



CITY OF OAKLAND
Office of the City Auditor



Serving Oakland With Integrity

NEW AUDIT RELEASED

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

Today, my Office released a mandated audit of Measure D, Kids First! Oakland Fund for Children and Youth Act. The Measure was established in 1996, when Oakland voters approved Measure K, an amendment to the City Charter. In 2008, Oakland voters repealed and replaced it with Measure OO, and amended it again in 2009 as Measure D.

Measure D directs the City to allocate a portion of its budget to the Kids First! Fund and spend a percentage of its monies on programs and services benefitting children and youth with the greatest needs, at no or low cost.

The purpose of this audit was to verify whether the City allocated the correct amount to the Kids First! Fund and met the annual baseline spending requirements in Fiscal Years (FY) 2016-17 and 2017-18.

We confirmed the Finance Department correctly calculated the set-aside monies and transferred these amounts to the Kids First! Fund in FY 2016-17 and FY 2017-18. The audit also found the City exceeded the baseline spending requirement by at least a total of \$18.56 million in the two fiscal years.

The audit recommends Finance adopt a more comprehensive approach to track its spending on children and youth by improving its communication with other departments about expenditures that can, and cannot be, counted towards the baseline spending requirement, require city departments to track eligible expenditures, and annually report these expenditures to Finance.

Read the full report [here](#).

STATUS OF MANDATED AUDITS

The Office of the City Auditor conducts two types of audits: operational audits and mandated audits. Operational audits are those my Office selects to do based on bi-annual risk assessment planning. Mandated audits are those my Office is required to conduct as set forth in specific ballot measures successfully passed by Oakland voters or by ordinance, approved by City Council.

Below is a status update on the mandated audits my Office has issued and expected release dates of those in progress. Since I took Office in January 2019, we've issued 4 mandated audits, and 5 more will be completed in 2021.

MANDATED AUDITS ISSUED BETWEEN 2019-2020:

- 1) **Business Tax Refunds - Issued September 3, 2019:** The Municipal Code requires the City Auditor to annually audit business tax refunds on a sample basis to determine if these refunds were paid correctly, properly approved, and controls over these refunds are sufficient. The next audit is planned for 2021. Read the full report [here](#).
- 2) **Limited Public Financing Act - Issued May 22, 2019.** The City Auditor is required to audit the administration of the Limited Public Financing Act (LPFA) every two years after the City Council elections to assess whether the Public Ethics Commission has adequate internal controls to ensure the process for qualifying and awarding public funds complies with the intent of the requirements of the LPFA. The next audit is planned for early 2021 to cover the 2020 election. Read the full report [here](#).
- 3) **Measure LL: The Police Commission and Community Police Review Agency - Issued June 1, 2020.** The City Auditor is required to conduct a performance audit and a financial audit of the Police Commission and the Community Police Review Agency. A follow-up audit is planned for 2021. Read the full report [here](#).
- 4) **Measure D: Kids First! Oakland Fund for Children and Youth Act - Released TODAY!** The City Auditor is required to assess whether the City has satisfied the children and youth services baseline spending and set-aside requirements. The next audit will be conducted in 2021 or 2022. Read the full audit [here](#).

MANDATED AUDITS IN PROGRESS:

5) **The audit of Measure M, Emergency Medical Services Retention Act, will be issued in February 2021 covering FYs 2017-18 and 2018-19.** This measure requires the City Auditor to conduct annual audits to determine whether the Oakland Fire Department used the parcel tax monies for emergency medical services.

6) **The audit of Measure N, Paramedic Services Act, will be issued in February 2021 covering FYs 2017-18 and 2018-19.** This measure requires the City Auditor to conduct annual audits to determine whether the Oakland Fire Department used the parcel tax monies for paramedic emergency services.

7) **The audit of Measure Q, Library Services Retention and Enhancement Act, will be issued in January 2021 and will cover FYs 2017-18 and 2018-19.** This measure requires the City Auditor to annually audit the Library Department to determine whether the Library has complied with the Library Services Retention and Enhancement Act that created a parcel tax to raise revenues to fund library services.

8) **The audit of Measure D, Library Services will be issued in January 2021 and will cover FY 2018-19.** This measure requires the City Auditor to perform an annual audit to ensure accountability and proper disbursement of all revenue collected by the City from the special tax imposed by this Ordinance, in accordance with the objectives stated herein and in compliance with provisions of California state law.

9) **The audit of Measure W, Vacant Property Tax, is planned for 2021 to cover FY 2019-20.** This measure passed in 2018 and requires the City Auditor to perform regular audits to ensure accountability and proper disbursement of revenue collected by the City from the tax. The City can only use the tax revenue for the following purposes: to support a variety of identified services and programs for homeless people; to preserve existing affordable housing and produce new affordable housing; to provide code enforcement and cleanup of blighted properties and remedy illegal dumping; and to pay the City's costs of administering the tax.



LOOKING AHEAD

Below are the reports that will be released by the end of 2020:

Homeless Services Audit

This performance audit will 1) assess the dimensions and characteristic of Oakland's homeless encampments, including assessing the cost and data around the City's encampment program, and 2) evaluate Oakland's current policies, goals and objectives for serving the unsheltered population, including an assessment of the City's responsiveness to complaints.

Annual Whistleblower Report

This report will provide an update on the number of whistleblower reports substantiated and closed, the type and characteristics of the reports and the overall effectiveness of the Hotline Program.



Committed to serving you with the utmost integrity,

Courtney A. Ruby, CPA, CFE
City Auditor

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Office of the City Auditor | 1 Frank H. Ogawa Plaza, 4th Floor, Oakland, CA 94612

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