



CITY OF OAKLAND
Office of the City Auditor



INDEPENDENT CITY AUDITOR. REPORTING DIRECTLY TO THE RESIDENTS.

August 24, 2023

Whistleblower Investigation Report Released

BUSINESS IMPROVEMENT DISTRICTS



Today, my Office released an [investigation report](#) about the Chinatown Community Benefits District (CBD). Beginning January 2022, the City Auditor's Office received numerous allegations about the formation and operation of the Chinatown CBD. The investigation substantiated all the whistleblower allegations.

Background

CBDs, also known as Business Improvement Districts, are partnerships between government agencies and community members of a specific geographic area. CBD members, primarily property and business owners, vote to pay special tax assessments to fund additional services over and beyond those already provided by the government agencies that have jurisdiction over the areas. Local governments collect assessments for CBDs through the property tax collection

process and remit the collected assessments to the CBDs.

CBDs in many parts of Oakland deliver additional services the City of Oakland (City) cannot or does not provide, such as walking safety patrols, maintenance ambassadors to clean sidewalks and common areas, and marketing to ensure our commercial districts are vital areas for commerce and community. Additionally, in a time of municipal budgetary constraints, CBDs are critical in ensuring commercial corridors are surviving, thriving and incubating new businesses throughout Oakland, which in turn generate tax revenue for the City to deliver key services.

On July 26, 2021, the City Council considered and ultimately approved the formation of the Chinatown CBD, its management plan, and the special assessment revenues of approximately \$1,309,837 per year for a period of 10 years, or up to approximately \$16 million over the life of the CBD. Effective dates of the assessment are July 1, 2021, through June 30, 2031.

Per the Oakland Municipal Code, the City Administrator manages the CBD by either providing services funded by the assessment or by contracting with a designated nonprofit comprised of the assessed themselves. For the Chinatown CBD, the City contracted with the Oakland Chinatown Improvement Council (OCIC), a California nonprofit corporation, to perform services identified in the management plan.

Investigation Allegations and Results

Whistleblowers were concerned the formation of the Chinatown CBD lacked transparency and validity. They alleged the self-appointed Board of Directors was not verified, and lax voting processes may have allowed people other than members

of the Chinatown CBD Board of Directors to vote. Additional concerns included inaccurate vote tallies, and unauthorized and/or undocumented CBD activities and expenditures. The investigation substantiated all the whistleblower allegations.

While this report identifies areas of improvement for the Chinatown CBD, taken in greater context, this report is important for CBDs throughout the city, including those yet to be formed. The success of CBDs to deliver services to residents, merchants, and visitors depends on the proficiency of the designated nonprofits and the City's processes to ensure its residents, businesses, and property owners are fairly and equitably served by the City's CBDs. The issues highlighted in this report, and the importance of CBDs in the success of Oakland's commercial districts, both today and going forward, suggest the City must consider placing greater standards on nonprofits designated to administer CBDs within the city.

Click the below links to read the investigation in:

- [Chinese](#)
- [English](#)
- [Spanish](#)
- [Vietnamese](#)

[Click Here To Read the Investigation](#)

Business Tax Refunds Audit Released



The City of Oakland has a responsibility to ensure business tax overpayments or payments made in error are refunded to taxpayers accurately and timely. In accordance with Oakland Municipal Code (5.04.540), my Office conducted an audit of business tax refunds between fiscal years 2018-19 and 2021-22 for accuracy and appropriate approval.

The audit did not find any significant issues. The Finance Department properly calculated, documented, approved, and processed valid refunds in accordance with the Municipal Code. In addition, the audit reviewed access rights to HdL, the City's database for tax collections, and found the Finance Department's Revenue Management Bureau (Bureau) staff's access rights to HdL were commensurate with job responsibilities. However, the audit did find 36 percent of sampled approved requests were processed outside of the six-month goal established by the Bureau. Therefore, the audit recommends the Bureau and City Administration continue to pursue process improvements in order to refund businesses timely. Click the link below to read the full audit report.

[Read the Full Audit Report Here](#)

Exciting News Announcing Our New Performance Audit Manager!



I'm happy to announce that Stephanie Noble has assumed the key role of Performance Audit Manager in my Office.

Having met her at prior government auditing events, I was thrilled when Stephanie accepted my offer to join our team. She is an experienced government auditor and brings a wealth of knowledge to our Office.

Prior to joining our Office in June 2023, Stephanie worked as a Senior Program Performance Auditor for the City of San Jose. Over seven years, she contributed to numerous audits and projects reviewing the effectiveness of a broad range of city services including code enforcement, clean energy, emergency food distribution, community centers, and open government. She also led the citywide Annual City Services Report, a companion document to the operating budget, providing data on the cost, quantity, quality, and timeliness of city services. She also advised and supported team members at the San Jose office on implementing innovative audit techniques.

Stephanie also currently serves as Vice Chair of the Planning Committee for the Bay Area Local Government Auditors and as an at-large member of the Peer Review Committee for the [Association of Local Government Auditors](#).

Undoubtedly, Stephanie's rich experience will enhance our auditing work. [My team](#) and I look forward to working with Stephanie for many years to come.

Apply Today! Be a Budget Advisory Commissioner



Are you, or do you know someone who might be interested in advising the City's elected officials on expenditures, revenues, and financial policies? If so, we are pleased to announce an excellent volunteer opportunity within our City.

My Office is now accepting applications to fill a Budget Advisory Commissioner opening that I am responsible for appointing, to begin immediately, as part of [Oakland's Budget Advisory Commission](#) (BAC), a fifteen-member volunteer citizen board.

Click the link below to find out more about the BAC, learn about the skills and abilities Commissioners are expected to have, and review or fill out the application.

[Learn More About the BAC & Fill Out the Application](#)

Committed to serving you with the utmost integrity,

**COURTNEY RUBY, CPA, CFE
CITY AUDITOR**



SUBMIT A COMPLAINT TO OUR WHISTLEBLOWER PROGRAM

This confidential hotline is for employees and residents to report **fraud**, **waste**, and **abuse** in the City of Oakland. Available 24/7.

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cityauditor@oaklandca.gov

HOURS

MONDAY THROUGH FRIDAY
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FAX
(510) 238-7640

WEBSITE
oaklandauditor.com

FOR PRESS INQUIRIES CONTACT:
Dena Shupe: dshupe@oaklandca.gov



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

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