



CITY HALL • ONE FRANK H. OGAWA PLAZA, 4TH FLOOR • OAKLAND, CALIFORNIA 94612

Office of the City Auditor
Brenda D. Roberts, CPA, CFE, CIA
City Auditor

(510) 238-3378
FAX (510) 238-7640
TDD (510) 238-3254
www.oaklandauditor.com

August 16, 2018

OFFICE OF THE MAYOR
HONORABLE CITY COUNCILMEMBERS
CITY ADMINISTRATOR
CITY ATTORNEY
RESIDENTS OF OAKLAND
OAKLAND, CALIFORNIA

RE: Audit of Measure D: Kids First! Oakland Fund for Children and Youth Act

Dear Mayor Schaaf, City Council President Reid, Members of City Council, City Administrator Landreth, City Attorney, Barbara Parker, and Oakland residents:

Measure D was passed by the voters in 2009. It directs the City to allocate a portion of its annual budget to programs benefiting children and youth such as, pre-school, afterschool, mentoring, recreational and job training programs. The funding for these programs is provided through the City's unrestricted General Purpose Fund.

Our audit reviewed fiscal years 2012-13 through 2015-16. The audit objective was to verify the correct funding amount was allocated to Kids First! Fund each year, confirm City spending on programs benefitting children and youth was accurate, and verify the City Administrator's internal controls were in place and effective for calculating funding and spending amounts.

Our audit found required adjustments to the Kids First! Fund of approximately \$2 million were not completed timely; the 'baseline spending' requirements on programs benefitting children and youth were met and exceeded by \$41 million during the four fiscal years examined; and internal controls required strengthening. Management was responsive and promptly addressed our findings and took steps to implement our recommendations during the audit.

I want to express our appreciation to the Director of Finance, the Controller, the Children and Youth Services Manager, and their staff for their cooperation during this audit and their commitment to improving the practices in their respective departments to make certain the monies for the Measure are properly allocated and programs are run smoothly.

Respectfully submitted,



BRENDA D. ROBERTS
City Auditor

Enclosure

cc: Katano Kasaine, Director of Finance
Kirstin LaCasse, Controller
Adam Benson, Agency Administrative Manager
Sara Bedford, Director of Human Services
Sandra Taylor, Children and Youth Services, Manager
Pelayo Llamas, Deputy City Attorney

Office of the City Auditor
MEMORANDUM



City of Oakland

DATE: August 16, 2018
FROM: Brenda Roberts, City Auditor
TO: Sabrina Landreth, City Administrator
cc: Katano Kasaine, Director of Finance
Kirsten LaCasse, Controller
Adam Benson, Agency Administrative Manager
SUBJECT: Prior City Auditor's Measure D - Kids First! - Audit Finding Rescinded

A standard process for our mandated and follow-up audits is to verify prior audit findings are remediated as proposed in the management action plan.

Under the prior City Auditor administration, the Measure D *Children and Youth Services Baseline Spending & Set-Aside Requirements for the Kids First Fund* performance audit report, issued October 9, 2014, reported Finding 1 as follows:

"The City met the Measure D baseline spending requirement for FY 2009-10 and FY 2010-11, but fell short by \$982,522 in FY 2011-12."

That audit recommended the City Administrator increase its spending to make up for the FY 2011-12 shortfall of \$982,522.

When verifying the remediation of this finding as part of our recent audit of Measure D (FY 2012-13 through FY 2015-16), my office determined the methodology the prior City Auditor used to calculate baseline spending in the report issued in 2014 was inconsistent with the requirements of the Measure. The auditors incorrectly applied the baseline spending rate of 5.35% to General Purpose Fund Revenue while the Measure stipulates baseline spending is calculated as "...5.35% of the unrestricted General Purpose Fund Expenditures" [emphasis added].

We, therefore, could not validate the \$982,522 shortfall reported in the prior auditor's FY 2011-12 audit report of October 9, 2014, and rescind this recommendation from our list of unresolved management action plans. This memo serves to document the disposition of that original finding.



PERFORMANCE AUDIT



CITY AUDITOR
Brenda Roberts
CPA, CIA, CFE

AUDIT TEAM

Alessia Dempsey
CIA

Performance Audit
Manager

Mark Carnes

Senior Performance
Auditor

MEASURE D

Kids First! Oakland Fund for
Children and Youth Act
FY 2012-13 through FY 2015-16

August 16, 2018

The Office of the City Auditor independently investigates the areas of our City government most vulnerable to fraud, waste, and abuse. We communicate to the public the results of our investigations through audit reports containing recommendations for a more effective and efficient government. These recommendations are passed on to City Council and City Management so they can improve City operations and services provided to you.

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TABLE OF CONTENTS

Executive Summary	1
Introduction and Background	3
Audit Scope and Objectives	4
Audit Results.....	5
Conclusion	9
Areas of Consideration.....	10
Statement of Compliance with Government Auditing Standards	11
APPENDIX A - Evolution of the Measure	12
APPENDIX B - Kids First! Fund Management and Oversight	13
APPENDIX C - Revenue Types not Considered in the Annual 'Set Aside' Calculation.....	14
APPENDIX D - Kids First! Program Demographics	15
Management Response	17

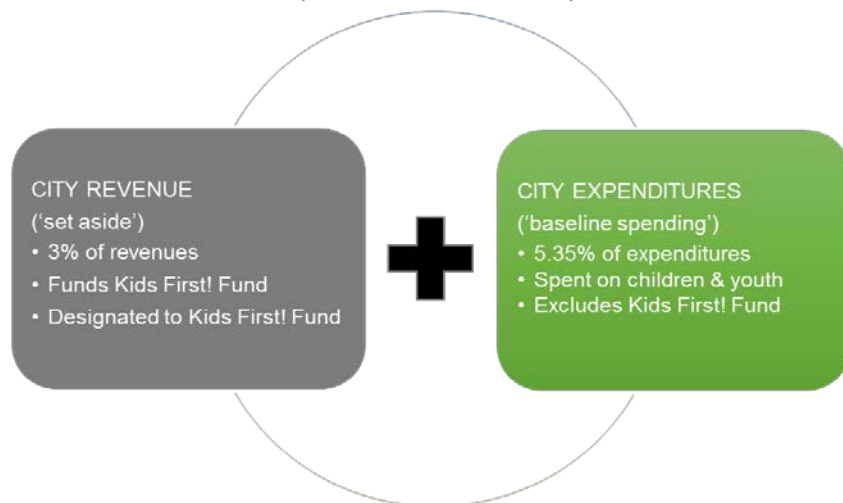
Executive Summary

Performance Audit Measure D: Kids First! Oakland Fund for Children and Youth Act FY 2012-13 through FY 2015-16

OVERVIEW

Measure D directs the City to allocate a portion of its annual budget to programs benefiting children and youth. The funding for these programs is provided through the City's unrestricted General Purpose Fund.

Measure D funding is calculated each year as a percentage of the City's unrestricted General Purpose Fund revenues and expenditures:



SCOPE AND OBJECTIVES

The audit covers fiscal year (FY) 2012-13 through FY 2015-16 and our objectives were to: (1) verify the correct 'set aside' was allocated to the Kids First! Fund each year; (2) confirm annual 'baseline spending' requirements were met, and (3) determine whether the City Administrator's internal controls over processes were in place and effective for both the 'set aside' and 'baseline spending' calculations.

Executive Summary

WHY THIS AUDIT MATTERS

Measure D prioritizes funding programs that provide important services to children and youth with the greatest needs, at no or low cost. These programs focus on developing strong leaders, helping youth excel in academia, teaching important life skills, encouraging community building, instilling confidence, and more generally, transitioning to adulthood.

This audit assures Oakland residents and taxpayers that the correct allocated amounts have been 'set aside' and spent on these programs, as intended by Measure D.

AUDIT RESULTS

The audit found the 'set aside' adjustments of approximately \$2 million for the Kids First! Fund were not made for 2 years (FY 2013-14 and FY 2014-15) and are in arrears.

The annual 'baseline spending' amount was met. In fact, over the 4 year-period of this audit, the City spent \$41.7 million *beyond* the requirements of the Measure, for 'baseline spending.'

The calculations for both the 'set aside' and 'baseline spending' requirements were not adequately or formally documented. The calculations are complex. In some cases, staff must review 41,000 line items in the computation, increasing the likelihood of errors.

RECOMMENDATIONS

The Office of the City Auditor recommends the City Administrator

- Include the required adjustments, now in arrears, in the City's mid-cycle budget for FY 2018-19. Department oversight should confirm adjustments to the Kids First! Fund are made timely each year, within 2 years of confirmed final revenue amounts.
- Develop comprehensive procedures, including the detailed steps used in the 'set aside' and 'baseline spending' calculations. These procedures should be updated each year as new programs benefitting children and youth are established, and included in the calculations.

Introduction and Background

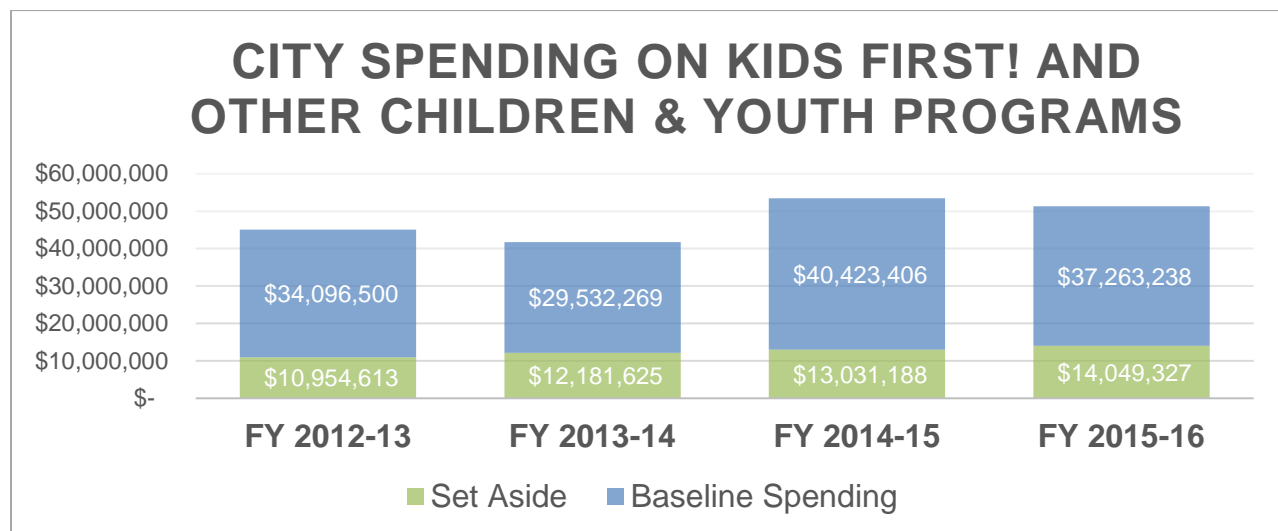
Kids First! Oakland Fund for Children and Youth Act (Measure D or Measure) directs the City to allocate a portion of its annual budget to programs benefiting children and youth.¹ (See Appendix A, for the legislative history of the Measure). The funding for these programs is provided through the City's unrestricted General Purpose Fund.²

Each year, the City must 'set aside' 3% of its unrestricted revenues and designate the monies to the Kids First! Fund. The Human Services Department manages the Kids First! Fund through the awarding of grants and contracts to nonprofit agencies, the Oakland Unified School District (OUSD) and City departments, focusing on programs for children and youth. (See Appendix B, for the management and oversight of the Kids First! Fund)

In addition, 5.35% of the City's General Purpose Fund expenditures, *excluding* the Kids First! monies, must be spent on *other* City programs related to children and youth. This 'baseline spending' amount provides funding to programs such as Head Start, library tutoring, mentoring, and after school recreational activities.

In total, the City spent more than \$190 million on Kids First! and all other City children and youth programs for the four fiscal years (FY) as shown below.

Exhibit 1:



Source: Prepared by City Auditor staff using Oracle financial reports, the City's Financial Reporting System, and reports prepared by Finance Department staff.

¹ Youth are defined as under age 21 for this Measure.

² Unrestricted funds are those that are not restricted by law or contract or by the funding source (See Appendix C for a listing of unrestricted revenues not considered part of this funding).

Introduction and Background

Measure D monies are intended to support children and youth programs that:

- Support the healthy development of young children through school programs, health services, and parent involvement;
- Help children and youth's academic success and leadership development at all school levels, including the arts, music, sports and civic engagement;
- Prevent and reduce youth violence, crime, and gang involvement; and
- Help youth transition to productive adulthood through skills training, job placement, internships, leadership development, service learning and arts expression.

Kids First! funded programs impact the lives of thousands of Oakland youth and families each year.

The programs provide children, and their families with services that meet their needs, at no or low cost, from after school programs to summer programming, to programs that help young people gain job skills and internships.

These services are reaching families that may not otherwise be able to participate in enriching activities, provided by caring staff, with youth able to be with peers and gain new experiences and try new things.

-Mike Wetzel, Kids First!

(See Appendix D for demographic information on the youth and families served by Kids First! Fund)

Audit Scope and Objectives

The audit covers the four fiscal years between and including 2012-13 and 2015-16 and our objectives were to

- (1) verify the correct 'set aside' amount was allocated to the Kids First! Fund each year,
- (2) confirm annual 'baseline spending' requirements were met, and
- (3) determine whether the City Administrator's internal controls over processes were in place and effective for both the 'set aside' and 'baseline spending' calculations.

Audit Results

OBJECTIVES 1 and 3: Verify the correct ‘set aside’ was allocated to the Kids First! Fund each year and determine whether internal controls for calculations were in place and effective

Every year, as a part of the City’s budgeting process, the Finance Department’s staff calculates 3% of unrestricted General Purpose Fund revenues, *estimated* to be received over the next year. This is the ‘set aside’ and these amounts are designated to the Kids First! Fund.

After year end, once the City’s financial reports have been finalized, the ‘set aside’ calculation is reperformed based on *actual* revenues received.

The Measure requires adjustments to the Kids First! Fund when actual revenue for the year is greater than was initially estimated. Department procedure requires the difference to be adjusted within *two years* after the actual revenues have been confirmed and finalized.

Finding 1: The Finance Department has not made the required adjustments to the Kids First! Fund for FY 2013-14 and FY 2014-15

The Kids First! program is **underfunded by approximately \$2 million**. Due to lack of department oversight, adjustments to the Kids First! Fund have not been made and are three and two years overdue.

To be timely, the adjustment for FY 2013-14 should have been made in FY 2015-16 and the adjustment for FY 2014-15 should have been made in FY 2016-17.

In prior years, the Finance Department adjusted underfunded amounts, once the final revenues were confirmed. The Finance Department made more than \$3.3 million in adjustments covering FY 2012-13 and FY 2015-16 as required by the Measure and in accordance with the Department’s procedures.

The table below shows the ‘set aside’ funding for the 4-year period of the audit, as *estimated*, and then *actual and amounts underfunded*.

Audit Results

Exhibit 2: 'Set Aside' Calculation for Kids First! Fund					
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	Total
3% 'set aside' - AS <i>ESTIMATED</i>	\$ 10,954,613	\$ 12,181,625	\$ 13,031,188	\$ 14,049,327	\$ 50,216,753
3% 'set aside' - AS <i>ACTUAL</i> (based on final revenue amounts)	\$ 12,892,327	\$ 13,115,076	\$ 14,144,226	\$ 15,466,991	\$ 55,618,620
Amounts UNDERESTIMATED (Adjustments are required)	\$ (1,937,714)	\$ (933,451)	\$ (1,113,038)	\$ (1,417,664)	\$ (5,401,867)
Underestimated , as percentage of required 'set aside'	15%	7%	8%	9%	

Source: Prepared by City Auditor staff using Oracle financial reports, the City's Financial Reporting System, and reports prepared by Finance Department staff.

The table below shows the adjustments made over the prior 4 years, and adjustments in arrears, as of the date of this audit report. Per management policy, adjustments must be made *within 2 years* after the underestimated amount is determined.

Exhibit 3: Adjustments to Kids First! Fund					
	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	Total
Amounts UNDERESTIMATED	\$ (1,937,714)	\$ (933,451)	\$ (1,113,038)	\$ (1,417,664)	\$ (5,401,867)
Adjustments made in FY 2014-15	\$ 1,937,714	\$ 40,823			\$ 1,978,537
Adjustments made in FY 2015-16		Required (not made)			\$ -
Adjustments made in FY 2016-17			Required (not made)		\$ -
Adjustments made in FY 2017-18				\$ 1,417,664	\$ 1,417,664
Adjustments Required, in arrears		\$ (892,628)	\$ (1,113,038)		\$ (2,005,666)
Adjustments scheduled FY 2018-19		\$ 892,628	\$ 1,113,038		\$ 2,005,666
Anticipated Amounts Due/Outstanding					none

Source: Prepared by City Auditor staff using Oracle financial reports, the City's Financial Reporting System, and reports prepared by Finance Department staff.

Audit Results

Recommendation: Management must include the required adjustments, now in arrears, in the City's mid-cycle budget for FY 2018-19. Department oversight should confirm adjustments to the Kids First! Fund are made timely each year, within 2 years of confirmed final revenue amounts.

Actions Taken: Adjustments have been included in the City's FY 2018-19 Mid-Cycle Budget Amendment approved by City Council on June 19, 2018 and are scheduled to be paid within the next 12 months.

Finding 2: Procedures are not adequately documented for the 'set-aside' calculation

Finance uses a template for calculating the 3% 'set aside.' However, written instructions were insufficient to support the steps required to complete the template.

Documented procedures are an important internal control to ensure each step necessary to complete a task is detailed and documented for the user, so the task can be completed in the same manner each time. Documentation also provides continuity; if there are changes in staff or unexpected absences of key employees, documented instructions ensure other staff can complete tasks and perform the calculations accurately and consistently.

Recommendation: Management should develop comprehensive procedures, including instructions on how to use the template and the relevant accounts used in the calculation.

Actions Taken: During the audit, management created a comprehensive set of documented procedures, including a timeline for processing adjustments.

OBJECTIVES 2 and 3: Confirm annual 'baseline spending' requirements were met, and determine whether internal controls over processes were in place and effective

In addition to the 'set aside' of City revenues to the Kids First! Fund, the annual 'baseline spending' must be at least 5.35% of City expenditures to benefit children and youth. Head Start programs, City-run projects and centers benefitting children and youth, are expenditures that fulfill the mandate of the Measure. The 'baseline spending' calculation does not include the monies 'set aside' in the Kids First! Fund.

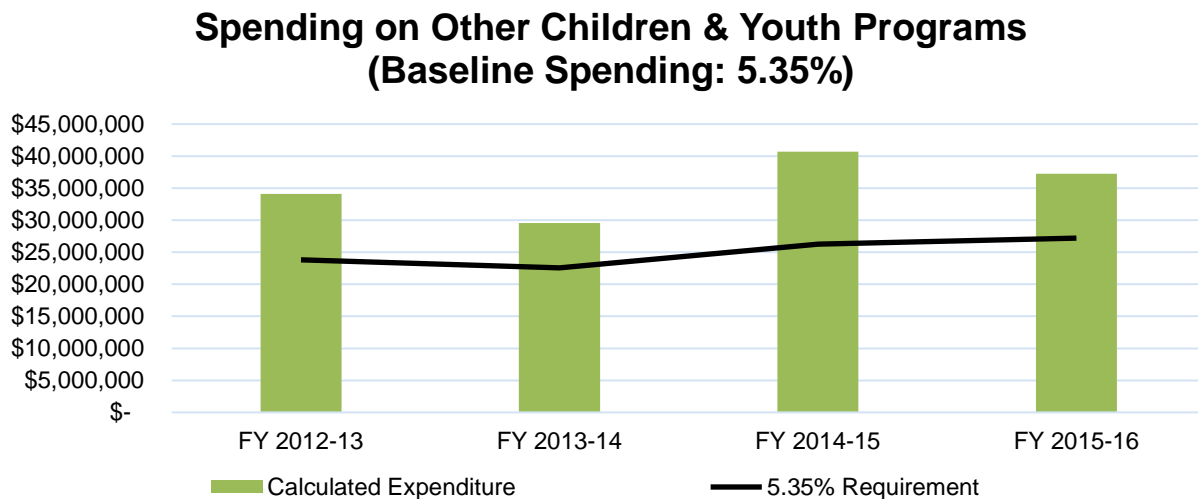
Similar to the calculation for the 'set aside,' the 'baseline spending' is first calculated based on the City's *estimated* expenditures on children and youth programs for the upcoming year. After year end, when the actual expenditures are finalized, the Finance Department re-calculates the 'baseline spending' amount. If spending is below 5.35% of

Audit Results

City expenditures, the City must, within the following two years, increase expenditures for children and youth programs for the underfunded amount.

The table below shows the actual amounts spent on children and youth programs throughout City departments, as compared to the required, 'baseline spending' amounts. In each year shown below, the City met the 'baseline spending' requirement and in fact, over the 4 year-period, \$41.7 million in total, was spent *beyond* the Measure's requirement.

Exhibit 4:



Source: Prepared by City Auditor staff using Oracle financial reports, the City's Financial Reporting System, and reports prepared by Finance Department staff.

Finding 3: Procedures are not adequately documented for the 'baseline spending' calculation

Detailed steps for calculating the 5.35% 'baseline spending' are not formally documented. Staff performed the calculation, using mostly recollection from prior years. This complex calculation is performed only twice per year, and there are approximately 41,000 expenditure line items to consider, increasing the likelihood of errors and inconsistencies.

This calculation requires

- identifying specific children and youth program and organization codes, using spreadsheet software,
- ensuring expenditures are not double counted,
- summing relevant expenditures, and

Audit Results

- applying the ‘baseline spending’ rate.

Documenting the detailed steps of a lengthy and complicated calculation will ensure accurate and consistent outcomes.

Recommendation: Management should document and develop comprehensive procedures for the ‘baseline spending’ calculation, and these should be updated each year, so as new programs benefitting children and youth are developed and implemented, they are included in this calculation.

Actions Taken: During the audit, management documented its procedures into a comprehensive manual, which includes specific steps for determining the ‘baseline spending’ amounts, including program and organization codes used in the calculation.

Conclusion

Oakland Kids First! Fund and City funded programs provide valuable services to, and positive and safe communal spaces for, our young residents to learn and develop. This audit assures Oakland families and taxpayers that the correct allocated amounts have been ‘set aside’ and spent on these programs, as intended by Measure D.

This audit determined:

- The ‘set aside’ adjustment amount was not allocated to the Kid’s First Fund in FY 2013-14 and FY 2014-15. The shortage totaled approximately \$2 million.
- The City met the ‘baseline spending’ requirements and exceeded it by \$41 million during the four fiscal years examined.
- The policies and procedures were not formalized to ensure the funding allocations were accurate and complete.

We acknowledge that during this audit, the City Administrator has included the \$2 million shortage in the Mid-Cycle Budget, as approved by City Council, and the City has taken steps to implement stronger internal controls by creating comprehensive procedures for ‘baseline spending’ and ‘set aside’ calculations. In addition, it is customary for the City Auditor to make informal recommendations to management, which can be found on the following page.

Areas of Consideration

The City Auditor offers other suggestions for process and internal control improvements. The following recommendation is directed to the Human Services Department for consideration:

Human Services Department should consider the following:

- **Implementation of an electronic filing system:** The Human Services Department manages the Kids First! Fund using paper files to record and store information related to each grantee, including program status reports, applications to request funds, and site visits and observations.
- **Suggested Recommendation:** Replace paper files with an electronic filing system to include e-signature capabilities. An electronic filing system provides easier access to files, avoids misfiled documents, ensures accuracy, and supports the paperless records retention goals of the City.

Statement of Compliance with Government Auditing Standards

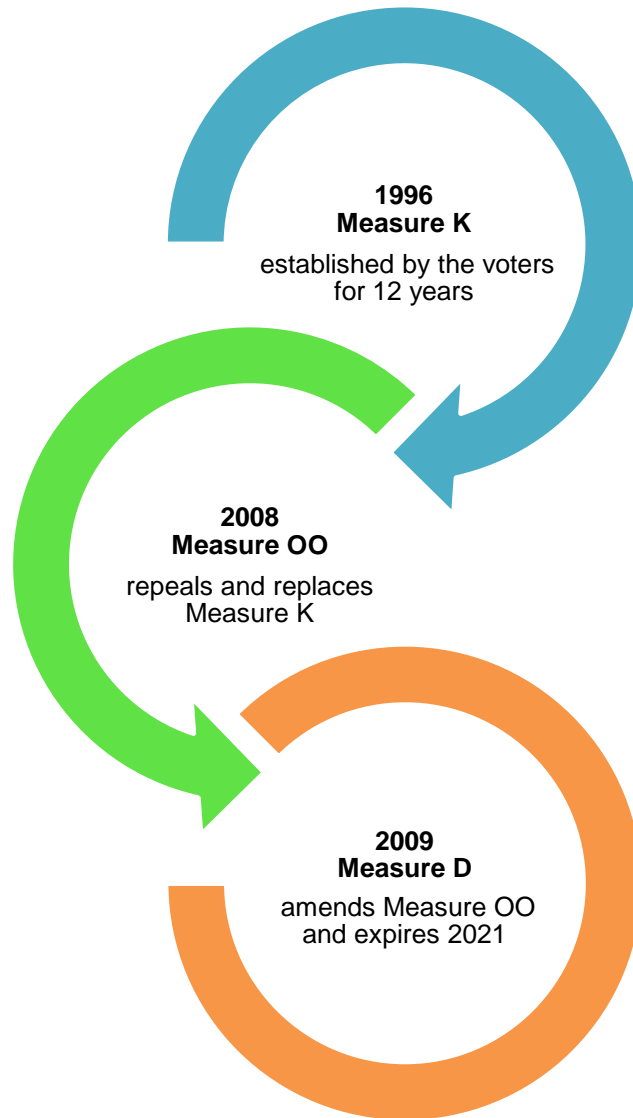
We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.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

Methodology

In conducting this audit, we:

- Reviewed ballot Measure D and its requirements.
- Reviewed the previous City of Oakland Auditor's report on Measure D titled *Measure D Children and Youth Services Baseline Spending and Set Aside Requirements for the Kids First Fund Audit FY 2009-10 through FY 2011-12* published on October 9, 2014.
- Reviewed the Oakland City Charter implementing Measure D (Article XIII, section 1300).
- Verified the calculated amount due to the Kids First! program met the requirement.
- Verified the transfer of monies ('set aside') into Kids First! Fund, account number 1780.
- Re-calculated expenditures for the baseline spending to verify requirements were met.
- Reviewed strategic plans developed by the Kids First! Planning and Oversight Committee (See Appendix B).
- Reviewed meeting records from the Planning and Oversight Committee meetings (See Appendix D).
- Interviewed Human Services Department and Finance Department's staff.
- Selected a non-statistical sample of 41 Kids First! grantee and site visit reports to confirm completeness, supporting documentation, and evidence of review.
- Obtained demographic/statistical information prepared by the Department of Human Services.

APPENDIX A – Evolution of the Measure



APPENDIX B – Kids First! Fund Management and Oversight

Managing the Kids First! Fund

The Kids First! Fund is managed by the Human Services Department. They oversee policy and grantee contracting for approximately 150 community-based, non-profits and Oakland Unified School District after-school and summer programs. They also conduct monitoring through site visits, quarterly meetings, and quarterly reports.

City departments are eligible to apply for Kids First! Funding, but must compete with non-profits and other non-city entities. For example, the Oakland Parks, Recreation, & Youth Development Department (OPRYD) received a \$150,000 grant in FY 2017-18. The OPRYD offers many programs and services that cater to youth. These programs also provide low income youth with opportunities to participate in various activities, available at no or low cost.

Kids First! Fund Planning and Oversight Committee

The Measure requires the establishment of a Planning and Oversight Committee to oversee the program. It is a 17-member public committee composed of one youth and one adult appointee per Councilmember, as well as one appointee by the Mayor.

The Committee is responsible for the completion and implementation of a Three Year Strategic Investment Plan. This includes soliciting applicants from non-governmental, non-profit, and public agencies for funding proposals and selecting recommended grant awards for City Council's approval.

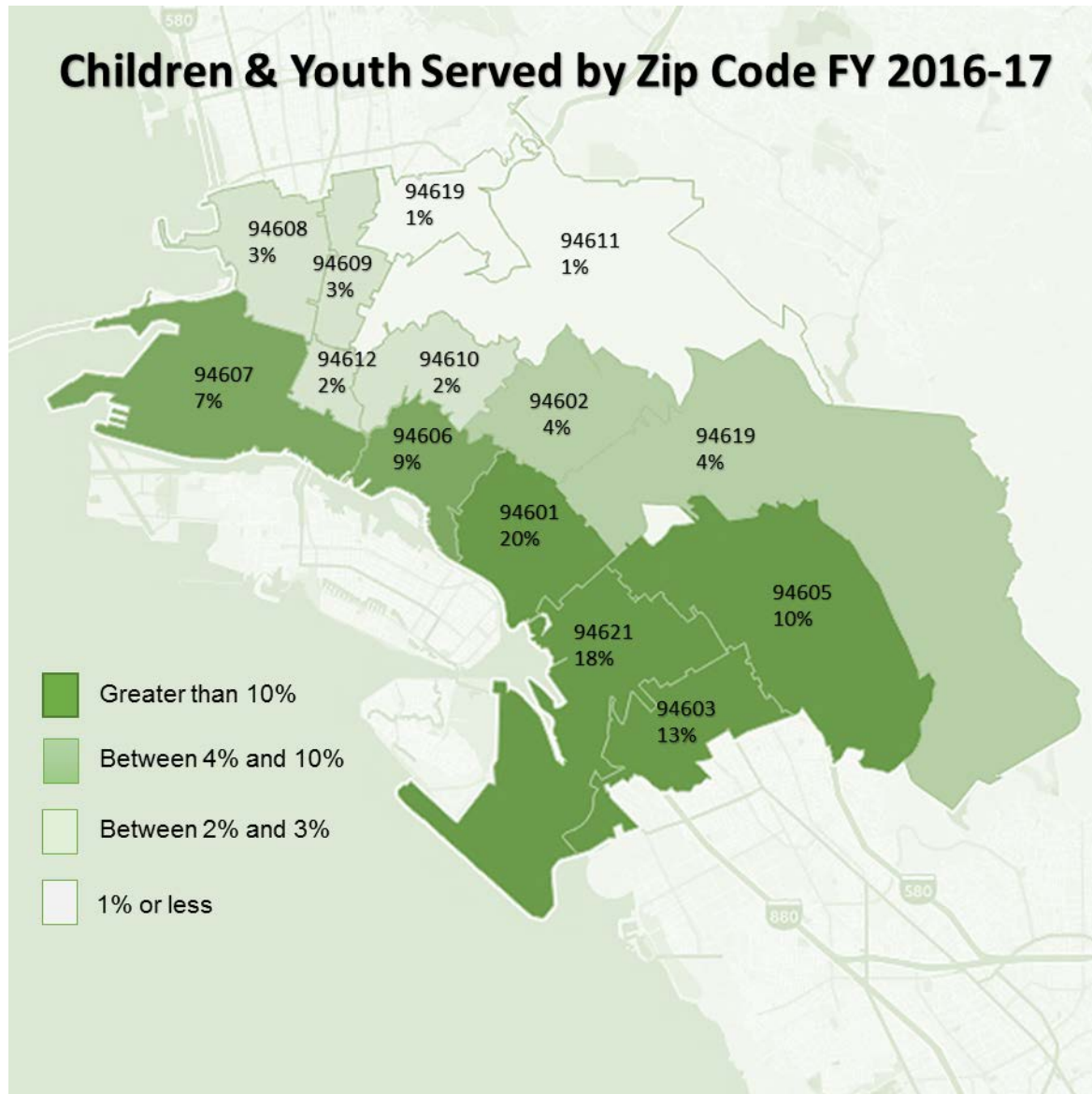
APPENDIX C - Revenue Types Not Considered in the Annual 'Set Aside' Calculation

Certain categories are determined to be restricted for the purpose of this Measure and are not considered in the annual 'set aside' calculation for the Kids First! Fund.

- Sales and Use Tax: Proposition 172
- Land Rental Income
- Facility Rental Income
- Concession Income
- Public Works Fee
- Park and Recreation Fee
- Parking Fee
- Port Revenue
- Grant and Subvention Revenue
- Sale of Real/Personal Property
- Bond and Loan Revenues
- Insurance Claims and Settlements
- Coliseum Revenue
- Other Revenue: Receipt of Trust Funds
- Other Revenue: Revolving Loan Repayment
- Other Revenue: Pass Through Loans
- Other Revenue: Port of Oakland (Revenue / Expense Clearing)
- Reserve Transfers: Projects
- Operating Transfers In

APPENDIX D - Kids First! Program Demographics

Participants in Kids First! funded programs reside in all neighborhoods across Oakland. Most participants (61%) live in the Fruitvale District and neighborhoods in East Oakland to the San Leandro border. The map below indicates where the participants in Kids First! Programs reside by zip code.



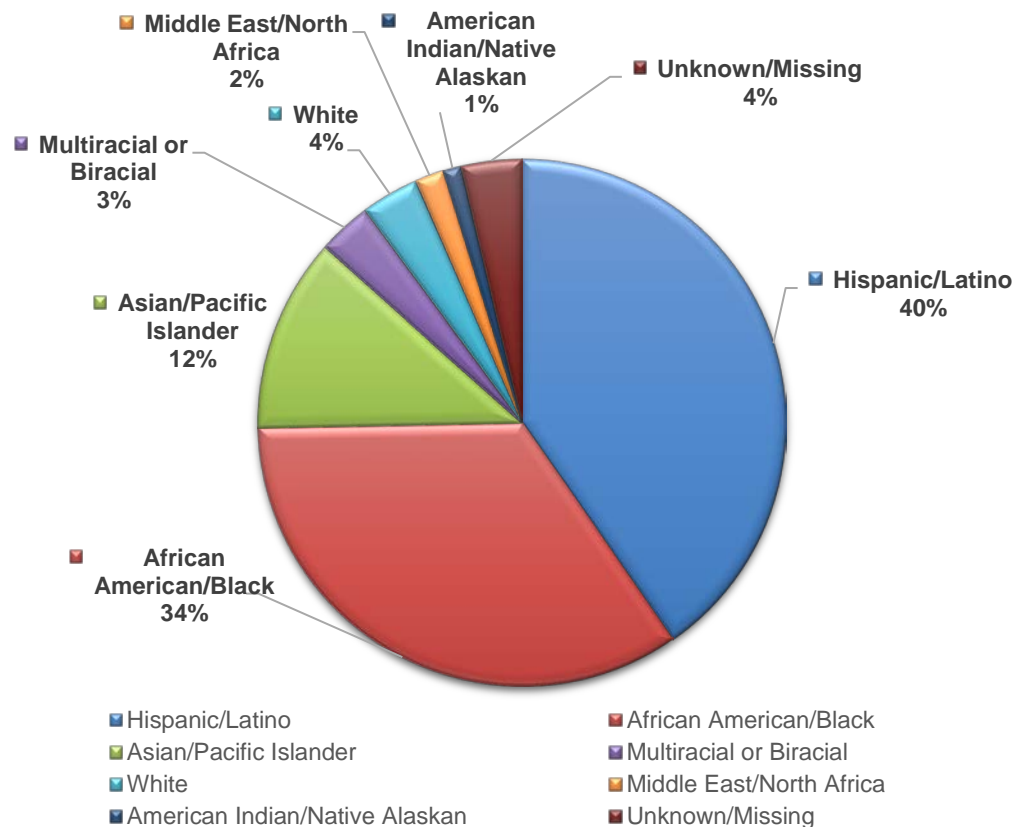
Source: Compiled from FY 2016-17 annual reports prepared by the Department of Human Services staff.

In FY 2016-17, monies from the Kids First! Fund supported programs serving 33,160 children and youth, including 24,109 in 90 community based programs and 9,051 in OUSD after school and summer programs.

APPENDIX D - Kids First! Program Demographics

The following chart summarizes participants' race and ethnicity in all Kids First! funded programs during FY 2016-17:

Race and Ethnicity of Participants FY 2016-17



Source: Information provided by the Department of Human Services (unaudited)



July 17, 2018

The Honorable Brenda Roberts
Oakland City Auditor
1 Frank Ogawa Plaza, 4th Floor
Oakland, CA 94612

RE: City Administrator's Response to the Measure D Performance Audit

Dear City Auditor Roberts:

The City Administration, Finance Department, and Human Services Department recognizes the impact Measure D Kids First! Funding has had on our children and youth in our City. We appreciate the work performed by your team on this audit.

City Administration accepts the City Auditor's recommendations which are listed on the attached matrix that includes our comments and responsibility assignments. Prior to the completion of this audit, the Budget Office included the required adjustments to the Kids First Fund! in the mid-cycle budget that was approved by City Council on June 19, 2018. This will be effective as of fiscal year 2018-19. Accordingly, the Kids First Fund! will be appropriately and fully funded. As you note in your report, the City has spent more than \$190 million on the City's youth over the 4 years of this audit. This is a testament to the importance Oakland puts on our next generation, and the commitment from the City to fund programs that support our children.

Other recommendations in the audit have likewise been promptly addressed, including the updating of procedures that will strengthen the controls around the calculations of monies to be set aside and designated for children and youth programs; all of which will ensure the City continues to fulfill the mandate of Measure D Kids First!

I want to thank the City Auditor and her staff for their professionalism throughout the course of this audit. Management was kept up-to-date on the audit as it progressed and presented with observations and recommendations for process and control improvements as they were identified.

Sincerely,



Sabrina B. Landreth
City Administrator

cc: Katano Kasaine, Director of Finance
Kirstin LaCasse, Controller
Adam Benson, Agency Administrative Manager
Sara Bedford, Director of Human Services
Sandra Taylor, Children and Youth Services, Manager
Pelayo Llamas, Deputy City Attorney

Attachment: Tracking Matrix

Finance - Measure D - FY 2012-13 through FY 2015-16
Management's Response to City Auditor's Report



Finding	City Auditor's Recommendations	Management Response	Responsible Party	Target Date to Complete
1	'Set Aside' Adjustments - Management must include the required adjustments, now in arrears, in the City's mid-cycle budget for FY 2018-19. Department oversight should confirm adjustments to the Kids First! Fund are made timely each year, within 2 years of confirmed final revenue amounts.	The administration agrees with this recommendation. All adjustments have been fully appropriated in the City's FY 2018-19 Mid-Cycle Budget Amendment approved by City Council on June 19, 2018 and are payable at any time. Procedures were formalized to include a timeline for processing adjustments within 2 years.	Katano Kasaine, Finance Director	June 30, 2019
2	Procedures for the 'Set Aside' calculation - Management should develop comprehensive procedures, including instructions on how to use the template and the relevant accounts used in the calculation.	The administration agrees with this recommendation. During the audit, management created a comprehensive set of documented procedures, including a timeline for processing adjustments.	Katano Kasaine, Finance Director	Completed: April 2018

Finance - Measure D - FY 2012-13 through FY 2015-16
Management's Response to City Auditor's Report



Finding	City Auditor's Recommendations	Management Response	Responsible Party	Target Date to Complete
3	Procedures for 'Baseline Spending' calculation - Management should document and develop comprehensive procedures for the 'baseline spending' calculation, and these should be updated each year, so as new programs benefitting children and youth are developed and implemented, they are included in this calculation.	The administration agrees with this recommendation. During the audit, management documented its procedures into a comprehensive manual, which includes specific steps for determining the 'spending baseline' amounts, including program and organization codes used in the calculation.	Katano Kasaine, Finance Director	Completed: April 2018