

Berkeley Progressive Alliance/Berkeley Citizens Action
Auditor Candidate Questionnaire--2018 Election Sunday, April 29th Endorsement
Meeting North Berkeley Senior Center

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1. What are the primary functions of the Berkeley City Auditor?

The Berkeley City Auditor sets priorities as to areas to be audited. This includes using performance audits to provide guidance to the City Council and Management and informing citizens about how to fix problems and deliver better services to the citizens of Berkeley. The Auditor plays a key role in determining what audits to conduct, maintaining communication with citizens, and managing a team who collectively have diverse skill sets. The Berkeley City Auditor also manages the Payroll Audit division. The Auditor's job is to improve services to Berkeley citizens, see that city taxes and revenue are collected and spent appropriately, identify cost savings, and working to prevent fraud.

2. How has your experience/education prepared you to perform these duties?

I am a 35-year resident of Berkeley. My entire professional life has been as an investigator probing public and private entities. I am Certified Fraud Examiner ("CFE"). A rigorous course of study is required to become a CFE, with emphasis in the law, psychology, sociology and accountancy of fraud.

I was an investigative reporter for 15 years, with my work appearing in The Washington Post, The Nation, Mother Jones, 60 Minutes, PBS Frontline and other outlets. Among other projects, I helped shut down six firearm manufacturing companies by revealing their criminal neglect in the manufacture and distribution of handguns, investigated the tobacco industry, the rightwing US militia movement, international toxic waste dumping and other projects. In these and hundreds of other complex investigations, my rigor, instincts, and ethics have produced successful results.

My understanding of city government operations comes from, among other things, my work as a reporter (starting at The Daily Californian covering City Council and investigating wrong doing by a former city council person), and from my work as Co-Author of the public records bible, Paper Trails: A Guide to Public Records in California.

As a private investigator over the past 16 years, I have conducted and managed hundreds of projects investigating public and business operations. This includes complex fraud investigations that have identified and recovered over \$25 million from identified and resolved fraud matters.

In total, I have over three decades of experience conducting investigations without fear or favor.

3. The city auditor sets priorities as to the areas to be audited. Which areas do you think are important for your audit and why?

Among the most important, is to ensure that city taxes and revenue are collected and used appropriately. This includes auditing tax funds generated from specific ballot measures (Measure D, U1, and others), and if they are being used as intended. Auditing city departments to make sure they are operating efficiently and in a manner that serves Berkeley citizens is also equally important. A macro and micro approach to the maxim "Follow the money" will be applied to see if city departments and staff are operating in a manner that best and most efficiently serves Berkeley.

4. As auditor, what are your concerns about the balance between compliance, performance and financial audits?

A good auditor should be able to balance all three types of audits with regards to city operations. Under performance audits we can determine if the agency is running as efficiently as it could be, if its programs are meeting the needs of the public, and is the agency or program serving as intended by Counsel and voters. A performance audit moves beyond issues of compliance and regularity to directly investigate the efficiency and effectiveness of public programs, projects, and institutions with an eye towards the best use of funds and managerial efficiency. A compliance audit is a comprehensive review of a department or programs adherence to proscribed guidelines, including regulatory guidelines. Compliance audits help prevent fraud and ensure that an agency does not deviate from its intended purpose and that it follows good accounting and monitoring practices. A financial audit is conducted to provide an opinion about how an agency adheres to a specific set of criteria with regards to financial management and accounting.

5. As Berkeley City Auditor, it will be your responsibility to ensure proper use of public funds.

Both items (a.) and (b.) below require qualitative and quantitative outcome measurements.

- a) What would you look for as an indication that city program or department is spending as it should?

A thorough understanding of the program or department's mandate and strategic plan, and if applicable – ballot measure language; and the city charter is required. The department's operations should then be measured by these following a detailed review or investigation of its operations. Measuring the extent to which a department or program is meeting its mandate is also key and can be accomplished in part by by conducting interviews with citizens and council.

- b) How would you determine that the expected community services are being delivered?

Some analysis requires boots on the ground. That means getting out from behind a desk and computer and to see how services are being delivered. Asking staff if they believe services are being delivered appropriately and efficiently will reveal much as they are closest to the where recipients meet these services. Interviews with managers are also necessary. And most importantly, interviews with recipients are essential to see if the services are meeting the needs of the recipients or can be improved.

Listening goes a long way.

6. How would you inform Berkeley residents of your audits and the benefits of your results?

Outreach is key, utilizing both traditional media and social media, emailed newsletters, public appearances, reports to council, participation in public events, appearances at clubs, and a streamlined website and internet presence. Reports will contain clear and concise executive summaries so that a citizen with minimal time or prior knowledge can quickly understand the gist of an audit and know where to look for additional information and details.

7. How does the auditor make sure that maximum revenue is obtained from city fees and taxes such as the fee on short term rentals?

Short term rentals need to be audited on a regular basis to ensure that owners are paying their fair share of taxes and fees. In addition to traditional audits, rental listings should be periodically spot checked and reviewed to cross reference them with income to the city. We would look to make sure that those listing their property for short terms rental are complying with the law and making payments to the city accordingly.

8. Share an experience in which you recommended a change in operations based on an audit or investigation you performed.

I conducted an investigation at a public company where a senior internal auditor attempted to embezzle over ten million dollars from a public company. Due to quick work, my team was able to thwart the attempted embezzlement. Subsequently, we made recommendations to change internal controls over fund management and instituted cyber controls to prevent any future fraud attempts.

9. What matters would you include in an audit of police?
fire services,?
public works?

These departments should be audited for appropriate use of overtime, attempts at 11th hour pension boosts for upcoming retirement, responses times, equipment use when it is being removed from service, possible revenue gain from any equipment placed out of service, options to divert non-essential functions to other city agencies that may be able to perform the service at a lower cost (such as mental health services), hiring practices, and diversity trends and gains.

10. How will you, as city auditor, monitor the city's use of overtime, department budget overruns and dispensation of funds raised through ballot measures?

We would look closely to make sure T1 and U1 funds, among others, are being used as intended and directed at the desired outcomes and not diverted to other expenditures in the city budget. As the city allows for overtime, so will audit for possible "leap frogging" of shifts and audit to determine if overtime is being used in a prudent and necessary manner.

11. How could you uncover corruption in fund management?

Good controls and proper compliance to reporting standards are key in detecting fraud and corruption. The city can also employ the services of a whistle blower hotline. The Association of Certified Fraud Examiners adheres to the "Fraud Triangle" model. Three elements generally lead to fraud and

corruption: Rationalization, Pressure and Opportunity. Strong compliance controls remove the “opportunity” for fraud and has greatly reduced its occurrence. Compliance reporting is important, auditing those reports is essential.