

For Immediate Release: April 30, 2024

PRESS RELEASE



**CITY OF
OAKLAND**

OFFICE OF THE CITY AUDITOR
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Audit Finds Absent Leadership and Lack of Institutional Guidance Contributed to the City Missing a Deadline for Applying to the State Organized Retail Theft Prevention Grant

City departments and community members spent weeks applying for millions of dollars of grant funding, but isolated and disorganized efforts prevented the City from submitting an application by the deadline.

OAKLAND, Calif. (April 30, 2024): Today, the Office of the City Auditor released a [report summarizing its audit of the City of Oakland's application for funding from the State of California's Organized Retail Theft Prevention \(ORTP\) Grant Program.](#)

The Budget Act of 2022 (Senate Bill 154) established the ORTP Grant Program which set aside \$242 million to California agencies for the term between October 1, 2023, and June 1, 2027. The program awarded competitive grants to support the prevention of, and response to, organized retail theft, motor vehicle theft, motor vehicle accessory theft, and cargo theft. In September 2023, the State announced 38 agencies throughout California received ORTP grant funding out of the 114 agencies that applied. The City of Oakland did not submit an application by the deadline.

Given widespread concerns about crime, Oakland residents and businesses voiced disappointment, bafflement, and anger that the City had not submitted an application. These community concerns and requests from the City Administration prompted the Office of the City Auditor to launch an audit. The objective of the audit was to identify the reasons why the City failed to apply to the ORTP Grant Program.

The City's lobbyist¹ identified the grant opportunity in April 2023 and the Oakland Police Department (OPD) immediately committed to pursue the grant funding. Through the month of May 2023 and beyond, multiple sworn and unsworn OPD staff prepared an application requesting \$5 million to buy automated

¹ The City of Oakland contracts with an outside firm to serve as the City's lobbyist and provide grant support by identifying potential grant opportunities to fund City projects.

license plate readers, security cameras, and vehicles. The content of OPD's application was in line with many successful ORTP grant applicants.

On June 5th, 2023, without consulting with OPD, a staff member within the City's Economic & Workforce Development Department (EWD) became aware of the grant opportunity and contacted community partners to discuss the possibility of applying to and partnering with OPD on the grant. Between June 5th and June 16th, the EWD staff member engaged with community stakeholders and the City Council President's Office on the grant to determine how much they should involve the City Council on the proposal and to generate ideas on how to use the potential grant. On June 20th, after working nearly a month in isolation from other City Departments, the EWD staff member learned OPD had already begun developing an application for the grant.

On June 21st, with 11 business days left to apply for the grant, OPD staff called the first meeting with OPD, EWD, and the Office of the City Council President. The resulting proposal expanded far beyond OPD's initial equipment-focused application and it included safety ambassadors, staff for crime prevention through environmental design, and staff dedicated to analyzing data and problem solving. EWD then sought letters of support for the proposal from community stakeholders. The eventual ORTP grant program application request increased from \$5 million to \$15.6 million.

In sum, the grant application process began with OPD, an EWD staff member later working on the grant in isolation, and ended with both departments working together to develop the application by divvying up different tasks to complete and submit. No single individual or department seized control of the multi-departmental effort. No one even took on assignments such as setting a project timeline and planning the submission of the application in advance of the deadline. In fact, OPD and EWD were struggling to submit different elements of the application up to, and even beyond the deadline of 5:00 pm on July 7, 2023.

Although the City has a proven record of successfully applying for grants, having been awarded many grants for myriad purposes, many of these grants were identified and carried out by single City departments. For example, the audit identifies that OPD successfully secured grants for many of its programs. Notably, OPD initially took responsibility for this grant application, but an EWD staff member's unsolicited involvement and feedback from the City Council President's Office resulted in uncertainty about who or what entity was in charge, and significantly changed the scale and scope of the application.

The audit notes the application may have been submitted timely had the Mayor exercised more leadership over the ORTP grant. While grant management is not necessarily the Mayor's responsibility, as the Mayor indicated in her State of the City Address, the Mayor does have responsibility over the City Administration. It is appropriate for the Mayor or designee to seize control of important initiatives like the ORTP grant. Mayoral leadership would have eliminated any ambiguity about who was in charge.

The audit also revealed the City does not have any grant management policies in place to guide OPD, EWD, or any other department in inter-departmental efforts. In addition, OPD and EWD – the departments at the center of the efforts – both had interim leadership. There was also an Interim City Administrator between April and June 2023, with the permanent City Administrator coming on board in June 2023.

The audit recommends implementing a citywide grants policy, which, if it had been in place, could have guided City staff through project management, executive sponsorship, and inter-departmental coordination, which would have increased the likelihood of a successful grant application.

Specifically, the audit recommends the City Administrator develop and implement a policy that reflects best practices in grants management. The audit further recommends this policy include guidance on key activities such as pre-application evaluation and delineating staff roles and responsibilities and require advance approval for grants from the City Administrator's Office involving more than one City department or outside entities. Last, the City Administrator should appoint a member of the City's senior management, with appropriate and sufficient knowledge, skills, and abilities to oversee inter-departmental grants.

"Many members of the community wanted to know 'who dropped the ball' on applying for the grant," Auditor Houston stated. "During the audit, however, it was clear that no single person or entity was to blame but rather, numerous shortcomings contributed to the City not submitting its application timely."

Auditor Houston also noted: "Our audit revealed that people throughout the City and in the community made a good-faith effort and worked hard to secure the ORTP grant; unfortunately, in this case, effort and intention were not sufficient."

Read the full report [here](#).

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Auditor Houston is available for in-person, virtual or phone interviews through Friday, May 3rd and after May 8th. Please direct questions to Assistant to the City Auditor Dena Shupe at dshupe@oaklandca.gov.

ABOUT OAKLAND'S CITY AUDITOR MICHAEL C. HOUSTON

A career public servant, Michael C. Houston has been a government auditor and investigator for over 15 years, first as a performance auditor for the City of San Jose's independent City Auditor's Office between 2008 and 2017, and then as the Director of Compliance & Internal Control at California State University East Bay, where he directed the audit and investigation functions between 2017 and 2019. Michael has worked in the Oakland City Auditor's Office since 2019, previously serving as the Whistleblower Manager and the Assistant City Auditor. In a March 2024 Special Election, Michael was elected to complete the term of the previous City Auditor Courtney Ruby who resigned from office on October 13, 2023. Michael has a Master of Public Policy degree from U.C. Berkeley, a Bachelor of Arts degree in History from Sonoma State University, and is a Certified Internal Auditor.

ABOUT THE OAKLAND CITY AUDITOR'S OFFICE

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. The Office conducts performance audits in accordance with Government Auditing Standards set by the Government Accountability Office under the U.S. Comptroller General. The City Auditor's Office 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 from the City Council. Visit www.oaklandauditor.com to learn more about Oakland's Office of the City Auditor or view a complete list of our released audits, investigations, and annual reports.