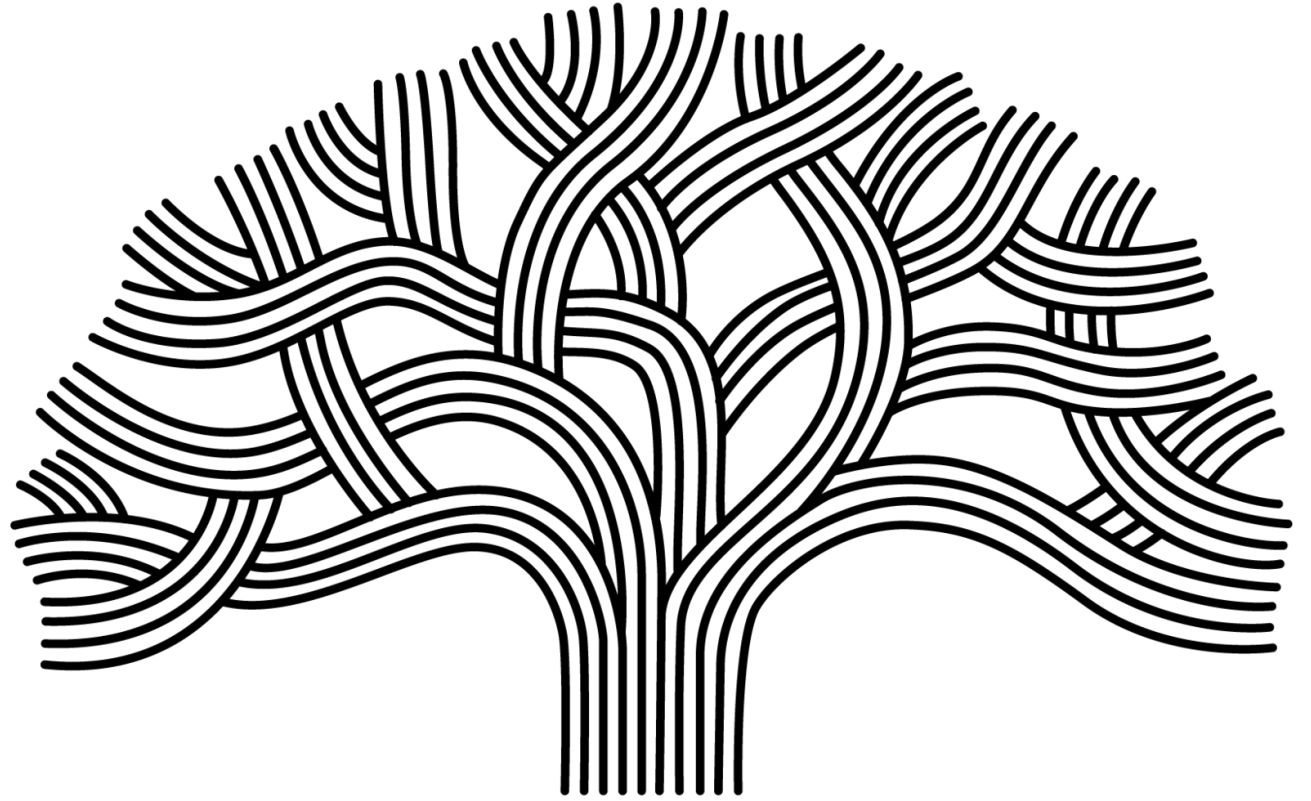


Office of the City  
Auditor

Cal State University  
East Bay

COURTNEY A. RUBY, CPA  
City Auditor

September 30, 2019



CITY OF OAKLAND

# Oakland's City Auditor (again)

- City Auditor from 2007-2014
- City Auditor again in 2019

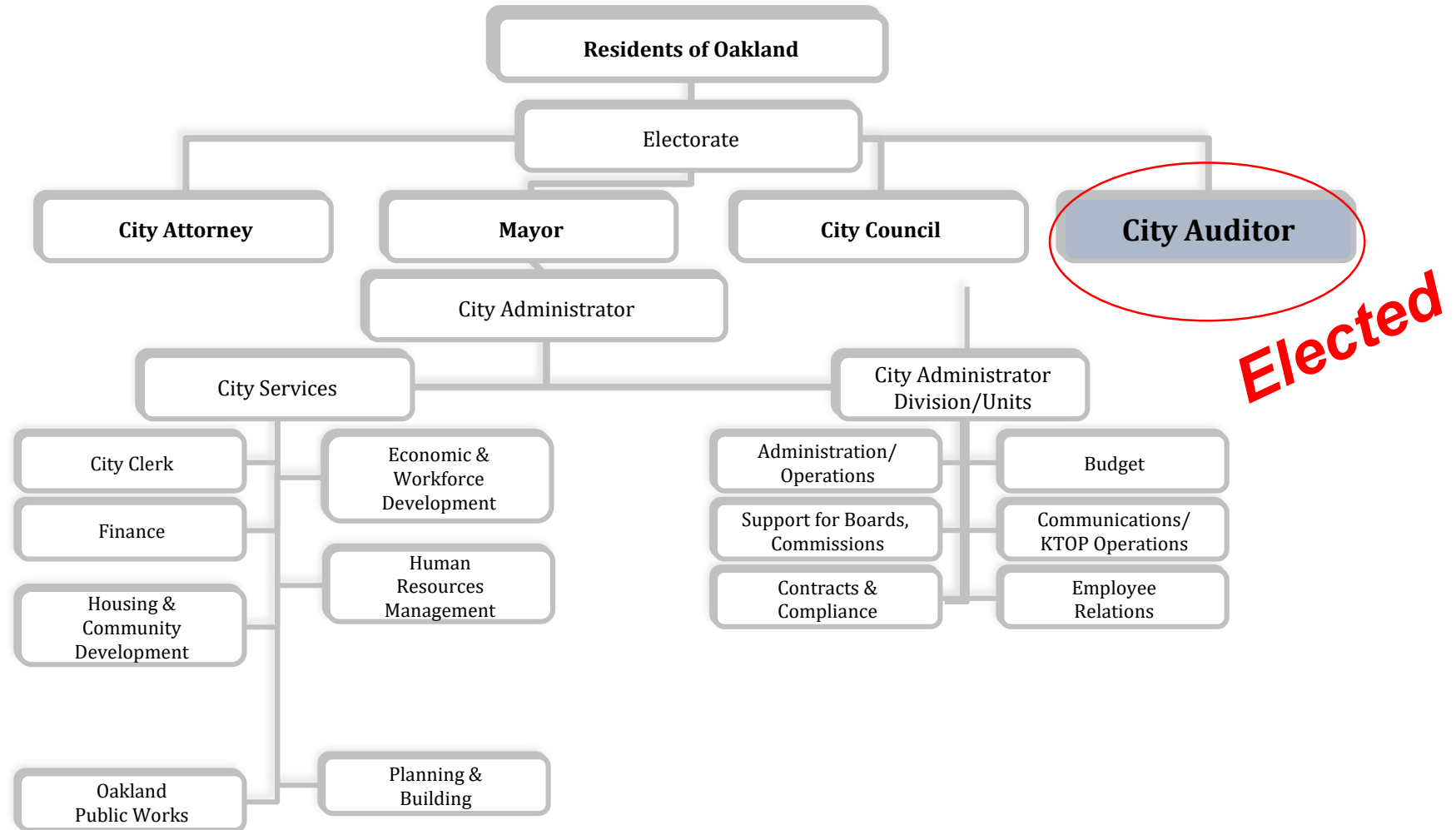


# How Does the City Auditor Provide Value to Oakland residents?

- Ensures transparency and accountability.
- Protects against fraud, waste, abuse, and mismanagement.
- Ensures public funds are spent in the public interest.
- Identifies areas of greatest risk in government.
- Increases revenue and decrease costs.



# City Organization Chart



# Office Overview and Structure

- Assumed Office January 7, 2019

➤ Term: 4 years

- Authority to audit anything and everything in the City

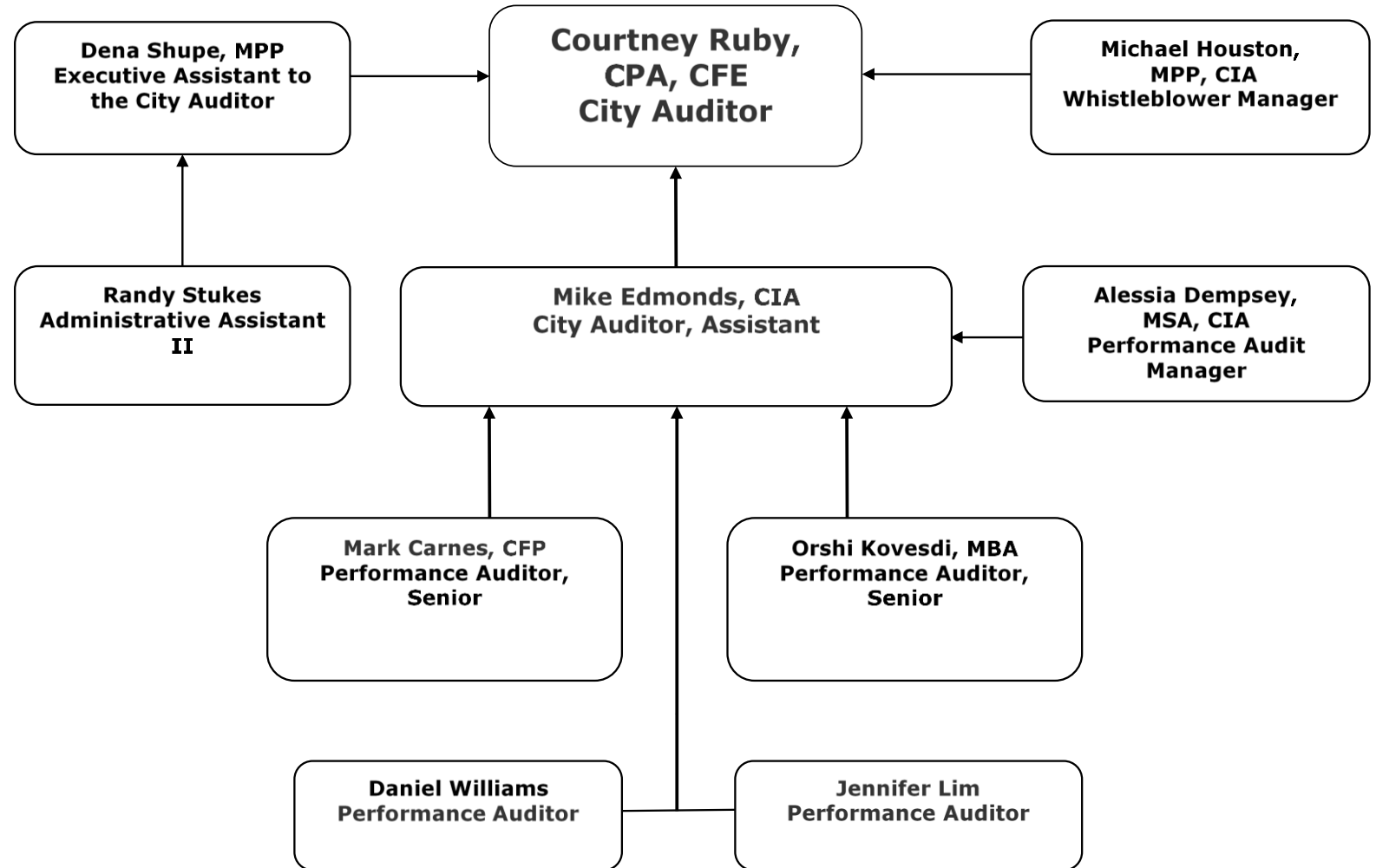
- Staffing: 10 FTE's

➤ 8 Auditors

➤ 2 Administrative staff

- Office budget of \$2.3 million

- City budget of \$1.6 billion



# Mission Statement

To conduct performance audits and investigations that return in-depth and meaningful results to the residents of Oakland by identifying and auditing the areas of government most vulnerable to mis-management, fraud, waste, and abuse.





# Personal Vision

- Highest standards of performance and professionalism
- Serve the public with the utmost integrity
- Dig Deeper – Greater Impact



# How Do We Fulfill Our Mission And Goals?

- Performance Audits
- Mandated Audits
- Whistleblower Program
- And more...

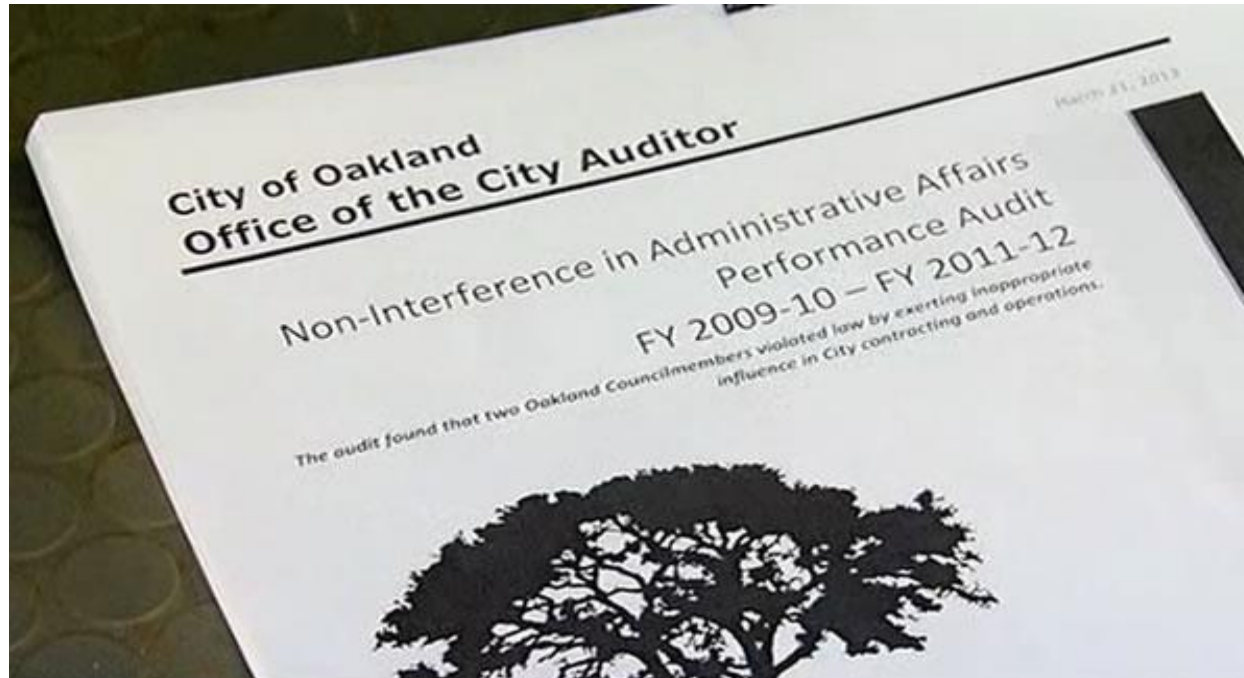




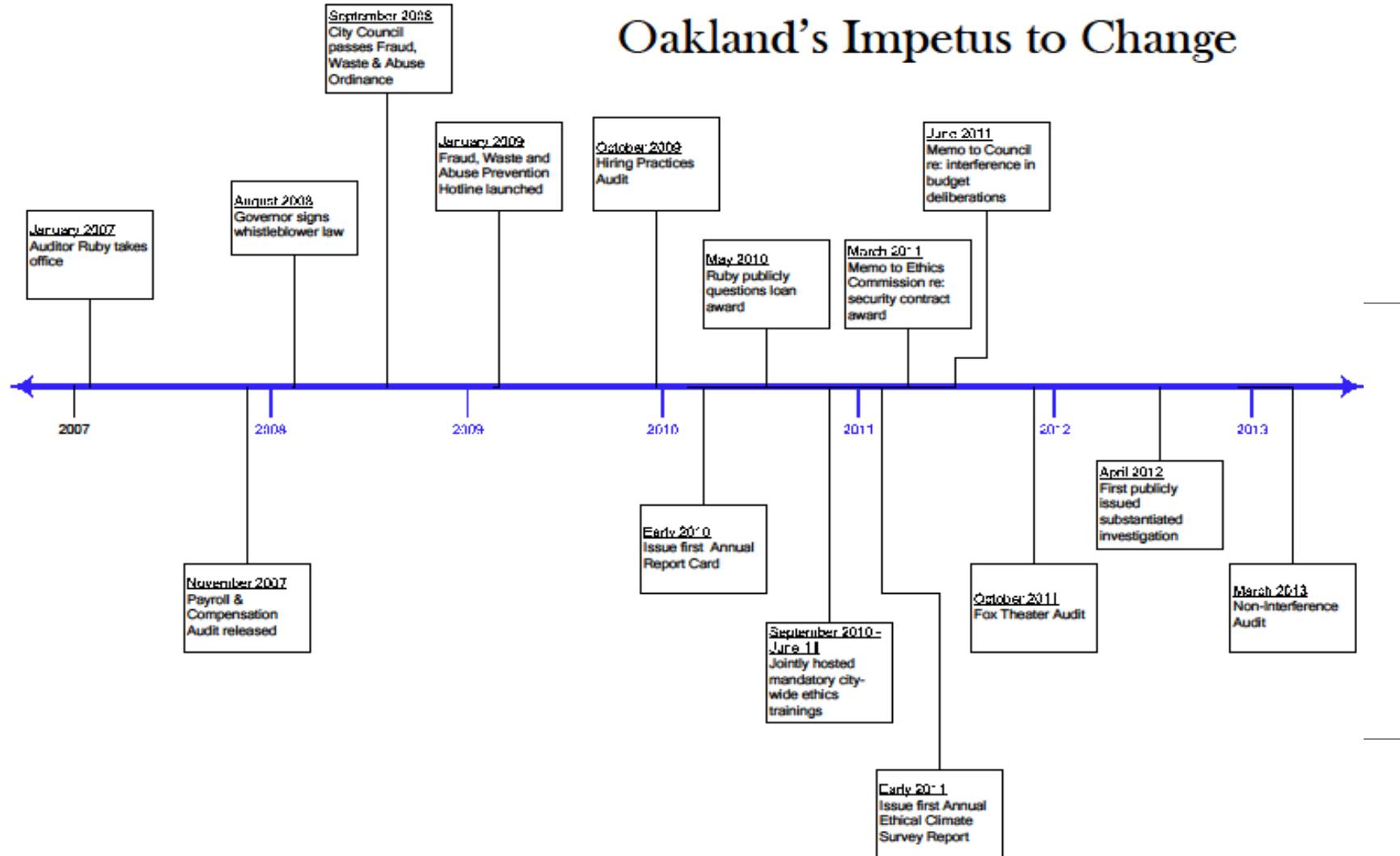
# Performance Audits

- ✓ **Are monies spent wisely? Accurately? (cost savings)**
- ✓ **Are all of the monies collected and received? (revenues)**
- ✓ **Are programs managed effectively? (Equity, parity, trustworthy government)**
- ✓ **Do we have the controls in place to prevent errors, mistakes and deter fraud?**
- ✓ **Is the City working as efficiently as possible? (cost savings)**

# How to Create an Ethical Culture: Hard Hitting Audits and Investigations 2007-2014



# Oakland's Impetus to Change



# Payroll & Compensation Audit (November 2007)

- **Background:** This audit was selected because of a widespread perception of unfair compensation practices and because the City of Oakland had not had a comprehensive, citywide performance audit in decades
- **Objectives:** To evaluate city-wide payroll and compensation practices
- **Findings:**
  - Over \$3 million in City funds were paid in error, prematurely, or in violation of City rules and collective bargaining agreements
  - Payroll & compensation abuses started at the top of the City's organizational chart and filtered down through departments

# Payroll & Compensation Audit (November 2007)

- **The Response:**

- Minimize: These inappropriate practices were in the past; inappropriate payments were small compared to the City's annual expenditures
- Challenge: The City Auditor's authority and credibility were challenged
- Accuse: The City Auditor was accused of political "grandstanding"

- **The Impact on Culture:**

- Precedent set that all City employees, including high-level management, will be held accountable for complying with rules, regulations, laws, and policies
- Oakland officials publicly vowed to bring more oversight to the granting of City employee bonuses, leaves, and salary advances

# FW+A Hotline (2008-2009)

- Auditor works to establish California whistleblower legislation. August 2008 - Governor signs AB2001 into law (effective Jan. 2009)
- Auditor works with Oakland City Council to establish local whistleblower ordinance. In September 2008 Council passes FW+A ordinance
- January 2009 Auditor launches FW+A Hotline



# Citywide Ethics Trainings (September 2010 – June 2011)

- Mandatory, City-wide ethics trainings were jointly facilitated by the City Auditor, City Attorney, and Public Ethics Commission.

# First Annual Ethical Climate Report Issued (2011)

- November 19, 2010 the Auditor launched Oakland's first ethical climate survey and asked city employees:

***“Do you think Oakland fosters an ethical work environment?”***

- 2010 results highlighted non-interference concerns
- 2011 results highlighted conflict of interest concerns
- 2012 results highlighted frustration with the slow progress toward a strong ethical environment

# Direction of Council's Budget Deliberations is Questioned (June 2011)

- Council balances the budget by reducing department budgets. Charter Section 218, Non-Interference in Administrative Affairs, says that City Council may not hire, fire, or appoint specific employees
- During budget deliberations, Council proposed specific staffing assignments for the Revenue Division in their discussions
- The Auditor issued a public memo to Council warning them that continuing this type of discussion would result in a violation of Section 218
- The Administration ratified the Council's choice to protect specific staffing assignments in the Revenue Division

# Non-Interference in Administrative Affairs Audit (March 2013)

## Background

- For many years there have been signs that problems exist, including reports to the FW+A hotline, concerns raised in the 2010 and 2011 Ethical Climate Surveys, and allegations regarding a Councilmember's involvement in a City recreation teen center
- Oakland has had a bold charter provision that embodies the essence of good government, Section 218, Non-Interference in Administrative Affairs
- Interference is defined as Councilmembers inappropriately directing or influencing City contracting or operations

## • Objectives

- To determine if all City Councilmembers and their Council Aides complied with Section 218 over a three-year period (FY 2009-10 through FY 2011-12)

# Non-Interference in Administrative Affairs Audit (March 2013)

- **Responses**

- Implicated Councilmembers responded with denial, accusations of political vendetta / political agenda, accusations of racism, accusations of non-compliance with GAGAS, and claims of Auditor staff dissatisfaction
- Staff responded with overwhelming support and appreciation
- Community responses were mixed

- **The Impact on Culture**

- A precedent that Councilmembers' actions will be reviewed to ensure proper roles and authority
- A longstanding concern of City employees is addressed; staff are more willing to stand up
- More educated Council and City staff
- Stronger, clearer processes to identify and eliminate future occurrences

# The City Auditor's Whistleblower Program

- Whistleblower Ordinance of 2009
- Stop “Waste,” “Abuse,” and “Fraud”
- Deter, Detect, and Defend





# Waste

- **Extravagant expenditure of City funds or misuse of resources**
- **Outdated practices, systems that are ineffective or wasteful**
- **Ex: paying for software that is not used**

# Abuse

- **Obtain personal gain to which one is not entitled to**
- **Abuse of position and public trust**
- **Ex: accepting a bribe, kickback or illegal gratuity**

# Fraud

- **Lying and cheating to get money or assets**
- **Committed by contractors, vendors or employees**
- **Ex: theft of City property, payroll & timekeeping fraud, information theft**



# WHISTLEBLOWER HOTLINE

## To File a Complaint

Call the WHISTLEBLOWER HOTLINE  
1-888-329-6390 (interpreter available)

SUBMIT A REPORT ONLINE  
[www.OaklandAuditor.com/Whistleblower](http://www.OaklandAuditor.com/Whistleblower)



A large, gnarled tree trunk in the foreground, with a city skyline and a lake in the background.

# Comments/Questions

Photo: Greg Linhares, City of Oakland



# Contact Us

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Oakland, CA 94612

Ph. (510) 238-3378

Comments and questions  
[cityauditor@oaklandca.gov](mailto:cityauditor@oaklandca.gov)



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