

File No. 100980

Committee Item No. 4

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee Government Audit and Oversight

Date September 23, 2010

Board of Supervisors Meeting

Date _____

Cmte Board

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OTHER

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Completed by: LaTonia Stokes

Date September 17, 2010

Completed by: _____

Date _____

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City and County of San Francisco

Office of the Controller – City Services Auditor

CITY SERVICES AUDITOR

ANNUAL WORK PLAN,
FISCAL YEAR 2010-2011



July 2010



City and County of San Francisco

Office of the Controller - City Services Auditor

Annual Work Plan, Fiscal Year 2010-11

July 2010

The mission of the Office of the Controller (Controller's Office) of the City and County of San Francisco is to ensure the City's financial integrity and promote efficient, effective, and accountable government. The Controller's Office's vision is to be a model for good government and to make the City a better place.

The City Services Auditor (CSA) was created within the Controller's Office through a 2003 Charter amendment that envisions a broad effort to measure, audit, and report on San Francisco government's performance. The mandate is to analyze the City's public service delivery, compare and benchmark San Francisco to best practices nationwide, provide information to citizens in new ways, and help drive improvements in City government. This is among the most ambitious voter-approved efforts of its kind in local government.

CSA has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and benchmarking the City to other public agencies and jurisdictions.
- Conducting financial and performance audits of City departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operating a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of City resources.
- Ensuring the financial integrity and improving the overall performance and efficiency of City government.

CSA is funded through a commitment of 2/10ths of one percent of the City's annual budget. In fiscal year 2010-2011, approximately \$11.3 million is budgeted for the City Services Auditor functions under the Charter requirement. CSA has approximately 51 full time equivalent staff including auditors, performance analysts, project managers, and operations staff.

ANNUAL WORK PLAN, FISCAL YEAR 2010-11

Introduction

The City Services Auditor (CSA) developed its Annual Work Plan by considering audits and other responsibilities mandated by the City Charter and municipal codes, the results of a limited risk assessment, and input from City management, leadership, and stakeholders. The Work Plan may change during the fiscal year as circumstances dictate. Quarterly reassessment of risk, requests from City leadership, changes within City organizations or operations, and available CSA staff resources can result in changes to the plan.

I. CSA SERVICES

CSA works on a variety of project types. CSA staff includes auditors, performance analysts, project managers, and operations and contract analysts. CSA conducts its work pursuant to professional auditing and analysis standards which require competence, integrity, objectivity, and independence. Types of projects include:

- **Audits**

Audits may analyze: the extent to which departmental units or programs are achieving their goals and objectives; the effectiveness of organizations, programs, activities, or functions; whether an organization has complied with laws and regulations applicable to the program; or the extent to which a City tenant or contractor is in compliance with their lease or contract. In addition, audits may determine whether departmental units or programs have sufficient internal controls in place to ensure that they are acquiring, protecting, and using resources economically and efficiently, and pursuant to proper management review and authorization.

- **Performance Measurement and Management**

CSA manages a citywide effort to track performance measures in a unified, web-based system linked to the City budget. CSA works with City departments to make the data sets complete, validate performance data, and to make information more usable and meaningful to the public and decision-makers. CSA produces reports that serve the public's interest in government and in understanding the quality and quantity of public services delivered by the City.

- **Analysis and Evaluation**

Analysis and evaluation projects examine the cost, quality, efficiency, and demand for City services, programs, and facilities. Projects ensure that data and information are used to inform public service design and delivery, and that City and taxpayer resources are used efficiently. Analytical work is performed by City staff in many areas, and outside experts are retained as needed.

- **Implementation and Contracting Support**

CSA staff works with City departments to redesign processes and programs to increase efficiency and improve services. Technical assistance is provided in support of departmental projects to implement operational changes such as significant operational and staffing reconfigurations, deployment of new technical systems, and many other areas. Complex professional services procurements and contracts are also a specialty.

- **Fraud Investigations**

CSA operates a whistleblower complaints hotline and website and receives, investigates, and tracks reports of waste, fraud, and abuse of City resources. The work performed under this function is kept confidential pursuant to applicable local, state and federal laws and regulations.

II.
III. FISCAL YEAR 2010-11 PRIORITIES

CSA's highest priority initiatives for FY 2010-11 include:

1. Performance Management and Measurement

Charter Appendix F charges CSA to measure San Francisco's delivery of critical public services, benchmark to comparable organizations, and compare and report on the City's performance in meeting established standards. Chief among these efforts are two annual inspection programs that use established performance standards to rate San Francisco's street and sidewalk cleanliness, including graffiti incidence and litter, and the park inspection program that covers playing fields, playgrounds, bathrooms, and many other features of the City's parks. In FY10-11, CSA will survey residents and visitors regarding their experience and perception of street and sidewalk conditions.

2. Public Health Services and Cost Recovery

CSA is collaborating with the Department of Public Health to implement a new public health care delivery model which integrates behavioral health into the primary care system. This means significant changes in patient treatment, intake, staffing, training, and information technology in the City's clinics. Integrated care will improve health outcomes, patient access to care, and the efficiency and cost of the public health system. In a related project, CSA is working with the department to enable more nonprofits to become certified as Medi-Cal providers and increase revenues that can be claimed for mental health services.

3. Five-Year Financial Planning

Proposition A (November 2009) requires the City to develop a five-year financial plan. CSA will coordinate the development of the first plan, due in 2011. The process will require forecasting revenues and expenditures, building consensus around the City's financial priorities, and identifying steps that the City needs to take to create a long-term balance between revenues and expenditures.

4. Substance Abuse Evaluation

An analysis project will determine whether the City's substance abuse treatment services are optimally effective in responding to the long-term nature of recovery and addiction, and make recommendations to improve the system. This evaluation will track current and former clients at three assessment points over 18 months and examine how they access, engage, and sustain services; the typical pathways of recovery/relapse; and utilization of City health, human, and public safety services. CSA launched this evaluation in July of 2009, and is working with expert consultants, the Department of Public Health's Community Behavioral Health Services, and an advisory group of technical experts.

5. Citywide Contracting Process Improvement Program

The Controller's Office and the Office of Contract Administration (OCA) are engaged in an effort to enhance the quality and efficiency of City contracting. The project seeks to reduce the complexity and length of the City's contracting process through three strategies: (1) streamlining and simplifying contracting compliance requirements and processes; (2) building the capability of City staff to achieve both social policy and business-related outcomes; and (3) improving the quality of contractor performance and decreasing contractor costs through increased vendor competition.

6. Capital Improvement Program

CSA is systematically developing its capacity to provide audit, oversight, and technical assistance services related to the City's significant portfolio of capital improvement programs, including certain voter-approved bond programs that have been initiated in recent years. In FY 2010-11, CSA will provide a broad range of services in the capital project arena that will be undertaken by both in-house staff and contracted technical specialists, as appropriate.

CSA's projects involving the City's capital programs will include: audits of construction management and general construction contracts; audits of the operations of relevant City contract administration units; analysis of project performance tracking and reporting; and follow-up reviews of relevant audits published by CSA in recent years. Projects will be completed across a range of ongoing capital programs including:

San Francisco General Hospital Rebuild – \$887 million in bonds, approved in November 2008.

Water System Improvement Program (WSIP) – \$4.6 billion in bonds, approved in 2002.

Clean and Safe Neighborhood Parks Bond – \$185 million in bonds, approved in November 2008.

Branch Library Improvement Program (BLIP) – \$189 million program funded primarily by \$140 million in bonds authorized by voters in 2000 and 2007.

7. Whistleblower Program

The City's Whistleblower Program receives, investigates or refers, and tracks complaints about employee misconduct, the quality and delivery of government services, wasteful and inefficient City government practices, misuse of City government funds and resources, and other improper activities by City government vendors and contractors.

8. Nonprofit Accountability and Evaluation

CSA will continue ongoing work to improve accountability, capacity, and results among the City's nonprofit service providers as they cope with reduced budgets and increased service needs in the current economic climate. CSA's Nonprofit Monitoring and Capacity Building Program establishes fiscal and compliance standards, coordinates City monitoring of its contractors, and provides training and coaching for contractors and City staff. Training topics include board governance, budgets, financial reporting, and cost allocation. In FY2010-11, CSA is also evaluating effectiveness of, and working to improve performance measurement in, the violence prevention and youth workforce development areas.

9. Laguna Honda Hospital Transition Assistance

CSA will collaborate with Department of Public Health staff to ensure effective and well-organized transition to the newly built, seismically-sound hospital facilities. Since February 2007, CSA has partnered with Laguna Honda Hospital and employed experts on a portfolio of planning projects to prepare staff and residents for the move, including budget development, support services, and housekeeping workflow analysis. The most recent initiative is the Organizational Effectiveness Project, which promotes resident-centered care that is consistent with the new facilities and best practices. Improvements in the model of care will seek the highest quality of life and independence for each resident, and will include more individualized – rather than institutional – waking, sleeping, bathing, and eating routines.

10. Care Not Cash/Supportive Housing Audit

The initial authorizing legislation for Care Not Cash included a requirement that CSA audit the program every three years. In 2011, CSA will conduct the required audit, while concurrently assessing the effect that the implementation of Care Not Cash has had on the overall delivery of supportive services to the City's homeless population, many of whom are not served by Care Not Cash.

11. Public Safety and Supportive Services – High-Frequency Users Analysis

Despite assertive case management and repeated efforts at stabilization in the community, chronically homeless individuals who suffer from severe substance abuse disorders, complex medical conditions, and serious mental illnesses often fail to recover. These individuals are high users of multiple City systems, including the public health, human services, and public safety systems. CSA will work across departments to identify ways to strengthen and improve the delivery of interventions that address the needs of this population.

12. Revenue Control Audits

Citywide Cash Collection Points – CSA will complete a comprehensive survey of all departments to document all cash collection locations across the City, and to document cash handling policies and procedures in place. This will be followed by a systematic audit of over ten locations to assess the oversight of cash handling on a citywide basis.

SFPUC Billing Process – CSA will conduct an audit of San Francisco Public Utilities Commission (SFPUC) billing processes and procedures involving a focus on data mining and analysis techniques to probe SFPUC water and sewer customer database records for appropriateness of customer-type designation.

Airport Property and Operations Management – CSA will conduct multiple concession audits of airport tenants, including airlines and retail shops, to confirm they are accurately tracking and reporting their revenues and making appropriate revenue-sharing payments to the City in compliance with their leases.

13. Payroll Audits

CSA maintains an ongoing program of auditing the payroll operations of departments across the City. These audits analyze various aspects of the time reporting and payment procedures of departments including timekeeping by staff, use of differential pay, premium pay, overtime, per diems, etc. Payroll audits are planned for Laguna Honda Hospital and the San Francisco Municipal Transportation Agency.

14. Municipal Transportation Agency Audits and Projects

MTA Overview and Division Audit – CSA will conduct a broad overview of the SFMTA and the first of a series of division audits called for during the FY2011 budget process, focusing on the Sustainable Streets Division.

Transit Effectiveness Project Implementation – CSA will continue work on the Transit Effectiveness Project (TEP) in coordination with the SFMTA Service Planning team, including capital plan phasing program for TEP implementation, establishing a consulting contract for TEP environmental review, and continued support for Muni scheduling and data reporting needs.

15. City Survey 2011

The biennial City Survey will be conducted this coming year to help improve the City's service delivery by assessing resident satisfaction with City services and community issues. Government services and community issues commonly addressed in the City Survey include public safety, public transportation, street and sidewalk cleanliness, pavement condition, recreation and parks, libraries, and technology, among others.

16. American Recovery and Reinvestment Act (ARRA) Audits

CSA will complete audits of compliance with grant terms of three projects that received significant funding from the American Recovery and Reinvestment Act of 2009, including projects managed by the Mayor's Office, SFMTA, and the Airport.

17. Redevelopment Agency Audits

The agency has agreed to provide funding for CSA to conduct audits of its operational procedures and the outcomes of its work related to specific project areas in the Western Addition and Bayview Hunters Point neighborhoods. CSA also plans to assist the agency in a review of its planning for, and issuance of, debt that funds its activities.

Audit and Project Listing

The table below provides a listing of major planned audits and projects for FY2010-11 with a budget of at least \$50,000, including staff hours and contract costs.

Department	Audit or Project Description	FY2010-2011 Budget Estimate
Airport	Airport Concession Audits - Contracted - FY11 Groups A & B	\$135,700
	Airline Compliance Audits - Contracted - FY11 Groups A & B	\$85,700
	Airport Performance Audit #1	\$71,400
	Airport Performance Audit #2	\$71,400
	Airport Workorders with Departments - FYs 08-09 & 09-10	\$59,500
	ARRA Audit - Airport Infrastructure Improvement Grant	\$59,500
Citywide/Multiple Departments	Whistleblower Program FY10-11	\$391,625
	DPH Community Programs Primary Care/Behavioral Health Integration	\$522,125
	Citywide Contracting Reform Program	\$250,000
	Citywide Nonprofit Monitoring and Capacity Building Program FY10-11	\$214,000
	Citywide Performance Measurement Program FY10-11	\$212,500
	Coordinated Case Management System Implementation	\$205,936
	City Survey 2011	\$200,000
	Proposition A Implementation - Financial Plans and Policies	\$125,000
	AT&T Contract Audit - Phase 1	\$62,500
	Risk Assessment Model	\$62,500
	Budget Projects - As Needed	\$62,500
	Visitation Valley Capacity Building and Assessment	\$62,500
	Audit Follow-ups FY11	\$62,500
	Construction Contract Closeout - Citywide	\$62,500
	Budget and Payroll Information Requests	\$53,125
Citywide Capital Public Report	\$50,000	

Department	Audit or Project Description	FY2010-2011 Budget Estimate
Building Inspection	DBI Contracting Assistance	\$50,000
Public Health	DPH - Substance Abuse Treatment Services Evaluation	\$296,125
	DPH Community Programs Short Doyle Revenue Enhancement	\$226,148
	Laguna Honda Org Effectiveness	\$165,758
	Laguna Honda Transition Planning	\$89,875
	SPF SFGH Rebuild: Jacobs CM Contract Audit	\$75,000
	SPF SFGH Rebuild: Webcor Construction Contract Audit	\$75,000
	DPH - General Hospital Materials Management Contracting Analysis	\$65,000
	SPF SFGH Rebuild: Integrated Project Delivery (IPD) Evaluation	\$62,500
	Shared Rehabilitation Services Analysis	\$62,500
	DPH - General Hospital Information Technology Transition Planning	\$56,250
	SPF SFGH Rebuild: Cost & Schedule Review & Mitigation	\$50,000
Public Works	Street and Sidewalk Perception Study	\$59,050
Controller/General Fund	Property Management	\$100,000
	Senate Bill (SB) 90 Claiming Project	\$75,000
	Payroll Audit - Fire Department	\$75,000
	High Users Public Safety	\$62,500
	IT Planning	\$62,500
	Board Requests for Info FY10-11	\$50,000
	Treasury Quarterly Reviews - Macias Gini Audit Support FY11	\$68,500
Human Services Agency	Care Not Cash Audit FY10-11	\$100,000
	HSA Payroll Audit - Field Personnel	\$75,000
	HSA Nonprofit Contract Management System Recommendations	\$62,500
Municipal Transportation Authority	Transit Effectiveness Project Implementation	\$425,000
	Organizational and Division Performance Audit	\$250,000
	SPF MTA Central Subway Overhead Rates - First Year	\$62,844
	ARRA Audit - Transit Capital Assistance Grants	\$62,500
	Garage Audit - 5th and Mission	\$75,000
	Garage Audit - Ellis O'Farrell	\$64,313
Port	Port Concession Audits - Contracted FY10 & FY11	\$118,453
Public Utilities Commission	WSIP: Two Construction Audit(s) - Contracted	\$139,054
	WSIP: Regional Construction Audit	\$125,000
	Warehouses and Inventory Control Performance Audit - Water Enterprise	\$100,000
	WSIP: Consultant Multiple Billing and Other Issues Audit	\$62,500
	Asset Management Performance Audit - Phase 1	\$62,500
	Crystal Springs Golf Partners	\$53,500
	Energy Efficiency Program Evaluation	\$50,000
	Mission Valley Rock Co.	\$50,000
Recreation and Parks Department	Park Inspections FY10-11	\$96,875
	SPF RecPark Bond: Programmatic Audit: Focus on Scheduling	\$67,625
	SPF RecPark Bond: Construction Contract Performance Audit	\$62,500
	Structural Maintenance Division Analysis	\$62,500
Redevelopment Agency	Western Addition A-2 Project	\$85,969
	Redevelopment Plan Performance Audit - Bayview Hunters Point	\$83,594