

File No. 131043

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date November 14, 2013

Board of Supervisors Meeting Date _____

Cmte Board

- Motion
- Resolution
- Ordinance
- Legislative Digest
- Budget and Legislative Analyst Report
- Youth Commission Report
- Introduction Form
- Department/Agency Cover Letter and/or Report
- MOU
- Grant Information Form
- Grant Budget
- Subcontract Budget
- Contract/Agreement
- Form 126 – Ethics Commission
- Award Letter
- Application
- Public Correspondence

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Completed by: Erica Dayrit Date November 7, 2013

Completed by: _____ Date _____

Introduction Form

By a Member of the Board of Supervisors or the Mayor

Time stamp
or meeting date

I hereby submit the following item for introduction (select only one):

- 1. For reference to Committee.
An ordinance, resolution, motion, or charter amendment.
- 2. Request for next printed agenda without reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning "Supervisor [] inquires"
- 5. City Attorney request.
- 6. Call File No. [] from Committee.
- 7. Budget Analyst request (attach written motion).
- 8. Substitute Legislation File No. []
- 9. Request for Closed Session (attach written motion).
- 10. Board to Sit as A Committee of the Whole.
- 11. Question(s) submitted for Mayoral Appearance before the BOS on []

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission Youth Commission Ethics Commission
- Planning Commission Building Inspection Commission

Note: For the Imperative Agenda (a resolution not on the printed agenda), use a Imperative

Sponsor(s):

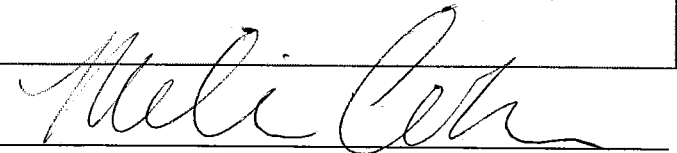
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Subject:

Update by the City Services Auditor on the status of implementation of audit recommendations

The text is listed below or attached:

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Signature of Sponsoring Supervisor: 


For Clerk's Use Only:

131043



MEMORANDUM

TO: Government Audit and Oversight Committee
 San Francisco Board of Supervisors

FROM: Tonia Lediju, Director of City Audits
 City Services Auditor Division 

DATE: November 7, 2013

SUBJECT: City Services Auditor Summary of Recommendation Follow-Up Activity - Fiscal Year 2012-13

During the 2012-13 fiscal year, the City Services Auditor Division (CSA) of the Office of the Controller (Controller) followed up on all recommendations it issued to city departments at six months, one year, and two years after original issuance. CSA reports on its follow-up activity to the Board of Supervisors' Government Audit and Oversight Committee (GAO). This process fulfills the requirement of San Francisco Charter Section F1.105 for the auditee to report on its efforts to address the Controller's findings, report any costs or savings attributable to recommendation implementation reflected in the department's proposed budget, and, if relevant, report the basis for deciding not to implement a recommendation.

The regular follow-up begins with sending a questionnaire to the responsible department requesting an update on the implementation status of each recommendation. CSA assigns a follow-up status to the report or memorandum for each responsible department according to whether or not the department responded to the questionnaire and the audit determination status of each recommendation. The follow-up statuses are described in the table below.

Summary of Follow-Up Statuses			
Status	Department Responsiveness	Audit Determination Status of Recommendations	Further Regular Follow-Up
<i>Closed</i>	Responded	All closed	No
<i>Open</i>	Responded	At least one open or contested	Yes
<i>Elapsed</i>	Responded	At least one open or contested	No, CSA's regular two-year cycle has elapsed. Open recommendations will be considered when planning future audits.
<i>Active</i>	No Response	At least one open or contested	Yes, even if CSA's regular two-year cycle has elapsed.

In some cases, CSA will continue to send requests to departments regarding elapsed follow-ups based on the recommendations being high risk or implementation being dependent on a time frame that extends beyond the usual two year cycle such as negotiation of specific terms in labor union agreements.

**Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13**

Based on its review of the department's response, CSA assigns an audit determination status to each recommendation. A status of:

- **Open** indicates that the recommendation has not yet been fully implemented.
- **Contested** indicates that the department has chosen not to implement the recommendation for some reason.
- **Closed** indicates that the response described sufficient action to fully implement the recommendation or an acceptable alternative, or that some change occurred to make the recommendation no longer applicable.

Additionally, CSA periodically selects reports or memorandums resulting in high-risk findings for a more in-depth field follow-up assessment in which CSA performs testing to verify the implementation status of the recommendations.

CONTENTS

Department Abbreviations	4
Overview of Regular Follow-Up Activity in Fiscal Year 2012-13	5
Exhibit 1 - Overall Summary of Regular Follow-Ups by Status and Department	5
Exhibit 2 - Summary of Recommendations Followed Up on in Fiscal Year 2012-13	6
Exhibit 3 - Timeliness of Departments' Responses to Follow-up Requests	7
Exhibit 4 - Summary of Follow-Ups Closed in Fiscal Year 2012-13	7
Summary of Findings and Open or Contested Recommendations for Open and Elapsed Follow-Ups by Department	9
Adult Probation	9
Airport	10
Arts	14
Controller	17
Fire	18
General Services	19
Human Resources	20
Human Services	22
Juvenile Probation	25
Police	26
Public Health	27
Public Works	33
SFMTA	34
SFPUC	39
Summary of Field Follow-ups Completed and in Progress	47
Field Follow-Ups Issued	47
Audits or Assessments With Field Follow-ups in Progress	48
Appendix – Summary of Closed Follow-Ups	A-1

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Department Abbreviations

Abbreviated Name	Full Name
Adult Probation	Adult Probation Department
AIR	Airport Commission
Airport	Airport Commission
Arts	Arts Commission
CON	Office of the Controller
Controller	Office of the Controller
DPW	Department of Public Works
Fire	Fire Department
General Services	General Services Agency
GSA	General Services Agency
HRC	Human Rights Commission
HSA	Human Services Agency
Human Resources	Department of Human Resources
Human Services	Human Services Agency
Juvenile Probation	Juvenile Probation Department
Police	Police Department
Public Health	Department of Public Health
Public Works	Department of Public Works
Recreation and Park	Department of Recreation and Park
SFMTA	San Francisco Municipal Transportation Agency
SFPUC	San Francisco Public Utilities Commission

CSA's Regular Follow-Up Activity

Overview of Regular Follow-Up Activity in Fiscal Year 2012-13

During fiscal year 2012-13, CSA followed up on recommendations from 56 reports or memorandums. This resulted in:

- 64 regular follow-ups – Some documents included recommendations directed toward multiple departments. In such cases, CSA sends a separate follow-up to each responsible department.
- 71 requests – CSA sent both 6-month and 12-month requests for some follow-ups during the 2012-13 fiscal year.
- 538 open or contested recommendations.

Exhibit 1 summarizes the current status of those follow-ups.

Exhibit 1 Overall Summary of Regular Follow-Ups by Status and Department					
Department	Total Follow-Ups	Active	Open	Elapsed	Closed
Adult Probation	1			1	
Airport	11		3	1	7
Arts	3		3		
Controller ^a	4			1	3
Fire	1			1	
General Services ^b	3		1		2
Human Resources	2		1	1	
Human Services	4		3		1
Juvenile Probation	1		1		
Police	1			1	
Public Health	6		6		
Public Works	4		1		3
SFMTA ^c	10		2	2	6
SFPUC	13	1	3	4	5
Total	64	1	23	12	27

^a Includes one follow-up request each for the Budget and Analysis, Payroll and Personnel Services, eMerge and Accounting Operations and Systems divisions.

^b Includes two follow-up requests for the Contract Monitoring Division and two for the Office of Contract Administration.

^c Before CSA issued the 2012 report, SFMTA had fully implemented all nine recommendations from *The San Francisco Municipal Transportation Agency Generally Has Adequate Internal Controls Over the Tools Used to Maintain Its Motor Coach Transit Fleet, but Can Improve Some Controls*.

Note: Because CSA sends a separate follow-up request to each department responsible for implementing recommendations, a single report or memorandum may result in multiple follow-up requests sent to different departments. The 63 follow-up requests included recommendations from 56 separate reports and memorandums.

**Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13**

Exhibit 2 shows the number of recommendations CSA followed up on and determined to be closed during fiscal year 2012-13. The table reflects whether CSA closed a recommendation after reviewing the department's 6-month, 12-month, or 24-month response.

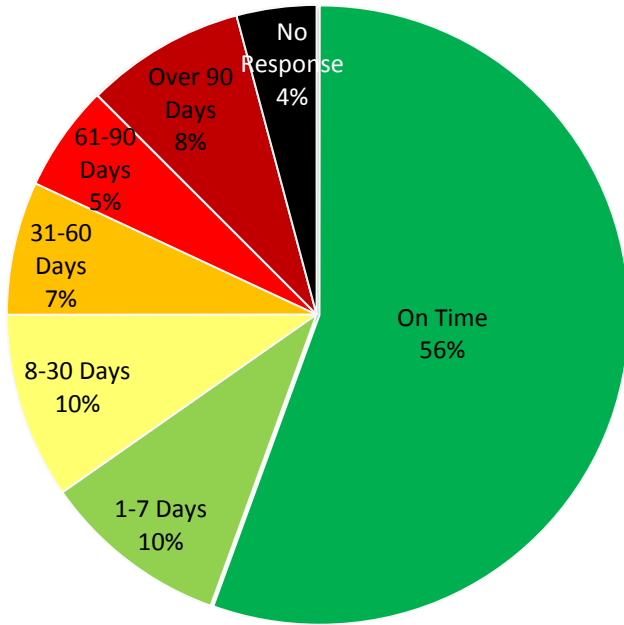
Department	Recommendations Followed Up On	Closed During Fiscal Year 2012-13			Total
		6-month response	12-month response	24-month response	
Adult Probation	31				30 ^a
Airport	79	45	19	5	69
Arts	25	7	5	0	12
Controller	18	0	7	10	17
Fire	11	0	0	7	7
General Services	8	4	1	2	7
Human Resources	3	0	0	0	0
Human Services	50	14	11	3	28
Juvenile Probation	10	0	0	0	0
Police	5	0	0	3	3
Public Health	20	7	0	0	7
Public Works	17	11	4	0	15
SFMTA	101	30	13	22	65
SFPUC	160	58	0	14	72
Total	538	176	60	67	333

^a CSA sent the regular follow-up for Adult Probation several years after the report's issuance in preparation for a possible field follow-up assessment. Because of ongoing changes at the department due to state legislation that moved many probationers out of state supervision and into county supervision, CSA canceled the field follow-up at that time.

Note: In some cases, the department has implemented few or none of CSA's recommendations. This does not necessarily indicate that the department is not making an effort to resolve the underlying issues. In some instances, the department has not yet had the opportunity because the recommendations relate to events that happen only periodically, such as labor agreement negotiations, or because the recommendations were issued too recently for full implementation to have occurred.

Exhibit 3 shows departments' responsiveness to CSA's follow-up requests. CSA sent 71 follow-up requests during fiscal year 2012-13. In some cases, the department received both the 6-month and 12-month requests. In two such instances, the department did not respond to the 6-month request, but did respond to the 12-month request. Consequently, only one of the three requests that are categorized as "No Response" in Exhibit 3 have a status of "Active" in Exhibit 1.

Exhibit 3 Timeliness of Departments' Responses to Follow-up Requests



The Airport (12 requests), General Services (3 requests), and Police (1 request) were on time with all responses.

SFMTA (7 requests) and Arts (3 responses) submitted all responses within seven days of the due date.

Human Services did not respond to one request and SFPUC did not respond to two requests.

The Controller (2 of 5 responses), Human Resources (2 of 2 responses), Public Health (4 of 6 responses), Public Works (1 of 4 responses), Juvenile Probation (1 of 1 responses), and SFPUC (1 of 15 responses) all had responses that were more than 60 days late.

Exhibit 4 lists the follow-ups CSA closed in fiscal year 2012-13. See the Appendix for a brief summary of each closed report or memorandum and resolution of the recommendations.

Exhibit 4 Summary of Follow-Ups Closed in Fiscal Year 2012-13

Dept.	Issue Date	Document Title and Total Number of Recommendations	
AIR	7/26/11	Airport Commission: Fox Rent A Car, Inc. Has Unreliable Records and May Owe At Least \$532,451 in Fees, Fines and Penalties	23
AIR	9/29/11	Human Rights Commission: Local Business Enterprise (LBE) Compliance Audit	5
AIR	3/13/12	Airport Commission: Polaris Research and Development, Inc., Adequately Complies With Its Contract, but the Department's Administration of the Contract Needs Improvement	11
AIR	8/28/12	Airport Commission: Emirates Paid All Landing Fees Due But Owes the Airport \$3,720 in Late Charges for December 15, 2008, Through March 31, 2011	1
AIR	8/28/12	Airport Commission: Delta Air Lines, Inc. Paid All Landing Fees Due But Owes the Airport \$46,721 in Late Charges for January 1, 2009, Through December 31, 2011	1
AIR	8/28/12	Airport Commission: Harbor Airport, Correctly Paid Its Rent But Owes \$1,179 in Late Charges and Did Not Submit on Time Its Certified Statement of Revenue for January 1, 2009, Through December 31, 2011	2
AIR	8/28/12	Airport Commission: Gotham Overstated Its Gross Revenues by \$26,047 and Did Not Submit on Time Its Certified Statement of Revenue and Lease Payments for December 1, 2008, Through December 31, 2011	3
CON	3/16/11	Fire Department Payroll Audit: Undefined Pay Practices Increased Department Expenditures (Payroll and Personnel Division of Controller)	7
CON	9/22/11	Airport Commission: The Airport Should Improve its Recordkeeping of Fixed	2

**Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13**

Exhibit 4 Summary of Follow-Ups Closed in Fiscal Year 2012-13			
Dept.	Issue Date	Document Title and Total Number of Recommendations	
		Assets (Accounting and Operations Systems Division of Controller)	
CON	6/18/12	Board of Supervisors: Franchise Fee Audit of Pacific Gas and Electric Company for 2009 and 2010 (Budget and Analysis Division)	8
GSA	7/28/10	Human Rights Commission: Local Business Enterprise (LBE) Compliance Audit (Contract Monitoring Division)	8
GSA	9/6/12	City and County of San Francisco: The \$78 Million Citywide Western States Oil Company Contract Should Be Better Administered	4
HSA	1/7/10	Human Services Agency: Audit Follow-up of Family & Children's Services Division	9
DPW	7/16/12	Results of Assessment of Department of Public Works' Compliance with Construction Contract Close-out Procedures for the Castro Street Pavement Renovation Project	3
DPW	7/16/12	Results of the Assessment of Department of Public Works' Compliance with Construction Contract Close-out Procedures for the Chinatown Public Health Center ADA Improvements Phase II Project	3
DPW	7/30/12	Webcor Generally Complies With Progress Payment Requirements, but Should Improve Internal Guidelines to Ensure Accuracy and Completeness	5
SFMTA	10/4/11	San Francisco Municipal Transportation Agency: Review of the Department's Fiscal Year 2010-11 Work Orders	21
SFMTA	12/13/11	San Francisco Municipal Transportation Agency: Audit of the Ellis-O'Farrell Parking Garage for May 2008 Through June 2010	8
SFMTA	3/20/12	San Francisco Municipal Transportation Agency: Follow-up of 2009 Audit of City of San Francisco Portsmouth Plaza Parking Corporation	4
SFMTA	9/6/12	City and County of San Francisco: The \$78 Million Citywide Western States Oil Company Contract Should Be Better Administered	2
SFMTA	9/10/12	The San Francisco Municipal Transportation Agency Generally Has Adequate Internal Controls Over the Tools Used to Maintain Its Motor Coach Transit Fleet, but Can Improve Some Controls	5
SFMTA	11/28/12	Assessment of the San Francisco Municipal Transportation Agency's Compliance With Close-out Procedures for the Metro East Contract	7
SFPUC	2/13/12	San Francisco Public Utilities Commission: Expenditures of the Lake Merced Pump Station Essential Upgrade Project Are in Accordance With Bond Resolutions; However SFPUC Should Improve Its Recognition of Costs	4
SFPUC	2/13/12	San Francisco Public Utilities Commission: The Department Appropriately Categorized Program Management Costs, but Should Improve Its Method of Allocating Those Costs to Projects	4
SFPUC	5/24/12	San Francisco Public Utilities Commission: Santa Clara Sand and Gravel Did Not Correctly Pay All Its Royalty Fees and SFPUC Needs to Improve Its Lease Management	12
SFPUC	6/21/12	San Francisco Public Utilities Commission: Follow-up of 2009 Audit of Parsons Water System	18
SFPUC	7/12/12	Results of the Payroll Audit at the San Francisco Public Utilities Commission	5

Adult Probation

* Title: Weak Management Systems and Lack of Oversight Have Led to Inadequate Supervision of Criminal Offenders, Which Could Jeopardize Public Safety and Has Resulted in Loss of Revenue to the City		Date Issued: 10/02/00	Summary Status: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	1	18	
<i>Contested</i>	0		
<i>Closed</i>	30	All other	
Total	31		

Summary: The audit identified several, high-risk weaknesses in the operations of the Adult Probation Department (Adult Probation). Key problem areas were lack of policies defining the appropriate level of supervision over probationers, controls to ensure officers appropriately supervise probationers, officers having excessive caseloads, providing a lower level of penalty to some probationers than intended by the sentence, poor data systems to track cases and monitor officers' caseloads, and overall poor strategic planning.

Since the report's issuance in 2000, Adult Probation has undergone significant changes, including the appointment of a new chief adult probation officer in 2010. The department reports it has implemented a strong case management technology system that allows for detailed tracking of cases, and monitoring of officers' caseloads and probationers' compliance with the terms of their probation, including restitution. Also, the department states that it has hired additional probation officers and, when possible, hired support staff to reduce the administrative burden on officers to improve officers' caseloads. Further, the department reports having completely rewritten its policies and procedures, in collaboration with the City Attorney and UC Berkeley, to ensure adequate supervision and effective and efficient operations. Finally, the department reports that it has shifted its paradigm of supervision by implementing a risk-based needs assessment and risk-based prioritization of workload.

Overall Risk of Open Recommendation: Low

The policies and procedures have been developed and were being reviewed by the City Attorney at the time of the response.

Open Recommendation:

- **Recommendation 18** asked the department to establish and enforce clear policies and procedures regarding use of its new database system.

Other Notes: CSA performed this regular follow-up in anticipation of a potential field follow-up. However, Adult Probation was in the midst of major changes due to state legislation that shifts a significant number of probationers from state supervision to the county. Consequently, CSA did not perform a field follow-up and will pursue either a field follow-up or a new audit at a future date.

* Audit will be highlighted in CSA's presentation to the Board of Supervisors' Government Audit and Oversight Committee and a representative of the department will be in attendance.

Airport

Title: Airport Commission: Administration of the SFO Shuttle Bus Company Contract Needs to Be Significantly Improved		Date Issued: 10/25/10	Summary Status: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	1	21	
<i>Contested</i>	0		
<i>Closed</i>	27	All Others	
Total	28		

Summary: The Airport Commission's (Airport's) contract with SFO Shuttle Bus Company for the audit period of 2007 and 2008 contained unclear language and unsuitable provisions, resulting in overpayments and questioned costs.

Overall Risk of Open Recommendation: Low

The open recommendation relates to separating contractor-paid assets from City-paid assets. The department has taken steps to implement the recommendation and reported that it anticipated full implementation by March 2013.

Open Recommendation:

- **Recommendation 21** asked the department to ensure that all assets paid for by the City through the contract are identified, marked, and recorded as city property. The department reported that it has identified the assets, but was still working on ensuring that the assets are recorded. It also noted that Airport-owned maintenance equipment was being removed, and the contractor was to replace it at the contractor's expense by March 2013.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: Airport Commission: The Airport Should Improve Its Recordkeeping of Fixed Assets		Date Issued: 9/22/11	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	7	3, 10, 14, 16, 17, 18, 19	
<i>Contested</i>	0		
<i>Closed</i>	12	All others	
Total	19		

Summary: The Airport did not adequately inventory its fixed assets because more than two-thirds of Airport units did not respond to requests for annual inventorying of assets. Supporting records were unavailable for many fixed assets, and no city or departmental policy states the duration that records should be retained. Some assets were not properly recorded in the Airport's fixed asset accounting system.

Overall Risk of Open Recommendations: Medium

An inaccurate inventory listing of fixed assets can lead to misstatements of assets in financial reports. However, the Airport reports having taken measures to ensure the integrity of its inventory listing and being in the process of completing a full inventory and data integrity testing.

Open Recommendations:

- **Recommendation 3** asks the department to verify that recorded assets exist and are still in the Airport's possession.
- **Recommendations 10, 14, 16, 18, and 19** ask the department to create policies and procedures to clarify which assets should be recorded in its inventory database, to clarify how assets should be categorized, to perform periodic analysis to ensure its asset data is accurate, and to better ensure compliance with Government Accounting Standards Board Standard 34.
- **Recommendation 17** asks the department to consider reviewing equipment purchased in prior years that were not capitalized to determine if they should be.

Other Notes: This document includes 19 recommendations directed toward the Airport and the Office of the Controller (Controller) Accounting Operations and Systems Division. This follow-up included only the recommendation directed toward the Airport.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: Airport Commission: The Airport Needs to Enhance Procedures Over Tenants' Build-out Close-out Compliance		Date Issued: 5/17/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	1	3	
<i>Contested</i>	0		
<i>Closed</i>	20	All others	
Total	21		

Summary: The Airport's procedures for collecting, reviewing, and tracking documentation and as-built drawings from tenants that support expenditures toward minimum investment amounts do not sufficiently ensure Terminal 2 tenants' compliance with build-out close-out requirements.

Overall Risk of Open Recommendation: Low

Department staff has collected supporting documentation from 12 tenants and validated it for 9 of them. The Airport planned to complete the process for the remaining 3 tenants by September 30, 2013.

Open Recommendation:

- **Recommendation 3** asks the Airport to require the 12 tenants that submitted inadequate supporting documents regarding minimum investment amounts to submit adequate supporting documents that include paid invoices or lien waivers, as required by lease agreements.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: Airport Commission: The Airport's Payroll Operations, Including Its Administration of Premium Pay, Are Adequate, but Should be Improved		Date Issued: 12/18/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	1	11	
<i>Contested</i>	0		
<i>Closed</i>	10	All others	
Total	11		

Summary: The Airport's payroll operations administration of premium pay was generally adequate, but needs some improvements to reduce the risks associated with payroll processes. The Airport accurately calculated overtime pay, shift pay, and multiple license agreement (multiple licenses) pay. However:

- An ineligible employee received at least \$526 of multiple licenses pay.
- The Airport does not clearly document the licenses and certifications required to receive multiple licenses pay.
- The Airport's written policies and procedures for payroll processing can be strengthened.
- The Airport's timesheets and overtime requests are signed, but not dated.
- Some Airport timesheets do not contain the hours of the day that the employee worked when shift pay was earned.

Overall Risk of Open Recommendation: Low

The Airport is in the process of moving to a new timekeeping software, which will facilitate implementation of the recommendation, and has put in place temporary measures to address the issue while full implementation is in process.

Open Recommendation:

- **Recommendation 11** asks the department to include time of day on timesheets for employees receiving shift pay.

Other Notes: This document contains 12 recommendations directed toward the Airport and the Department of Human Resources (Human Resources). This follow-up includes only the recommendations directed toward the Airport.

Arts

Title: San Francisco Arts Commission: The Street Artists Program Should Improve Its Internal Controls and Accounting Practices		Date Issued: 07/12/11	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	4	4, 5, 8, 11	
<i>Contested</i>	0		
<i>Closed</i>	9	All others	
Total	13		

Summary: The Street Artists program, which provides artists the ability to sell their handcrafted wares throughout San Francisco, accurately recorded fees collected from participants. However, the Arts Commission (Arts) needs to correct some deficiencies in the program's internal control processes, including inadequate segregation of duties, reconciliation of fee revenue, and deficiencies in accounting practices that could have resulted in changes to certificate fee rates charged to program participants.

Overall Risk of Open Recommendations: Medium

Although the lack of enforced policy for returned checks puts the City at risk for loss of revenue and allows effectively unlicensed street artists the same privileges of licensed artists, the department has made steady progress in implementing the remaining recommendations.

Open Recommendations:

- **Recommendations 4 and 5** ask the department to create and enforce policies and procedures for repercussions for artists submitting checks returned for insufficient funds to pay for street licenses.
- **Recommendation 8** asks the department to implement Internet-based payment options.
- **Recommendation 11** asks the department to true-up overhead charges at year end so it can allocate actual rather than estimated costs.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: San Francisco Arts Commission: Results of the Financial Management Review		Date Issued: 11/15/11	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	3	5, 7, 12	
<i>Contested</i>	0		
<i>Closed</i>	9	All others	
Total	12		

Summary: Arts uses some accounting policies that diverge from city policies and best practices. The department should better manage its human resources functions. Further, the department lacks adequate oversight of its Cultural Equity Grants program. The memorandum's 12 recommendations suggest ways for the department to improve its management and financial practices.

Overall Risk of Open Recommendations: High
Having personnel working out of class puts the City at risk for human resources violations and for not compensating employees appropriately. Further, lack of monitoring of grants increases the likelihood of grants being used for inappropriate expenses and for the program not achieving its objectives. Arts reports being in the process of implementing all of the open recommendations.

Open Recommendations:

- **Recommendation 5** asks the department to ensure that all programs have current program policies and procedures manuals that agree with department protocols and best practices.
- **Recommendation 7** asks the department to better align actual job duties with official job classifications for its employees.
- **Recommendation 12** asks the Cultural Equity Grants Program to implement a system to monitor grants from application to selection and award to payment details.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: San Francisco Arts Commission: Bayview Opera House, Inc., Did Not Comply With Some Grant Agreement Provisions and Needs to Improve Its Internal Controls		Date Issued: 4/23/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	6	12, 13, 14, 16, 17, 20	
<i>Contested</i>	0		
<i>Closed</i>	15	All others	
Total	21		

Summary: Bayview Opera House, Inc., (Bayview) complied with most of the provisions of its grant agreement and lease with the Arts Commission, including meeting its target revenue from sources other than the Arts Commission. However, Bayview did not comply with some provisions and needs to improve its internal control procedures.

Overall Risk of Open Recommendations: Low

Arts reports that it informed Bayview of requirements and best practices identified in the audit report. However, the department does not report any measures it has taken to monitor Bayview and ensure that it implements the recommendations.

Open Recommendations:

- **Recommendations 12, 13, 14, and 16** ask the department to ensure that Bayview improves its internal controls over cash handling and documentation of expenditures.
- **Recommendation 17** asks the department to ensure that Bayview maintains all current contracts and amendments.
- **Recommendation 20** asks the department to ensure that Bayview's director approves timesheets before payroll is run.

Controller

Title: Fire Department Payroll Audit: Undefined Pay Practices Increased Department Expenditures (Controller's eMerge Division)		Date Issued: 3/16/11	Summary Status: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	1	24	
<i>Contested</i>	0		
<i>Closed</i>	10	All others	
Total	11		

Summary: The Fire Department (Fire) had several weaknesses in its controls over pay. CSA directed seven recommendations at both Fire and the Controller's eMerge Division (eMerge) to ensure that rules do not permit inappropriate stacking of premium pays, that obsolete pay codes are removed from the system, and to increase communication and tracking of changes to pay codes and policies between eMerge and Fire as the new, citywide payroll system went into use.

Overall Risk of Open Recommendation: Low

The department concurs with the recommendation and is in the process of updating its policies and procedures.

Open Recommendation:

- **Recommendation 24** asks the department to develop policies and procedures for periodically reviewing pay codes and removing obsolete codes.

Other Notes: This document contains a total of 31 recommendations directed toward Fire, Human Resources, and the eMerge and Payroll and Personnel Services divisions of the Controller. This follow-up covered only the recommendations directed toward eMerge.

Fire

Title: Fire Department Payroll Audit: Undefined Pay Practices Increased Department Expenditures		Date Issued: 3/16/11	Summary Status: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	4	1, 2, 5, 7	
<i>Contested</i>	0		
<i>Closed</i>	27	All others	
Total	31		

Summary: Fire had several weaknesses in its controls over pay including:

- Fire spent an estimated \$345,565 due to administrative errors and unofficial pay practices in fiscal year 2009-10, including increased retirement disbursements for non-suppression employees of \$150,443 due to using a higher-than-required wage rate and \$146,328 due to using unofficial vacation accrual limits.
- Inadequate payroll system configurations caused underpayments of at least \$1,473 in hazardous materials specialist premium pay.
- Extended processing of acting assignments caused employees to be paid inaccurate base wages for an average of 12 weeks.
- The department's manual process for recording time caused an estimated \$44,856 in overpayments to employees.

Overall Risk of Open Recommendations: High

Recommendations 1 and 2 address issues that resulted in an estimated \$296,771 in increased costs for one fiscal year. The department indicated that those two recommendations require meeting and conferring with the firefighters' labor union, which must be initiated and facilitated by Human Resources. However, that is unlikely to happen until the labor agreement expires in fiscal year 2014-15. The department reported being in the process of implementing recommendations 5 and 7.

Open Recommendations:

- **Recommendations 1 and 2** ask the department to discontinue an unofficial practice of adjusting accruals for employees in non-suppression positions and assess the appropriateness of limiting accruals for suppression employees.
- **Recommendation 5** asks the department to review the process for calculating retirement payouts to reduce the time it takes to distribute payouts.
- **Recommendation 7** asks the department to create a systematic approach to account for all special circumstances by documenting procedures.

Other Notes: This document contains a total of 31 recommendations directed toward Fire, Human Resources, and the eMerge and Payroll and Personnel Services Divisions of the Controller. This follow-up covered only the recommendations directed toward Fire.

General Services

*Title: Human Rights Commission: Local Business Enterprise (LBE) Compliance Audit		Date Issued: 9/29/11	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	1	3	
<i>Contested</i>	0		
<i>Closed</i>	11	All others	
Total	12		

Summary: None of the three prime contractors audited fully complied with certain provisions of Chapter 14B. Specifically, contractors used LBE subcontractors that were potentially ineligible for LBE status or subcontracted out the work to a non-LBE contractor. Also, some required forms were missing, incomplete, or inaccurate, and the Human Rights Commission (HRC) did not conduct site visits as part of its monitoring procedures.

In 2012 the City established the Contract Monitoring Division (CMD) under the General Services Agency (General Services) to assume the HRC’s responsibility for monitoring and enforcing compliance with Chapter 14B. CSA conducted this audit to meet the requirement in the San Francisco Administrative Code, Chapter 14B–Local Business Enterprise (LBE) and Non-Discrimination in Contracting Ordinance, that the HRC director, in cooperation with the Controller, audit at least three prime contractors and 10 percent of joint ventures granted bid discounts in each fiscal year to ensure their compliance with the provisions of the ordinance.

Overall Risk of Open Recommendation: Medium

There exists a strong likelihood that sanctions or other corrective actions are warranted. The department indicated it was in the process of implementing the recommendation.

Open Recommendation:

- **Recommendation 3** asks CMD to investigate selected contracts to determine if sanctions are warranted.

Other Notes: This document contains 15 recommendations directed toward HRC (relevant duties now performed by the CMD), the Airport, the San Francisco Public Utilities Commission (SFPUC), and Department of Public Works (Public Works). This follow-up includes only the recommendations that CMD is responsible for implementing.

* Audit will be highlighted in CSA’s presentation to the Board of Supervisors’ Government Audit and Oversight Committee and a representative of the department will be in attendance.

Human Resources

Title: Fire Department Payroll Audit: Undefined Pay Practices Increased Department Expenditures		Date Issued: 3/16/11	Summary Status: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	2	1, 2	
<i>Contested</i>	0		
<i>Closed</i>	1	25	
Total	3		

Summary: Fire had several weaknesses in its controls over pay. Some of findings related to issues that would require labor agreement negotiations including:

- Fire had increased retirement disbursements for non-suppression employees of \$150,443 due to using a higher-than-required wage rate and \$146,328 due to using unofficial vacation accrual limits.
- Fire may be able to reduce overhead costs by integrating into the base pay some premium pays that almost all employees receive.

Overall Risk of Open Recommendations: High

Recommendations 1 and 2 address issues that resulted in an estimated \$296,771 in increased costs to the department for one fiscal year. The department indicated that these two recommendations require meeting and conferring with the firefighters' labor union, which must be initiated and facilitated by Human Resources. However, that is unlikely to happen until the labor agreement expires in fiscal year 2014-15.

Open Recommendations:

- **Recommendations 1 and 2** ask the department to discontinue an unofficial practice of adjusting accruals for employees in non-suppression positions and assess the appropriateness of limiting accruals for suppression employees.

Other Notes: This document contains a total of 31 recommendations directed toward Fire, Human Resources, and the eMerge and Payroll and Personnel Services divisions of the Controller. This follow-up covered only the recommendations directed toward Human Resources.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: Airport Commission: The Airport's Payroll Operations, Including Its Administration of Premium Pay, Are Adequate, but Should be Improved		Date Issued: 12/18/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	1	5	
<i>Contested</i>	0		
<i>Closed</i>	0		
Total	1		

Summary: The Airport's administration of premium pay was generally adequate, but needs some improvements to reduce the risks associated with payroll processes. One area for improvement is documentation of employees' licenses and certifications demonstrating that they qualified for premium pay. Human Resources could provide better instruction on the type and level of documentation required for license and certification-related premium pay.

Overall Risk of Open Recommendation: Low

Although implementing the recommendation would assist departments, not implementing the recommendation does not inhibit departments from gathering and maintaining the information themselves.

Open Recommendation:

- **Recommendation 5** asks Human Resources to provide written guidance to departments as to the level and type of documentation required to verify employees' eligibility for license and certification-related premium pay.

Other Notes: This document contains 12 recommendations directed toward the Airport and Human Resources. This follow-up includes only the recommendations directed toward Human Resources.

Human Services

Title: Human Services Agency and Department of Public Health: The City's Efforts and Resources to House Homeless Individuals Have Increased, but New Strategies Could Lead to Improved Program Effectiveness	Date Issued: 10/13/11	Summary Status: Open
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Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report
<i>Open</i>	2	5, 6
<i>Contested</i>	0	
<i>Closed</i>	4	All others
Total	6	

Summary: To better manage costs, the Human Services Agency (Human Services) analyzed its costs for supportive housing to prioritize funding. Similarly, the Department of Public Health (Public Health) initiated efforts to increase state revenues that can be claimed for mental health services it provides to its supportive housing residents. Despite these efforts, San Francisco's homeless population remains high, and demand for supportive housing is expected to increase. Consequently, new strategies to improve program effectiveness are needed, such as implementing a graduation program for residents to move out of supportive housing and improving outcome-oriented performance measures to better gauge program success. Through the efforts of a cost analysis working group, Human Services achieved \$353,953 in budget savings in fiscal year 2009-10. The departments report actively pursuing alternative funding sources, such as state and federal grants and programs, and now fund 44 percent of the Behavioral Health Roving Team's \$900,000 budget through Medi-Cal revenue.

Overall Risk of Open and Contested Recommendations: Low
Human Services reported actively exploring potential graduation programs as indicated in recommendation 5, but has found that successful programs used in other jurisdictions would not be practical given San Francisco's housing market. Also, the department reported investigating outcome measures that would be appropriate and might support or explain different levels of funding.

Open Recommendations:

- **Recommendation 5** asks the departments to develop and implement a graduation program for permanent supportive housing tenants who are willing and able to move into other affordable housing.
- **Recommendation 6** asks the departments to develop and report outcome performance measures to better gauge program success.

Other Notes: This document contains six recommendations directed toward Human Services and Public Health. This follow-up includes only the recommendations directed toward Human Services.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: Human Services Agency: The Department Needs to Improve Controls Over Some Types of Premium Pay		Date Issued: 10/19/11	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	3	7, 8, 9	
<i>Contested</i>	0		
<i>Closed</i>	11	All others	
Total	14		

Summary: Weakness in controls over premiums resulted in Human Services overpaying some employees for bilingual certification, paying premiums without authorization to employees who may or may not have been eligible for emergency response pay, and both under and overpaying some employees longevity pay in 2010. The audit identified \$18,957 in unauthorized payments or overpayments, but because CSA tested some pays on a sample basis, the actual amount is higher.

Overall Risk of Open Recommendations: High

Weak controls have allowed errors to occur and will continue to allow errors to occur on an ongoing basis if they are not addressed.

Open Recommendations:

- **Recommendations 7, 8, and 9** ask the department to improve controls over establishing and monitoring eligibility of employees for emergency response pay.

Title: Human Services Agency: The Department Can Better Use Global Positioning System Data to Improve Fleet Management		Date Issued: 2/29/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	17	4, 5, 6, 8, 10, 12, 13, 14, 15, 16, 21, 23, 24, 26, 27, 28, 29	
<i>Contested</i>	0		
<i>Closed</i>	15	All others	
Total	32		

Summary: Human Services can better manage and use its fleet to achieve nearly \$90,000 in annual savings by improving the overall use of vehicles, routing efficiency, management of fleet assets, and use of fleet management systems.

Overall Risk of Open Recommendations: Medium
Implementing the recommendations would improve efficiency and provide Human Services with tools to better monitor its fleet achieve significant savings. Human Services reported being in the process of implementing the recommendations, but that it lacks sufficient staff time to monitor efforts.

Open Recommendations:

- **Recommendations 4 and 6** ask Human Services to ensure that its employees are aware of its policy not to reserve vehicles for more than one hour before the vehicle is needed and to report noncompliance with the policy to violators' supervisors.
- **Recommendation 5** asks the department to ensure that employees comply with vehicle use policies and procedures.
- **Recommendation 8** asks the department to determine if 11 extremely inefficient trips were due to faulty GPS transponders or due to misuse of city vehicles.
- **Recommendation 10** asks the department to create a process to regularly monitor efficient routing of vehicles using GPS data.
- **Recommendation 12, 13, and 14** ask Human Services to update its inventory, communicate that inventory to oversight units, including Central Shops, and use that inventory to identify and collect any overpaid lease payments to Central Shops and to plan unit assignments and vehicles to be replaced or eliminated.
- **Recommendations 15, 16, and 21** ask the department to develop, expand, and implement policies to periodically reconcile its fleet inventory, safeguarding fleet assets, and proper use of vehicles.
- **Recommendations 23 and 24** ask Human Services to define the roles and responsibilities of Fleet Management staff and how to use GPS information.
- **Recommendation 26** asks the department to review CarPoint reservation data for incomplete records and manual data errors, and document and correct any issues.
- **Recommendation 27** asks Human Services to determine whether creating a central repository for a unit's appointment information would improve fleet management.
- **Recommendation 28** asks the department to require electronic reservations logs and use them to monitor its fleet by comparing them to GPS information.
- **Recommendation 29** asks Human Services to determine whether it needs both of its reservations systems as neither is regularly being used to monitor its fleet.

Juvenile Probation

Title: Juvenile Probation: Results of the Payroll Audit at the Juvenile Probation Department		Date Issued: 7/12/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	10	All recommendations	
<i>Contested</i>	0		
<i>Closed</i>	0		
Total	10		

Summary: The payroll operations and administration of premium pay at the Juvenile Probation Department (Juvenile Probation) was generally adequate. However, some areas should be improved to lessen the risks associated with payroll.

Overall Risk of Open Recommendations: Low

Implementing the recommendations will improve controls over payroll and premium pay, but the audit did not find significant weakness that pose a high risk.

Open Recommendations:

- **Recommendations 1, 2, 3, 4, and 5** ask the department to develop policies for approving, recording, and controlling leave, defining payroll staff responsibilities, time entry, and criteria for changing pay codes.
- **Recommendations 6 and 7** asks Juvenile Probation to require supervisors to sign and date timesheets and overtime requests, and designate back-up for supervisors who are on leave.
- **Recommendation 8** asks the department to cease paying longevity pay to ineligible employees.
- **Recommendation 9** asks Juvenile Probation to seek and follow guidance from Human Resources on interpretation of labor agreement provisions.
- **Recommendation 10** asks the department to ensure that no payroll clerk can enter his or her own time into the Time Entry and Scheduling System.

Other Notes: This document contains recommendations directed toward Public Health, SFPUC, and Juvenile Probation. This follow-up includes only the recommendations directed toward Juvenile Probation.

Police

Title: Police Department: The Department Needs to Improve Its Controls Over Overtime and Premium Pay		Date Issued: 8/18/10	Summary Status: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	2	25, 27	
<i>Contested</i>	0		
<i>Closed</i>	26	All others	
Total	28		

Summary: The Police Department (Police) did not consistently follow its policies and procedures for court appearance premium pay and acting assignment pay. Also, the department lacks guidelines for determining when event sponsors may be allowed to pay for police services after the event instead of in advance, which is the procedure specified in the City’s Administrative Code. Last, the department is not fully enforcing its rules that officers not exceed 14 hours of work in a 24-hour period or 20 hours of voluntary overtime in a 7-day work week.

Overall Risk of Open Recommendations: Low
The remaining recommendations relate to oversight in a specific situation that occurs incidentally and is not part of routine payroll.

- Open Recommendations:**
- **Recommendations 25 and 27** ask the department to ensure that commanding officers require anticipated voluntary overtime work schedules when appropriate.

Other Notes: Due to scheduling conflicts, CSA carried over this follow-up from a prior period.

Public Health

Title: Human Services Agency and Department of Public Health: The City's Efforts and Resources to House Homeless Individuals Have Increased, but New Strategies Could Lead to Improved Program Effectiveness	Date Issued: 10/13/11	Summary Status: Open
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Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report
<i>Open</i>	1	5
<i>Contested</i>	0	
<i>Closed</i>	3	All others
Total	4	

Summary: To better manage costs, Human Services analyzed its costs for supportive housing to prioritize funding. Similarly, Public Health initiated efforts to increase state revenues that can be claimed for mental health services it provides to its supportive housing residents. Despite these efforts, San Francisco's homeless population remains high, and demand for supportive housing is expected to increase. Consequently, new strategies to improve program effectiveness are needed, such as implementing a graduation program for residents to move out of supportive housing and improving outcome-oriented performance measures to better gauge program success. The departments report actively pursuing alternative funding sources, such as state and federal grants and programs, and now fund 44 percent of the Behavioral Health Roving Team's \$900,000 budget through Medi-Cal revenue.

Overall Risk of Open Recommendation: Low
Human Services reports actively exploring potential graduation programs as indicated in recommendation 5, but has found that successful programs used in other jurisdictions would not be practical given San Francisco's housing market.

Open Recommendation:

- **Recommendation 5** asks the departments to develop and implement a graduation program for permanent supportive housing tenants who are willing and able to move into other affordable housing.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: Department of Public Health: Audit of the \$6 Million Citywide Konica Minolta Business Solutions USA, Inc., Contract		Date Issued: 6/28/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	2	4, 5	
<i>Contested</i>	0		
<i>Closed</i>	2	1, 3	
Total	4		

Summary: Public Health did not always maintain support for usage amounts reported to the vendor, which are then used to verify the usage amounts invoiced, and did not consistently ensure that rates and usage amounts agree with approved and reported amounts. Also, oversight and monitoring of the contract by Public Health and the Office of Contract Administration need improvement.

Overall Risk of Open Recommendations: Medium
Poor contract monitoring puts the department at risk of misuse of city funds.

Open Recommendations:

- **Recommendation 4** asks the department to update its Procurement and Accounts Payable Process Manual to reflect current procedures.
- **Recommendation 5** asks the department to implement overall contract monitoring procedures, such as quarterly and annual trend analysis, and to document its contract monitoring system to ensure consistency in its application.

Other Notes: This document contains eight recommendations directed toward Public Health and the Office of Contract Administration in General Services. This follow-up includes only the recommendations directed toward Public Health.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: Department of Public Health: Results of the Payroll Audit at San Francisco General Hospital		Date Issued: 7/12/2012	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	3	3, 5, 6	
<i>Contested</i>	0		
<i>Closed</i>	4	All others	
Total	7		

Summary: The payroll operations and administration of premium pay at Public Health are generally adequate. However, some areas should be improved to lessen the risks associated with payroll.

Overall Risk of Open Recommendations: Low

Public Health indicated that recommendations 5 and 6 would be implemented by using an existing protocol for approval of purchases for approval of timesheets and the new protocol would be communicated to staff during a training that was to occur in July 2013. Public Health reported being in the process of working with the Controller's eMerge Division to create a report that would facilitate implementation of recommendation 3.

Open Recommendations:

- **Recommendation 3** asks the department to reconcile the number of employees whose time is submitted to the department payroll staff to the number of employees who receive pay in the pay period.
- **Recommendations 5 and 6** ask the department to require supervisors to sign and date all timesheets and to establish a designee to do so when supervisors are unavailable.

Other Notes: This document contains eight recommendations directed toward Public Health and the Office of Contract Administration in General Services. This follow-up includes only the recommendations directed toward Public Health.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: Department of Public Health: Audit of the \$2.2 Million KCI USA, Inc., Sole Source Contract		Date Issued: 7/25/2012	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	5	1, 2, 3, 4, 7	
<i>Contested</i>	0		
<i>Closed</i>	3	All others	
Total	8		

Summary: Public Health submitted the proper sole source documents to justify the validity of the sole source determination. However, the department has not fully documented its current contract monitoring system. Moreover, the Materials Management unit of San Francisco General Hospital and Trauma Center did not review invoices before approving payments, lacked sufficient documentation to justify rental days for four of the five invoices reviewed, ordered items that were not listed in the contract, and does not have written procedures on invoice processing. Last, the written procedures on invoice processing of the Materials Management unit at Laguna Honda Hospital and Rehabilitation Center need to be revised to include more detailed instructions.

Overall Risk of Open Recommendations: Medium

Poor contract monitoring procedures puts the city at risk for overpaying for goods and services or paying for goods or services not allowed by the contract.

Open Recommendations:

- **Recommendations 1 and 2** ask the department to implement and document an overall contract monitoring system.
- **Recommendations 3 and 4** ask the department to track charges against the contract and review invoices for accuracy before paying.
- **Recommendation 7** asks Public Health to include invoice review procedures in its written policies and procedures.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: Department of Public Health: Results of the Payroll Audit at San Francisco General Hospital		Date Issued: 7/12/2012	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	3	3, 5, 6	
<i>Contested</i>	0		
<i>Closed</i>	4	All others	
Total	7		

Summary: The payroll operations and administration of premium pay at Public Health are generally adequate. However, some areas should be improved to lessen the risks associated with payroll.

Overall Risk of Open Recommendations: Low

Public Health indicated that recommendations 5 and 6 would be implemented by using an existing protocol for approval of purchases for approval of timesheets and the new protocol would be communicated to staff during a training that was to occur in July 2013. Public Health reported being in the process of working with eMerge to create a report that would facilitate implementation of recommendation 3.

Open Recommendations:

- **Recommendation 3** asks the department to reconcile the number of employees whose time is submitted to the department payroll staff to the number of employees who receive pay in the pay period.
- **Recommendations 5 and 6** ask the department to require supervisors to sign and date all timesheets and to establish a designee to do so when supervisors are unavailable.

Other Notes: This document contains eight recommendations directed toward Public Health and the Office of Contract Administration in General Services. This follow-up includes only the recommendations directed toward Public Health.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: The Office of Contract Administration and the Department of Public Health Should Better Administer and Monitor the City Contract With GRM Information Management Services		Date Issued: 9/12/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	2	4, 5	
<i>Contested</i>	0		
<i>Closed</i>	3	2, 3, 6	
Total	5		

Summary: Public Health and the Office of Contract Administration must improve their administrative and monitoring procedures to effectively monitor the contract with GRM Information Management Services (GRM). To be able to verify GRM's storage charges, each unit of the Public Health that does business with GRM must ensure that it has an inventory list of the boxes of records it has placed in storage with GRM.

Overall Risk of Open Recommendations: Low

Although the vendor inappropriately charged Public Health and Public Health paid the charges, the amounts were insignificant. However, inadequate contract monitoring puts the City at risk of paying further overcharges.

Open Recommendations:

- **Recommendation 4** asks the department to advise the vendor to charge services only at the rates specified in the contract and not to pay charges for services based on incorrect rates.
- **Recommendation 5** asks the department to determine if and where the vendor overbilled for account maintenance service charges and, if so, to require the vendor to issue a credit.

Other Notes: This document contains six recommendations directed at Public Health and the Office of Contract Administration in General Services. This follow-up includes only the recommendations directed at Public Health.

Public Works

Title: Recreation and Park Department: Construction Audit of McCoppin Square Park Renovation		Date Issued: 12/21/11	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	2	3, 6	
<i>Contested</i>	0		
<i>Closed</i>	7	All others	
Total	9		

Summary: Bauman Landscape and Construction, Inc., complied with most of its construction contract provisions for the renovation of McCoppin Square. Public Works and the Recreation and Park Department (Recreation and Park) properly managed the renovation except for change orders. Public Works did not effectively use IMPACT, its project management system, to manage the contract.

Overall Risk of Open Recommendations: Low

The audit found no evidence of a significant violation of contractual provisions. Implementing the remaining open recommendations will only improve upon controls already in place.

Open Recommendations:

- **Recommendation 3** asks the department to ensure contracts comply with advance notice requirements before commencing work.
- **Recommendation 6** asks Public Works to record contractor labor hours on a daily basis as stated in its policies and procedures or to change its policies and procedures as appropriate.

Other Notes: CSA addressed the audit report to Recreation and Park, but directed the report's recommendations to Public Works because it oversaw the construction work performed for the Recreation and Park.

SFMTA

Title: San Francisco Municipal Transportation Agency: Results of Follow-up Review for Audit of SFMTA Cable Car Fare Collection Practices		Date Issued: 6/1/10	Summary Status: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	2	6, 7	
<i>Contested</i>	0		
<i>Closed</i>	5	All other	
Total	7		

Summary: CSA's April 2007 report, *San Francisco Municipal Transportation Agency: The Agency Needs to Improve Cable Car Fare Collection Practices*, revealed that cable car conductors did not always collect cash fares from passengers. Despite the fact that the San Francisco Municipal Transportation Agency (SFMTA) implemented six of seven initiatives to address the recommendations, the field follow-up found that cable car conductors continue to inconsistently collect cable car fares.

Overall Risk of Open Recommendations: Medium

One of the two open recommendations relates to adequate monitoring of issues that require further research. Without implementation, the department remains at risk of not identifying or investigating problems that may negatively impact revenue or service.

Open Recommendations:

- **Recommendations 6 and 7** have a status of open because their implementation depends on the hiring of an additional manager that is still in process. Recommendation 6 asks the department to institute a program in which managers are assigned to ride cable cars during the week to enhance management's presence on vehicles and to stress the importance of cable cars and the roles of conductors and grip persons. Recommendation 7 asks the department to develop management reports that identify any issues requiring further research.

Other Notes: Due to scheduling conflicts, CSA carried over this follow-up from the prior quarter.

*Title: San Francisco Municipal Transportation Agency: The Sustainable Streets Division Could Improve Its Operations		Date Issued: 6/9/11	Summary Status: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	9	4, 5, 7, 8, 9, 15, 16, 23, 24	
<i>Contested</i>	0		
<i>Closed</i>	29	All others	
Total	38		

Summary: Leasing six parking garages to five nonprofit corporations is unnecessarily costly to the City. The divisions responsible for maintaining traffic signs, traffic signals, and street markings had backlogs of two weeks, three months, and four to six months, respectively, for responding to requests for work. Also, these divisions were not doing preventative maintenance and will need to do more in the future to comply with new federal standards. The department also does not have systems in place to manage and prioritize work on traffic signals, signs, and markings. The recommendations call for better management of garage lease contracts, implementing systems to facilitate better management of traffic sign, signal, and marking maintenance, and ensuring the division resolve the backlog and start preventative maintenance to improve road safety and ensure federal compliance.

Overall Risk of Open Recommendations: High

Recommendations 7, 8, 9, 15, and 16 all relate to this issue of public safety and federal regulation compliance. Failure to implement could result in the withdrawal of federal funds and increased tort liability. However, the department is in the process of implementing a database, as indicated in recommendations 15 and 16, and assessment and maintenance programs, as indicated in recommendations 7, 8, and 9. The department also reported being in the process of implementing the remaining lower-risk, open recommendations.

Open Recommendations:

- **Recommendations 4 and 5** ask the department to develop a standard or minimum job description and a compensation scale for nonprofit parking corporations' corporate manager positions.
- **Recommendations 7 and 8** ask SFMTA to adopt a method for assessing that traffic signs meet reflectivity requirements and replace all traffic signs that do not meet new federal minimum reflectivity levels set by the Federal Highway Administration.
- **Recommendation 9** asks the department to establish a systematic, documented method for inspecting and maintaining traffic signs to ensure motorists' safety, not limited to sign reflectivity.
- **Recommendations 15 and 16** ask the department to maintain a database of all installed traffic signs and pavement markings.
- **Recommendation 23** asks the department to use project management software to report on project data such as budget and milestones.
- **Recommendation 24** asks the department to develop an operations manual for projects that details staff duties and responsibilities and reporting of project status.

* Audit will be highlighted in CSA's presentation to the Board of Supervisors' Government Audit and Oversight Committee and a representative of the department will be in attendance.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: San Francisco Municipal Transportation Agency: The Customer Service Center's Cash-handling Processes are Generally Adequate but Need Some Improvement		Date Issued: 4/5/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	1	1	
<i>Contested</i>	0		
<i>Closed</i>	14	All others	
Total	15		

Summary: The cash-handling processes of SFMTA's Customer Service Center are generally adequate. However, they should be improved in some areas to reduce the risks generally associated with handling cash transactions. Findings include that:

- Window and account clerks reduce citation fines due without management approval, and sometimes improperly.
- Management does not periodically review access levels to the electronic ticket information system to ensure that employees who do not need access do not have it.
- Daily and monthly reconciliation discrepancies are not all investigated and resolved.

Overall Risk of Open Recommendation: Low

Although the department indicates that the volume of transactions makes review of each transaction impractical, it has proposed and is in the process of implementing an alternative solution of periodic reviews from Citation Management and Revenue Accounting.

Open Recommendation:

- **Recommendation 1** asks the department to explore enhancements to its electronic ticket information management system to enable managers to approve citation reductions.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: San Francisco Municipal Transportation Agency: The Parking Enforcement Section Should More Effectively Manage Its Resources, Strengthen Some Internal Controls, and Improve the Efficiency of Its Operations		Date Issued: 7/17/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	24	3, 5, 8, 9, 13, 14, 15, 17, 18, 19, 21, 22, 23, 26, 27, 28, 30, 31, 32, 33, 34, 37, 38, 39	
<i>Contested</i>	1	2	
<i>Closed</i>	14	All others	
Total	39		

Summary: The Parking Enforcement Section (Parking Enforcement) must improve its cost recovery for traffic control, staffing, and fleet management. Specifically, Parking Enforcement:

- Could not seek reimbursement for providing traffic control services for some events forgoing potentially tens of thousands of dollars of revenue each year.
- Had too few parking control officers (PCOs) available to cover all shifts on all beats due to PCOs being assigned to other positions, a high number of PCOs on long-term leave, and absenteeism.
- Does not use data to ensure the boundaries of beats and scheduling and deployment of PCOs to beats are effective and efficient.
- Has supervisors overseeing too many PCOs, exceeding recommended span of control.
- Could increase availability of PCOs to work beats by expanding use of vehicle-mounted cameras and video technology.
- Does not provide ongoing training to PCOs. Three-quarters of PCOs surveyed indicated they would like more refresher training and would benefit for more training on parking code violations.
- Has enough vehicles, but no vehicle replacement plan and a quarter of the fleet is out for repair, on average.

Overall Risk of Open and Contested Recommendations: High

Parking enforcement is a major source of revenue for SFMTA (more than \$90 million in fiscal year 2010-11 compared to its operating budget of just more than \$30 million). Most of the open recommendations relate to improving the effectiveness of parking enforcement officers, which would increase revenues. Implementing recommendation 3 could potentially increase revenues by nearly \$400,000 per year from the San Francisco Giants alone. Properly staffing PCO positions and increasing the efficiency of PCO deployment will improve enforcement of parking and may also increase revenue.

Contested Recommendation:

- **Recommendation 2** asks SFMTA to seek a change to the Administrative Code to include a traffic control fee as part of the permit paid by sponsors of street fairs and festivals. SFMTA reported that doing so would contradict the City and SFMTA's policies to encourage support of street fairs and festivals.

Open Recommendations:

- **Recommendation 3** asks SFMTA to work with other city departments to determine if it can recover costs for traffic control services for sporting events by modifying the City's contracts with the Giants and 49ers.
- **Recommendation 5** asks the department to pay Police for night time enforcement.
- **Recommendations 8 and 9** ask SFMTA to fill all positions currently inappropriately occupied by PCOs and assign all PCOs to parking enforcement duties.
- **Recommendations 13 and 14** ask the department to ensure that the boundaries of parking enforcement beats are established by analyzing parking data and are updated appropriately.
- **Recommendation 15** asks the department to develop workload and productivity standards to assess the Parking Enforcement Section's and individual PCOs' performance.
- **Recommendations 17 and 18** ask SFMTA to expand the use of license plate recognition and video technology to more efficiently deploy PCOs.
- **Recommendation 19** asks the department to offer ongoing, in-service training to PCOs and their supervisors.
- **Recommendations 21, 22, 23, 26, 27, 28, and 30** ask SFMTA to develop a vehicle replacement plan, establish procedures to evenly distribute vehicle usage across the fleet, ensure it has an accurate inventory of vehicles, identify beats that could be effectively patrolled by alternative types of transportation, and take measures to reduce the backlog of Parking Enforcement Section vehicles awaiting service at Central Shops.
- **Recommendation 31, 32, 33, and 34** ask the department to increase controls over and training on canceling and voiding citations.
- **Recommendations 37 and 38** ask the department to improve controls over access to its electronic ticket information management system (eTIMS).
- **Recommendation 39** asks SFMTA to develop a complaints management system to track, manage, and analyze trends in parking enforcement-related complaints.

SFPUC

Title: San Francisco Public Utilities Commission: Audit of Sunol Valley Golf & Recreation Co.		Date Issued: 5/18/10	Summary Status: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	8	1, 2, 3, 4, 6, 7, 9, 10	
<i>Contested</i>	0		
<i>Closed</i>	3	All others	
Total	11		

Summary: Sunol Valley Golf & Recreation Co. (Sunol) paid \$500,000 of base rent during each of the two years audited, but sometimes submitted its base rent payments late, resulting in \$5,000 of late charges due, which SFPUC did not bill or collect. Sunol also did not pay its percentage rent when due, resulting in \$5,667 of percentage rent owed to SFPUC. Also, Sunol did not report its gross revenues to SFPUC quarterly, as required by the lease. Overall, SFPUC did not adequately administer some lease provisions.

Overall Risk of Open Recommendations: High

Although the amount of late charges and rent due were relatively insignificant, poor monitoring could result in more significant losses. However, SFPUC has made strong progress toward implementing better oversight over its leases.

Open Recommendations:

- **Recommendations 1, 7, and 9** ask the department to require Sunol to comply with lease provisions.
- **Recommendations 2, 3, and 6** ask the department to recover funds Sunol owes to SFPUC.
- **Recommendation 4** asks the department to change lease provisions so less staff time is needed to administer and monitor the lease.
- **Recommendation 10** asks the department to modify its system to assess late charges and default interest for tenants paying rent late.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: San Francisco Public Utilities Commission: Wastewater Enterprise Could Improve Its Inventory Management		Date Issued: 8/17/10	Summary Status: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	13	1, 4, 9, 12, 13, 14, 16, 20, 21, 25, 26, 27, 29	
<i>Contested</i>	0		
<i>Closed</i>	17	All others	
Total	30		

Summary: Although the Wastewater Enterprise has mostly adequate processes and controls over its warehouse and storeroom, it could improve its inventory management through increased use of its enterprise asset management system, increased storeroom security, more efficient storeroom organization, and better tool management.

Overall Risk of Open Recommendations: Low

The SFPUC's Wastewater Enterprise has generally adequate controls. The remaining recommendations will enhance those existing controls. Also, implementation of several of these recommendations depends on the implementation of an upgraded inventory system and the approval of an electronic check-out and check-in system that SFPUC reports pilot testing in one of its warehouses.

Open Recommendations:

- **Recommendations 1, 13, 14, and 21** ask the department to better identify, track, and when appropriate, dispose of its obsolete, refurbished, and emergency inventory.
- **Recommendation 4** asks the department to designate items as "not available for issue" if not for general staff use.
- **Recommendations 9, 26, and 27** ask the department to implement an electronic inventory system.
- **Recommendations 12, 16, 20, 25, and 29** ask the department to establish policies and procedures for reporting inventory discrepancies to the materials coordinator, have personnel trained to back up unavailable storekeepers, guide staff on inventory organization, designate the tools to be ordered by craft shops or the tool room, and indicate consequences for employees who do not promptly return tools.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: San Francisco Public Utilities Commission: Hanson Aggregates, Inc., Did Not Make All Required Lease Payments and the SFPUC Did Not Properly Manage Its Leases		Date Issued: 11/23/10	Summary Status: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	35	2, 3, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 29, 31, 32, 33, 34, 35, 36, 38, 40, 41, 42, 43, 44, 45	
<i>Contested</i>	0		
<i>Closed</i>	14	All others	
Total	49		

Summary: Hanson Aggregates Mid-Pacific, Inc. (Hanson) did not comply with all lease terms, resulting in a potentially significant amount of uncollected revenue to the City. Also, SFPUC did not properly manage its leases with Hanson. Hanson owes at least \$154,904 in additional rent, royalties, and other charges to SFPUC, and another \$479,607 may be recoverable pending further information. SFPUC reports having collected \$40,292.

Overall Risk of Open and Contested Recommendations: High
Poor oversight of the lease resulted in significant underpayments to SFPUC. However, SFPUC has made strong progress in rectifying weaknesses in oversight, but still has not fully implemented many recommendations to improve monitoring.

Open Recommendations:

- **Recommendations 2, 3,** ask the department to review agreement terms and change the lease as appropriate. SFPUC reports being in the process of negotiating the lease's renewal.
- **Recommendations 8, 9, 13, 19, 20, 21, 22, 23, 25, 27, 34, 44, and 45** ask the department to improve its monitoring procedures.
- **Recommendations 10, 12, 15, 16, 17, 18, 24, 26, 29, 31, 33, 35, 36, 40, 41, and 42** ask the department to research and recover funds owed by Hanson for underpayments and noncompliance with lease terms.
- **Recommendations 14, 32, 38, and 43** ask the department to ensure that Hanson complies with lease terms.

Other Notes: This audit is currently the subject of a field follow-up.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: San Francisco Public Utilities Commission: Water Enterprise Should Continue to Improve Its Inventory Management		Date Issued: 4/12/11	Summary Status: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	5	4, 5, 10, 12, 13	
<i>Contested</i>	0		
<i>Closed</i>	8	All others	
Total	13		

Summary: The Water Enterprise had mostly adequate processes and controls over its warehouses at the City Distribution Division (CDD), Hetch Hetchy Water and Power unit (HHWP), and Water Supply and Treatment unit (WST). Inventory policies and procedures have been completed for all three warehouses, auditors' counts revealed low error rates, and auditors' observations in the warehouses revealed well-organized inventory and secure premises. However, the report's 13 recommendations suggest ways the enterprise should improve its inventory processes and controls.

Overall Risk of Open Recommendations: Low

The audit found no significant discrepancies in tool inventories or indication of lost or stolen tools, and the recommendations are designed to improve already mostly adequate controls. SFPUC is also actively pursuing implementation of remaining open recommendations.

Open Recommendations:

- **Recommendation 4** asks the department to resolve discrepancies and ensure the accuracy of fuel inventory.
- **Recommendation 5** asks the department to implement an electronic inventory system.
- **Recommendations 10 and 12** ask the CDD and WST warehouses to develop policies, assign responsibility for tool inventories and management, and to take inventory of tools and document these inventories.
- **Recommendation 13** asks HHWP and CDD warehouses to establish a dollar threshold for tools that should be secured in locked cabinets or drawers until needed. HHWP has implemented this recommendation.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: San Francisco Public Utilities Commission: Expenditures of the Bay Division Pipeline Reliability Upgrade--Pipeline Project Appear Reasonable		Date Issued: 11/22/11	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	1	4	
<i>Contested</i>			
<i>Closed</i>	4	All others	
Total	5		

Summary: The project's expenditures were in accordance with bond resolutions, but the department erroneously attributed two expenditures totaling \$37,769 to the project that should have been attributed to another, related project. SFPUC reports having corrected this error. Also, the project manager did not review certain SFPUC staff expenditures.

Overall Risk of Open Recommendation: Low
The open recommendation relates to oversight over expenses that make up a very small portion of the project's expenses.

Open Recommendation:

- **Recommendation 4** asks the department to ensure that project managers review expenses that SFPUC operations staff charge to Water System Improvement Program projects.

Other Notes: CSA performed this audit at the request of the Public Utilities Revenue Bond Oversight Committee.

Title: San Francisco Public Utilities Commission: The Community Assistance Program's Significant Operational Weaknesses Make It Susceptible to Customer Abuse		Date Issued: 9/4/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	6	4, 8, 9, 17, 25, 28	
<i>Contested</i>	1	6	
<i>Closed</i>	21	All others	
Total	28		

Summary: SFPUC does not verify the number of household members or the annual household income reported by Community Assistance Program (CAP) applicants. This lack of verification allows CAP applicants and participants to easily falsify information to meet the income guidelines and qualify for the CAP discount on their water and sewer bills. Of 90 CAP accounts that CSA selected to verify income and household size, 46 percent did not qualify for the program, including some that did not respond. SFPUC recovered \$14,790 for discounts provided in 2011 to households that submitted documents showing they did not qualify for the program and an additional \$226,818 from households where at least one city employee lived, making the household exceed the income threshold for program eligibility.

Overall Risk of Open and Contested Recommendations: Medium

SFPUC has already implemented several recommendations resulting in cost recovery of more than \$240,000 and reports being in the process of implementing the remaining recommendations, most of which will improve controls to help ensure ineligible households do not receive discounts in the future.

Contested Recommendation:

- **Recommendation 6** asks SFPUC to limit the maximum household income for program eligibility. SFPUC does not concur with the recommendation and does not intend to implement it. However, the department will require program applicants to provide additional proof of residency for each occupant.

Open Recommendations:

- **Recommendation 4** asks the department to analyze program data each billing period to identify accounts with unusual water usage and follow up to determine if the households need an evaluation by the Conservation Division.
- **Recommendations 8, 9, and 17** ask the department to analyze customer data each billing period to identify households that may be ineligible for the program because they exceed the income threshold or are not living at the service address.
- **Recommendation 25** asks SFPUC to require program participants to complete a Water Wise Evaluation to improve their water usage.
- **Recommendation 28** asks the department to explore cost-effective outreach to low-income neighborhoods that are underrepresented in the program.

Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Title: San Francisco Public Utilities Commission: The Power Enterprise Lacks Adequate Controls to Safeguard Its Inventory		Date Issued: 10/29/12	Summary Status: Active
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	11	All recommendations	
<i>Contested</i>	0		
<i>Closed</i>	0		
Total	11		

Summary: The warehouse and inventory processes and controls at the Power Enterprise of SFPUC need improvement to mitigate the risks associated with inventory. SFPUC does not regularly count the inventory in its two Power Enterprise warehouse locations and does not always indicate in its inventory system when items are checked out, which increases susceptibility to theft.

Overall Risk of Open Recommendations: Medium

The Power Enterprise has weaknesses in inventory controls that should be addressed to ensure the security of items in its warehouses.

Open Recommendations:

- **Recommendations 1, 2, 4, 6, 9, and 10** ask the department to ensure its inventory list is accurate, including tool cost, and remains accurate.
- **Recommendation 3** asks SFPUC to apply the stronger controls over the tool check-out procedures such as those used by the Water Supply and Treatment Division (WST) in SFPUC's Water Enterprise.
- **Recommendation 5** asks the department to determine optimal reorder points for relevant inventory items.
- **Recommendation 7** asks SFPUC to account for inventory correctly including expensing inventory when it is consumed.
- **Recommendation 8** asks the department to create policies and procedures to fit its unique conditions, similar to those of the WST warehouse.
- **Recommendation 11** asks the department to require system users to change passwords every 60 to 90 days.

Other Notes: Recent personnel shifts in SFPUC's Power Enterprise, and the department's focus on addressing infrastructure impacted by the recent emergency, the Rim fire in and near Yosemite, have delayed the department's ability to respond to this follow-up request.

Title: San Francisco Public Utilities Commission: The Job Order Contract Program Lacks Sufficient Oversight to Ensure Program Effectiveness		Date Issued: 12/26/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	7	1, 2, 6, 9, 10, 11, 14	
<i>Contested</i>	0		
<i>Closed</i>	12	All others	
Total	19		

Summary: SFPUC's Job Order Contract (JOC) Program lacks sufficient oversight to ensure that it is effective and stays true to its original intent. Specifically, the program does not have a formal definition of its intent or guidelines to prevent its use for unintended purposes. Although one of the major advantages of JOC programs is that project costs are determined by the pre-negotiated prices, SFPUC's JOC program approved several projects that rely heavily on non-prepriced tasks. Also, the JOC program has not documented its process for choosing among JOC contractors when assigning projects and does not adequately monitor the quality of the work that contractors produce.

Overall Risk of Open Recommendations: Low

The JOC program was generally used appropriately. Recommendations are to improve controls to protect against future misuse of the program. SFPUC reports that it is working toward full implementation of open recommendations.

Open Recommendations:

- **Recommendations 1 and 2** ask SFPUC to develop a policy for the JOC program to specify its intent and provide specific criteria describing the projects that may be authorized and ensure the program adheres to that policy.
- **Recommendation 6** asks the department to ensure that it does not inappropriately authorize task orders that use federal funding.
- **Recommendation 9** asks SFPUC to comply with the Administrative Code by obtaining certification of funding from the Controller before unofficially or officially permitting the contractor to begin work.
- **Recommendations 10 and 11** ask the department to require and enable SFPUC's Contract Administration Bureau to review invoices for work performed under JOCs.
- **Recommendation 14** asks the JOC program to place greater weight on qualifications than proposed adjustment factors when selecting JOC contractors.

CSA's Field Follow-Up Activity

Any audit report or memorandum may be selected for a more in-depth field follow-up regardless of summary status. Field follow-ups result in memorandums that are also subject to CSA's two-year regular follow-up cycle.

Field Follow-Up Memorandums Issued				
Title: City and County of San Francisco: Follow-up of 2008 Audit of Faulty Payroll Payment Controls				Issue Date: 8/29/12
Original Issuance: City and County of San Francisco: Faulty Payment Controls Prevent Accurate Tax Reporting For Some Employees and City Vendors – 4/30/08				
Fully Implemented Recommendations: All departments have fully implemented all recommendations included in the original audit report. The recommendations addressed issues of documentation, consistency in processing fringe benefits, establishing written contracts when required, and complying with city competitive bid processes for professional services in several departments. Several recommendations also asked the Controller to improve its controls over ensuring accurate payroll and providing guidance to other departments.				
Original Issuance	Recommendations Evaluated in Field Follow-Up			
Recommendations	Tested	Fully Implemented	Partially Implemented	Not Implemented
12	12	12	0	0
Title: San Francisco Public Utilities Commission: The SFPUC Implemented Both of the Recommendations From a 2011 Audit of the Tesla Water Treatment Facility and the East/West Transmission Main				Issue Date: 12/5/12
Original Issuance: San Francisco Public Utilities Commission: The SFPUC Followed Best Practices in Managing Its Water System Improvement Program Construction Contracts for the Tesla Water Treatment Facility and the East/West Transmission and the Contractors Complied with Contract Terms – 1/27/11				
Fully Implemented Recommendations: SFPUC implemented all recommendations included in the original audit report. One recommendation asked the department not to use change orders when a formal Request for Bid is appropriate. The other asked the department to determine if concerns over SFPUC's new Construction Management Information System are prevalent throughout other Water System Improvement Program projects. SFPUC assessed the level of concern, made some revisions to the system as appropriate, and increased training to address concerns.				
Original Issuance	Recommendations Evaluated in Field Follow-Up			
Recommendations	Tested	Fully Implemented	Partially Implemented	Not Implemented
2	2	2	0	0

Office of the Controller, City Services Auditor
 Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13

Audits or Assessments With Field Follow-Ups in Progress as of 6/30/13		
Audit or Assessment	Issue Date	Recommendations
Department of Aging & Adult Services: The Department Needs to Improve its Needs Assessment and Contracting Processes to Better Serve Seniors and Adults With Disabilities	5/2/2005	29
San Francisco Public Utilities Commission: Hanson Aggregates, Inc., Did Not Make All Required Lease Payments and the SFPUC Did Not Properly Manage Its Leases	11/23/10	49
San Francisco Public Utilities Commission: Audit of Crystal Springs Golf Partners, L.P	12/1/10	22

APPENDIX: SUMMARY OF CLOSED FOLLOW-UPS

Summary of Follow-ups Closed in Fiscal Year 2012-13	
Dept.	Audit or Assessment
AIR	<p>Title: Airport Commission: Fox Rent A Car, Inc. Has Unreliable Records and May Owe At Least \$532,451 in Fees, Fines and Penalties</p> <p>Issue Date: 7/26/11 Total Recommendations: 23</p> <p>Summary: Fox Rent A Car did not retain records to support its reported revenues and payments, has unreliable revenue records, and may owe at least \$532,451 for not submitting required documentation, not operating 24 hours per day as required by its contract, and underpaying transportation fees and late charges during the audit period of 2007 through 2009. Further, Fox Rent A Car must reimburse the Airport for the cost of the audit, which was \$70,531 through April 22, 2011. Also, the Airport did not properly manage its contract with Fox Rent A Car. Because it had not uniformly enforced late fees to vendors during the audit period, the Airport did not require Fox Rent a Car to pay the late charges identified in the report. For other charges, the Airport permitted the vendor to pay a reduced amount. Because the reduced amount lowered the total financial impact of the audit, the Airport also did not require the vendor to pay for the cost of the audit. However, the Airport did recover \$261,847 from the vendor. The Airport reports full implementation of all other recommendations pertaining to compliance with contract provisions.</p>
AIR	<p>Title: Human Rights Commission: Local Business Enterprise (LBE) Compliance Audit</p> <p>Issue Date: 9/29/11 Total Recommendations: 5</p> <p>Summary: One contractor that CSA selected for audit was under contract to the Airport. For this contractor, the Airport did not ensure that all Contract Monitoring Division (CMD) forms were correctly completed and documented or that the contractor’s latest data was entered into the Diversity Tracking System, which tracks LBE compliance requirements. The Airport reports having fully implemented all recommendations.</p> <p>In 2012 the City established the CMD under the General Services Agency to assume the Human Rights Commission’s responsibility for monitoring and enforcing compliance with Chapter 14B. CMD reports having fully implemented all eight recommendations directed toward it. CSA conducted this audit to meet the requirement in the San Francisco Administrative Code, Chapter 14B–Local Business Enterprise (LBE) and Non-Discrimination in Contracting Ordinance, that the Human Rights Commission’s director, in cooperation with the Controller, randomly audit at least three prime contractors and 10 percent of joint ventures granted bid discounts in each fiscal year to ensure their compliance with the provisions of the ordinance. This document contains 15 recommendations directed toward HRC (relevant duties now performed by the CMD), the Airport, SFPUC, and Public Works. This follow-up includes only the recommendations directed toward HRC.</p>

**Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13**

AIR	<p>Title: Airport Commission: Polaris Research and Development, Inc., Adequately Complies With Its Contract, but the Department's Administration of the Contract Needs Improvement</p> <p>Issue Date: 3/13/12 Total Recommendations: 11</p> <p>Summary: Polaris Research and Development, Inc., adequately complied with its contract, but the Airport lacked thorough and adequate monitoring procedures and internal controls to ensure adherence to the contract. The Airport reports having fully implemented all of the recommendations to improve its contract administration.</p>
AIR	<p>Title: Airport Commission: Emirates Paid All Landing Fees Due But Owes the Airport \$3,720 in Late Charges for December 15, 2008, Through March 31, 2011</p> <p>Issue Date: 8/28/12 Total Recommendation: 1</p> <p>Summary: Emirates correctly reported 759 revenue aircraft landings and correctly paid \$1,098,216 in landing fees due to the Airport. However, Emirates had multiple late payments resulting in late fee assessments of \$3,720. Because the Airport did not charge late fees as a standard practice during the audit period, it will not collect the late fees identified by the audit. However, the Airport has since begun assessing late fees when appropriate.</p>
AIR	<p>Title: Airport Commission: Delta Air Lines, Inc., Paid All Landing Fees Due, but Owes the Airport \$46,721 in Late Charges for January 1, 2009, Through December 31, 2011</p> <p>Issue Date: 8/28/12 Total Recommendation: 1</p> <p>Summary: Delta Air Lines, Inc., (Delta) correctly reported 23,216 revenue aircraft landings and correctly paid \$15,831,614 in landing fees due to the Airport. However, Delta had multiple late payments resulting in late fee assessments of \$46,721. Because the Airport did not charge late fees as a standard practice during the audit period, it will not collect the late fees identified by the audit. However, the Airport has since begun assessing late fees when appropriate.</p>
AIR	<p>Title: Airport Commission: Harbor Airport, Correctly Paid Its Rent But Owes \$1,179 in Late Charges and Did Not Submit on Time Its Certified Statement of Revenue for January 1, 2009, Through December 31, 2011</p> <p>Issue Date: 8/28/12 Total Recommendations: 2</p> <p>Summary: Harbor Airport LLC (Harbor) correctly reported gross revenues of \$3,446,974 and correctly paid \$215,821 in rent to the Airport. However, Harbor was sometimes late in submitting its certified statement of revenues and had multiple late payments resulting in late fee assessments of \$1,179. Because the Airport did not charge late fees as a standard practice during the audit period, it will not collect the late fees identified by the audit. However, the Airport has since begun assessing late fees when appropriate.</p>

**Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13**

AIR	<p>Title: Airport Commission: Gotham Overstated Its Gross Revenues by \$26,047 and Did Not Submit on Time Its Certified Statement of Revenue and Lease Payments for December 1, 2008, Through December 31, 2011</p> <p>Issue Date: 8/28/12 Total Recommendations: 3</p> <p>Summary: Gotham Enterprises, LLC, (Gotham), operator of six Peet's Coffee and Tea locations at the Airport, overstated reported gross revenues of \$38,992,859 by including employee discounts of \$26,047, resulting in an overpayment of \$2,223 in rent to Airport. Gotham also was sometimes late in submitting its certified statement of revenue and lease payments. The Airport reports having fully implemented all three recommendations including crediting the vendor for the overpayment.</p>
CON - PPSD	<p>Title: Fire Department Payroll Audit: Undefined Pay Practices Increased Department Expenditures (Controller's Payroll and Personnel Services Division)</p> <p>Issue Date: 3/16/11 Total Recommendations: 7</p> <p>Summary: Fire had several weaknesses in its controls over pay. CSA directed seven recommendations at Fire and the Controller's Payroll and Personnel Services Division (PPSD) to ensure that rules do not permit inappropriate stacking of premium pays, that obsolete pay codes are removed from the system, and to increase communication and tracking of changes to pay codes and policies between PPSD and Fire. PPSD reports having implemented all recommendations that are still relevant after the implementation of a new, citywide payroll and personnel system.</p>
CON - AOSD	<p>Title: Airport Commission: The Airport Should Improve its Recordkeeping of Fixed Assets (Controller's Accounting and Operations System Division)</p> <p>Issue Date: 9/22/11 Total Recommendations: 2</p> <p>Summary: The Airport has several weaknesses in its controls over record keeping for its fixed assets. CSA directed two recommendations at the Airport and the Controller's Accounting and Operations Systems Division (AOSD) to improve the Airport's record retention policy and ensure its categorization of assets as fixed assets complies with Government Accounting Standards Board Standard 34. The department reports having fully implemented both recommendations. This document includes a total of 19 recommendations directed toward the Airport and AOSD. This follow-up included only the recommendations directed toward AOSD.</p>
CON - BAD	<p>Title: Board of Supervisors: Franchise Fee Audit of Pacific Gas and Electric Company for 2009 and 2010 (Controller's Budget and Analysis Division)</p> <p>Issue Date: 6/18/12 Total Recommendations: 8</p> <p>Summary: CSA audited Pacific Gas and Electric Company's (PG&E) payment of franchise fees and the City's administration of the franchise fee agreement with PG&E for fees for 2009 and 2010. The eight recommendations in the report were directed at the Controller's Budget and Analysis Division, which receives, tracks, and monitors franchise fee payments. The division requested payment from PG&E for \$10,854 in interest identified by the audit report and calculated underpaid fees and interest from time periods outside of the audit scope and is working with the City Attorney to pursue payment.</p>

**Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13**

GSA - CMD	<p>Title: Human Rights Commission: Local Business Enterprise (LBE) Compliance Audit (General Services' Contract Monitoring Division)</p> <p>Issue Date: 7/28/10 Total Recommendations: 8</p> <p>Summary: The report concluded that five of the six selected contractors did not fully comply with some of the nondiscrimination and local business enterprise provisions of Chapter 14B, and that contract awarding departments and HRC staff should monitor their LBE contracts more closely. The Contract Monitoring Division (CMD) reports having fully implemented the recommendation directed to it, which called for improved monitoring procedures.</p> <p>In 2012 the City established CMD under the General Services Agency to assume the Human Rights Commission's responsibility for monitoring and enforcing compliance with Chapter 14B. CMD reports having fully implemented all eight recommendations directed toward it. CSA conducted this audit to meet the requirement of the San Francisco Administrative Code, Chapter 14B—Local Business Enterprise (LBE) and Non-Discrimination in Contracting Ordinance, that the Human Rights Commission's director, in cooperation with the Controller, randomly audit at least three prime contractors and 10 percent of joint ventures granted bid discounts in each fiscal year to ensure their compliance with the provisions of the ordinance.</p>
GSA	<p>Title: City and County of San Francisco: The \$78 Million Citywide Western States Oil Company Contract Should Be Better Administered</p> <p>Issue Date: 9/6/12 Total Recommendations: 4</p> <p>Summary: Weaknesses exist in the City's administration of its fuel contract with Western States Oil Company. CSA directed four recommendations to the General Services Agency and its Central Shops Department to improve their administration and monitoring of the contract. The department reports having fully implemented all four recommendations.</p>
HSA	<p>Title: Human Services Agency: Audit Follow-up of Family & Children's Services Division</p> <p>Issue Date: 1/7/10 Total Recommendations: 9</p> <p>Summary: The follow-up assessed implementation of 9 of 16 recommendations CSA made in its 2006 report, <i>Family and Children's Services Does Not Have a Structured Program to Attain and Sustain Compliance With Laws and Regulations</i>, and found that 6 had been fully implemented and 3 partially implemented. The recommendations ask the department to implement a structured, documented program to ensure it complies with California Welfare and Institutions Code sections 309(d), 319, 362.7, and 16501.1(k). The department indicated that it is has fully implemented the remaining recommendations.</p> <p>CSA carried this follow-up request forward from a prior period due to scheduling conflicts.</p>

**Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13**

DPW	<p>Title: Results of Assessment of Department of Public Works' Compliance With Construction Contract Close-out Procedures for the Castro Street Pavement Renovation Project</p> <p>Issue Date: 7/16/12 Total Recommendations: 3</p> <p>Summary: Public Works did not comply with some close-out procedures in the contract for the Castro Street Pavement Renovation project. Public Works did not require the contractor to comply with three procedures and did not document compliance with two others. Ensuring compliance with all required close-out procedures helps assure city resources were used appropriately and that the contractor completed work in accordance with contract terms. Prompt completion of close-out procedures limits the administrative costs that continue to accrue during the close-out period. Public Works reports having fully implemented all three recommendations.</p>
DPW	<p>Title: Results of the Assessment of Department of Public Works' Compliance With Construction Contract Close-out Procedures for the Chinatown Public Health Center ADA Improvements Phase II Project</p> <p>Issue Date: 7/16/12 Total Recommendations: 3</p> <p>Summary: Public Works did not comply with some close-out procedures in the contract for the Chinatown Public Health Center's ADA Improvements Phase II project. Public Works did not require the contractor to comply with six procedures, and did not document compliance with five others. Ensuring compliance with all required close-out procedures helps assure city resources were used appropriately and that the contractor completed work in accordance with contract terms. Prompt completion of close-out procedures limits the administrative costs that continue to accrue during the close-out period. Public Works reports having fully implemented all three recommendations.</p>
DPW	<p>Title: Webcor Generally Complies With Progress Payment Requirements, but Should Improve Internal Guidelines to Ensure Accuracy and Completeness</p> <p>Issue Date: 7/30/12 Total Recommendations: 5</p> <p>Summary: Webcor generally complied with the progress payment application requirements in its contract with the Department of Public Works but could improve the timeliness of billing submittals, internal progress payment procedures, and billing guidance to subcontractors. To protect the City from exposure to potential contractual risks, the department needs to ensure that contractors comply with all provisions. Further, ensuring the accuracy and completeness of all payments is important to protect the City from being overcharged by contractors. Public Works reports having fully implemented all recommendations.</p>

**Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13**

SFMTA	<p>Title: San Francisco Municipal Transportation Agency: Review of the Department's Fiscal Year 2010-11 Work Orders</p> <p>Issue Date: 10/4/11 Total Recommendations: 21</p> <p>Summary: Inconsistencies exist between provisions of the memorandums of understanding (MOUs) and the practices of SFMTA and performing departments, particularly related to the appropriate method and type of documentation required to support invoices. In some cases, the department paid invoices that included charges not provided for by the MOU or at rates different than those specified in the MOU. The department reports having fully implemented all recommendations that called for adhering to the MOU provisions or changing the MOU, as appropriate.</p>
SFMTA	<p>Title: San Francisco Municipal Transportation Agency: Audit of the Ellis-O'Farrell Parking Garage for May 2008 Through June 2010</p> <p>Issue Date: 12/13/11 Total Recommendations: 8</p> <p>Summary: The City of San Francisco Ellis-O'Farrell Parking Corporation (Corporation) reported to SFMTA net revenue (gross revenue less parking taxes) of \$12,144,139, and correctly reported expenditures of \$8,558,591. However, the Corporation did not fully comply or ensure compliance by its operator, Parking Concepts, Inc. (PCI), with the operating agreement, and SFMTA did not ensure that the approved parking rates were programmed in the Ellis-O'Farrell Garage's parking control equipment. As a result, parkers were undercharged \$646,293. SFMTA reports having fully implemented the recommendations to improve its monitoring of the corporation's performance. Further, it worked with the Controller to agree upon a methodology of calculating the amount owed by the corporation for missing tickets and collected the recalculated amount due of \$45,069.</p>
SFMTA	<p>Title: San Francisco Municipal Transportation Agency: Follow-up of 2009 Audit of City of San Francisco Portsmouth Plaza Parking Corporation</p> <p>Issue Date: 3/20/12 Total Recommendations: 4</p> <p>Summary: CSA followed up on 8 out of 18 recommendations in a 2009 audit report on the City of San Francisco Portsmouth Plaza Parking Corporation, tenant and operator of the City's Portsmouth Square Garage. SFMTA fully implemented 6 and partially implemented 2 of the 8 recommendations reviewed. Additionally, the audit follow-up identified three additional recommendations to improve SFMTA's oversight. The department reports having fully implemented the two partially implemented recommendations and the three new recommendations.</p>
SFMTA	<p>Title: City and County of San Francisco: The \$78 Million Citywide Western States Oil Company Contract Should Be Better Administered</p> <p>Issue Date: 9/6/12 Total Recommendations: 2</p> <p>Summary: The Office of Contract Administration must develop and implement overall contract monitoring procedures to ensure that the amounts and prices of fuel delivered for city vehicles are reasonable based on the contract's provisions and department requirements. Further, SFMTA and the Central Shops must better administer the contract.</p>

**Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13**

SFMTA	<p>Title: The San Francisco Municipal Transportation Agency Generally Has Adequate Internal Controls Over the Tools Used to Maintain Its Motor Coach Transit Fleet, but Can Improve Some Controls</p> <p>Issue Date: 9/10/12 Total Recommendations: 5</p> <p>Summary: CSA keeps departments informed of findings throughout the audit process. Consequently, the department has the opportunity to begin implementation before the report is publicly issued. In this case, SFMTA implemented all five recommendations to improve its controls over tool security and inventory records before report issuance.</p>
SFMTA	<p>Title: Assessment of the San Francisco Municipal Transportation Agency's Compliance With Close-out Procedures for the Metro East Contract</p> <p>Issue Date: 11/28/12 Total Recommendations: 7</p> <p>Summary: The department complied with all close-out procedures for the Metro East contract, but did not document final completion of the project. Furthermore, the contract lacks some important close-out procedures for inspections, and some of the procedures are unclear or contain unnecessary detail. The department reports having implemented all seven recommendations to improve clarity and improve its policies and procedures.</p>
SFPUC	<p>Title: San Francisco Public Utilities Commission: Expenditures of the Lake Merced Pump Station Essential Upgrade Project Are in Accordance With Bond Resolutions; However SFPUC Should Improve Its Recognition of Costs</p> <p>Issue Date: 2/13/12 Total Recommendations: 4</p> <p>Summary: SFPUC expended funds for the project appropriately, but inappropriately timed the recognition of overhead costs, resulting in minor inaccuracies in periodic reporting of project costs. SFPUC reports having corrected its methodology for recognizing overhead costs. CSA performed this audit at the request of the Public Utilities Revenue Bond Oversight Committee.</p>
SFPUC	<p>Title: San Francisco Public Utilities Commission: The Department Appropriately Categorized Program Management Costs, but Should Improve Its Method of Allocating Those Costs to Projects</p> <p>Issue Date: 2/13/12 Total Recommendations: 4</p> <p>Summary: SFPUC inappropriately timed the recognition of overhead costs, resulting in minor inaccuracies in periodic reporting of project costs. SFPUC reports having corrected its methodology for recognizing overhead costs. CSA performed this audit at the request of the Public Utilities Revenue Bond Oversight Committee.</p>

**Office of the Controller, City Services Auditor
Annual Summary of Quarterly Follow-Up Activity | Fiscal Year 2012-13**

SFPUC	<p>Title: San Francisco Public Utilities Commission: Santa Clara Sand and Gravel Did Not Correctly Pay All Its Royalty Fees and SFPUC Needs to Improve Its Lease Management</p> <p>Issue Date: 5/24/12 Total Recommendations: 12</p> <p>Summary: Santa Clara Sand & Gravel (Santa Clara) correctly reported to SFPUC 1,329,628 gross tons of quarry products removed, but underpaid \$8,762 because it used an incorrect royalty rate in one month, did not submit required annual certified tonnage reports to SFPUC, and paid some royalty fees late, resulting in \$1,079 in unpaid late charges. Also, SFPUC allowed Santa Clara to operate on a month-to-month basis for nearly a decade after the lease expired, and did not adequately administer several lease provisions. The vendor is no longer in business so the department will not pursue the amounts identified as due by the audit. However, the department reports having fully implemented the remaining recommendations regarding its policies and procedures for managing leases.</p>
SFPUC	<p>Title: San Francisco Public Utilities Commission: Follow-up of 2009 Audit of Parsons Water System</p> <p>Issue Date: 6/21/12 Total Recommendations: 18</p> <p>Summary: Of the 18 recommendations assessed, SFPUC had fully implemented 17 and partially implemented one. SFPUC reports having fully implemented the remaining recommendation related to increased monitoring of expenditures that fall under the category of “other direct costs.”</p>
SFPUC	<p>Title: Results of the Payroll Audit at the San Francisco Public Utilities Commission</p> <p>Issue Date: 7/12/12 Total Recommendations: 5</p> <p>Summary: The payroll operations and administration of premium pay by SFPUC are generally adequate. However, some areas should be improved to lessen the risks associated with payroll. SFPUC reports having fully implemented all five recommendations.</p>