are any major revisions planned, i.e., software or chart of accounts?</i></p>	<p>Accounting Program: _____</p> <p>What version? _____</p>
<p>Accounting procedures, cost allocations, and file organization.</p> <p><input type="checkbox"/> Regular staff or outsourced accountant or bookkeeper? How many FTE's of fiscal staff?</p> <p><input type="checkbox"/> Written fiscal operating procedures available, with the board approval?</p> <p>Are written fiscal operating procedures followed?</p> <p>Details governing:</p> <p><input type="checkbox"/> Check signature</p> <p><input type="checkbox"/> Expenditure approvals</p> <p><input type="checkbox"/> Allocations; including shared overhead and other costs (What is the basis? i.e. FTE, Sq. Ft, etc?)</p> <p><input type="checkbox"/> Bank statements & Reconciliation Reports up to date, filing system. Look at any outstanding checks – are they related to Measure Y services?</p>	



City of Oakland Department of Human Services

MEASURE Y

Program Monitoring Site Visit



FISCAL MANAGEMENT w/ Fiscal Manager	NOTES
<input type="checkbox"/> Verify expenditures for budget line items, spot check a line item such as money paid to participants in the form of stipends or incentives, training for staff etc. does it match with bank statement <input type="checkbox"/> Expenditures are allocated to funding sources at the time of payment (review vendor invoices, allocation forms) <input type="checkbox"/> Are there any questions from the last invoice?	
Payroll management <input type="checkbox"/> Payroll met on time? <input type="checkbox"/> How do employees record time? (Are timesheets used? If not what method is used?) <input type="checkbox"/> Payroll outsourced? If so to where? <input type="checkbox"/> Payroll taxes up to date: Quarterly Federal Form 941—Federal Tax Return & Quarterly State DE 6—Wage & Withholding Report <p style="text-align: center;">OPTIONAL</p> <p><i>Are employees required to record the time they have spent on different programs?</i></p> <p><i>Are any individuals employed as independent contractors or receiving stipends who might be considered regular employees by the IRS?</i></p>	Payroll outsourced to: <hr/> Quarterly Federal Form 941, <i>Dates Viewed:</i> <hr/> Quarterly State DE 6 Report, <i>Dates Viewed:</i> <hr/>

OPERATIONS MANAGEMENT w/ Executive Director	NOTES
Agency fiscal and organizational health <input type="checkbox"/> View the un-audited (most recent) balance sheet as well as audited balance sheet from desk audit (Ask any questions that came up during desk audit) <input type="checkbox"/> Have financial, programmatic, or other factors affected program	



City of Oakland Department of Human Services

MEASURE Y

Program Monitoring Site Visit



OPERATIONS/ MANAGEMENT w/ Executive Director	NOTES
<p>progress?</p> <p><input type="checkbox"/> How is cash flow? Are cash flow statements and projections utilized? How long could current programs operate given current cash flow?</p> <p><input type="checkbox"/> Is there an appropriate balance between use of resources for program activities and supporting activities? (Includes \$'s for admin, development, and program)</p> <p><input type="checkbox"/> View agency budget (from desk audit). Is additional support being sought to meet any funding gaps or to make program sustainable? Are you able to leverage funding?</p> <p><input type="checkbox"/> If current funding went away what, if anything, would you do to support the Measure Y program?</p> <p><input type="checkbox"/> Do you have a strategic plan in place?</p>	
<p>Staffing</p> <p><input type="checkbox"/> Are any key positions vacant? (Any problems caused by vacant positions?) What are the obstacles to keeping key positions filled?</p> <p><input type="checkbox"/> Have you experienced high turnover within your agency? If so why?</p> <p>OPTIONAL</p> <p><i>Personnel policies regarding harassment, non-discrimination</i></p> <p><i>Is staff training offered? If so what type?</i></p> <p><i>What type of trainings could we offer that would be useful to your staff?</i></p> <p><i>Is a performance review process utilized?</i></p> <p><i>Do you have a grievance process/policy for staff and participants?</i></p> <p><i>How does staff reflect the cultural demographics of your Measure Y participants?</i></p>	



City of Oakland Department of Human Services

MEASURE Y

Program Monitoring Site Visit



OPERATIONS/ MANAGEMENT w/ Executive Director	NOTES
Collaborations & Partnerships <input type="checkbox"/> Subcontractors (How do you manage your relationship and communication with subcontractors? What obstacles exist?) <input type="checkbox"/> Collaborations (How do you regularly communicate with your partners? Regular meetings, check-ins, etc.)	
Board of Directors <input type="checkbox"/> View Board Minutes - on file and up to date? <input type="checkbox"/> Do you have any board vacancies? <input type="checkbox"/> What is the frequency of meetings? <input type="checkbox"/> Do any Board members receive payment for any services related to organization? <input type="checkbox"/> Any questions from desk audit? OPTIONAL <i>How are new board members recruited?</i> <i>Are there problems keeping the board full?</i> <i>Are there Bylaws for the Board of Directors?</i> <i>How often strategic planning is conducted?</i>	
Measure Y program compliance <input type="checkbox"/> Is the Measure Y poster visibly posted on site? <input type="checkbox"/> Have agency staff attended NCPC meetings? Which ones? When? How did they go? <input type="checkbox"/> Any partnership issues with Police, Probation, Parole, School District? <input type="checkbox"/> Is the agency able to submit invoices and reports in a timely matter? If not, why not? OPTIONAL <i>If benchmarks have not been achieved according to the Scope of Work schedule,</i>	



City of Oakland Department of Human Services

MEASURE Y

Program Monitoring Site Visit



OPERATIONS MANAGEMENT w/Executive Director	NOTES
<p><i>what have been the challenges affecting program delivery? Is there a plan in place to address these shortfalls?</i></p> <p><i>Are modifications to the program budget needed for the current or future grant terms?</i></p>	

PROGRAM DELIVERY & DOCUMENTATION W/ PROGRAM MANAGER AND/OR E.D.	NOTES
<p>Services on the ground compared with the grant requirements</p> <ul style="list-style-type: none"> <input type="checkbox"/> Have you needed to alter program delivery from what is currently on SOW? <input type="checkbox"/> Curriculum, if any (obtain a copy) <input type="checkbox"/> Participant handbook, if any (obtain a copy) <input type="checkbox"/> Verify a benchmark reported in quarterly progress reports by examining client files (for a non-Cityspan data point) or Cityspan <input type="checkbox"/> Meets Scope of Work prescribed service intensity based on progress report <input type="checkbox"/> What is the staff to client ratio as it relates to caseload size? <input type="checkbox"/> Benchmark deliverables achieved on schedule <input type="checkbox"/> How do you track client attendance? 	
<p>Program Impact</p> <ul style="list-style-type: none"> <input type="checkbox"/> How do you communicate the violence prevention message to your clients? <input type="checkbox"/> How do you elicit feedback from clients on the services they are receiving? <input type="checkbox"/> Is grievance policy process prominently posted or evidence of policy explained? Have any grievances been filed? 	



City of Oakland Department of Human Services

MEASURE Y

Program Monitoring Site Visit



PROGRAM DELIVERY & DOCUMENTATION W/ PROGRAM MANAGER AND/OR E.D.	NOTES
<p>OPTIONAL</p> <p><i>How are new participants recruited/outreach performed?</i></p> <p><i>Are participant and program records maintained in a secure place?</i></p> <p><i>Do the units of service component accurately reflect program activities?</i></p>	
<p>Participant information documentation</p> <ul style="list-style-type: none"> <input type="checkbox"/> Is the CitySpan database is used appropriately to track participant data and outcomes? Are there any questions about how to use it? (Verify from Progress Report that data is being entered completely and accurately) <input type="checkbox"/> How are case notes for Measure Y participants kept? (client files or case notes) <input type="checkbox"/> How is data entered into CitySpan—directly during participant contact, from forms, by service provider or other staff? <input type="checkbox"/> Data is submitted to outside and internal evaluators as required by grant agreement 	
<p>Spot check a client file for appropriate records such as documentation of incarceration history, eligibility information, and a release of information form</p>	



City of Oakland Department of Human Services

MEASURE Y

Program Monitoring Site Visit



PROGRAM DELIVERY & DOCUMENTATION W/ PROGRAM MANAGER AND/OR E.D.	NOTES
<p>Items in a file:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Measure Y consent form signed by client (and parent if a minor). <input type="checkbox"/> Eligibility documents – risk factor eligibility, such as proof of truancy or probation status <input type="checkbox"/> Intake form <input type="checkbox"/> Case notes (in database or paper files) <input type="checkbox"/> Assessment/Evaluation (as appropriate) <input type="checkbox"/> Grievance forms/ grievance procedure information given to client <p>(For work programs only):</p> <ul style="list-style-type: none"> <input type="checkbox"/> Social Security Cards (copy in file) <input type="checkbox"/> Timesheets/copy of stipends <input type="checkbox"/> Work Permits (for youth 17 and under) <input type="checkbox"/> I-9, W-4 <input type="checkbox"/> Photo or school I.D. 	
<p>Program Manager Interview</p> <ul style="list-style-type: none"> <input type="checkbox"/> What are the successes of your program? <input type="checkbox"/> What have you learned about the reality of carrying out the program design in your proposal and grant agreement? How have you modified your program to respond to the environment you work in? <input type="checkbox"/> What challenges or problems have you encountered implementing your contract? Describe how staff and clients have been affected. Are the problems resolved? If not, what are the plans to resolve them? <input type="checkbox"/> Do you have any questions, comments, or suggestions for improving this monitoring process? <input type="checkbox"/> Does your agency have any technical assistance needs? 	



City of Oakland Department of Human Services

MEASURE Y Program Monitoring Site Visit



PARTICIPANT INTERVIEW-OPTIONAL	
1. What impact has the program had on your life? 2. What is your week like? 3. Is program staff helpful and friendly? 4. Are you getting the referrals and resources you need? 5. How could the program be improved? 6. How could the program have a positive effect on your lifestyle?	

PROGRAM OBSERVATION
Date: _____ Time: _____ Program observed: _____ Number and type of staff present: _____ Number of participants (clients): _____ Type of activities offered: _____ Is the activity effective for meeting the grant agreement objectives? <input type="checkbox"/> Program staff appears to be engaged in activities with participants <input type="checkbox"/> Physical facility is welcoming and safe <input type="checkbox"/> Measure Y poster is visible <input type="checkbox"/> Staff is respectful and supportive of participants <input type="checkbox"/> Activities appear structured <input type="checkbox"/> No inappropriate religious conduct Notes: _____

CITY ADMINISTRATOR'S RESPONSE

**References to City Auditor's Report
Cited in City Administrator's Response**

Note: Document formatting of the final audit report resulted in changes to page numbers from the June 2, 2009 draft report. The table below updates the page numbers cited in the City Administrator's Response to the draft report.

Draft Report	Final Report
Page 7	Page 7
Page 18	Page 19
Page 24	Page 25
Page 25	Page 26
Page 28	Page 29
Page 29	Page 30
Page 34	Page 35
Page 35	Page 36
Page 37	Page 37
Page 28, paragraph 3	Page 29, paragraph 1


CITY OF OAKLAND



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Office of the City Administrator
Dan Lindheim
City Administrator

(510) 238-3301
Fax (510) 238-2223

TO: Courtney Ruby, City Auditor
FROM: Dan Lindheim, City Administrator 
DATE: June 22, 2009
RE: Response to Final Draft of the Measure Y Violence Prevention Performance Audit Findings and Recommendations

Staff reviewed the June 2, 2009 draft of the City Auditor's report regarding Measure Y Violence Prevention Programs. Their comments, regarding both program implementation and evaluation, are attached.

In brief: (i) there is general agreement with certain audit recommendations; (ii) other audit recommendations would be advisable if more resources were available, but they are not; (iii) some recommendations were already implemented; and (iv) there is disagreement with certain recommendations – deemed neither appropriate nor advisable.

In addition, I offer the following comments.

First, I want to reiterate what is stated in the Audit Objectives section of the Audit (p. 7):

- The Audit is NOT an assessment of the effectiveness of the Measure Y Violence Prevention programs NOR an assessment of the effectiveness of individual Measure Y grantees.
- Rather, the objectives of the audit were to assess: (i) DHS's program administration and its oversight and monitoring of grantee activities; and (ii) grantee administration of grants in conformity with appropriate standards and procedures.

Second, I want to emphasize the reality that Measure Y is a relatively new program trying to address one of the most difficult social policy areas -- violence prevention. There is no clear guidebook of what works and what does not. Determining which programs might be successful for which groups is a constantly evolving process.

Third, while it is critical to ensure that public dollars are appropriately spent, it may be unrealistic to expect that relatively small grantees with limited staff and overhead can meet the rigorous administrative and accounting standards reasonably expected of large, mature organizations.

Fourth, very few City staff and resources are involved in administering Measure Y programs and overseeing their evaluation. The rigor and comprehensiveness of program administration and oversight will necessarily be compromised by this lack of resources. There will always be trade-offs between resources devoted to direct services as opposed to program monitoring and oversight.

Finally, I want to thank the Auditor for having the audit staff work collaboratively with DHS staff in the latter stages of this audit process. This collaboration led to a greatly improved report both in terms of increased accuracy as well as reduced errors.

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CITY OF OAKLAND
DEPARTMENT OF HUMAN SERVICES



Interoffice Memorandum

TO: Dan Lindheim, City Administrator
FROM: Andrea Youngdahl, DHS Director and
Sara Bedford, DHS Policy and Planning Manager
DATE: June 22, 2009
RE: Response to Final Draft of the Measure Y Violence Prevention
Performance Audit Findings and Recommendations

We have reviewed the June 2, 2009 draft of the City Auditor's report regarding Measure Y Violence Prevention Programs and offer the following comments and clarifications:

Overview of the City Auditor's Report

The audit of Measure Y Violence Prevention Programs began in the spring of 2008 and is concluding now in the summer of 2009. The Department of Human Services (DHS) would like to acknowledge the challenges related to the process of reviewing this complex grants program and appreciate the City Auditor and her staff for working collaboratively with DHS. The collaboration resulted in an improved final report.

The Measure Y initiative is a new and developing program, just over three years old, with continuous improvements being made over time. The audit was conducted for the first two years, Fiscal Years 2006-07 and 2007-08. Over the past three years, a staff of less than 5 FTE has: implemented seven (7) separate Request for Proposal (RFP) processes; analyzed crime and social data so funds can be carefully targeted; managed over \$8.6 million in grants annually with over 26 agencies; implemented a comprehensive web-based database for contract management and service data accountability; monitored grantees consistently and thoroughly; provided technical assistance ranging from database support to financial management to case management training; secured data sets from public partners so that evaluators could measure actual outcomes for each client; leveraged over \$1.5 million in other grant funds to expand services; and developed a comprehensive policy and procedures manual.

We are pleased this audit determines that the DHS Measure Y Violence Prevention Program implements all but one of the best practices cited for internal control mechanisms for programmatic and fiscal activities of grantees (see page 18 of the City

Response to Final Draft of the Measure Y Violence Prevention Performance Audit Finding and Recommendations

Auditor's report). However, there are still outstanding issues related to many of the recommendations from the City Auditor which are based on incorrect findings and assumptions from the field work conducted by the City Auditor's staff and they are noted in this response.

The Audit report contains four types of recommendations as framed below.

1. **Recommendations that require a broader City policy discussion.** There are three (3) recommendations (# 2, 5, and 6) which suggest increased training and workload requirements for grants management staff including fraud training, increasing sampling of files during site visits, more extensive fiscal monitoring, and development of core training requirements. Good grants management incorporates fiscal control and monitoring as well as programmatic planning and oversight, and these must be balanced carefully. The audit did not uncover any fraud by non profit agencies; however many recommendations relate to increased fiscal monitoring. Absent resource constraints, DHS could implement the aforementioned recommendations. However, cost-benefit analysis must be undertaken to assess the priorities given limited resources. Furthermore, this analysis and any standards developed should be consistent across City of Oakland grants programs, such as the Oakland Fund for Children and Youth (OFCY) and the Oakland Community Development Block Grant program (CDBG).

It should be noted, DHS surveyed seven (7) governmental organizations in the Bay Area that administer grants and found that Measure Y's current monitoring and data collection procedures are more comprehensive and robust than that of comparable grant programs. See *Attachment A*.

2. **Recommendations for improvements to DHS' current grants management system with which staff concurs.** There are seven (7) recommendations (#3, 14, 15, 16, 17, 18 and 23) for improved monitoring and tracking of information – development of grantee manual, maintaining more completely supporting documentation for site visit reports, improving the tracking of corrective action follow up – with which staff concurs and are already in the process of implementing. DHS believes that two of these recommendations (#16 and #17) are the same.
3. **Recommendations that staff contend are already adequately implemented.** There are eleven (11) recommendations (#1,4,7-11, 13, 20, 21, and 22) which staff believe are already implemented adequately. Many of the

recommendations are specifically addressed in the DHS Measure Y Policies and Procedures Manual provided to the City Auditor in January of 2009.

4. **Recommendations that staff maintain are inappropriate for implementation.** There are two (2) recommendations that staff believe are not advisable given the realities of program implementation. For example, requiring proof of Oakland residency which staff believes would be counter productive to the goals of the measure.

It should be noted that the impression the report leaves is that there are findings throughout the five grantees included in the City Auditor's sample. However, based on the information provided to DHS by the City Auditor's staff, of the 14 issues cited as evidence, 70% (or 10) are attributable to two grantees. And one half of these findings are attributable to a sub-grantee that DHS recommended be de-funded in the first year due to concerns identified in both service delivery and fiscal monitoring. The contractor was subsequently renewed by City Council but ultimately dropped out after the second year due to challenges in meeting program requirements. All of this, including poor performance and lack of fiscal controls, is well documented in the grantee's file and led to reduced payments for the grantee. Therefore, many of the recommendations in this report are based on this one grantee that was the exception to the rule, and who is no longer funded by Measure Y.

Finding 1: Grant Selection process was conducted adequately, but the selection criteria need to be better defined.

Recommendation 1:

- *Adhere to the selection criteria of grantee applicants that are specified in the RFP and clearly define the criteria "for a proven track record" of providing violence prevention services in its next RFP.*

The audit report determined that in their judgment a proven track record means a program over three years old that has provided similar services in the past. This definition was not used by the City of Oakland, Department of Human Services (DHS) in the review process. DHS Measure Y staff believes more detailed information about an agency in their application reveals whether or not they have a proven track record. The Measure Y 2006-07 Request for Proposal (RFP), which was reviewed by the City Auditor's staff for this report, instructs applicants to detail their success in implementing similar programs and the evaluation results of those programs, in addition to the length of time they have provided similar services. This narrative is reviewed and scored by the independent review panel and that is how the track record of the applicant is evaluated as proven or unproven.

It should be noted that the program identified by the City Auditor's staff as not fitting their criteria as having a proven track record was Oakland Parks and Recreation's (OPR) Radical Rovers. This program was allocated Measure Y funding by the City Council and did not go through the RFP process. However, it was the determination of DHS Measure Y staff and City Council that while the Radical Roving program itself was relatively new (2 years old), OPR has been providing services to high risk Oakland youth for over 100 years.

(FOR CITY COUNCIL)

Recommendation 2

- *Ensure the selection process for grantee applicants is clearly defined if the RFP process is not utilized.*

Staff will work with City Council to address this recommendation.

Finding 2: DHS Needs to Improve Grant Management and Monitoring

Recommendation 3:

- *Continue to develop written policies and procedures for grant management and provide adequate staff training to ensure the appropriate execution of such policies and procedures.*

DHS Measure Y staff concurs with the need for on-going development of its policy and procedures. As described previously, Measure Y is a new initiative, after an initial year of partial and inconsistent staffing, a permanent team was put in place. In 2007, a consultant experienced in grants management was hired to help define staff roles and develop job descriptions. Once completed, the same consultant worked with staff to define key tasks, articulate a workflow and prioritize key tasks in a series of meetings. This work became the basis and core of the policy and procedures manual which was developed throughout 2008. DHS Measure Y staff was trained on the manual in January of 2009. This manual is consistently updated and refined, and if there are changes that result from this audit, they will be reflected in the manual. It was provided to the City Auditor in January of 2009. It is important to note that this work began before the field work of the audit was initiated and will be on-going as the processes are refined, improved and evolve.

Recommendation 4:

- *Develop a formal program to address the training needs of the grant management staff.*

Measure Y staff receive training from consultants on grants management and fiscal monitoring. In addition, DHS Measure Y staff are hired based on job descriptions that require appropriate levels of grants and fiscal monitoring experience for the position. However, if the budget allows, DHS Measure Y staff will implement a formal program to address the training needs of staff. If the budget does not allow for this expense, the current practice of having financial and grants management training provided by coaches who work directly with staff will continue.

This is a recommendation potentially having ramifications beyond that of Measure Y, as there are other grants management programs in the City of Oakland. DHS Measure Y staff is committed to working with the City Administrator in examining the need for such a "formal training program" for all grants management staff in the City.

Recommendation 5:

- *DHS needs to provide fraud training to grant managers and conduct a fraud assessment of grantees.*

Staff takes the possible fraudulent use of any City funds very seriously. This is an issue that goes beyond that of Measure Y and currently the City Administrators Office, in coordination with the Contract Compliance Office, is working to develop City-wide procedures to debar organizations from receiving future City funds if they are found to have illegally used City funds. DHS is committed to aid in this effort. The City Auditor's report recommends "DHS require grant management staff to perform an annual fraud assessment of grants as part of their annual site visit." This will enable them to "spot indicators of potential fraud such as over-reporting of performance, poor internal controls over the handling of grant funds, and lack of documentation for performance and financial reporting." DHS provided the site visit form that is used by staff and the indicators of potential fraud such as over-reporting; poor internal controls and lack of documentation are a part of the site visit process. It should be noted that in neither the DHS Site Visits nor the City Auditor's extensive audit was fraud discovered.

Staff's role is to manage public resources responsibly not only through contract and fiscal monitoring but also through programmatic oversight. The current DHS Measure Y staff is hired not only for their skills in contract management and monitoring but more importantly for their skills in programmatic areas such as reentry, street outreach, mental health services, and public systems integration. Staff is responsible for ensuring: service delivery is aligned with the principles of best practices in the field so programs are effective; close collaboration with other public investments to maximize the leveraging of resources; and, data is collected so that grantees are held accountable for specified levels of service and client outcomes. This work is vital, along with fiscal monitoring, to protecting the public investment of funds. Given resource constraints, City officials must make policy choices regarding the most effective balance between these important grants management activities.

Recommendation 6:

- *Develop a Measure Y Grantee Manual for grantees that are awarded Measure Y funds to ensure that all Measure Y grants are administered consistently and grantees are required to adhere to the same guidelines.*

Staff concurs with this recommendation and a Measure Y Grantee Manual will be completed for use by Fiscal Year (FY) 2009-10 grantees.

Recommendation 7:

- *Develop and distribute a user's manual for CitySpan database to all grantees.*

Considerable effort and expense is made to ensure grantees are assisted with the CitySpan database. A DHS Database/Evaluation Liaison was hired for the purpose of providing assistance to grantees with the database. DHS Database/Evaluation Liaison provided 96 training sessions from May 2007 through September 2008 to grantees including 87 individual assistance sessions conducted at the grantee's site or at DHS. The liaison was also available for support by phone. In addition to this support, City Span help desk is available to all grantees Monday through Friday, 9:00 a.m. to 5:00 p.m.

DHS does not believe the development of a database user's manual -- beyond the current individually tailored data entry sheets and personalized training currently provided -- is useful or effective for supporting grantees. The development of such a manual is also a resource issue. DHS will expand the current data entry sheets to include more generalized instruction but will continue to rely on one-on-one support as the most effective means for ensuring adequate data entry by grantees. A survey of grantees conducted via CitySpan found extremely favorable ratings for the data technical assistance provided by the DHS Database/Evaluation Liaison and there were no requests or suggestions for added written materials.

Recommendation 8:

- *Define specific parameters for issuing payments when grantees do not meet their deliverables.*

This recommendation is based on the examination of payments made by the five grantees sampled for this audit. The report states on page 24 that "... in most cases, we determined that DHS paid grantees the full contract amount despite deliverables not being met." However, in a table in Appendix III of the same report it is revealed that, in fact, four (4) out of the five (5) grantees had payment withheld and the full contract amount was not paid out due to lack of performance on deliverables. One program was paid the full contract amount despite not having met all of their deliverables. This was due to the fact that they began parent gang prevention classes at a time when the INS was making raids in California, deporting parents to their home countries, leaving their children here in the United States. As a result, the target population for the program became hesitant to congregate for the classes. The next class session was held and sponsored at a neighborhood church (a safe haven from INS) causing the participation

to increase. This issue was documented in the grantee's quarterly report and, in keeping with the policies and procedures which allow the Program Officer discretion over payments based on circumstances beyond a grantee's control, the full amount was paid.

DHS Measure Y staff contends that the current policies and procedure for issuing payments when grantees do not meet their deliverables is sufficient. The Policies and Procedures Manual reads:

1. "The process for denying the full amount scheduled is as follows:
 - Discuss an appropriate amount with Lead Program Officer or Policy and Planning Manager (as appropriate).
 - The reduction is determined by a percentage decrease from deliverables not met and then the success the grantee is having meeting other deliverables is taken into consideration as well as their overall record of meeting deliverables in the past. Changes in circumstances regarding program delivery may also be taken into account (i.e. decrease in target population).
 - Grantee is able to make up reduced payments from previous quarters in current quarter (within the same fiscal or contract year) by meeting deliverables for the current quarter. Deliverables are cumulative and therefore take into account the past deficiencies if they are not made up.
2. Once an amount is determined, contact grantee in a written format (letter or email) to let them know how much less they will receive and the reason (i.e. not meeting deliverables as agreed upon in contract). Put letter or email on file."

Recommendation 9:

- *Further define the criteria for assessing whether grantees met their deliverables and the positive and negative incentives for meeting or not meeting the required deliverables. The criteria and incentives should be clearly spelled out in the grant agreement.*

The criteria for assessing whether or not grantees meet their deliverables are the specific benchmarks detailed in their grant agreement. Data is inputted into the CitySpan database by the grantee to track all of their activities during the grant year and that data is automatically tallied and attributed to specific benchmarks in their quarterly report. The quarterly reports are reviewed by DHS Measure Y staff. Measure Y grants are

performance based, as stipulated in the contract¹, and if a grantee does not meet their deliverables after a given quarter, a portion of the payment is withheld.

Recommendation 10:

- *Implement a formal course of action to address attendance issues with grantees.*

Staff has determined that the current formal courses of action as defined in the Policy and Procedures are adequate. If a grantee is having issues with attendance, it will be reflected in their deliverables and payment will be withheld. If DHS Measure Y staff, during the program observation portion of the site visit, determine attendance is an issue, then a corrective action regarding attendance is included in the Site Visit summary with a due date on when it is to be rectified. DHS Measure Y staff will then attend another program session to reassess program participation. If the attendance issue is not rectified by date specified, then funds are withheld from the grantee's quarterly payment. Both of these policies and procedures are sufficient in addressing possible attendance issues.

Recommendation 11:

- *Further develop a written policy and procedure for ensuring that staff verifies that grantees maintain eligibility information on participants served. It should also specify an appropriate level of sampling to ensure that eligibility problems are identified and corrected.*

This recommendation is based on the statement made on page 25 of the City Auditor's report "We found that DHS did not verify the eligibility of program participants, nor did they ensure that its grantees maintained complete and accurate records of program participants." This is a false statement and is based on the fact that the City Auditor during one site visit sampled participant files and could not find eligibility documents on file for some of the participants. Measure Y staff conducted a site visit at an earlier time and did not find this to be an issue. Measure Y staff are trained to recognize documentation in the files related to a client's eligibility (such as probation and parole numbers, Court documents, and referrals from other Measure grantees) that an auditor may not recognize.

¹ Attachment A – Scope of Work of the Measure Y grant agreement: "This is a performance based contract and, therefore, the Grantee's failure to satisfactorily render the deliverables due as indicated on the schedule below may result in a reduction in payment, suspension of payment, termination of this Agreement, and disqualification from contracting for or receiving funds from the City during the next twelve months."

The DHS Measure Y current policy and procedure for verifying eligibility is adequate. Below is the list of eligibility requirements that are to be kept on file by the grantee and available for review during a site visit. This list is in the Measure Y contract for FY 2009-10.

"Staff reviews a sample of 10 files or 10 activities during a site visit for:

- Street Outreach - a log that includes the time, date, location, number of staff and number of people served at each street outreach event is kept on file for at least five years after the end date of this contract.
- General Outreach - a log that includes the time, date, location, number of staff and number of people served for each general outreach event is kept on file for at least five years after the end date of this contract.
- Trainings - a sign-in sheet with the time and date of the event and signatures if each participant kept on file for at least five years after the end date of this contract.
- Intensive Outreach - a file for each participant that includes an intake form, a log of intensive outreach services with the date and time of each contact, eligibility documentation (see Section A, 3, b. of this document for proper eligibility), and a Measure Y consent form kept on file for at least five years after the end date of this contract.
- Group services - a sign in sheet for each group session held must include the time, date, location and the names with signatures for each participant served is kept on file for at least five years after the end date of this contract. Eligibility and consent forms for each participant must also be maintained for at least five years after the end date of this contract.
- Employment services - job retention verification, incentive/stipend logs, eligibility and consent forms for each participant must also be maintained for at least five years after the end date of this contract.
- Case management and mental health sessions - a file for each participant that includes an intake form, eligibility documentation (see Section A, 3, b. of this document for proper eligibility), a case plan (for case managed participants) and a Measure Y consent form kept on file for at least five years after the end date of this contract. Every contact that is inputted into CitySpan database should have a case note and those case notes should be more than one line but should be concise and kept in the participant/client file. Case notes should include the date of the contact, the length of the contact, items discussed, progress made in reaching the goals of their case plan (for case managed participants) and the staff member involved. Case notes should be legible, use acceptable grammar and abbreviations should be used carefully."

Staff does concur with the Auditor's report that the current sampling of 10 client files can be increased to a larger sample during a site visit. This change will be made in the Grant Management Policies and Procedures Manual.

Recommendation 12:

- *Implement a verification process for ensuring that grantees are providing Measure Y services to Oakland residents only. It should also enforce its contract for disallowing reimbursement to grantees that cannot provide eligibility information on Measure Y participants.*

DHS Measure Y staff believes this recommendation is inappropriate and will lead to an inability to serve some of the very clients Measure Y seeks to target. Currently, DHS Measure staff review the zip codes listed in the CitySpan database for each client of each grantee as part of the quarterly report to ensure that non-Oakland residents are not being served. If out of Oakland zip codes are listed, DHS staff requests reasons for why this is the case. There are reasons why a client may be legitimately served but not have an Oakland zip code such as an Oakland youth on probation living in a group home placement, a victim of domestic violence living in a shelter, a prisoner receiving pre-release services in San Quentin.

Staff believes requiring very high risk clients to show proof of residency beyond self reporting will be an impediment to providing services. The highest risk youth which Measure Y targets frequently do not have present or cooperative families who are able to provide them with appropriate proof or documentation. Illegal immigrants are likely not to participate if asked for this type of information. Moreover, most Measure Y clients are referred by a partnering agency such as OUSD, parole or probation thus assuring residency. Obtaining residency documents adds another obstacle to high risk youth and young adults receiving services.

Recommendation 13:

- *Review and make timely adjustments to approved grantee budgets.*

Staff currently adheres to Measure Y Policies and Procedures Manual (p.32) and believes it is adequate. It includes reviewing the budget in the quarterly report, requiring grantees to submit a budget modification request for changes that are more than 10% per line item to DHS Measure Y staff in writing prior to the end of the third quarter.

Recommendation 14:

- *Improve its method of follow-up and tracking corrective action.*

This recommendation is based, again, on one sub-grantee from the City Auditor's sample of five that had very difficult time performing and which DHS Measure Y staff recommend be de-funded in the first year. However, the City Audit report is contradictory regarding the issues related to corrective action follow up with this grantee. On page 28 of the report, the City Auditor states that "... there was no evidence in the grant file that DHS followed up on the corrective action" later on the same page the report states "grant file documentation showed DHS followed up with the grantee on July 2, 2008." The City Auditor also maintains that with proper monitoring the sub-grantee would have been able to meet its program deliverables and not terminate its grant with Measure Y. This is the same sub-grantee that, as mentioned previously, many of these findings are attributable to and that DHS requested be de-funded in the first year due to concerns identified in both service delivery and fiscal monitoring. The contractor was renewed by City Council but ultimately dropped out after the second year due to challenges in meeting program requirements. All of this, including poor performance and lack of fiscal controls, is well documented including corrective actions and related correspondence in the grantee file. Furthermore, this led to reduced payments for the grantee.

DHS Measure Y staff has a policy and procedure that all corrective actions that are due to be closed are followed up on prior to issuing payment for that particular quarter. This is done via email with the Executive Director and all files have documentation related to this follow up on file. In the example given by the Auditor that leads to this recommendation, the following email was sent to the Executive Director of the lead agency:

From email dated July 2, 2008:

"The following corrective actions are past due. These items must be completed before DHS can pay out the final payment on your current contract or execute a Fiscal Year 2008-09 contract."

However, in an effort to improve tracking of the corrective actions, CitySpan is adding a corrective action field in the quarterly report form that will enable grantees and DHS Measure Y staff to include corrective actions in the database.

Recommendation 15:

- *Pursue a more active role in directly monitoring all of the Measure Y sub-grantees. In addition, it should further refine its policies and procedures for monitoring sub-grantees and establish specific responsibility to the lead organization will have in those monitoring efforts.*

The City Auditor's report is internally contradictory. On page 29, the report states "According to DHS, there is no requirement to monitor sub-grantees." On the same page it states: "DHS stated in its policies and procedures manual that it is the legal obligation of the lead agency funded by Measure Y to monitor the sub-grantee's progress and ensure accountability. DHS also stated that it has the right to conduct file reviews and program observations of sub-grantees."

As relayed to the City Auditor's staff, DHS Measure Y staff does monitor sub-grantees when that agency carries a substantial portion of the workload and/or is funded by a specific Measure Y strategy. In fact, the sub-grantee regularly cited in the report is one who was monitored by DHS and recommended to be discontinued based, in part, on the results of that site visit. Site visits of sub-grantees include reviewing their performance in meeting their deliverables in the quarterly reports, conducting program observations and conducting reviews of client file. Fiscal monitoring of sub-grantees is the responsibility of the lead agency as stated in the policy and procedures.

However, in an effort to ensure that sub-grantees are monitored more uniformly by their lead agencies, the DHS Measure Y staff will include in the Grantee Manual policies and procedures for lead agency monitoring of sub-grantees. We will consult with the Auditor's Office as this is developed.

Recommendation 16:

- *Require grant managers to maintain documentation from grantee site visits and expand their sampling of budget line items and client files. In addition, establish policies and procedures for Supervisory review of the Site Visit Checklists and supporting documenting prior to issuing a Site Visit Summary.*

DHS Measure Y staff maintain in a separate, central file the Site Visit Summary, a completed Site Visit check list and the entire contents of the Desk Audit which is required to be submitted by the grantee to DHS prior to the visit. Staff concurs that these files can be better maintained and the Site Visit checklists will now be more consistently filled out. However, documentation of client files reviewed during a site visit cannot be maintained due to privacy issues. As already mentioned in this report,

Response to Final Draft of the Measure Y Violence Prevention Performance Audit Finding and Recommendations

DHS Measure Y staff will increase the sampling of budget line items and client files for future site visits. Every site visit is attended by two DHS Measure Y staff which includes in some cases the Policy and Planning Manager. The Policy and Planning Manager has access to these files and if questions arise during the review of the Site Visit Summary the full file can be reviewed.

Recommendation 17:

- *Require grant managers to establish policies and procedures for records retention.*

This is the same recommendation as #16. It should be noted that the Measure Y grant agreement for FY 2009-10 includes language requiring participant files are kept for five years.

Recommendation 18:

- *Improve its documentation to support quarterly payments that are not in the amount of the scheduled contract amount.*

DHS Measure Y staff detail in the notes section of the payment memo the reasons why funds are being withheld. The payment memo is signed by supervisor and sent to the accounting division for payment. In an effort to make this clear to those who may not read the notes section (such as the accounting division), the form has been adjusted to include a column that will detail any funds that are withheld. This new form will be used starting July 1, 2009.

Finding 3: The City needs to improve the program evaluation process.

There are several statements in this section of the City Auditor's report that are incorrect and unsubstantiated. They include the following:

- From page 34 of the City Auditor's report: *"... the evaluation is incomplete and the results inconclusive as to program effectiveness."*

DHS Measure Y staff is assuming the City Auditor's staff is referring to the first report from the Measure Y evaluator of the programs from FY 2006-07, the first year of implementation. It is accepted practice in program evaluation that in the

first year of implementation there is not sufficient time and data to determine program outcomes and effectiveness.

It is important to note that this statement is no longer the case and the new Measure Y evaluator, led by Research Development Associates, stated in their most recent report for the third quarter of FY 2008-09: "We are confident that the solutions we have generated with DHS (related to data matching which was insufficiently conducted by the previous evaluator) will result in improved systems to measure the impact of the Measure Y initiative in the upcoming contract cycle."

- From page 35 of the City Auditor's report: *"To date, the program evaluation has had limited value and needs to be improved."*

Again, this is based on information from two and three years ago and does not include the significant efforts by City Administrator's Measure Y staff, DHS Measure Y staff, and the new evaluators to improve the matching of participants to OUSD and Probation data markedly increasing the ability of the new evaluation team to examine the success of Measure Y program participants. This effort also had nothing to do with the demographic data or the consent forms listed as issues by the City Auditor.

- On page 37: "According to the independent evaluator, DHS did not ensure that grantees collected and reported complete data on its participants."

This remark by the previous evaluator is in relation to data missing for the surveys that the evaluator was required to develop and analyze for their contract with the City Administrator's Office. This is not referring to the overall data that was collected for the deliverables and demographic data in the database. In fact, a report was run from the Cityspan database and found that there was missing demographic data for only approximately 10% of the 4,000 clients receiving individual and group level services. Furthermore, the performance based nature of the DHS contracts ensures that grantees input the service level data; otherwise they do not get paid.

Regarding the surveys, the amount of time given for grantee staff to fill out these surveys used for the May, 2009 report for every one of their clients receiving individual level survey was very limited (only two weeks for organizations that often served over 40 clients). DHS Measure Y staff, at the evaluator's request,

assisted the evaluators by posting the survey on CitySpan to make submission easier. However, it was not part of DHS Measure Y staff's responsibility to ensure surveys were completed. Collecting and analyzing survey data was the responsibility of the evaluator under the City Administrator's direction.

Recommendation 19:

- *Ensure consent forms for the evaluators are completed by all program participants.*

DHS concurs with the City Auditor that it is import to have as many participants as possible consent to being part of the Measure Y evaluation. It is not ethical or practical when serving very high risk youth and young adults to provide services only to those who consent to being part of the evaluation. Research literature maintains that the average consent rate for young people is 33-60%². Currently, DHS' consent rate is 98% for participants 18 and over and 62% participants under the age of 18 and their parent or guardian. This is well over the average. DHS Measure Y staff conducts file reviews of a sample of a grantee's participants to ensure consents are kept on file and are appropriately signed by a parent or guardian if the youth is under the age of 18.

It is important to note that DHS Measure Y staff and grantees have gone to great lengths to get signed consent forms. For example, DHS Measure Y staff worked with the Oakland Alternative Education schools to develop an arrangement that has all parents who enroll his/her child in an Alternative Education school in Oakland sign a Measure Y parental consent form that is kept on file. In addition, DHS also developed a policy derived from the U.S. Department of Health and Human Services that guides grantees on how to obtain consent for children who are wards of the Court or State and trained grantees on how to implement it.

Recommendation 20:

- *Implement a mechanism to ensure grantees provide complete and accurate demographic data for evaluators use in assessing program outcomes.*

The Measure Y grantees currently maintain demographic data on 90% of the clients with individual level services in the database. The one program referred to in the auditor's report had a host of serious program implementation problems and DHS recommended they not be funded in part because they were not inputting information into the database. The report states that "We did not find any written evidence in the

² http://www.mja.com.au/public/issues/180_07_050404/san10589_fm.html and also from Psychiatric Disorders In Youth in Juvenile Detention by Linda A. Teplin, PhD; Karen M. Abram, PhD; Gary M. McClelland, PhD; Mina K. Dulcan, MD; Amy A. Mericle, PhD- :www.archgenpsychiatry.com

grant files that the issue of missing demographic data was being addressed by DHS." To the knowledge of DHS Measure Y staff, this was the same program mentioned on page 28, paragraph 3: "DHS issued a corrective action in the Site Visit summary requiring the grantee to input its sub-grantee (this would include demographic data) program activities into the database...". Thus, the report contradicts itself in this case.

The current policy in which the program officer, reviews the quarterly report for missing demographic data, works with the grantee to determine why the data is missing and requires they input the missing data in a timely manner. Measure Y staff provided the City Auditor with this current policy and procedure in January of 2009.

Recommendation 21:

- *Ensure that grantees properly collect and report on performance data needed to evaluate their program.*

The Measure Y grants are performance based. If a grantee does not meet the projected number of participants or services hours (deliverables) at the end of a given quarter, funds are withheld. This is the most powerful way of ensuring that grantees collect and report on performance data.

(For the City Administrator)

Recommendation 22:

- *Ensure that all Measure Y Violence Prevention program grantees are evaluated.*

Please refer to the City Administrator's response.

Recommendation 23:

- *Establish clear roles and responsibilities for providing oversight and technical direction to the program evaluators.*

Please refer to the City Administrator's response.

Attachment A – Survey of Other Grant Programs

ATTACHMENT A

ATTACHMENT A

DHS SURVEY OF SIMILAR GRANT PROGRAMS
Conducted in FY 2008-09

Local Governmental Organization	Fraud Training of Program Grant Managers?	Site Visit by Grants Managers?	Fiscal Review in Site Visit ?
City of Oakland: Measure Y	No	Yes	Yes
City of Oakland: Community Action Partnership	No	Yes	Yes
City of Oakland: Oakland Fund for Children and Youth (grants admin. capped at 5%)	No	Site visits are conducted by outside evaluator - site visit conducted if a problem	No
Alameda County Health Care Services Agency	No	No	No
City of Fremont: Human Services Dept.	No	Yes	Yes
City of San Francisco: Department of Children, Youth and Families	No	Yes	Yes
First Five- Every Child Counts Alameda County	No – but fiscal staff do have fraud training	If there is a problem, they conduct site visits	N/A



Inter-Office Memo

Office of the City Administrator

To: Dan Lindheim, City Administrator

From: Jeff Baker, Assistant to the City Administrator, Measure Y

Subject: Confidential Draft Report of the Performance Audit of the Measure Y Violence Prevention Program, Office of the City Auditor

Date: June 22, 2009

As you know, the report is divided into two portions, the Department of Human Services administration of violence prevention programming and the evaluation. Though I am ultimately responsible for the latter, several DHS areas directly impact the evaluation of Measure Y. I will address each relevant component in turn.

Section 1: Department of Human Services:

Recommendation 1 requests DHS adhere to the selection criteria of grantee applicants that are specified in the Request for Proposal and clearly define the criteria for "a proven track record." I concur and provide a "clear" criteria definition for consideration. The Measure Y Initiative provides its proceeds may be used to "[e]xpand preventive social services provided by the City of Oakland or by adding capacity to community-based nonprofit programs with demonstrated past success" in specific enumerated strategy areas. In short, there are two possible program providers – the City of Oakland or outside nonprofits. Pursuant to the Initiative, DHS may fund violence prevention programming outside of the RFP process as long as it is an expansion of the City of Oakland's own preventive social service programming. This includes programming currently provide by the Oakland Fund for Children and Youth, Parks and Recreation or funding of "new" or "emerging" violence prevention program needs. The caveat is that the programs must be administered directly by the City of Oakland or an expansion of existing programs.

Recommendation 7 (database use) and Recommendation 12 (verification of Oakland residency) are relevant to the evaluation component of Measure Y. A User's Manual for the CitySpan Database System was not a specific contract deliverable with Berkeley Policy Associates. However, BPA was obligated to provide a "data dictionary" explaining to program providers what data elements to collect and how to enter into the data system. BPA's failure to complete this and other contractual obligations contributed to the decision to place the contract out to bid in May 2008.

The issue of Measure Y client residency is particularly sticky given the "high risk" clients served. For example, outreach to a particular geographic "hot spot" may identify several "at-risk" youth. Referrals provided at the scene may later disclose the receipt of services by non-Oakland residents. Similarly, "at risk" youth often request friends to accompany them to Measure Y programs for encouragement and support.

Section 2: Measure Y Evaluation:

There are five specific evaluation component recommendations provided by the City Auditor for consideration by the City Administrator. Recommendations 19, 20 and 21 refer to the submittal of consent forms; the collection of complete and accurate demographic data and the proper collection of "performance" [participant] data. I concur that these are areas of immense importance to the evaluation and have proven problematic in the past. However, presently these are non-issues. The completion of consent forms by parents or guardians is particularly difficult given the socio-economic status of our "at-risk" clients. Often, at-risk youth live in separate households or is "independent" from adult supervision. Our policy is not to deny services because a consent form is not on record. Steps to resolve this issue were initiated by DHS this year by enforcing the consent form requirement with program providers. DHS now tracks the number of consent forms on file with program providers. The file is inspected during DHS monitor site visits to ascertain the number of consent forms with registered clients. Where the at-risk client is living in a group home or is a resident of juvenile hall, an additional code has been added to allow a case manager to provide consent to participate in the program. Due to the increased monitoring by DHS, the issue of "consent" has dissipated.

The difficulties around data "matching" were more acute. Without an adequate data pool, there can be no evaluation. In the past program years, data match rates were disturbingly low. Several factors caused the low match rate: first, program providers made extraordinarily high data entry errors. Secondly, the "third party encoder," charged with maintaining the anonymity of clients, automatically "kicked" clients out of the data pool once matched to a single program. Thus, where a client participated in two or more Measure Y programs, their identifying code would show participation in the first program and "no match" in others. We have resolved this issue, creating a 50%+ increase in juvenile justice system match and a 75%+ increase in OUSD match. Our entire data pool has been "scrubbed" to make corrections in names, birth dates, and zip codes as well as young adult clients who have "aged" out the OUSD system.

I concur with Recommendation 22 that all Measure Y programming be evaluated. The evaluator, Resource Development Associates, has been directed to develop evaluation criteria for all strategies in conjunction with CAO, OPD and DHS. Presently, three programs; restorative justice, street outreach and family violence have not been subject to the evaluative process. All three are new programs without logic models and identified "best practices." We anticipate difficulty in obtaining consistently matched data with street outreach due to insufficient or inaccurate identification of clients. Similarly, children aged 0-5 receiving services through the Family Violence Center will be difficult to track since the age group falls outside of JUVIS or the OUSD data base. We are currently negotiating with the evaluator, Resource Development Associates, to develop evaluative criteria for the aforementioned strategies.

Lastly, clear roles and responsibilities for providing oversight and technical direction for the program evaluator exist. The Office of the City Administrator manages the evaluation contract and ensures the evaluation is "independent" of outside influence. A quarterly evaluation status report is submitted to the Oversight Committee and City Council. This is a new practice initiated by the current manager of the contract. Additionally, a part-time data base/evaluation liaison was hired by the CAO Measure Y Manager to assist DHS grantees with data collection and data entry. A "work sheet" developed for each grantee ensures timely and proper data entry practices. Combined with efforts from Resource Development Associates personnel, all Measure Y data was "scrubbed" and consequently the DHS match rate increased. Monthly "All-Hands Meetings" are held with city staff associated with the implementation of Measure Y at the direction of the CAO Manager. These meetings ensure collaboration of all city staff in the implementation of Measure Y.

As a direct result of effective management of the Measure Y Evaluation contract, the City Council will receive its first comprehensive evaluation of Measure Y violence prevention programming and community policing in September 2009.

**CITY AUDITOR'S ANALYSIS
AND SUMMARY OF ACTIONS NECESSARY
TO CLOSE REPORT**

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OFFICE OF THE CITY AUDITOR'S ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT

We provided a draft audit report to the City Administrator for review and comment. The City Administrator's comments, which detail the actions it has taken or plans to implement in response to our recommendations, have been included in this report. These comments also comprise staff responses from both the Office of the City Administrator and the Department of Human Services (DHS).

In this audit report, we are introducing a new format for our response to the auditee entitled "The Analysis and Summary of Actions Necessary to Close the Report." This section of the report provides clarification on the status of the report recommendations, including the follow-up actions needed to be completed to close the report.

The Analysis and Summary of Actions Necessary to Close the Report summarizes our analysis of both the Office of the City Administrator and DHS' comments and proposed actions required to close the report. The status of each of the 23 recommendations at the time of publication for this report is unresolved, partially resolved, resolved or closed.

4	Unresolved	No agreement on the recommendation or the proposed corrective action. Implementation of recommended corrective action is specified in the City Auditor's Analysis and Summary of Actions Necessary to Close the Report.
6	Partially Resolved	Partial agreement on the recommendation or the proposed corrective action. Implementation of the proposed corrective action is clarified in the City Auditor's Analysis and Summary of Actions Necessary to Close the Report.
11	Resolved	Agreement on the recommendation and the proposed corrective action. Implementation of the proposed corrective action forthcoming from the auditee.
2	Closed	Agreed upon corrective action complete. The impact of the corrective action will be reviewed during follow-up by the Office of the City Auditor.

To provide clarity and perspective, we are commenting on both the Office of the City Administrator's and DHS' responses to the Office of the City Auditor's performance audit report on the Measure Y Violence Prevention Program.

Two areas highlighted in DHS' response require clarification. The remaining balance of the City Auditor's comments focuses on the disposition of each recommendation. The areas needing further clarification are: (1) Measure Y Policies and Procedures Manual and (2) judgmental sampling.

Measure Y Policies and Procedures Manual

In its response, DHS states, "a consultant worked with staff to define key tasks, articulate workflow and prioritize key tasks in a series of meetings. This work became the basis and core of the policies and procedures manual which was developed throughout 2008. DHS Measure Y staff was trained on the manual in January of 2009." The Office of the City Auditor acknowledges DHS' development of its Policies and Procedures Manual and confirms receiving the manual on February 6, 2009.

However, approximately \$23 million in grants were disbursed or awarded prior to the City's development of the Measure Y Policies and Procedures Manual. Generally accepted government auditing standards define a program's policies and procedures as an internal control that "provides reasonable assurance that a program meets its objectives, while considering cost-effectiveness and efficiency." Without policies and procedures in place, \$23 million was put at increased risk of misappropriation and misuse.

In addition, DHS' response references standards and processes from the manual to challenge the City Auditor's findings. This is misleading. As stated, the manual was provided to the City Auditor on February 6, 2009 and did not exist during the scope of the performance audit. The scope of the Measure Y performance audit was fiscal years 2006-07 and 2007-08.

Judgmental Sampling

In its response, DHS states, "of the 14 issues cited as evidence, 70% (or 10) are attributable to two grantees. And one half of these findings are attributable to a sub-grantee that DHS recommended be de-funded in the first year due to concerns....Therefore, many of the recommendations in this report are based on this one grantee that was the exception to the rule, and who is no longer funded by Measure Y."

One of the most commonly used sampling techniques in the performance auditing field is judgmental sampling. Under this methodology, performance auditors identify the areas of greatest risk exposure and select items for further review. Auditors consider the results of the judgmental sample when evaluating the quality of the population reviewed, and comment on the identified root causes of those findings.

The sample of five grantees selected were each from a different program strategy within Measure Y, with various funding award levels included to cover the range of low to high awards. *More importantly, each of the five grantees selected already had site visits conducted by DHS to ensure appropriate management measures were in place.* DHS' statement acknowledges that certain management deficiencies were not identified during these site visits and came to light only as a result of this performance audit.

DHS' response downplays the significance of the findings on the logic that these findings are only attributable to two grantees. In fact, all five grantees were found to have deficiencies in key management areas, including fiscal and programmatic activities. As a result of the audit, DHS should take appropriate actions to address the issues identified and improve the rigor of the site visits.

Recommendations:

1. **Unresolved.** DHS did not agree with our recommendation to adhere to the selection criteria of grantee applicants that are specified in the Request for Proposal (RFP) and clearly define the criteria for "a proven track record" of providing violence prevention services in its next RFP. In response, DHS stated that it believes more detailed information about an agency in their application reveals whether or not they have "a proven track record." Further, the RFP instructs applicants to detail their success in implementing similar programs, the evaluation results of those programs, and the length of time it has provided similar services. DHS also stated that the Office of Parks and Recreation (OPR) has been providing services to high risk youth for over 100 years. While that may be true, our audit focused specifically on Measure Y Violence Prevention Programs. Therefore, our report only addresses the OPR program that is funded by the Measure Y Violence Prevention Program. This new OPR program has been in existence for less than three years and had never previously provided violence prevention services. The intent of our recommendation is to clarify the meaning of "a proven track record" so that the applicant is provided with specific selection criteria and DHS is not interpreting the meaning for each applicant.

Furthermore, we compared the requirement for “a proven track record” for Oakland’s Violence Prevention Program to a similar program administered by the City of San Francisco. This program awards Violence Prevention and Intervention Services grants to local non-profit organizations that provide at-risk youth and young adults with violent prevention services. We verified that the City of San Francisco requires that, “Organizations must have a minimum of three years experience effectively delivering proposed services.”

To close this recommendation, DHS should provide evidence to the Office of the City Auditor that the next Request for Proposal has been revised to include clearly defined criteria for “a proven track record” of providing violence prevention services.

2. **Resolved.** DHS agreed with our recommendation to ensure the selection process for grantee applicants is clearly defined if the RFP process is not utilized. In its response, DHS stated that its staff will work with the City Council to address the recommendation.

To close this recommendation the City Council should provide evidence to the Office of the City Auditor that a clearly defined selection process has been developed for use for all grant awards.

3. **Resolved.** DHS agreed with our recommendation to continue to develop written policies and procedures for grant management and provide adequate staff training to ensure appropriate execution of such policies and procedures. In its response, DHS stated that the policies and procedures are consistently updated and refined, and appropriate changes that occur as a result of the audit will be reflected in the manual. DHS also stated that it had developed policies and procedures for the Measure Y Violence Prevention Program throughout 2008. It is also important to note that the City Auditor staff asked for a copy of the policies and procedures at the beginning of the audit in late March 2008 and did not receive a copy until February 6, 2009.

To close this recommendation, DHS should provide the Office of the City Auditor with an updated copy of the manual that includes revisions that specifically address areas identified in our report by November 30, 2009.

4. **Resolved.** DHS agreed with our recommendation to develop a formal program to address the training needs of the grant management staff. DHS stated that it will implement a formal program to address the training needs of staff provided that the City of Oakland budget

allows for such an implementation. In addition, DHS stated that the current practice of having financial and grant management training provided by coaches who work directly with staff will continue if the City's budget does not allow for such training. Nonetheless, it is imperative that a formal training program be instituted to address the potential risk of fraud, waste and abuse of Measure Y Violence Prevention funds.

To close this recommendation, DHS should provide evidence that it has implemented a formal program to address the needs of the grant management staff to the Office of the City Auditor by November 30, 2009.

5. **Resolved.** DHS agreed with our recommendation to provide fraud training to grant managers and conduct a fraud assessment of grantees. DHS stated that it is committed to aid in this effort. DHS further stated that this issue goes beyond Measure Y. DHS added that the Office of the City Administrator, in coordination with the Contract Compliance Office, is working to develop City-wide procedures to debar organizations from receiving future City funds if they are found to have illegally used City funds. In its response, DHS also noted that neither they nor the City Auditor discovered fraud while reviewing the Measure Y Violence Prevention grants. While this may be the case for the sample of Measure Y grants that were reviewed, the need for DHS to implement a robust fraud prevention program in conjunction with the City Administrator is clear. The U.S. Attorney for the Northern District of California estimates that government entities lose between 10-15% of federal grant funds to fraud.

To close this recommendation, DHS should provide evidence to the Office of the City Auditor that fraud training is being provided to grant managers and that grantee fraud assessments are conducted by April 30, 2010.

6. **Resolved.** DHS agreed with our recommendation to develop a Measure Y Grantee Manual for grantees that are awarded Measure Y funds to ensure that all Measure Y grants are administered consistently and grantees are required to adhere to the same guidelines. DHS stated that this recommendation will be addressed with the development of a Measure Y Grantee Manual that will be completed for use by the fiscal year 2009-10 grantees.

To close this recommendation, DHS should provide the Office of the City Auditor with a copy of the completed Measure Y Grantee Manual by November 30, 2009.

7. **Resolved.** DHS stated that it did not agree with our recommendation to develop and distribute a user's manual for Cityspan database to all grantees, but it proposed action that satisfies the intent of our recommendation. DHS acknowledged the need for more generalized instructions for grantees and has agreed to expand the current data entry sheets to include more generalized instruction for the use of Cityspan and will continue to rely on one-on-one support as the most effective means for ensuring adequate data entry by grantees.

To close this recommendation, DHS should provide the Office of the City Auditor a copy of the revised data entry sheets that include more generalized instruction for the use of Cityspan by November 30, 2009.

8. **Closed.** DHS provided specific parameters for issuing payments when grantees do not meet their deliverables. Corrective action has been implemented and will be reviewed during the follow-up by the Office of the City Auditor.
9. **Closed.** The intent of this recommendation was satisfied under recommendation #8. Corrective action has been implemented and will be reviewed during the follow-up by the Office of the City Auditor.
10. **Partially Resolved.** DHS disagreed with our recommendation to implement a formal course of action to address attendance issues with grantees. DHS stated that it has determined that the current formal courses of action as defined in its policies and procedures manual are adequate. However, as previously stated, DHS' policies and procedures manual was not developed during the scope of our audit. In addition, the grantee contracts do not specifically address the issue of attendance. In its response to the audit report, DHS stated that it will withhold payments for deliverables when grantees have a participant attendance issue. DHS also stated that if staff determines that there are attendance issues during the program observation portion of the site visit, a corrective action regarding attendance will be included in the Site Visit Summary with a due date for rectification. If the attendance issue is not rectified by the date specified, then funds are withheld from the grantee's quarterly payments. Yet, for one of the grantees we tested, we found that the grant manager included attendance issues in the site visit summary, but did not include a corrective action nor were payments withheld from the grantees quarterly payments.

To close this recommendation, policies and procedures should be revised to include program observations every six months. DHS should provide written documentation of this revision to the Office of the City Auditor by November 30, 2009.

11. **Partially Resolved.** DHS stated that its Measure Y policies and procedures for verifying eligibility is adequate. It is important to clarify again that these policies and procedures did not exist during the time period of our audit scope for fiscal years 2006-07 and 2007-08. Furthermore, the eligibility reference listed by DHS in its response is included in the Measure Y contract for fiscal year 2009-10 and would not be relevant to our review of previous years' documentation. In our file review, we identified such eligibility documentation as school attendance and academic records, probation and parole documentation, and other court documents. During one grantee site visit, we requested that the grantee provide evidence or documentation to prove the eligibility of participants for the first and third quarters of fiscal year 2007-08. The grantee could not provide support for 23 out of 40 participants for those two quarters. While DHS concurred that the current sampling of 10 client files can be increased to a larger sample during a site visit, it did not specify the size of the larger sample nor discuss the selection methodology for the increased sample.

To close this recommendation, DHS should revise the policies and procedures to include additional written guidelines for verifying eligibility to the Office of the City Auditor by November 30, 2009. For example, such additional guidelines for verifying eligibility could include the following suggested procedures: *During the last 12 month period, select two non-consecutive quarters and verify the eligibility of all individual participants in both quarters; Record and retain the results of the eligibility review for each of the program participants in the sample within an Excel spreadsheet, including the type of eligibility documentation reviewed in each participant file.*

12. **Unresolved.** DHS disagreed with our recommendation to implement a verification process for ensuring that grantees are providing Measure Y services to Oakland residents only, and should enforce its contract for disallowing reimbursement to grantees that cannot provide eligibility information on Measure Y participants. In its response, DHS stated that Measure Y staff reviews the quarterly reports generated from the Cityspan database for individual participant zip codes to ensure that non-Oakland residents are not being served. Furthermore, DHS claims that it follows up on those cases of non-Oakland zip codes to determine when service delivery is

deemed necessary. However, for two of the grantees in our sample, we found a significant number of missing zip code data for each quarter in the two fiscal years that we reviewed. DHS also stated that it considers referrals alone from partnering agencies, e.g. the Oakland Unified School District, Parole or Probation Department, an assurance of residency. Nevertheless, proof of residency must be obtained from and verified for all program participants, in particular those participants who were referred from partnering agencies. It is imperative that DHS ensure that Measure Y funds are only being spent on Oakland residents, as the intent of Measure Y is to lower the incidence of violence in Oakland and is funded through the City of Oakland's parcel and parking tax revenue. Of the sample of five grantees, we noted this residency requirement is only stipulated in one grantee's contract. This grantee's participants submit W-9 forms for stipend checks, and the grantee verifies that the W-9 address matches the application address, and that the address is an Oakland address.

Furthermore, we compared the residency requirement for Oakland's Violence Prevention Program to a similar program administered by the City of San Francisco. We verified that the City of San Francisco requires that services from these programs must be provided only to residents of that city. Based on DHS' response, we understand a challenge exists to prove residency for undocumented individuals. Nevertheless, DHS should identify the size of the undocumented group of participants and report the percentage that these participants constitute out of the population of Measure Y participants.

To close this recommendation, DHS will need to revise policies and procedures to include a requirement of written documentation of a proof of residency for Measure Y participants, as well as report the estimated percentage of participants who cannot provide proof of residency to the Office of the City Auditor by November 30, 2009.

13. **Resolved.** DHS stated that its staff currently adheres to its Measure Y Policies and Procedures Manual and believes it is adequate. It is important to again clarify that these policies and procedures did not exist during the time period of our audit scope for fiscal years 2006-07 and 2007-08. In its response, DHS stated that it also requires grantees to submit a budget modification request in writing prior to the end of the third quarter when there are modifications that are more than 10% to a line item. In our audit, we identified a grantee that had significantly under-spent in two of its budget categories, which included stipends and indirect costs. We did not find any evidence that DHS had followed their stated quarterly practice of reviewing and approving the changes to the grantee's budget despite the

existence of the policy and procedure. In addition, grantees should submit a request in advance for budget modifications in the current quarter.

To close this recommendation, DHS should submit evidence that it is reviewing, approving or not approving changes to grantee budgets to the Office of the City Auditor by November 30, 2009.

14. **Resolved.** DHS agreed with our recommendation to improve its method of tracking corrective action. DHS stated that in an effort to improve tracking of the corrective actions, Cityspan is adding a corrective action field in the quarterly report form that will enable grantees and DHS Measure Y staff to include corrective actions in the database. In addition, DHS said that its policies and procedures require that all corrective actions due to be closed are followed up on prior to issuing payment for that particular quarter. Again, these policies and procedures did not exist during the time period of our audit scope for fiscal years 2006-07 and 2007-08. As stated in the audit report, in one case DHS issued a corrective action in the Site Visit Summary requiring the grantee to input the sub-grantee program activities into the Cityspan database by June 30, 2007. However, there was no evidence in the grant file that DHS followed up on the corrective action. For a different corrective action in the next fiscal year, DHS required the same grantee to provide a written plan for its sub-grantee to catch up by May 15, 2008 on past due deliverables. DHS did not follow up until July 2, 2008 when the grantee missed the corrective action due date of May 15, 2008 - approximately two months later. For tracking purposes, DHS would benefit from using the Cityspan database to generate reports on corrective actions, and then reviewing these reports on a quarterly basis before issuing payment.

To close this recommendation, DHS should provide evidence to the Office of the City Auditor of the addition of the corrective field in Cityspan, the reports generated, and additional guidance that has been implemented to ensure that corrective action is followed-up and tracked appropriately by November 30, 2009.

15. **Unresolved.** DHS disagreed with our specific recommendation to pursue a more active role in directly monitoring all of the Measure Y sub-grantees and to continue to refine its policies and procedures for monitoring sub-grantees. DHS stated that it would further establish specific responsibilities for the lead agency and add policies and procedures on the monitoring of sub-grantees to its Grantee Manual. However, the role and responsibilities that DHS has in directly

monitoring sub-grantees also needs to be further clarified in its policies and procedures to include reviews of fiscal and programmatic areas. It is imperative that DHS directly take an active role in monitoring sub-grantees, which comprised over \$3 million or 10% of Measure Y grants, as opposed to assigning these duties to the lead agency. In fact, according to the Office of the Inspector General Audit Division of the U.S. Department of Justice (DOJ), *“Granting agencies should increase their monitoring of grantees and subgrantees by increasing site visits and reviewing financial and progress reports for accuracy, completeness, and alignment with project goals. This practice is particularly important for new grantees, as well as for experienced grantees with problems managing prior grants.”*¹

To close this recommendation, DHS should develop and submit written guidelines for sub-grantee monitoring, indicating the specific roles and responsibilities assigned to DHS and the lead agency, to the Office of the City Auditor by November 30, 2009.

- 16. Partially Resolved.** DHS agreed with our recommendation to require grant managers to better maintain documentation from grantee site visits and expand their sampling of budget line items and client files. However, DHS did not directly address whether or not it agreed with our recommendation to establish policies and procedures for Supervisory review of the Site Visit Checklists and supporting documentation prior to issuing a Site Visit Summary. In its response, DHS stated that it maintains in a separate central file for the Site Visit Summary, a completed Site Visit Checklist, and the entire contents of the Desk Audit that is required to be submitted to DHS by the grantee prior to the visit. In addition, DHS stated that documentation of client files reviewed during a site visit cannot be maintained due to privacy issues. During our audit we did not find that DHS maintained completed Site Visit Checklists or entire contents of Desk Audits. We acknowledge the sensitivity of the right to privacy, yet believe DHS can maintain documentation without including personally identifying information on participants as well as redact private information. For example, DHS should maintain the completed Site Visit Checklist and any supporting documentation that is required to be obtained by the grant manager as indicated on the Checklist. With regard to the Site Visit Checklist itself, DHS also stated that in the future this document would be more consistently completed.

¹ This monitoring practice is among the list of ideas and practices that granting agencies should consider following to mitigate the incidence of waste, fraud and abuse in funding and managing the \$4 billion in DOJ funding within the American Recovery and Reinvestment Act of 2009.

To close this recommendation DHS should provide evidence to the Office of the City Auditor by November 30, 2009 that its policies and procedures include requirements for: (1) grant managers to maintain documentation from grantee site visits, (2) additional sampling of budget line items and client files, and (3) supervisory review of the Site Visit Checklists and supporting documentation prior to issuing a Site Visit Summary.

17. **Unresolved.** This recommendation was not specifically addressed by DHS. It is entirely different from recommendation #16 and refers to the contents of DHS grant files, as well as the period of time that Measure Y records are to be retained by DHS. DHS provided an outline for a record retention standard for grantees for fiscal year 2009-10; however, a clear record retention policy should also be implemented by DHS internally for its own files.

To close this recommendation, DHS will need to develop written guidelines that include policies and procedures with respect to records retention by grant managers. DHS should submit these policies and procedures for Measure Y records retention to the Office of the City Auditor by November 30, 2009.

18. **Resolved.** DHS agreed with our recommendation to improve its documentation to support quarterly payments that are not in the amount of the scheduled contract amount. DHS stated that in an effort to improve its documentation to support quarterly payments that are not in the amount of the scheduled contract, it revised the notes section of the memo to include a column that will detail any funds that are withheld. In addition, DHS stated that the revised form will be used starting July 1, 2009.

To close this recommendation, DHS will need to provide the Office of the City Auditor with a copy of the revised form that includes the additional column by November 30, 2009.

19. **Resolved.** DHS agreed with our recommendation to ensure consent forms for the evaluators are completed by all program participants. DHS stated that its staff worked with the Oakland Alternative Education schools to develop an arrangement that has all parents who enroll a child in an Alternative Education school in Oakland sign a Measure Y parental consent form that is kept on file. In addition, DHS also developed a policy derived from the U.S. Department of Health and Human Services that guides grantees on how to obtain consent for children who are wards of the court or state, and DHS trained grantees on how to implement this policy.

To close this recommendation, DHS should provide evidence to the Office of the City Auditor by November 30, 2009, of additional guidance that has been implemented to ensure consent forms for the evaluators are completed by all program participants, as well as the newly developed policy that guides grantees on how to obtain consent for children who are wards of the court or state, and that DHS trained grantees on how to implement this policy.

20. **Partially Resolved.** In its response, DHS states that in its current policy to ensure grantees provide complete and accurate demographic data for evaluators to use in assessing program outcomes, the program officer reviews the quarterly report for missing demographic data, obtains an explanation for the missing data from the grantee, and requires the grantee enter the missing data on time. As previously stated, the current policy was not implemented during the scope of our audit. In fact, we found that DHS was not always requiring grantees to collect and report participant demographic data which is used by the evaluator. In addition, we identified only one instance when DHS withheld part of a grantee's quarterly payment due to missing demographic data. Out of our sample of five grantees, we found that three grantees had missing demographic data during all quarters of fiscal years 2006-07 and 2007-08, the period of review for the audit. The Office of the City Administrator also acknowledged that "the collection of complete and accurate demographic data and the proper collection of performance [participant] data had proven problematic in the past." The City Auditor recognizes that the City Administrator has contracted a new evaluator within the past year who is addressing the issue of data collection.

To close this recommendation, DHS should provide the Office of the City Auditor with evidence that it has implemented a method to ensure grantees provide complete and accurate demographic data for evaluators to use in assessing program outcomes by November 30, 2009.

21. **Partially Resolved.** DHS stated that it ensures that grantees properly collect and report on performance data needed to evaluate their program. DHS further stated that if grantees do not meet the projected number of participants or service hours (deliverables) at the end of a given quarter, funds are withheld. However, we found that this grant agreement provision has not always been followed. For example, during our audit we found instances where DHS provided funding to grantees when they did not meet required deliverables.

To close this recommendation, DHS will need to provide evidence that funds are withheld from grantees who do not meet their quarterly deliverables for the first quarter of fiscal year 2009-10 by submitting the list of grantees to the Office of the City Auditor by November 30, 2009. This information will be verified in future audits and reviews.

22. **Resolved.** The City Administrator agreed with our recommendation to ensure that all Measure Y Violence Prevention Programs are evaluated. The City Administrator stated that the new evaluator has been directed to develop evaluation criteria for all strategies in conjunction with the Office of the City Administrator, the Oakland Police Department, and DHS.

To close this recommendation, the City Administrator should provide the Office of the City Auditor with a copy of the annual evaluation report which includes all of the grantees that are funded with Measure Y Violence Prevention Programs.

23. **Partially Resolved.** The City Administrator stated that clear roles and responsibilities for providing oversight and technical direction to the program evaluator exist. Specifically, the City Administrator stated that the Office of the City Administrator manages the evaluation contract and ensures the evaluation is not impeded by external influence. Furthermore, there is a new requirement for a quarterly evaluation status report to be submitted to the Oversight Committee and City Council. However, the City Administrator will need to formally address in further detail the specific roles and responsibilities as it relates to providing oversight and technical direction to the program evaluator.

To close this recommendation, the City Administrator will need to provide, in writing, a copy of the specific roles and responsibilities of the City Administrator and DHS as it relates to providing oversight and technical direction to the program evaluator by November 30, 2009.