



City of Ojai

Targeted Forensic Review

Presentation to Ojai City Council

December 9, 2025



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1. Introduction

Engagement Scope



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- Targeted Review of Financial Records
- Informational Interviews
- Debriefs with Counsel and City Personnel



PHASE IA: EXPANDED EVIDENCE COLLECTION

- Physical Search of Alameda's Office
- Digital Collection and Review of Alameda's Emails
- Additional Document Requests and Review



PHASE II: BROADER INVESTIGATION

- Additional Document Requests and Review
- Expanded Analysis of High-Risk Areas
- Deeper Dive into Specific Transactions
- Additional Fact-Gathering Interviews
- Targeted Open-Source and Public Records Research

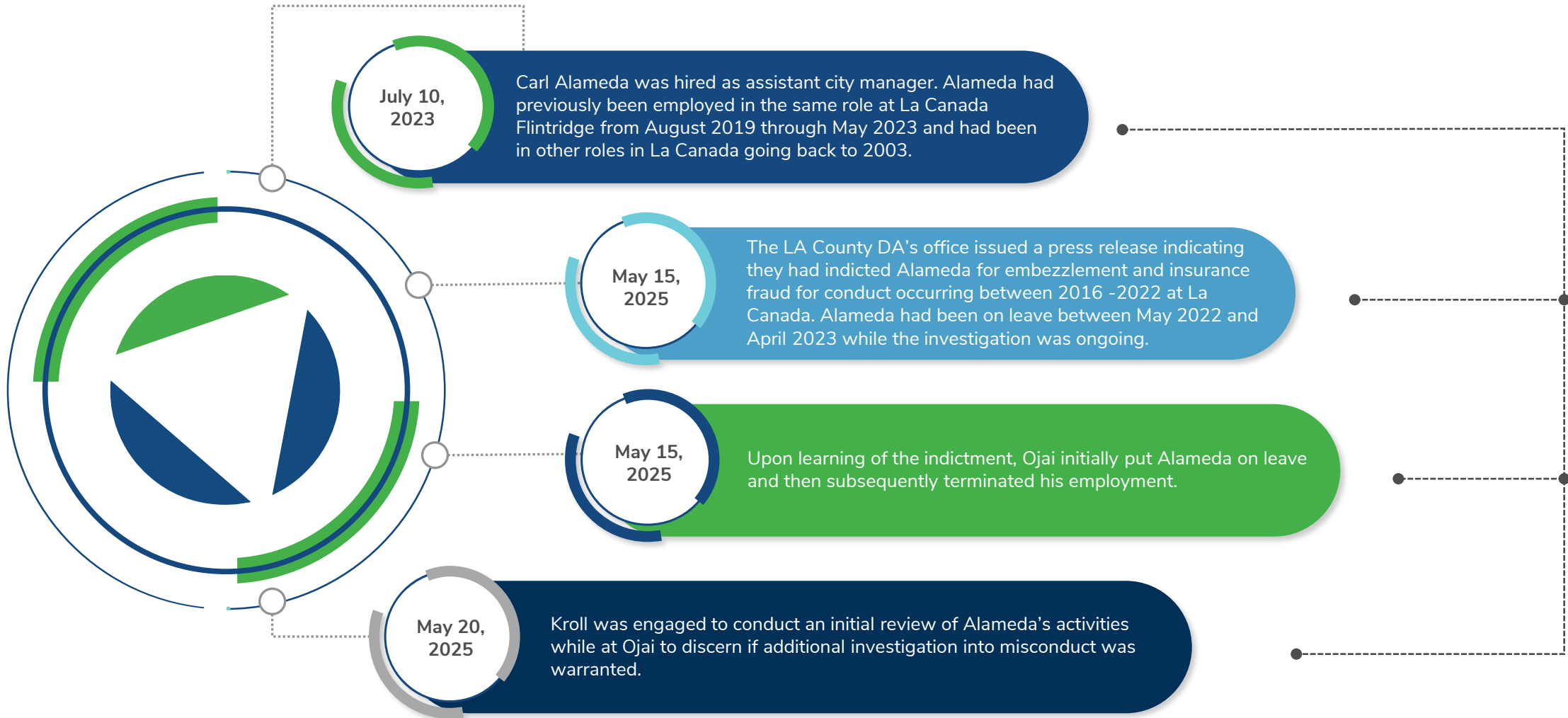


PHASE III: REPORTING AND BRIEFING

- Detailed Report of Findings and Recommendations for Remediation
- Executive Summary Report and Presentation
- Briefing with Counsel and City Personnel

Background on Carl Alameda

Timeline



2. Executive Summary of Findings

Summary of Findings



Interviews

Kroll conducted interviews with 13 employees across Finance, Public Works, City Hall, Transit, IT, HR, and Policing. No information was developed during these interviews to determine that Alameda was involved in financial or other misconduct.

However, these interviews exposed and/or reaffirmed some of the areas of weakness in the city's controls and processes and provided important leads for Kroll's review of financial and other records.

For example, when city property is damaged by a third party, detailed information about the responsible party is inconsistently reported to the city and even when reported, attempts to recuperate the cost of repairs from the responsible party or their insurer are not made. Furthermore, the established system is largely paper, making an audit of any such reports or efforts unable to be tracked.



Search of Office

Kroll searched and retrieved physical evidence from Alameda's office, which he last entered on May 15, 2025. No information was identified during this search to determine that Alameda was involved in financial or other misconduct.

However, the dearth of records remaining in the office space, coupled with interview statements indicating that Alameda took copious amounts of documents with him when he last left the city raise concerns that Alameda removed any incriminating evidence.

The fact that the city is still largely on a paper system made discerning what was taken impossible.



Search of Emails

Kroll conducted targeted searches of Alameda's email folders from his date of hire to his date of termination. No information was uncovered during this targeted review to determine that Alameda was involved in financial or other misconduct.

However, due to the city's Microsoft Office 365 license ("M365"), activity logs are only preserved for a default seven-day period. Without these logs, it was not possible to determine whether Alameda deleted, modified, extracted, or conducted otherwise suspicious activity in his digital devices.

Summary of Findings (continued)



AP/AR Process Review

Kroll's review included targeted analysis of particularly weak accounts payable and accounts receivable processes which provided the easiest opportunity for Alameda to divert funds. These included: payroll, vendor payments, grant funding and expenses, cash receipts, and ACH and check payments.

No information was developed during this review to determine that Alameda was involved in financial or other misconduct.

However, the large volume of information, difficulty obtaining the data in formats conducive for efficient review, lack of sufficient record keeping practices, and inconsistent accounting processes for recognizing revenue and expenses limited Kroll's ability to conduct this review.



Departmental Revenue

Kroll's review identified several department-specific revenue sources in which Alameda likely had involvement or over which he had purview. These included review for City Hall, Transit, Public Works, Short Term Rental, Cannabis, Special Events, and Transit Occupancy Tax.

No information was developed during this review to determine that Alameda was involved in financial or other misconduct.

However, the large volume of information, difficulty obtaining the data in formats conducive for efficient review, lack of sufficient record keeping practices, and inconsistent accounting processes for recognizing revenue and expenses limited Kroll's ability to conduct this review.



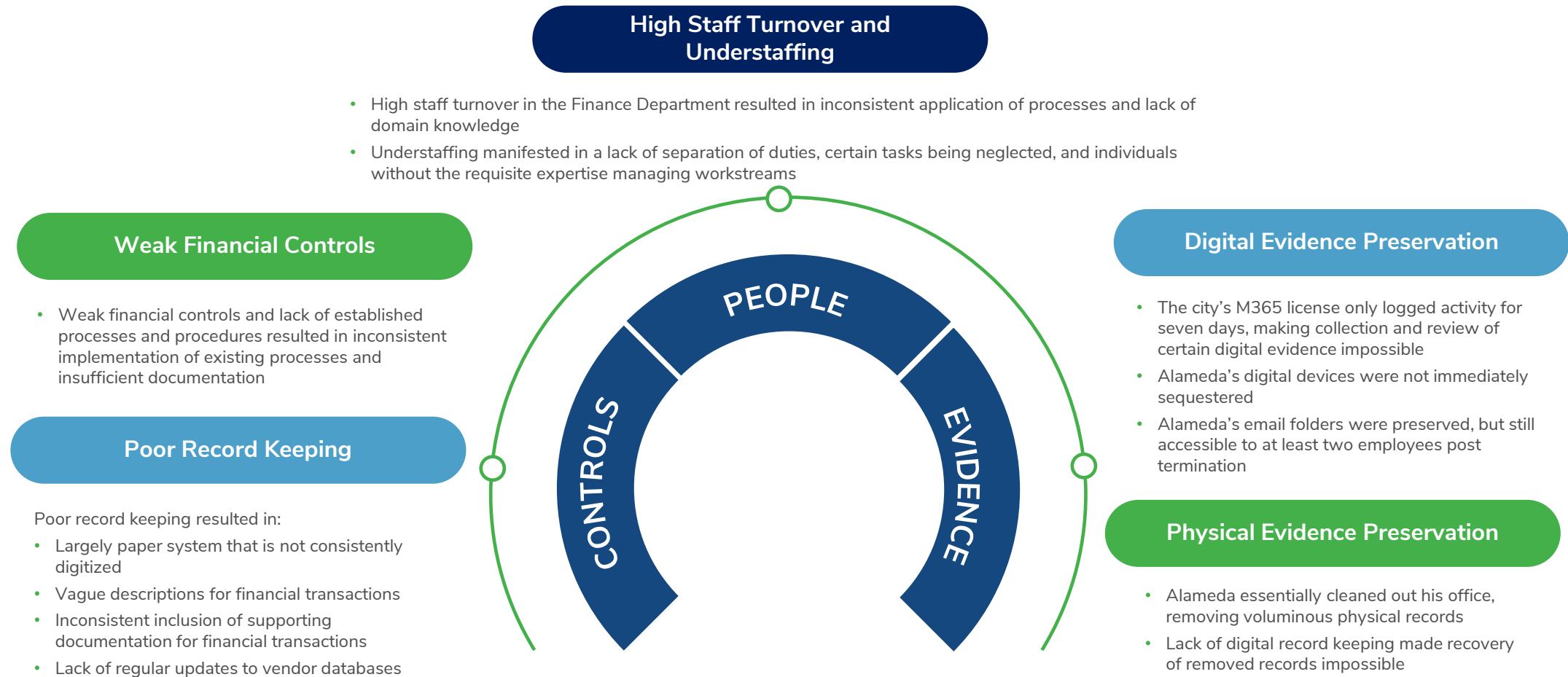
Bank Acct. & Credit Cards

Kroll's review included analysis of the city's bank accounts, as well as purchase cards to which Alameda had access.

No information was developed during this review to determine that Alameda was involved in financial or other misconduct.

Important Caveats

Kroll's mandate was to conduct a targeted review to discern whether there was indicia of fraud or other misconduct by Alameda. Kroll was not retained to – and did not in fact – conduct a comprehensive forensic audit or investigation. As detailed below, several factors negatively impacted Kroll's ability to make such a determination without a more rigorous investigation.



3. Governance and Control

Observations and Recommendations

Observations and Recommendations

Kroll's observations and recommendations are subject to the scope of our review and are point-in-time based upon our last day of fieldwork. Kroll understands that the city has initiated enhancements to their controls since then.

ACCOUNTS PAYABLE

- The city currently operates on a demand basis, increasing exposure to financial crime risk and spending in excess of approved budget.
- Kroll recommends they implement a purchase order requisition process, which we understand is currently underway.

BUDGET MANAGEMENT

- The city does not track expenses against specific departmental budgets but rather relies on departmental staff to verify the expenses submitted align with the budgets.
- This increases the risk that expenses will exceed budgetary allocations and removes a line of defense preventing payment for non-approved items.
- As noted previously, Kroll recommends the city move to a PO requisition process and implement a more robust budget to actual review at a regular cadence.

RECORD KEEPING

- Kroll encountered several instances in which recorded payments in the city's general ledger were void of supporting detail or references to supporting documentation.
- This makes audits and reviews exceedingly cumbersome and increases the opportunity for misconduct.
- Kroll recommends established parameters for the minimum sufficient detail required for GL entries.

VENDOR MANAGEMENT

- The city does not conduct due diligence on new vendors, they do not cross reference vendors with existing employees, and they do not conduct a regular review of vendor accounts to remove stale entities.
- A weak vendor management process exposes the city to many risks, including payments to false vendors, vendors not at arms-length from employees, and hijacked vendors.
- Kroll recommends the city immediately establish a process to screen new vendors, deconflict vendors with employees, and cull stale vendors.

PHYSICAL SECURITY

- The city keeps check stock paper in a locked cabinet accessible to two people; however, the cabinet is in an accessible area and the keys are left in areas potentially accessible to unauthorized persons.
- This increases the risk that check paper can be misappropriated.
- Kroll recommends the city consider a key card access systems and a secure room that will allow for authorized access to be audited.

Observations and Recommendations (continued)

ACCOUNTS RECEIVABLE

- The city's current systems for managing cash and check receipts from individual departments involves a person from the receiving department creating a log of cash/checks received and then providing that to finance. Finance ensures the amount matches the log and signs off on the receipt.
- Finance has no method of knowing whether the log includes all of the cash/checks received.
- Kroll recommends segregation of duties to reduce the likelihood that someone could manipulate the log and have access to the cash/checks.

MAIL RECEIPT/DISTRIBUTION

- Due to high turnover, the city's mail receipt and distribution process has fallen in part to finance staff.
- This results in a lack of segregation of duties and increases opportunity for diversion of received funds.
- Kroll recommends the city have dedicated individuals – outside of finance – to receive, log, sort, and distribute mail.

ACCOUNTS RECEIVABLE

- The city does not regularly review their AR aging to discern whether expected funds have not been received.
- In addition to making collection on aged accounts more latent, this increases the likelihood that any diverted funds are not discovered in a timely manner.
- Kroll recommends the city dedicate a resource to regularly reviewing the AR aging list so they can timely follow up with outstanding payments as applicable.

EMPLOYEE MANAGEMENT

- The city only reviews the master employee list one time per year and there are no system or manually generated alerts that flag changes to employee status or information.
- This increases the opportunity for diversion of employee payments.
- Kroll recommends the city review employee listings on a more frequent basis and establish system generated flags for key changes to employee information (such as bank accounts, addresses, and other contact information).

GRANT MANAGEMENT

- The city inconsistently tracks grants in their GL. For example, grant revenue is recorded in one GL account whereas expenses against those funds are recorded in a different GL account
- This results in an inability to track grant spending against funds available and makes grant reporting exceedingly difficult. Further it allows opportunity for bad actors to allocate expenses against grants in excess of the fund amount.
- Kroll recommends the city track grant revenue and expenses with proper supporting documentation and in the same sub-ledger..

Observations and Recommendations (continued)

POSITIVE PAY

- The city has Positive Pay established; however, only for the amount of the check and not for the payee.
- This leaves opportunity for someone other than the intended payee to alter and negotiate a city issued check without the city being notified, so long as they do not change the amount of the check.
- Kroll recommends the city include payee name – in addition to amount – as a required match for Positive Pay.

CLAIMS PROCESS

- The city does not have a policy to file claims or recuperate expenses when damage to city property by third parties requires repairs.
- As such, the city expends time, resources, and funds to repair damaged property without filing claims against responsible parties or their insurers. Further it provides opportunity for a bad actor to file and collect on such claims without the city's knowledge.
- Kroll recommends the city establish a formal policy with defined roles and adequate documentary workflow to itemize repair costs, file claims, and recuperate the loss.

HIRING PROCESS

- During the hiring process, the reference contacted for Alameda's prior employment was a former La Canada employee.
- Given Alameda was terminated after being investigated for fraud and embezzlement, contact with a current employee would likely have identified that adverse circumstance prior to Alameda's hire by Ojai.
- Kroll recommends the city update their pre-employment background process to require reference checks with active employees, and that they independently verify the reference's contact details and employment status..

EMPLOYEE SEPARATION

- After termination, Alameda was never asked if he destroyed or misappropriated any digital or physical records. Further, he did not return his city issued laptop for several weeks after his termination date.
- The lack of timely and comprehensive employee departure procedures increases the risk of misappropriation of city property and information.
- Kroll recommends the city develop a comprehensive departure checklist, with input from HR, IT and Legal, and establish a means by which they can track and remotely lock digital devices.

DIGITAL SECURITY

- As noted previously, the city's M365 license only allowed for the default seven-day logging period.
- In the event of a breach or other incident involving information systems, logging data is often essential in determining who, what, when, and how something occurred. A lack of sufficient logging data makes such determinations difficult, if not impossible.
- Kroll recommends the city upgrade their M365 license to maintain logs of at least 180 days.

4. Restrictions on Use

Use Restriction

This presentation was prepared for the City of Ojai solely for its internal use and is not intended for any other purpose.

The observations presented herein are based on information supplied by the City of Ojai and other information obtained during the course of our work. Kroll accepts no responsibility or liability to any other party with respect to the information contained herein or any reliance that any third party may place thereon.

The information contained herein should be considered preliminary and subject to change depending on new information that may be obtained.