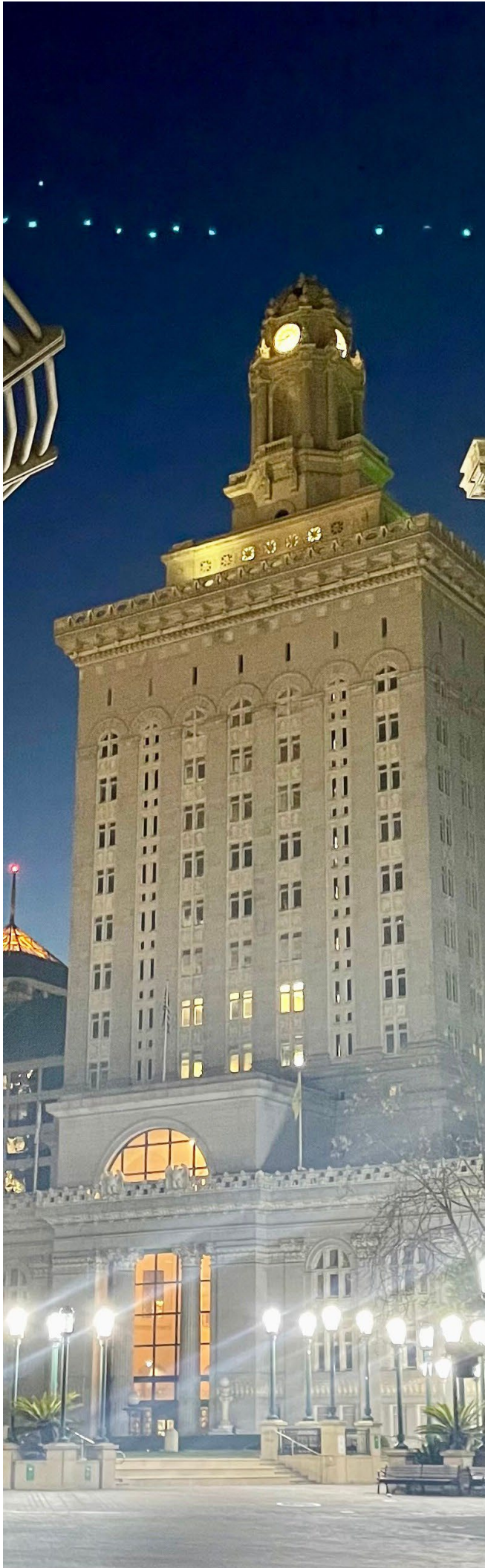




CITY OF OAKLAND
Office of the City Auditor

2023 Annual Report

March 21, 2024



About Us

Oakland's City Auditor is an elected official who works for and reports to the residents of Oakland. The City Auditor's Office independently and objectively reviews City operations and services and reports on their performance to the public. The Office's audits include recommendations to management, and those charged with governance and oversight, on how to improve services, reduce costs, and increase public accountability. All audits are conducted in accordance with [Government Auditing Standards](#) set by the Government Accountability Office under the U.S. Comptroller General.

The City Auditor's Office also operates a [Whistleblower Hotline](#) to receive and investigate allegations of fraud, waste, and abuse affecting or involving City of Oakland resources, employees, officials, or contractors. The Office also prepares financial ballot analyses for proposed legislation in accordance with the City Charter, and conducts analyses and reviews requested by the City Council.

To make sure all this work is done objectively and without bias, the City Auditor is not connected to any other City department and has no day-to-day financial or accounting duties for the City of Oakland. This autonomy allows for independent analyses, ensuring tax dollars and other resources serve the public interest. Upon completion of an audit project or investigation, results are published and posted on the City Auditor's [website](#).

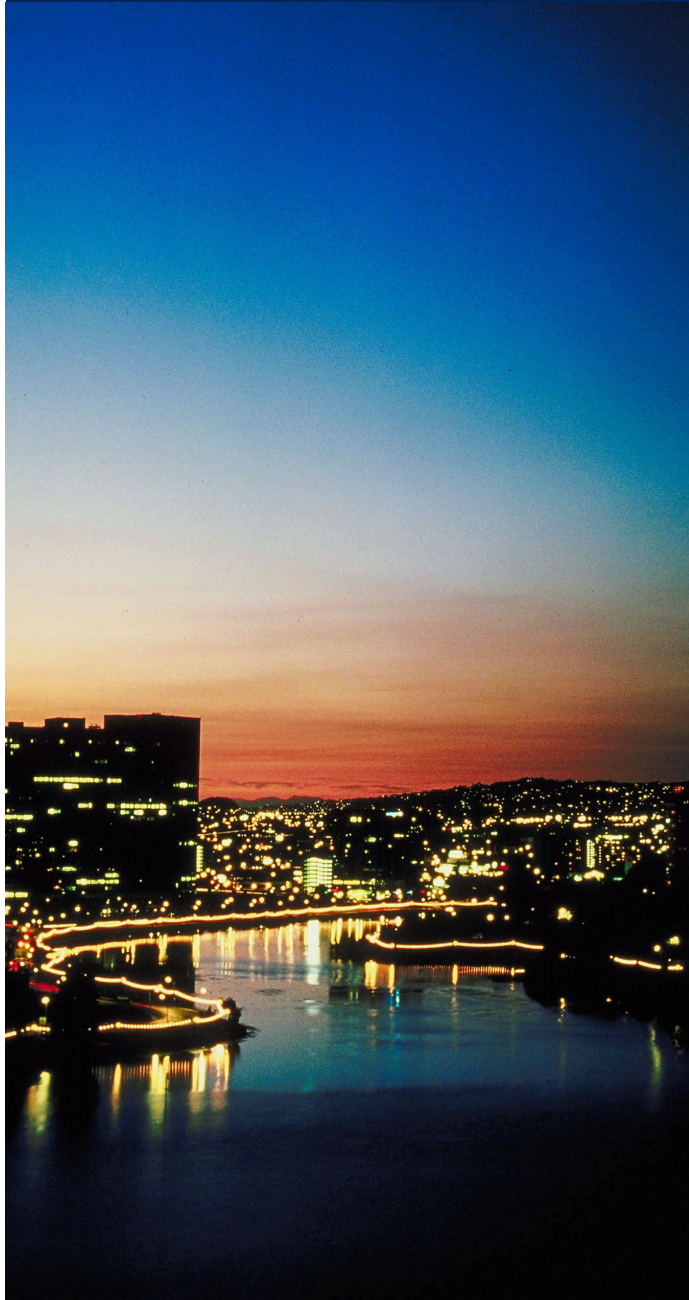


Our Mission

The Office of the City Auditor advocates good City government for all Oaklanders by independently and objectively assessing City programs and services, making recommendations to improve them, and publicly reporting the results.

Our Vision

To achieve an effective, efficient, equitable, ethical, and accountable City government that is data-driven, responsive to the most pressing needs of residents, and supportive of the collective well-being of all Oaklanders.



Our Values

We are driven by the positive difference our work makes in every Oaklander's life. The Office adheres to the following core values:

Accountability. We believe government officials and agencies—including our Office—are responsible to the public for their performance, use of resources, stewardship of assets, and ethical conduct.

Transparency. We believe free and open access to information is necessary for government officials and agencies to be accountable.

Integrity. We conduct our work and report results fairly, honestly, objectively, and independently. We are committed to evidence and accuracy and will publicly acknowledge and correct our errors.

Respect. We recognize that government officials, agency executives, and City staff, including those within our Office, bring different strengths and perspectives to the table. Within City government and within our Office, we listen to others' points of view and share our knowledge, skills, and ideas to communicate honestly and constructively.

Responsiveness. We aim to add value to decision-makers by providing relevant, useful, and timely information to inform City governance and focusing our work on the most pressing issues faced by Oaklanders.

Excellence. We are committed to engendering credibility by producing high-quality, reliable work and continuously striving to improve our performance.

Collaboration. We aim to approach our work constructively, listening to the concerns of the community, City employees and officials, and coming together for the common goal of improving outcomes for Oaklanders.

Openness. We work best as a team when we communicate together freely, candidly, and with humor, and foster creativity by crediting and building on the contributions of others.

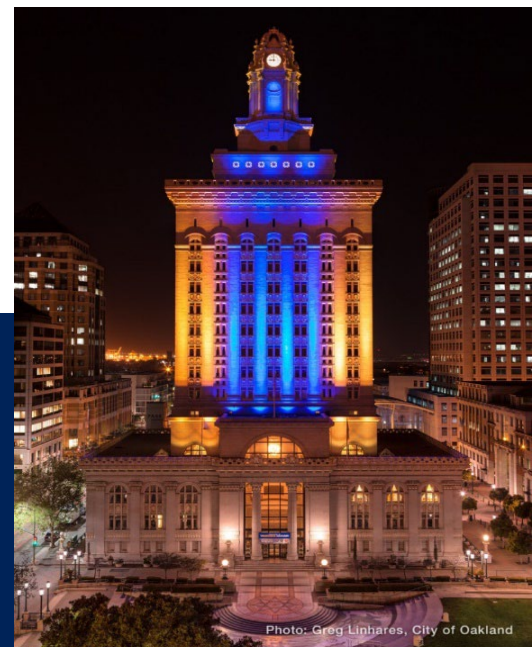
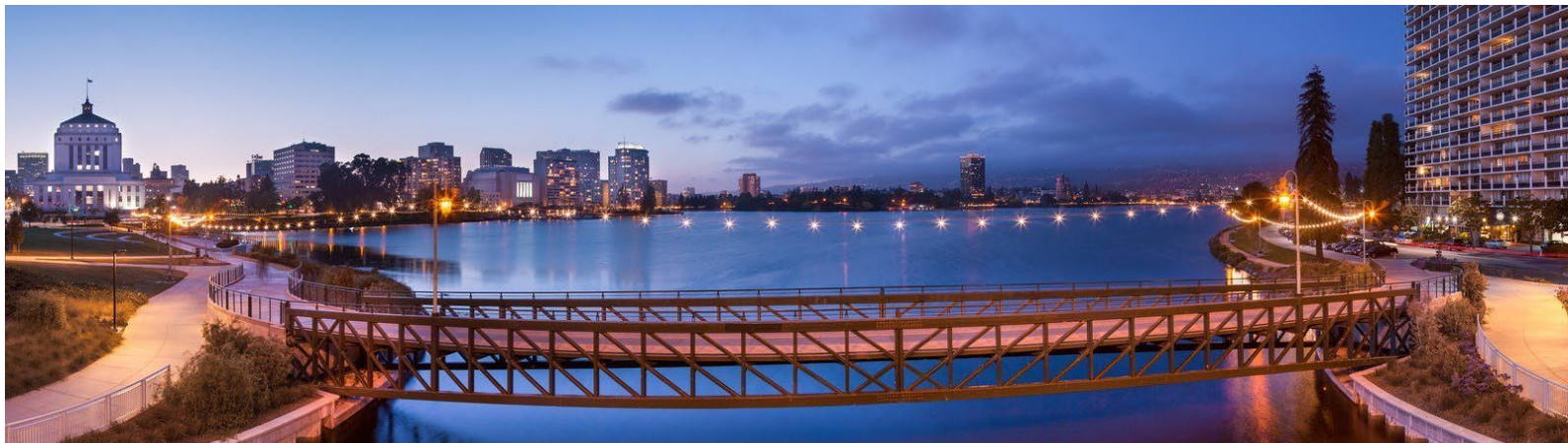


Photo: Greg Linhares, City of Oakland

Impact & Accomplishments

- We made 22 audit recommendations to safeguard taxpayer funds and improve Oakland government.
- Audit staff attained 517.5 continuing professional education training hours to comply with Government Auditing Standards and improve their audit skills.
- We issued our first citywide, [multilingual Risk Assessment Survey](#) in May 2023.
- In June 2023, we published the results of our first [Whistleblower Hotline Survey](#).
- We issued our first [Annual Audit Work Plan](#) in August 2023.
- On October 14, 2023, [Michael Houston](#) became Acting City Auditor after former City Auditor Courtney Ruby resigned.
- We hired Assistant City Auditor, Eduardo Luna and Performance Audit Manager, Stephanie Noble.
- We promoted Dena Shupe to Assistant to the Director.
- We hired two graduate students from UC Berkeley's Goldman School of Public Policy, to assist us in completing our Pay Equity Audit, due to be released in 2024.



2023 in Review

PERFORMANCE AUDITS: *Performance audits evaluate whether the City is effectively and efficiently spending taxpayer dollars, complying with relevant rules and regulations, and programs provide the results promised. In 2023, our Office published three performance audits:*

1. [Measure Q - Budget Transparency, Performance Management, and Stronger Oversight Needed to Ensure Oaklanders Benefit from the 2020 Parks and Recreation Preservation, Litter Reduction, and Homelessness Support Act](#)
 - Measure Q authorized a parcel tax to support equitable park maintenance services, address homelessness in and near City parks, and improve water quality by reducing litter.
 - Since March 2020, the City of Oakland has collected \$82.5 million in taxes to fund park maintenance, litter reduction, and homelessness intervention in and around City parks under Measure Q.
 - The City spent funds in accordance with Measure Q's restrictions, however, it underspent collected taxes, resulting in a \$22 million fund balance as of June 30, 2023.
 - We made 16 recommendations to improve budgeting for the funds, create outcomes-based performance measures for park conditions and homelessness in and around parks to measure progress against a baseline, and implement oversight measures for Measure Q funded programs.
2. [City of Oakland's Financial Condition Between FY 2012-13 and 2021-22](#)
 - Between fiscal years (FY) 2012-13 and 2021-22, the City applied cost-cutting measures and received federal American Rescue Plan Act funds to counteract the financial impacts of the COVID-19 pandemic.
 - The City must address a 5-year financial forecast that projects expenditures outpacing revenues.
 - The City should implement strategies for shoring up finances, maintaining reserves, and reducing liabilities so it can provide essential services in the future.
3. [Business Tax Refunds Audit FY 2018-19 through FY 2021-22](#)
 - The City has a responsibility to ensure business tax overpayments or payments made in error are refunded to taxpayers accurately and timely.
 - The audit found no significant issues related to how the Finance Department calculated, documented, approved, and processed refunds.
 - The Finance Department needs to process business refunds on a more timely basis.

SPECIAL REQUESTS/OTHER SERVICES: *Occasionally, the City Auditor conducts analyses and reviews requested by the City Council.*

[City Auditor's Response to City Council Resolution No. 89757 C.M.S. Regarding Grants Awarded to ESO Ventures](#)

- On June 6, 2023, the Oakland City Council requested the City Auditor to provide clarity on the grant funding awarded to ESO Ventures, including an \$8 million grant from the State to the City to fund ESO Ventures and a \$75,000 City grant to ESO Ventures.
- The City ultimately did not receive or administer an \$8 million State grant due to changes in the funding stream.
- The City paid ESO Ventures a \$75,000 grant without obtaining assurance the contract terms were met.
- We recommended the City Administration establish and follow protocols for informing the City Council of updates regarding significant changes to grants that are accepted and appropriated by City Council resolution, and verify contract deliverables are met, or document reasons for not meeting them, prior to disbursing the full grant amount.

INVESTIGATION REPORTS: *The City Auditor releases investigation reports following the substantiation of whistleblower complaints relating to fraud, waste, and abuse.*

[Oakland Chinatown Community Benefit District Whistleblower Investigation](#)

This report was translated into [Chinese](#), [Spanish](#), and [Vietnamese](#).

- On August 24, 2023, our 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.
- 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.

BALLOT MEASURES: *Municipal Code Section 3.08.210 requires our Office to prepare an impartial financial analysis of each measure qualifying for ballot placement.*

[Impartial Financial Analysis for March 2024 Ballot Measure, Appropriations Limit](#)

- This proposed measure would authorize the City to increase the appropriations limit to continue spending the proceeds of twelve voter-approved tax measures (see report for further details).
- Our financial analysis found this measure would not result in any new or increased taxes.
- If this measure passes, it will give the City the authority to raise the appropriations limit by an estimated \$322.97 million to continue spending revenues previously approved by the voters through the next four fiscal years (FY 2024-25 through FY 2027-28).
- If this measure does not pass, the City would not be able to spend all collected tax revenues. Tax revenues exceeding the current appropriations limit would have to be returned to the taxpayers by revising the tax rates or fee schedules within the following two FYs and the City would not be able to spend the annual appropriations increase of approximately \$322.97 million.

ANNUAL WHISTLEBLOWER REPORTS: *These reports give a high-level overview of program achievements and investigations, including the number of complaints received and resolution of reported allegations.*

[2021-22 Whistleblower Program Annual Report](#) (Released June 13, 2023)

- 153 complaints were filed in FY 2021-22, including allegations of misuse of City assets, theft, and falsification of reports, contracts, or records.
- A total of 157 cases were closed (4 of which were filed prior to FY 2021-22) and 28, or 18 percent, were closed after an investigation.

[2022-23 Whistleblower Program Annual Report](#) (Released December 21, 2023)

- Notably, 166 complaints were filed in FY 2022-23, including allegations of wage theft, falsification of contracts, reports, or records, and misconduct or inappropriate behavior.
- A total of 159 cases were closed, and 26 were closed after an investigation.
- The remaining 133 closed cases fell into the categories of: insufficient information to investigate, previously addressed by the Whistleblower Program, not fraud, waste, or abuse, or referred to appropriate City departments/channels.

THE ANNUAL AUDIT WORK PLAN: *The work plan reflects the information gathered from the Risk Assessment Survey (see Community and Employee Outreach Section) and outlines the Auditor’s planning process to determine what audits to prioritize, and how to maximize the Office’s limited resources. It also reflects the Office’s ongoing efforts to audit areas that matter most to Oaklanders.*

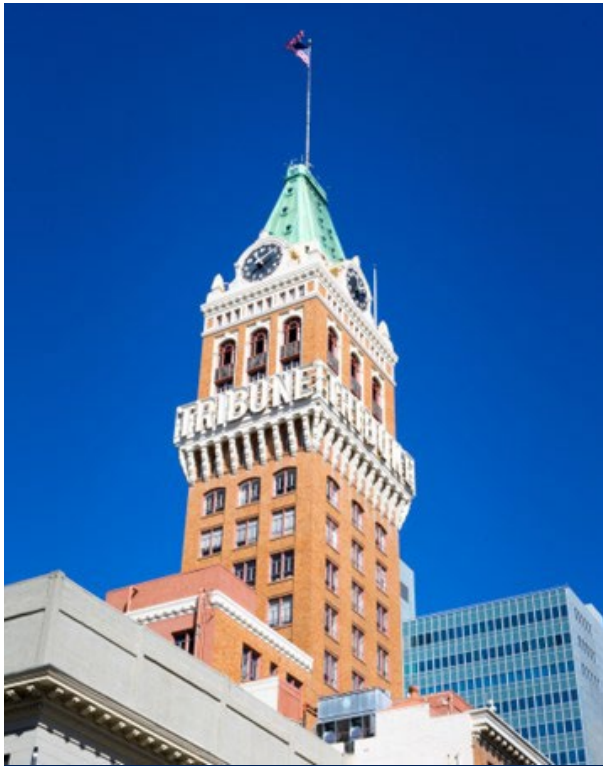
Our Office published its first [Annual Audit Work Plan](#) in August 2023. We updated the Plan on November 17, 2023, to add two audits requested by the Administration and residents.

[UPDATED: Annual Audit Work Plan
FY 2023-24](#)

- Audits Currently in Progress:
 - Library Services Retention and Enhancement Act and Oakland Public Library Preservation Act (Measures Q, C, and D)
 - Employee Pay Equity
 - Development Services Fund
 - Newly Added Audits:
 - The State of California’s Organized Retail Theft Grant Program
 - Payments from the City of Oakland to an unnamed City grantee and its fiscal sponsor

- Mandated Audits to Launch in 2024:
 - Kids First! Oakland Fund for Children and Youth Act (Measure D)
 - The Oakland Police Commission and the Community Police Review Agency
 - Vacant Parcel Tax (Measure W)

- Priority Audits to Launch in 2024:
 - Citywide Personnel Investigation Processes
 - Emergency Response Times
 - Illegal Dumping



Community & City Employee Outreach

Sharing our work with Oakland residents and employees is of the utmost importance to our Office, as it helps to increase government transparency and promote trust. Our Office sends out newsletters and presents our work to the City Council and various organizations throughout the city. The community provides the City Auditor's Office valuable input into local needs through surveys and outreach events. The purpose of such outreach is to not only provide information and assistance, but also to identify new areas upon which to direct future attention.

RISK ASSESSMENT SURVEY: *To help our Office develop our first Annual Audit Work Plan, we issued a [multilingual risk assessment survey](#) in May 2023 to ask City leadership and employees, community organizations, and Oakland residents what issues most concerned them, and what City programs they wanted to have audited.*

The survey responses were incorporated into the Annual Audit Work Plan and was translated into Spanish, Chinese, and Vietnamese.

INAUGURAL WHISTLEBLOWER HOTLINE SURVEY: *In November 2022, we sent an electronic survey to City employees to better understand their awareness and understanding of the Whistleblower Hotline. In June 2023, we published the Results of the survey.*

[2022 Whistleblower Hotline Survey Results](#)

- We found many City employees were not aware of the Whistleblower Hotline before taking the survey.
- The survey also revealed that even though some employees were aware of fraud, waste, and abuse happening within the City, they chose not to report it because they did not believe anything would be done or they feared retaliation.
- Our Office is committed to addressing these concerns and ensuring the Whistleblower Hotline is an effective tool for promoting trust in government, accountability, and transparency.



**Independent City Auditor.
Reporting Directly to The Public.**

NEWSLETTERS: *Our Office sends out newsletters to the community and City employees when we publish a new report, release statements to the press, or need to make important announcements.*

Date Issued	Newsletter Title
01/05	A Year in Review & Join Me!
06/13	Speak Up Today-What Should I Audit? And Annual Whistleblower Report & More...
08/24	Business Improvement District Investigation & Biz Tax Audit Released and Welcoming a New Team Member!
08/31	Auditor's Plan Responds to Community Concerns + Work In Progress Update
09/08	Bittersweet Goodbye
10/26	It's Official & New Reports Released!
11/16	Community Concerns Prioritized, Welcoming a New Assistant City Auditor & Fighting Fraud Takes Teamwork!
12/21	New Audit, Annual Whistleblower Report & Ballot Measure Analysis Released!

Sign up to receive our newsletters [here](#).

PRESENTATION TO CITY COUNCIL: *On October 10, 2023, our Office presented to City Council's Community & Economic Development Committee: [Investigative Report on Community Concerns Regarding the Chinatown Community Benefit Business Improvement District](#).*

View the presentation on KTOP [here](#).

COMMUNITY PRESENTATIONS & EVENTS: *The City Auditor and staff are asked to present at neighborhood meetings and attend events to connect with the community and share our work.*

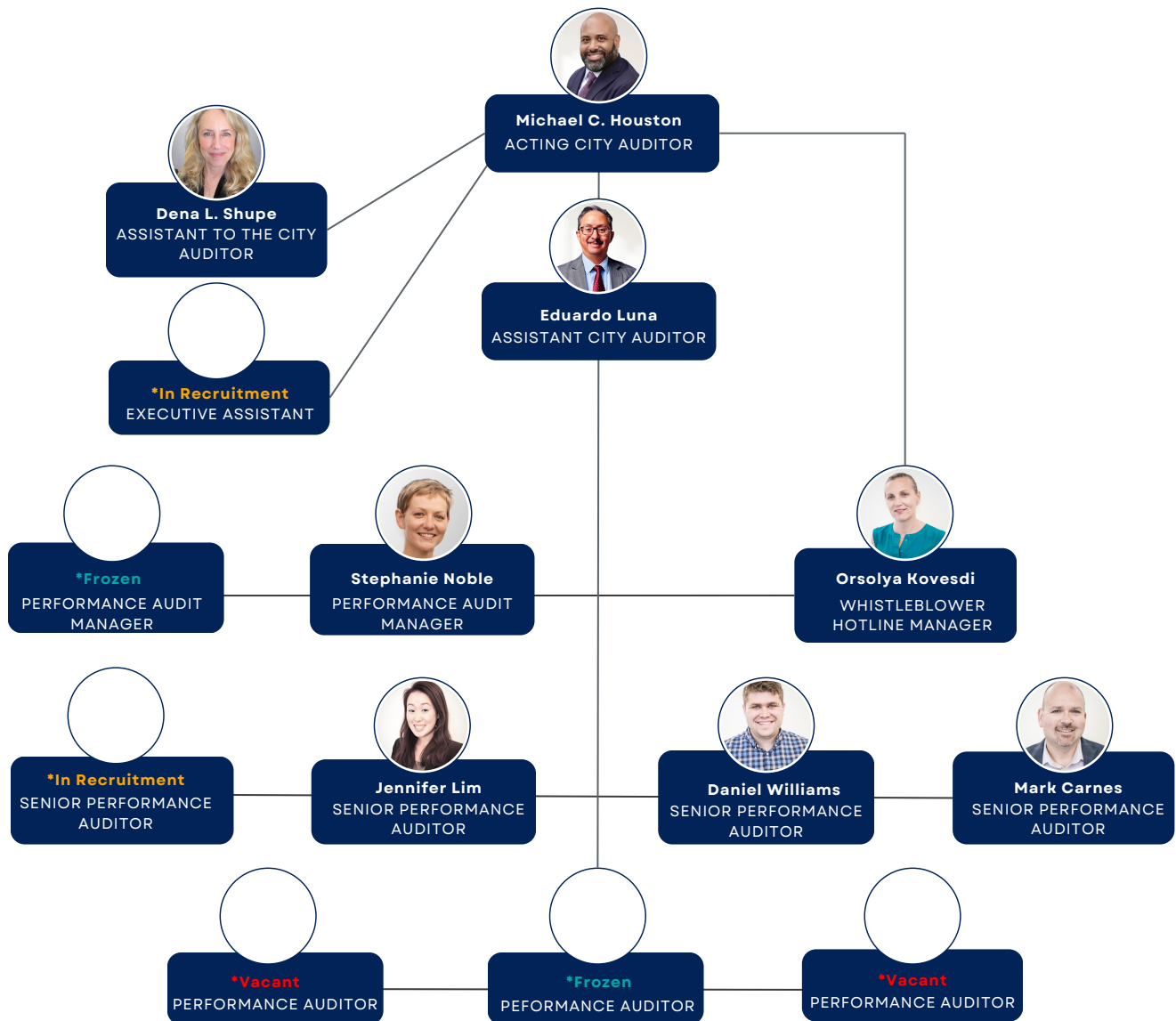
01/13	Oakland Military Institute Preparatory Academy
01/21	China Town Lunar New Year Bazaar
02/28	NCPC Jack London Square
03/14	Make Oakland Better Now!
03/27	Library Advisory Commission
05/03	NCPC, Beat 4X, Uptown/Gold Coast
07/16	Wellstone Democratic Club Picnic
09/17	Art & Soul Festival
11/30	Oakland Latino Chamber of Commerce

Ask us to speak at your next meeting!

IN THE PRESS: View our website to read our Office's [press releases](#) and [news articles](#) about our published reports.

Our Team

As of December 2023



Read our team members' biographies [here](#).

***Frozen:** hiring of these positions is on pause due to citywide budget constraints.

***In recruitment:** the recruitment of new staff is in process.

***Vacant:** unfilled positions - recruitment has not yet started.

Contact & Connect

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