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CITY AND COUNTY OF SAN FRANCISCO

Government Audit and Oversight Committee

FY 2021/22 Audit Results and FY 2022/23 Audit Plans

November 2, 2023

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MGO

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8. Port
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KPMG

1. Municipal Transportation Agency (MTA)
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FY 2020/21 and FY 2021/22 Audit Results

Annual Comprehensive Financial Report (ACFR) and Single Audits

- ACFR – unmodified opinions
- Single Audit – unmodified opinions
- Internal Control over Financial Reporting – no deficiencies reported
- Internal Control over Compliance – no deficiencies reported

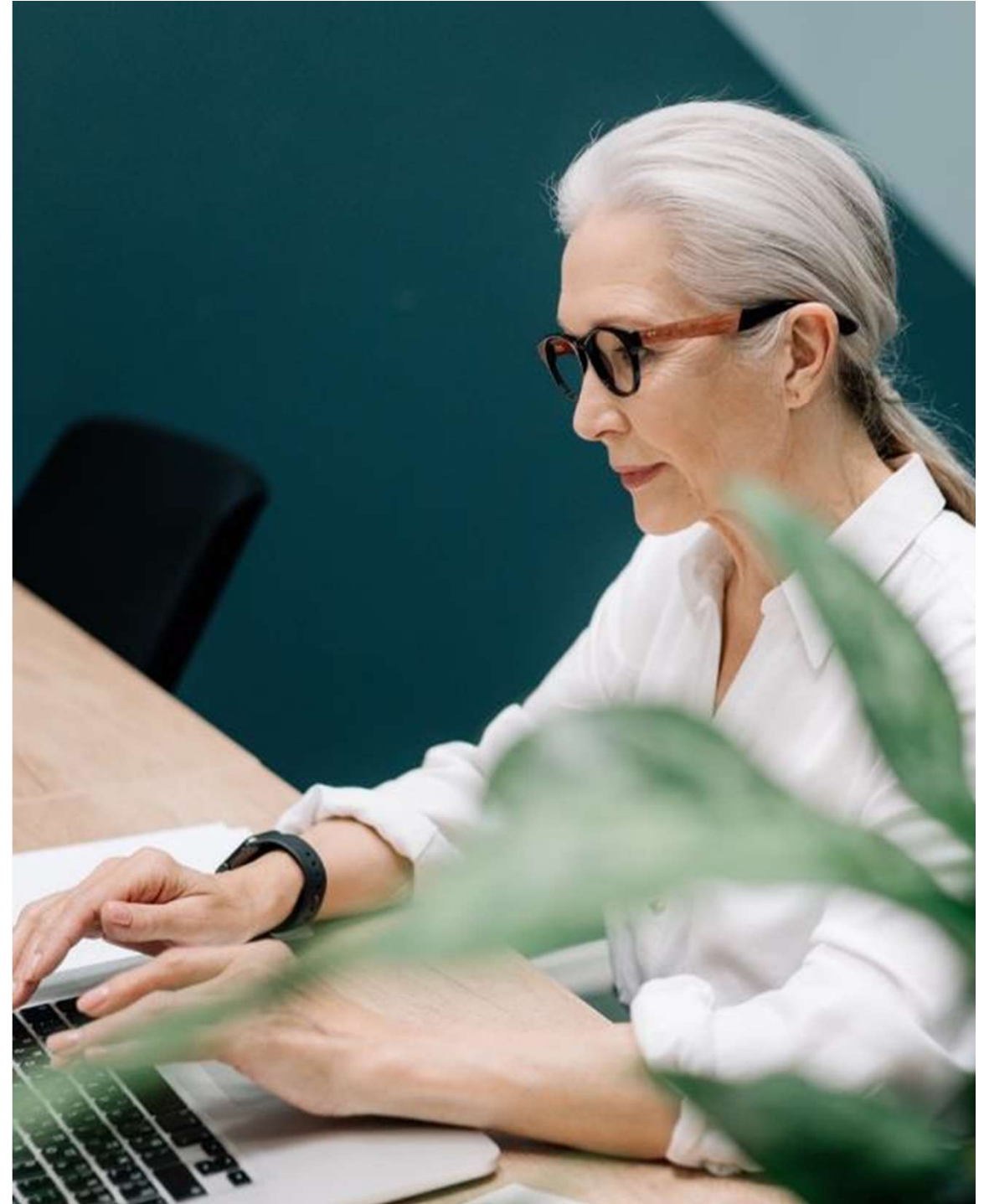
Report to the Government Audit & Oversight Committee

- Required Communications

Required Communications and Other Matters

Significant accounting policies and practices	Note 2 to basic financial statements. No new accounting standards in FY2020/21. Implementation of GASB Statements in FY2021/22: <ul style="list-style-type: none"> • No. 87, <i>Leases</i> • No. 89, <i>Accounting for Interest Cost Incurred before the End of a Construction Period</i> • No. 92, <i>Omnibus 2020</i> • No. 93, <i>Replacement of Interbank Offered Rates</i> • Certain effective provisions of No. 99, <i>Omnibus 2022</i> No exceptions noted.
Significant accounting estimates	Fair value of investments, claims liabilities, contractual adjustments and bad debt allowances for patient accounts receivable, cost report settlement receivables and payables, bad debt allowance for receivables, compensated absences, capital assets, pension and OPEB plans' employer and employee contribution requirements. No exceptions noted.
Significant financial statement disclosures	Pension, OPEB (both fiscal year years) Impact of the implementation of GASB 87 on leases (FY2021/22 only)
Financial presentation and disclosure omissions	No matters to report
Corrected and uncorrected audit misstatements	No material corrected misstatements. Refer to Reports to the GAO for lists of uncorrected misstatements in each year.
Difficulties encountered in performing the audit	No matters to report
Disagreements with management	No matters to report
Management consultations with other independent accountants	No matters to report
Subsequent event	Note 19 to basic financial statements.

FY 2022/23 Audit Plan



FY 2022/23 Scope of Audit

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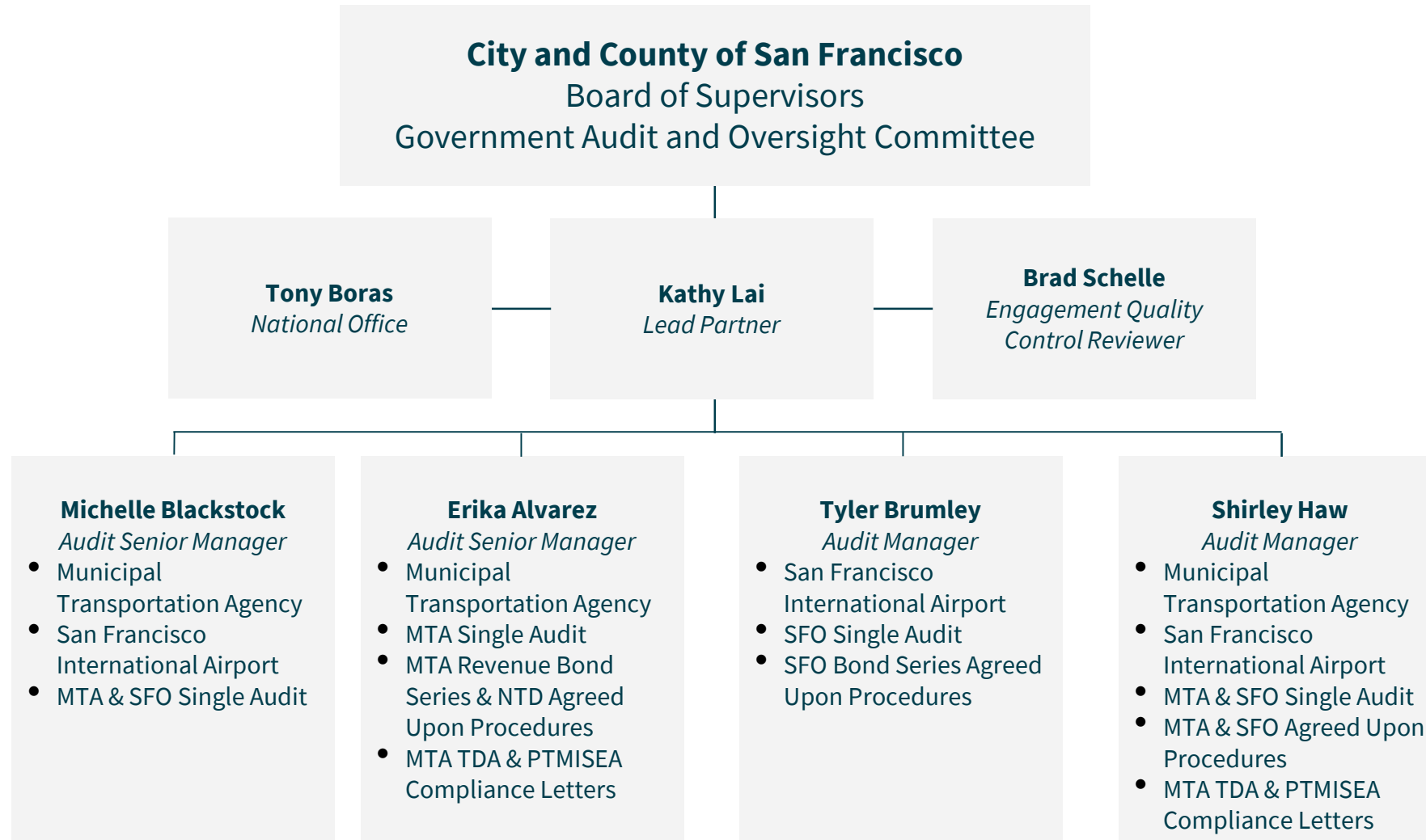
Crowe

1. Municipal Transportation Agency (MTA)
2. MTA Single Audit
3. MTA Agreed-Upon Procedures for National Transit Database (NTD) and Revenue Bond Series
4. MTA Transportation Development Act Compliance Letter
5. MTA Public Transportation Modernization, Improvement, and Service Enhancement Account Program (PTMISEA) Compliance Letter
6. San Francisco International Airport (SFO)
7. SFO Single Audit
8. SFO Passenger Facility Charge Program Compliance

MGO Audit Team

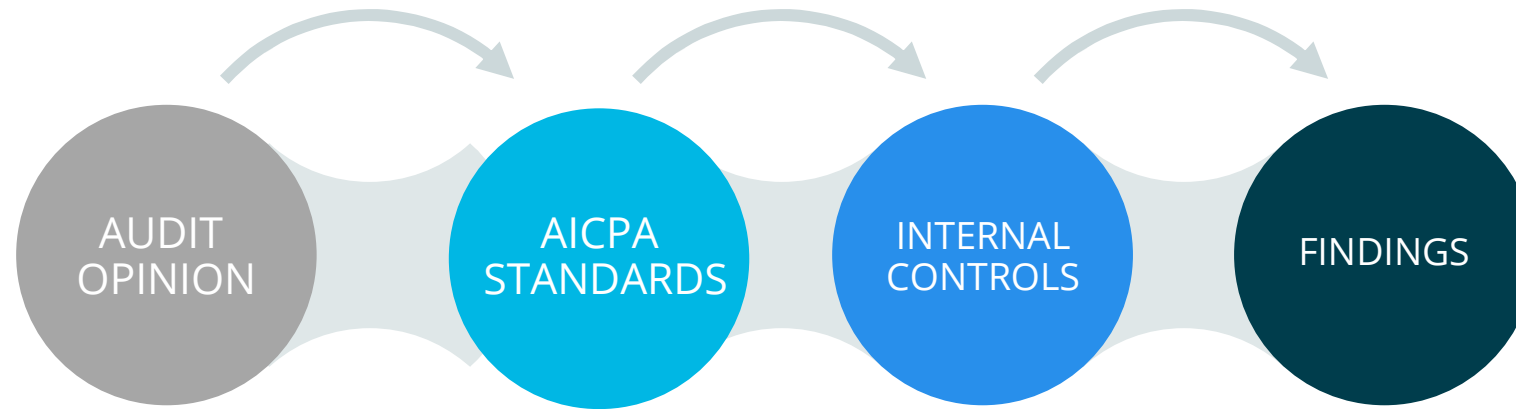


Crowe Audit Team



Our Responsibility

Our responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*.



To express our opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. This does not relieve you or management of your responsibilities.

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and *Government Auditing Standards*, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

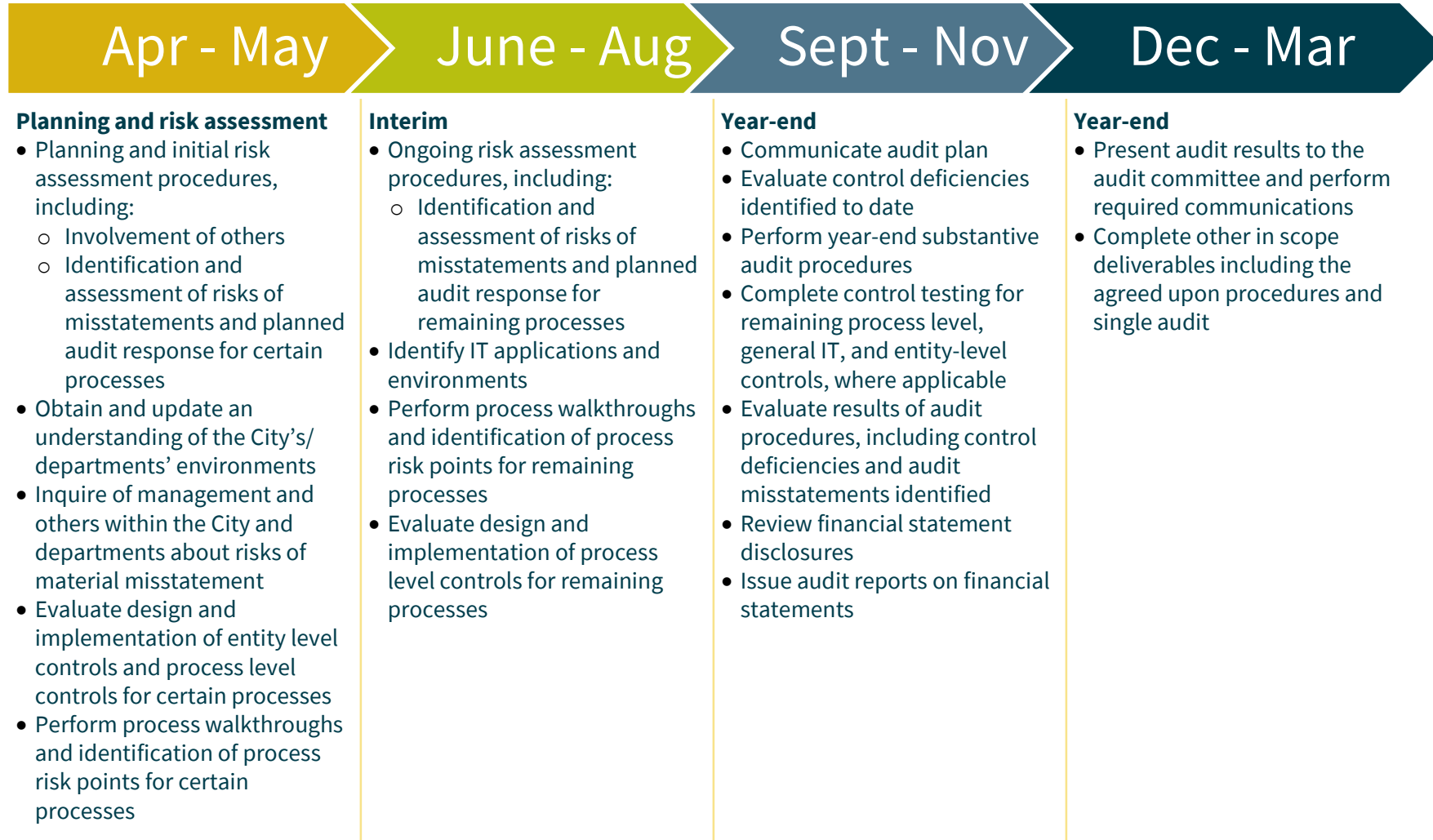
To obtain an understanding of the City and its environment, including internal controls over financial reporting and compliance, as a basis for designing our audit procedures, but not for the purpose of expressing an opinion on its effectiveness.

To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Management Responsibilities

Management responsibilities – Financial statements	<ul style="list-style-type: none">• Fairly presenting the financial statements, including disclosures in conformity with U.S. GAAP• Adjusting the financial statements to correct material misstatements and affirming in the representation letter that the effects of any uncorrected misstatements aggregated by the auditor are immaterial, both individually and in the aggregate, to the financial statements taken as a whole
Management responsibilities – ICFR	<ul style="list-style-type: none">• Design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
Management responsibilities – Other	<ul style="list-style-type: none">• To provide the auditor with:<ol style="list-style-type: none">1. access to all information of which management is aware is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;2. additional information that the auditor may request from management for the purpose of the audit; and3. unrestricted access to persons within the entity from whom the auditor determines it necessary to obtain audit evidence• Identifying and ensuring that the entity complies with laws and regulations applicable to its activities, and for informing the auditor of any known material violations of such laws and regulations• Providing the auditor with a letter confirming certain representations made during the audit, that includes but is not limited to management's:<ol style="list-style-type: none">1. disclosure of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Company's financial reporting2. acknowledgement of their responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud
Audit Committee responsibilities	<ul style="list-style-type: none">• Oversight of the financial reporting process and internal control over financial reporting (ICFR)• Oversight of the establishment and maintenance by management of programs and controls designed to prevent, deter, and detect fraud
Management and the Audit Committee responsibilities	<ul style="list-style-type: none">• Setting the proper tone and creating and maintaining a culture of honesty and high ethical standards• Ensuring that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in the entity's financial statements.

Audit Timeline





Accounting Updates

Accounting Updates

Effective for fiscal year 2023

Statement No. 91, *Conduit Debt Obligations*

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*

Statement No. 99, *Omnibus 2022* – para. 11-25 related to leases, public-private and public-public partnerships, and SBITAs

Effective for fiscal year 2024

Statement No. 99, *Omnibus 2022* – para. 4-10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53

Statement No. 100, *Accounting Changes and Error Corrections*

Effective for fiscal year 2025

Statement No. 101, *Compensated Absences*

Questions?

This presentation to the Government Audit and Oversight Committee is intended solely for the information and use of the Government Audit and Oversight Committee and management and is not intended to be and should not be used by anyone other than these specified parties. This presentation is not intended for general use, circulation or publication and should not be published, circulated, reproduced or used for any purpose without our prior written permission in each specific instance.

