

File No. 140401

Committee Item No. 3

Board Item No. _____

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date April 9, 2015

Board of Supervisors Meeting Date _____

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Completed by: Erica Major Date April 3, 2015

Completed by: _____ Date _____

City and County of San Francisco

Office of the Controller – City Services Auditor

CITY AND COUNTY OF SAN FRANCISCO:

**Recommendations Not
Implemented After Two Years on
June 30, 2014**



July 17, 2014

11/13/2014
SUBMITTED AND PRESENTED

**OFFICE OF THE CONTROLLER
CITY SERVICES AUDITOR**

The City Services Auditor Division (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that was approved by voters in November 2003. Charter Appendix F grants CSA broad authority to:

- Report on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions.
- Conduct financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operate a whistleblower hotline and website and investigate reports of waste, fraud, and abuse of city resources.
- Ensure the financial integrity and improve the overall performance and efficiency of city government.

CSA may conduct financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

For questions regarding the report, please contact Director of City Audits Tonia Lediju at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.



City and County of San Francisco

Office of the Controller – City Services Auditor

City and County of San Francisco:

July 17, 2014

Recommendations Not Implemented After Two Years on June 30, 2014

Purpose of the Report

The Office of the Controller's City Services Auditor Division (CSA) conducts audits and assessments of city departments and makes recommendations to improve effectiveness and efficiency of operations and mitigate the risk of fraud, abuse, and error. The value in CSA's work is not in the recommendations themselves, but in the corrective actions implemented by city departments to address those recommendations. Although departments implement the majority of CSA's recommendations within one year of their issuance, some recommendations remain outstanding for longer. This report is the first of what will be annual reports of the recommendations not implemented two years after their issuance.

Highlights

Departments implemented 96 percent of the 689 recommendations CSA issued between July 1, 2010, and June 30, 2012, including:

- 48 percent implemented within six months.
- 67 percent implemented within one year.
- 83 percent implemented within two years.

Seven departments have a total of 28 CSA recommendations that remain outstanding more than two years after they were issued, as shown below.

<i>Department</i>	<i>Number of Outstanding Recommendations</i>
Public Utilities Commission	14
Municipal Transportation Agency	5
Human Services Agency	4
Department of Human Resources	2
Arts Commission	1
Department of Public Health	1
Police Department	1
Total	28

Copies of the full report may be obtained at:

Office of the Controller • City Hall, Room 316 • 1 Dr. Carlton B. Goodlett Place • San Francisco, CA 94102 • 415.554.7500
or on the Internet at <http://www.sfgov.org/controller>

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CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

July 17, 2014

Government Audit and Oversight Committee
Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102

Dear Committee Chair and Members:

The Office of the Controller's City Services Auditor Division (CSA) presents its first annual report of recommendations not implemented more than two years after issuance.

This report summarizes the departments' progress in implementing recommendations that CSA issued between July 1, 2010, and June 30, 2012. Although departments report having implemented 96 percent of the 689 recommendations issued in that period, 28 recommendations from nine reports and memorandums remain open across seven departments.

CSA appreciates the assistance and cooperation of department staff in responding to implementation status update requests. For questions about the report, please contact me at Tonia.Lediju@sfgov.org or 415-554-5393 or CSA at 415-554-7469.

Respectfully,

Tonia Lediju
Director of City Audits

cc: Board of Supervisors
Budget Analyst
Citizens Audit Review Board
City Attorney
Civil Grand Jury
Mayor
Public Library

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Abbreviations and Acronyms

Airport	Airport Commission, governing body of the San Francisco International Airport
Arts	Arts Commission
Controller	Office of the Controller
Fire	Fire Department
General Services	General Services Agency
Human Resources	Department of Human Resources
Human Services	Human Services Agency
Police	Police Department
Public Health	Department of Public Health
Public Works	Department of Public Works (under the General Services Agency)
SFMTA	San Francisco Municipal Transportation Agency
SFPUC	San Francisco Public Utilities Commission

Introduction

Purpose

CSA reports out recommendations that departments have not implemented two years or longer after their initial issuance.

The City Services Auditor Division (CSA) of the Office of the Controller (Controller) conducts audits and assessments of city departments and makes recommendations to improve effectiveness and efficiency of operations and mitigate the risk of fraud, abuse, and error. The value in CSA's work is not lay in the recommendations themselves, but in the corrective actions implemented by city departments to address those recommendations. Although departments implement the majority of recommendations within one year of their issuance, some recommendations remain outstanding for longer. This is the first of what will be annual reports of the recommendations not implemented two years after their issuance.

Follow-up Process

CSA follows up by soliciting recommendation implementation status updates from responsible departments at 6, 12, and 24 months after it issues the recommendations and conducting selected field follow-up assessments.

CSA follows up on all recommendations it issues as a result of audits and assessments at six months, one year, and two years after issuance, known as regular follow-up, and selects some recommendations for field follow-up. For regular follow-up, CSA relies on the department's reported actions. In a field follow-up, CSA auditors gather evidence and attest to whether the department fully addressed the issues underlying the recommendations.

The regular follow-up process begins with CSA sending a questionnaire to the responsible department requesting an update on the implementation status of each outstanding recommendation from a specific report or memorandum. 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

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

some change occurred to make the recommendation no longer applicable.

CSA reports the implementation status of recommendations to the Government Audit and Oversight Committee.

CSA periodically reports on recommendation implementation status determined during the follow-up process to the Board of Supervisors' Government Audit and Oversight Committee (GAO). This process fulfills the requirement of the 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 one of the Controller's recommendations.

CSA conducts field follow-ups for selected recommendations based on risk. In a field follow-up, CSA auditors gather evidence to assess whether the department's corrective actions adequately resolved the problems underlying the recommendations. CSA publishes the results of field follow-ups in a public memorandum addressed to the subject department and includes a summary of the results in its quarterly report to GAO.

Also, starting with this report, CSA will report annually to GAO on recommendations with open or contested statuses that have not been implemented two years after their issuance.

Scope of This Report

This report covers recommendations CSA issued from July 1, 2010, through June 30, 2012.

This report summarizes the status of all recommendations CSA issued in fiscal years 2010-11 and 2011-12 and lists those that were still outstanding on June 30, 2014.

CSA omitted four open recommendations directed to the General Services Agency (General Services) from this report because they were issued on June 28, 2012, with their 24-month follow-up scheduled for June 28, 2014, and CSA did not receive the department's status update by the time it issued this report.

CSA will issue this report each year with an updated list of recommendations not implemented two years after original issuance. Departments can submit to CSA an update on implementation status at any time. As long as a recommendation remains unresolved, CSA will

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continue to include it in this annual report.

**Implementation
Overview**

Departments implement most recommendations within two years.

Departments implemented 96 percent of the recommendations CSA issued in fiscal years 2010-11 and 2011-12. Nearly half were implemented before CSA's six-month follow-up request (49 percent) and most before CSA's two-year regular follow-up process concluded (83 percent). In those fiscal years, CSA issued 689 recommendations to 12 departments in 49 reports or memorandums. Exhibit 1 shows each departments' progress in implementing those recommendations.

EXHIBIT 1: Departments Have Implemented 96 Percent of Recommendations Made by CSA in Fiscal Years 2010-11 and 2011-12

Department	Recommendations Made by CSA in FY 2010-11 and FY 2011-12							
	Total Made	Recommendations Closed						
		Before Issuance	Within 6 Mos.	Within 12 Mos.	Within 24 Mos.	After 24 Mos.	Total Closed	
Airport	161	5	107	36	12	1	161	100%
Arts	62	9	35	5	11	1	61	98%
Controller ¹	33	2	6	14	10	1	33	100%
Fire	31	3	17	0	6	5	31	100%
General Services ²	20	0	10	0	10	0	20	100%
Human Resources	3	0	0	0	1	0	1	33%
Human Services	55	5	15	11	13	7	51	93%
Police	31	0	3	12	14	1	30	97%
Public Health	28	2	23	0	2	0	27	96%
Public Works	11	0	5	4	0	2	11	100%
SFMTA	102	8	51	17	18	1	95	93%
SFPUC	152	5	25	28	13	69	140	92%
All Departments	689	39	297	127	110	88	661	96%

Notes: ¹ Includes recommendations for the following Controller divisions: Budget and Analysis, Accounting Operations and Systems, Payroll and Personnel Services, and eMerge.

² Includes recommendations for the Office of Contract and Administration and General Services' Contract Monitoring Division.

Source: CSA Records.

Recommendations still outstanding come from nine reports that CSA issued during July 1, 2010, through June 30, 2012.

Exhibit 2 lists the CSA reports and memorandums with recommendations still outstanding, the responsible departments, and the number of outstanding recommendations in each. A total of 28 recommendations remain unimplemented after two years by the Arts Commission (Arts), Department of Human Resources (Human Resources), Human Services

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

Agency (Human Services), Police Department (Police),
Department of Public Health (Public Health), San
Francisco Municipal Transportation Agency (SFMTA),
and San Francisco Public Utilities Commission (SFPUC).

**EXHIBIT 2: CSA Reports Issued in Fiscal Years 2010-11 and 2011-12 With
Recommendations Outstanding Two Years After Issuance**

Issue Date	Report Title	Responsible Department (Number of Outstanding Recommendations)
8/17/10	San Francisco Public Utilities Commission: Wastewater Enterprise Could Improve Its Inventory Management	SFPUC (3)
8/18/10	Police Department: The Department Needs to Improve Its Controls Over Overtime and Premium Pay	Police (1)
12/1/10	San Francisco Public Utilities Commission: Audit of Crystal Springs Golf Partners, L.P.	SFPUC (6)
3/16/11	Fire Department Payroll Audit: Undefined Pay Practices Increased Department Expenditures	Human Resources (2)
4/12/11	San Francisco Public Utilities Commission: Water Enterprise Should Continue to Improve Its Inventory Management	SFPUC (5)
6/9/11	San Francisco Municipal Transportation Agency: The Sustainable Streets Division Could Improve Its Operations	SFMTA (5)
7/12/11	San Francisco Arts Commission: The Street Artists Program Should Improve Its Internal Controls and Accounting Practices	Arts (1)
2/29/12	Human Services Agency: The Department Can Better Use Global Positioning System Data to Improve Fleet Management	Human Services (4)
6/28/12	Audit of \$6 Million Citywide Konica Minolta Business Solutions USA, Inc., Contract	Public Health (1)

Source: CSA Records.

The following section details the recommendations still
outstanding and their last known status.

Recommendations Not Implemented After Two Years by Department

Arts Commission			
Issue Date	Document Title	Recommendation	Status
7/12/11	San Francisco Arts Commission: The Street Artists Program Should Improve Its Internal Controls and Accounting Practices	8. The Street Artists Program should implement its planned Internet-based payment systems, which will allow for the acceptance of credit and debit cards and for automatic recording of revenue into the Program's bank account.	OPEN <i>Last Reported Status (6/13/14):</i> The City's current vendor, FIS, offers a data encryption service only and does not have the capability to provide a robust online point-of-sale system. Street artists licensing requires a time-limited unique identifier link be sent to qualified applicants. The scope of work is included in our plans for an overall Web site redesign, which we have included in our budget proposal annually, but which has not yet been funded. In the meantime, we are exploring using Bank of America's mobile point-of-sale system, which will allow approved artists to purchase or renew a license using a credit card payment in our offices.

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

Department of Human Resources			
Issue Date	Document Title	Recommendation	Status
3/16/11	Fire Department Payroll Audit: Undefined Pay Practices Increased Department Expenditures	<p>1. Fire should discontinue the unofficial practice of adjusting accruals for employees in non-suppression positions. Retirement payout amounts should be calculated without any special adjustments. Formal guidance should be developed with partnering organizations such as the San Francisco Employees' Retirement System, the Department of Human Resources, and the respective unions.</p> <p><i>Note: Human Resources has some responsibility for implementing this recommendation because it facilitates labor negotiations.</i></p>	<p>OPEN</p> <p><i>Last Reported Status (6/19/14):</i> Human Resources agrees with this recommendation but notes that changes in this established practice may not be made unilaterally by the City because they are subject to the meet and confer process pursuant to state and local law. Human Resources delayed the meet and confer process on this issue due to the size and scope of the labor negotiations project that just concluded. This project included negotiating 29 miscellaneous memorandums of understanding. That process has now concluded, and Human Resources will schedule the meet and confer associated with this recommendation within 30 days.</p>

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

Department of Human Resources			
Issue Date	Document Title	Recommendation	Status
3/16/11	Fire Department Payroll Audit: Undefined Pay Practices Increased Department Expenditures	<p>2. Fire should determine whether vacation accruals for suppression employees should be limited based on proportional days or proportional hours to non-suppression employees. The department should formally document the limit to ensure consistent practices throughout the department. The department should work with the employee unions to create formal documentation that addresses the agreed upon vacation accrual limit.</p> <p><i>Note: Human Resources has some responsibility for implementing this recommendation because it facilitates labor negotiations</i></p>	<p>OPEN</p> <p><i>Last Reported Status (6/19/14):</i> Vacation accruals and caps are set forth in Charter Section A8.440 and Administrative Code sections 16.11 and 16.12. In addition, Local 798's two memorandums of understanding with the City contain language on the subject. As a result, changing existing accrual rates and caps requires meeting and conferring with Local 798 as required by state and local law. Human Resources delayed the meet and confer process on this issue due to the size and scope of the labor negotiations project that just concluded. This project included negotiating 29 miscellaneous memorandums of understanding. That process has now concluded, and Human Resources will schedule the meet and confer associated with this recommendation within 30 days.</p>

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

Human Services Agency			
Issue Date	Document Title	Recommendation	Status
2/29/12	Human Services Agency: The Department Can Better Use Global Positioning System Data to Improve Fleet Management	5. Human Services should regularly monitor and enforce compliance with the vehicle usage policy. For example, Human Services should compare check-out times to the GPS data on when the vehicle is started, and reassign vehicles when appropriate.	<p>OPEN</p> <p><i>Last Reported Status (6/16/14):</i> Human Services provided CSA with policies and procedures for Fleet Management's internal process for monitoring compliance with vehicle usage policies to go into effect July 1, 2014. The procedures indicate that Fleet Management, using GPS data, will review long idling stops, excessive speed, and overnight vehicle usage weekly. Each month Fleet Management will review usage of out-stationed vehicles and select a sample of reservations to assess whether the vehicle was used for appropriate and stated purposes with efficient routing.</p> <p><i>CSA Comments:</i> CSA will continue to consider this recommendation open until Human Services has fully implemented the new policies and procedures.</p>

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

Human Services Agency			
Issue Date	Document Title	Recommendation	Status
2/29/12	Human Services Agency: The Department Can Better Use Global Positioning System Data to Improve Fleet Management	10. Human Services should create a process that regularly uses GPS data and create reports to monitor the efficient routing of vehicles. It should appropriately follow up on potential irregularities, excessively inefficient trips, and employees who regularly take inefficient routes.	OPEN <i>Last Reported Status (6/16/14):</i> Human Services provided CSA with policies and procedures for Fleet Management's internal process for monitoring compliance with vehicle usage policies to go into effect July 1, 2014. The procedures indicate that Fleet Management, using GPS data, will review long idling stops, excessive speed, and overnight vehicle usage weekly. Each month Fleet Management will review usage of out-stationed vehicles and select a sample of reservations to assess whether the vehicle was used for appropriate and stated purposes with efficient routing. <i>CSA Comments:</i> CSA will continue to consider this recommendation open until Human Services has fully implemented the new policies and procedures.
2/29/12	Human Services Agency: The Department Can Better Use Global Positioning System Data to Improve Fleet Management	24. Human Services should clearly define how the GPS information should be used and train Human Services Fleet Administration staff and unit managers on using it. For example, Human Services should clarify who should monitor the duration between vehicle check-out and engine start time and how frequently this should be done.	OPEN <i>Last Reported Status (6/16/14):</i> Human Services provided CSA with policies and procedures for Fleet Management's internal process for monitoring compliance with vehicle usage policies to go into effect July 1, 2014. Human Services reports that it is training staff to perform the monitoring procedures.

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

Human Services Agency			
Issue Date	Document Title	Recommendation	Status
2/29/12	Human Services Agency: The Department Can Better Use Global Positioning System Data to Improve Fleet Management	28. Human Services should require units to submit completed, electronic reservation logs and should regularly use these electronic reservation logs to monitor its fleet by comparing reservations to GPS information for unused vehicles and analyzing routing efficiency of individual reservations.	OPEN <i>Last Reported Status (3/14/14):</i> In process. Fleet Management is working with the Information Technology unit to implement a fully electronic system. The initial phase of implementation is complete. Implementation of the second and third phases will automate reservations and help Fleet Management staff analyze routing efficiency and usage.

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

Police Department			
Issue Date	Document Title	Recommendation	Status
8/18/10	Police Department: The Department Needs to Improve Its Controls Over Overtime and Premium Pay	25. Police should require commanding officers to review each officer's voluntary overtime and/or secondary employment to verify whether an anticipated voluntary overtime work schedule is required.	<p>OPEN</p> <p><i>Last Reported Status (6/5/14):</i> Officers are required to notify their commanding officer or his/her designee to review anticipated voluntary overtime. Officers provide documentation on anticipated voluntary overtime to the commanding officer. However, given the nature of police enforcement, situations change rapidly and a 90-day prospective schedule is not always possible. In addition, the Fiscal Division now provides detailed overtime reports that identify officers who have exceeded overtime limits. This report is distributed to all command staff.</p> <p>The department is the process of drafting a new departmental bulletin regarding overtime limits to incorporate changes in the scheduling system and the interface to payroll. This bulletin is expected to be finalized and distributed by October 2014.</p>

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Department of Public Health			
Issue Date	Document Title	Recommendation	Status
6/28/12	Department of Public Health: Results of the Audit of the \$6 Million Citywide Konica Minolta Business Solutions USA, Inc., Contract	5. The Department of Public Health should implement overall contract monitoring procedures, such as quarterly and annual trend analyses, and formally document its contract monitoring system to ensure consistency in its application.	<p>OPEN</p> <p><i>Last Reported Status (7/3/14):</i> The current citywide contract with Konica Minolta includes a provision that requires the contractor to provide the City with quarterly reports detailing service calls and down time for each machine. Public Health confirmed with Konica that the report will also include monthly usage.</p> <p><i>CSA Comments:</i> Although the provision Public Health describes will provide the department with valuable information to facilitate its monitoring of the contract, the department has not yet fully implemented a comprehensive contract monitoring program to apply to all of its contracts.</p>

San Francisco Municipal Transportation Agency			
Issue Date	Document Title	Recommendation	Status
6/9/11	San Francisco Municipal Transportation Agency: The Sustainable Streets Division Could Improve Its Operations	4. SFMTA should develop a standard or minimum job description for the nonprofit parking corporations' corporate manager positions that clearly defines the position's duties and responsibilities. SFMTA should then seek the agreement of each corporation's board of directors to implement the job description.	<p>OPEN</p> <p><i>Last Reported Status (6/13/14):</i> SFMTA continues to work with the remaining nonprofit corporations to finalize a standard job description. A staffing shortage within the Parking group has slowed progress on this item. Completion is expected by September 2014.</p>

Office of the Controller, City Services Auditor
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San Francisco Municipal Transportation Agency			
Issue Date	Document Title	Recommendation	Status
6/9/11	San Francisco Municipal Transportation Agency: The Sustainable Streets Division Could Improve Its Operations	5. SFMTA should develop a compensation scale for the corporate manager position at the non-profit parking corporations. The scale should tie the value of each manager's salary and benefits to the size and complexity of the garage managed. SFMTA should then seek the agreement of each corporation's board of directors to conform to the compensation scale.	<p>OPEN</p> <p><i>Last Reported Status (6/13/14):</i> SFMTA continues to work with the remaining non-profit corporations to finalize a standard job description. A staffing shortage in the Parking group has slowed progress on this item. Completion is expected by September 2014.</p>
6/9/11	San Francisco Municipal Transportation Agency: The Sustainable Streets Division Could Improve Its Operations	7. SFMTA should adopt a sign reflectivity assessment or management method as required by the Federal Highway Administration's Manual on Uniform Traffic Control Devices by January 2012.	<p>OPEN</p> <p><i>Last Reported Status (6/13/14):</i> SFMTA is undertaking a 3-year agency-wide project to configure an Enterprise Asset Management (EAM) product for SFMTA's specific application. Each SFMTA work unit will be undertaken individually as software requirements are developed specific to each unit. The schedule anticipates Sustainable Streets, including the Sign Shop, integrated into the agency-wide EAM system by the end of 2015. The system requirement to record and manage reflectivity assessments will be included in this process.</p>

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

San Francisco Municipal Transportation Agency			
Issue Date	Document Title	Recommendation	Status
6/9/11	San Francisco Municipal Transportation Agency: The Sustainable Streets Division Could Improve Its Operations	8. SFMTA should plan for a scheduled preventive maintenance program that will allow the Sign Shop to replace, by 2015 or 2018, depending on the type of sign, all signs that do not meet federal minimum reflectivity levels.	OPEN <i>Last Reported Status (6/13/14):</i> SFMTA is undertaking a 3-year agency-wide project to configure an Enterprise Asset Management (EAM) product for SFMTA's specific application. Each SFMTA work unit will be undertaken individually as software requirements are developed specific to each unit. The schedule anticipates Sustainable Streets, including the Sign Shop, integrated into the agency-wide EAM system by the end of 2015. The system requirement to schedule preventative maintenance to comply with reflectivity mandates will be included in this process.
6/9/11	San Francisco Municipal Transportation Agency: The Sustainable Streets Division Could Improve Its Operations	9. SFMTA should establish a systematic, documented method to periodically inspect, assess, and maintain traffic signs to ensure the safety of motorists and other road users. This method should not be limited to considerations of sign reflectivity.	OPEN <i>Last Reported Status (6/13/14):</i> SFMTA is undertaking a 3-year agency-wide project to configure an Enterprise Asset Management (EAM) product for SFMTA's specific application. Each SFMTA work unit will be undertaken individually as software requirements are developed specific to each unit. The schedule anticipates Sustainable Streets, including the Sign Shop, integrated into the agency-wide EAM system by the end of 2015. The system requirement to enable the Sign Shop to periodically inspect, assess, and maintain traffic signs in a proactive manner will be included in this process.

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San Francisco Municipal Transportation Agency			
Issue Date	Document Title	Recommendation	Status
6/9/11	San Francisco Municipal Transportation Agency: The Sustainable Streets Division Could Improve Its Operations	16. SFMTA's Sustainable Streets Division should acquire and implement a database that would allow the Traffic Paint Shop to capture the City's inventory of installed pavement markings, including their age and/or condition, to comply efficiently with proposed federal reflectivity requirements.	OPEN <i>Last Reported Status (6/13/14):</i> SFMTA is undertaking a 3-year agency-wide project to configure an Enterprise Asset Management (EAM) product for SFMTA's specific application. Each SFMTA work unit will be undertaken individually as software requirements are developed specific to each unit. The schedule anticipates Sustainable Streets, including the Sign Shop, integrated into the agency-wide EAM system by the end of 2015.
6/9/11	San Francisco Municipal Transportation Agency: The Sustainable Streets Division Could Improve Its Operations	24. SFMTA should develop an operations manual for projects that details staff duties and responsibilities, including the reporting of project status.	OPEN <i>Last Reported Status (6/13/14):</i> SFMTA hired a consultant to conduct a project management evaluation of Sustainable Streets for inclusion in the Agency's Capital Program Control System (CPCS) to meet this recommendation. Requirements gathering has begun, and configuration and customization of the system will follow and shall be completed by the Spring of 2015.

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San Francisco Public Utilities Commission			
Issue Date	Document Title	Recommendation	Status
8/17/10	San Francisco Public Utilities Commission: Wastewater Enterprise Could Improve Its Inventory Management	12. SFPUC's Wastewater Enterprise should establish policies and procedures that guide staff on how to formally report inventory discrepancies to the Materials Coordinator.	OPEN <i>Last Reported Status (7/7/14):</i> Warehouse staff identifies discrepancies during inventory counts and reports them to the senior storekeeper who resolves such discrepancies. SFPUC is contracted with a consultant to revise policies and procedures to reflect the process.
8/17/10	San Francisco Public Utilities Commission: Wastewater Enterprise Could Improve Its Inventory Management	20. SFPUC's Wastewater Enterprise should develop and document procedures to provide guidance on inventory organization and add them to its policies and procedures manual.	OPEN <i>Last Reported Status (7/7/14):</i> SFPUC has contracted with a consultant to revise its policies and procedures to reflect appropriate guidance and practice.
8/17/10	San Francisco Public Utilities Commission: Wastewater Enterprise Could Improve Its Inventory Management	25. SFPUC's Wastewater Enterprise should develop procedures to determine what tools the craft shops should order and what tools the tool room should order and document these in the policies and procedures manual.	OPEN <i>Last Reported Status (7/7/14):</i> SFPUC is developing procedures that consider ergonomic safety and engineering solutions for tool selection, deployment, and installation.
12/1/10	San Francisco Public Utilities Commission: Audit of Crystal Springs Golf Partners, L.P.	5. Compute the percentage rent due during lease term to date, and collect any amount due from Crystal Springs Golf Partners, L. P.	OPEN <i>Last Reported Status (7/7/14):</i> SFPUC's Real Estate Section calculated the base rent and percentage rent due from inception to date. However, the Real Estate Section is missing information for certain years and is working with the tenant to fill in the gaps in billing information. SFPUC expects a full resolution of the issue by the end of July 2014.

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

San Francisco Public Utilities Commission			
Issue Date	Document Title	Recommendation	Status
12/1/10	San Francisco Public Utilities Commission: Audit of Crystal Springs Golf Partners, L.P.	6. Calculate the late charge and default interest on the percentage rent owed in accordance with the terms of the lease and collect this amount from Crystal Springs Golf Partners, L. P.	OPEN <i>Last Reported Status (7/7/14):</i> SFPUC's Real Estate Section calculated the late fees and default interest. The tenant disputes that unpaid late charges are due. The Real Estate Section intends to negotiate at least a partial collection of late fees as part of an upcoming lease modification.
12/1/10	San Francisco Public Utilities Commission: Audit of Crystal Springs Golf Partners, L.P.	9. Calculate the late charge and default interest on the percentage rent Crystal Springs Golf Partners, L. P., paid late during the audit period in accordance with the terms of the lease and collect this amount.	OPEN <i>Last Reported Status (7/7/14):</i> SFPUC's Real Estate Section calculated the late fees and default interest. The tenant disputes that unpaid late charges are due. The Real Estate Section intends to negotiate at least a partial collection of late fees as part of an upcoming lease modification.
12/1/10	San Francisco Public Utilities Commission: Audit of Crystal Springs Golf Partners, L.P.	20. Issue a water rate credit of \$2,073 to Crystal Springs Golf Partners, L. P., for excess water rates charged in 2008.	OPEN <i>Last Reported Status (7/7/14):</i> SFPUC's Real Estate Section expects a full resolution of this issue by the end of July 2014.
12/1/10	San Francisco Public Utilities Commission: Audit of Crystal Springs Golf Partners, L.P.	21. Calculate the water rate credit from 2002 to 2007 and credit the amount due to Crystal Springs Golf Partners, L. P., towards base rent.	OPEN <i>Last Reported Status (7/7/14):</i> SFPUC's Real Estate Section expects a full resolution of this issue by the end of July 2014.

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

San Francisco Public Utilities Commission			
Issue Date	Document Title	Recommendation	Status
12/1/10	San Francisco Public Utilities Commission: Audit of Crystal Springs Golf Partners, L.P.	22. Prepare and provide annual water rate statements to Crystal Springs Golf Partners, L. P., within 30 days of the end of each lease year.	OPEN <i>Last Reported Status (7/7/14):</i> SFPUC's Real Estate Section expects a full resolution of this issue by the end of July 2014.
4/12/11	San Francisco Public Utilities Commission: Water Enterprise Should Continue to Improve Its Inventory Management	4. SFPUC's Water Enterprise should work with the department's Information Technology unit to resolve discrepancies and ensure that MAXIMO keeps an accurate account of all fuel inventory carried by enterprise warehouses.	OPEN <i>Status Determined in CSA's Field Follow-up (7/10/14):</i> SFPUC acknowledges that this issue needs to be address across the department and is actively pursuing resolution of systemic problems with the E J Ward Fuel View software suite.
4/12/11	San Francisco Public Utilities Commission: Water Enterprise Should Continue to Improve Its Inventory Management	5. SFPUC's Water Enterprise should implement an electronic inventory issue process at the City Distribution Division (CDD), Hetch Hetchy Water and Power Division (HHWP), and Water Supply and Treatment Division (WST).	OPEN <i>Status Determined in CSA's Field Follow-up (7/10/14):</i> SFPUC acknowledges that this issue needs to be addressed across the department. SFPUC piloted one system with the HHWP warehouse, but SFPUC's Information Technology Services (ITS) did not recommend the system based on the pilot program data. Full resolution of this recommendation is pending an ITS proposal for a department-wide solution.

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

San Francisco Public Utilities Commission			
Issue Date	Document Title	Recommendation	Status
4/12/11	San Francisco Public Utilities Commission: Water Enterprise Should Continue to Improve Its Inventory Management	<p>10. SFPUC Water Enterprise's City Distribution Division (CDD) should improve its tool management practices by doing the following:</p> <ul style="list-style-type: none"> a. Conduct annual inventories of its tools to update the current inventory list. b. Keep a record of its tool inventory in MAXIMO. c. Assign responsibility for the tool inventories and management to the shop supervisors. d. Develop policies and procedures for tool management. 	<p>OPEN</p> <p><i>Status Determined in CSA's Field Follow-up (7/10/14):</i> CDD has implemented parts a, b, and d of this recommendation and anticipates fully implementing the recommendation by September 2014.</p>
4/12/11	San Francisco Public Utilities Commission: Water Enterprise Should Continue to Improve Its Inventory Management	<p>12. SFPUC Water Enterprise's Water Supply and Treatment Division (WST) should improve its tool management practices by doing the following:</p> <ul style="list-style-type: none"> • Perform an inventory of all tools in shops and on trucks and record the inventory in MAXIMO. • Conduct an annual inventory thereafter to update the tool inventory. • Assign responsibility for the tool inventory and management of tools to its shop supervisors. • Develop policies and procedures for tool management. 	<p>OPEN</p> <p><i>Status Determined in CSA's Field Follow-up (7/10/14):</i> WST has developed policies and procedures for materials management and begun electronic tracking of its tools and equipment. However, WST reported that it is conducting a tool inventory as it sets up new facilities for tool storage. WST expects to fully implement the recommendation by September 2014.</p>

Office of the Controller, City Services Auditor
Recommendations Not Implemented After Two Years on June 30, 2014

San Francisco Public Utilities Commission			
Issue Date	Document Title	Recommendation	Status
4/12/11	San Francisco Public Utilities Commission: Water Enterprise Should Continue to Improve Its Inventory Management	13. SFPUC's Waste Enterprise should develop a dollar threshold for determining which tools need to be secured both in the tool room and at the division shops. To deter theft, tools above the threshold should be kept in locked cabinets or drawers until needed.	<p>OPEN</p> <p><i>Status Determined in CSA's Field Follow-up (7/10/14):</i> This recommendation is closed for the Hetch Hetchy Water and Power Division of SFPUC's Water Enterprise. However, the City Distribution and Water Supply and Treatment divisions have not implemented this recommendation and report that they are awaiting a city or departmental policy establishing a threshold.</p>




CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

MEMORANDUM

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

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

DATE: October 29, 2014

SUBJECT: City Services Auditor Summary of Implementation Statuses for
Recommendations Followed Up on in Fiscal Year 2013-14, Fourth Quarter

The City Services Auditor Division (CSA) of the Office of the Controller (Controller) follows up on all recommendations it issues to city departments at six months, one year, and two years after original issuance. CSA reports on the results of its follow-up activity to the Board of Supervisors' Government Audit and Oversight Committee (GAO). This process fulfills the requirement of the 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	Audit Determination Status of Recommendations	Further Regular Follow-Up?
<i>Closed</i>	All closed	No
<i>Open</i>	At least one open or contested	Yes
<i>Elapsed</i>	At least one open or contested	Yes. Open recommendations will be reported to GAO in CSA's annual report, <i>Recommendations Not Implemented After More Than Two Years</i> , and considered when planning future audits.

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.

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

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Department Abbreviations	
Abbreviated Name	Full Name
AIR	Airport Commission
Airport	Airport Commission
ART	San Francisco Arts Commission
Arts	San Francisco Arts Commission
CON	Office of the Controller
Controller	Office of the Controller
CSA	City Services Auditor Division of the Office of the Controller
Human Resources	Department of Human Resources
Office of Contract Administration	Office of Contract Administration within General Services Agency
Port	Port Commission
PRT	Port Commission
Public Health	Department of Public Health
Recorder	Office of the Assessor-Recorder
Recreation and Park	Recreation and Park Department
SFMTA	San Francisco Municipal Transportation Agency
SFPUC	San Francisco Public Utilities Commission

CSA's Regular Follow-Up Activity in the Fourth Quarter of Fiscal Year 2013-14

During the fourth quarter of fiscal year 2013-14, CSA followed up on 40 open and contested recommendations from 11 reports or memorandums (documents). Exhibit 1 summarizes the current status of those follow-ups.

Exhibit 1 - Overall Summary of Follow-Ups, by Status and Department, in the Fourth Quarter of Fiscal Year 2013-14				
Department	Open	Elapsed	Closed	Total
Airport			2	2
Arts			1	1
Assessor-Recorder	1			1
Human Resources	1			1
Office of Contract Administration		1		1
Port			1	1
Public Health		1		1
SFMTA	1		1	2
SFPUC	1			1
Total	4	2	5	11

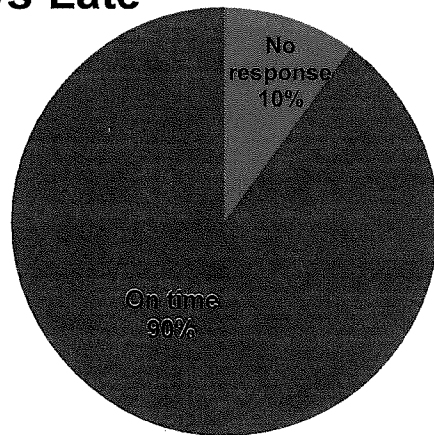
Exhibit 2 shows the number of recommendations CSA followed up on and their resulting status during the quarter. In some cases, a department has implemented few or none of CSA's recommendations. This does not necessarily indicate that the department is not making an effort to resolve the underlying issues. 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 the department to have achieved full implementation.

Exhibit 2 - Summary of Recommendations Followed Up on in the Fourth Quarter of Fiscal Year 2013-14					
Department	Newly Closed	Open	Contested	Now Elapsed	Total Followed Up On
Airport	5				5
Arts	6				6
Assessor-Recorder	2	7			9
Human Resources		3			3
Office of Contract Administration		4			4
Port	1				1
Public Health	1			1	2
SFMTA	1	1			2
SFPUC	1	7			8
Total	17	22	0	1	40

Exhibit 3 shows departments' responsiveness to CSA's follow-up requests.

Exhibit 3 - Timeliness of Departments' Responses to Follow-up Requests in the Fourth Quarter of Fiscal Year 2013-14

Days Late



The Office of Contract Administration did not respond to CSA's request for an implementation status update.

All other departments responded to CSA's requests on time.

Exhibit 4 summarizes the follow-ups CSA closed in the quarter.

Exhibit 4 - Summary of Follow-Ups Closed in the Fourth Quarter of Fiscal Year 2013-14

Dept.	Document Title and Total Number of Recommendations	
SFMTA	Title: San Francisco Municipal Transportation Agency: The Customer Service Center's Cash-handling Processes Are Generally Adequate but Need Some Improvement	
	Issue Date: 4/5/12	Total Recommendations: 15
	<p>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:</p> <ul style="list-style-type: none"> 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 only employees who need access have it. Daily and monthly reconciliation discrepancies are not all investigated and resolved. <p>The department reports having resolved all findings and closed all recommendations.</p>	

Exhibit 4 - Summary of Follow-Ups Closed in the Fourth Quarter of Fiscal Year 2013-14		
Dept.	Document Title and Total Number of Recommendations	
ART	Title: San Francisco Arts Commission: Bayview Opera House, Inc., Did Not Comply With Some Grant Agreement Provisions and Needs to Improve Its Internal Controls	
	Issue Date: 4/23/12	Total Recommendations: 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. The department reports working closely with Bayview in conjunction with the City Services Auditor Performance Unit's nonprofit monitoring program to improve Bayview's internal controls, including implementing all recommendations from the report.	
PRT	Title: Port Commission: Pier 39 Underpaid Its Rent by \$44 Because It Did Not Report Subtenant Rent Underpayments for December 29, 2008, Through December 25, 2011	
	Issue Date: 5/22/13	Total Recommendations: 5
	Summary: Pier 39 Limited Partnership (Pier 39) underreported its gross revenues to the Port by not reporting underpayments of rent by its subtenants, resulting in an underpayment of \$44 in rent. The department reports having recovered the underpayment and having implemented all other recommendations.	
AIR	Title: Airport Commission: The Department Should Require Increased Accountability of Airport and Aviation Professionals, Inc.	
	Issue Date: 5/30/13	Total Recommendations: 3
	Summary: The Airport should better monitor its contract with Airport and Aviation Professionals, Inc., (AvAirPros) by requiring AvAirPros to provide documentation detailing tasks it performed to support the labor costs it charges. By requiring increased accountability, the Airport would be more assured that the services it receives from AvAirPros are commensurate with the amounts charged. Finally, the Airport, contrary to the contract, did not approve in advance certain AvAirPros expenses and did not pay AvAirPros on time each month. The department reports having implemented all recommendations to improve documentation and comply with contract terms.	
AIR	Title: Airport Commission: The Department's Equipment Procurement Process Is Adequate but Should Be Strengthened	
	Issue Date: 2/27/14	Total Recommendations: 3
	Summary: The equipment procurement process at the Airport is generally adequate but should be improved to increase compliance with city requirements and to reduce the risks associated with equipment procurement. Although it capitalized equipment assets at the proper value, the Airport does not have written equipment purchasing policies that would guide staff and promote process uniformity and compliance with requirements. The Airport reports having implemented the recommendations to periodically review its purchases by vendor and create written policies and procedures for equipment procurement.	

Summary of Unimplemented Recommendations by Department

Below are summaries of the open and contested recommendations from all follow-ups CSA sent requests for that have a status of open, active, or elapsed. They are organized by department and date of original issuance.

Assessor-Recorder

Title: Office of the Assessor-Recorder: Audit of the Department's Social Security Number Truncation Program		Date Issued: 12/31/13	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	7	1, 2, 3, 4, 6, 7, 9	
<i>Contested</i>	0		
<i>Closed</i>	2	All other recommendations	
Total	9		

Summary: The Assessor-Recorder (Recorder) correctly documents truncation program revenue and truncated Social Security numbers on official records recorded on and after January 1, 2009. However, the Recorder has not truncated Social Security numbers on all official records recorded from 1980 through 2008 and did not properly allocate expenses to the truncation program.

Overall Risk of Open Recommendations: Medium

The department reports being on target to fully comply with the statutory deadline for state compliance for truncating Social Security numbers of official records. However, until the recommendations are fully implemented, the department is at risk of being out of compliance and not having sufficient budget to complete implementation.

Open Recommendations:

- **Recommendations 1 and 2** ask the department to expand its truncation program to cover official records recorded from 1980 through 2008. The department will work with its current record management system vendor for records from 2000-2008 and procure contracted services for records from 1980-1999.
- **Recommendations 3, 4, and 6** asks the department to identify and reallocate any truncation program funds used to pay for Recorder division expenses not directly related to the program, accurately record program revenues and expenditures, and implement a method of allocating indirect costs of the program.
- **Recommendation 7** asks the department to estimate the costs of truncating records from 1980-2008 and adjust the program's budget as needed.
- **Recommendation 9** asks the department to implement written policies and procedures to enhance the security of documents in its possession.

Human Resources

Title: Office of the Medical Examiner: The Department's Payroll Operations Are Generally Adequate, but Should Be Improved		Date Issued: 3/13/13	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	3	All recommendations	
<i>Contested</i>	0		
<i>Closed</i>	0		
Total	3		

Summary: Although CSA found the payroll operations and administration of the Office of the Medical Examiner to be generally adequate, the audit identified areas where the labor agreement provisions around overtime and compensation should be reformed and where the department would benefit from training to accurately interpret and administer such provisions. The audit recommended that Human Resources negotiate reforms and provide training not only for the labor agreement identified in the report, but across the City.

Overall Risk of Open and Contested Recommendations: Low

Human Resources reports having implemented the recommended reforms and training in many labor agreements throughout the city. CSA anticipates that the department will implement the recommendations for the specific labor agreement noted in the audit report when that agreement is open for negotiations in 2015.

Open Recommendations:

- **Recommendations 2, 3, and 4** ask Human Resources to ensure that city departments appropriately administer overtime and compensation provisions in the memorandum of understanding (MOU) with the Union of American Physicians and Dentists and other MOUs with similar provisions, and to negotiate clarifications and changes to these provisions. Human Resources reports having negotiated changes to such provisions in many MOUs during the spring of 2014 and having trained all affected departments on those changes. However, the specified MOU will not be open for negotiations until spring 2015.

Other Notes:

This document contained recommendations directed toward the Office of the Medical Examiner and Human Resources. This follow-up includes only the recommendations directed toward Human Resources.

Office of Contract Administration
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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: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	4	All recommendations	
<i>Contested</i>	0		
<i>Closed</i>	0		
Total	4		

The Office of Contract Administration did not respond to CSA's request for an implementation status update.

Summary: The City contracts with Konica Minolta Business Solutions USA, Inc., (Konica Minolta) to provide copy machine services. The Office of Contract Administration is responsible for administering citywide contracts including the one with Konica Minolta. The audit found that the department's administration of the contract could be improved by requiring better documentation from the vendor and addressing performance issues reported by user departments

Overall Risk of Open Recommendation: Medium

Poor contract monitoring puts the city at risk of misuse of funds. Further, not requiring sufficient documentation and reporting from the vendor makes it difficult for user departments to adequately monitor their own use of the citywide contract.

Open Recommendation:

- **Recommendations 1, 6, and 7** ask the department to require the vendor to provide more frequent and detailed invoices and uptime reports to ensure that machines are in working order.
- **Recommendation 8** asks the department to develop procedures for soliciting feedback from user departments on vendor performance and addressing issues uncovered through that feedback process.

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

Public Health

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: Elapsed
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 other recommendations	
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 Recommendation: Medium

Poor contract monitoring puts the department at risk of misuse of city funds.

Open Recommendation:

- **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. The department reports that it is creating a strong central business office that will be tasked with, among other things, implementing a departmentwide contract monitoring system.

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

SFMTA

Title: San Francisco Municipal Transportation Agency: Overhead Rates of Two Central Subway Project Management Consultants Must Be Reduced		Date Issued: 6/25/13	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>	2	All other recommendations	
Total	3		

Summary: The overhead rates included in the consultants' original proposals were found to include unallowable costs. The desk review calculated adjusted overhead rates to be applied to the consultants' actual invoices. The difference resulted in two of the three consultants reviewed owing the department an estimated combined total of \$26,843.

Overall Risk of Open Recommendations: Low
The department calculated \$23,506.21 due, and is in the process of being recovered.

Open Recommendations:

- Recommendation 2** asks SFMTA to apply a corrected overhead rate to one consultant's invoices. The department reports it has applied the correct overhead rate and is in the process of recovering the funds due.

SFPUC

Title: San Francisco Public Utilities Commission: Department Has Fully or Partially Implemented 13 of 19 Recommendations of the 2010 Audit of Crystal Springs Golf Partners, L.P.		Date Issued: 10/9/13	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	7	10a, 5, 6, 9, 20, 21, 22	
<i>Contested</i>	0		
<i>Closed</i>	19	All other recommendations	
Total	26		

Summary: CSA conducted a field follow-up of the original 22 recommendations from its 2010 audit of the lease of land by SFPUC to Crystal Springs Golf Partners, L.P. (Crystal Springs) and found that 3 were no longer applicable and 8 were fully implemented. The field follow-up assessment made an additional 4 recommendations to clarify corrective actions needed to resolve all underlying issues. The 16 of the original 22 recommendations and 3 of the 4 new recommendations that are now closed include improving lease management, recovering \$23,693 in additional rent, and amending the lease for more efficient reconciliation of base and percentage rent at year end.

Overall Risk of Open Recommendations: Medium
The department has made major organizational and policy changes to address underlying systemic issues in its Real Estate Section to improve overall lease management. The department also reports being in the process of implementing all recommendations. The overall risk is not low because the final amount owed by the vendor has not been determined and may be significant.

Open Recommendations:

- **Recommendations 10a, 5, 6, and 9** ask SFPUC to recover additional rent, late fees, and penalties, some of which the vendor disputes. The department reports that it intends to negotiate a partial or full payment of these funds during lease modification negotiations.
- **Recommendations 20, 21, and 22** ask the department to have better transparency of water rates and refund overcharges of water rates to Crystal Springs. The department reports being in the process of implementing these recommendations.

CSA's Field Follow-Up Activity in the Fourth Quarter of Fiscal Year 2013-14

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 period.

CSA did not issue any field follow-up memorandums in the fourth quarter of fiscal year 2013-14.

Audit With Field Follow-Up in Progress on 6/30/14		
Audit or Assessment	Issue Date	Recommendations
San Francisco Public Utilities Commission: Water Enterprise Should Continue to Improve its Inventory Management	4/12/11	13



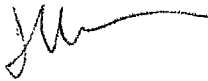
CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

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 6, 2014

SUBJECT: City Services Auditor Summary of Implementation Statuses for
Recommendations Followed Up on in Fiscal Year 2014-15, First Quarter

The City Services Auditor Division (CSA) of the Office of the Controller (Controller) follows up on all recommendations it issues to city departments at six months, one year, and two years after original issuance. CSA reports on the results of its follow-up activity to the Board of Supervisors' Government Audit and Oversight Committee (GAO). This process fulfills the requirement of the 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.

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Summary of Follow-Up Statuses		
Status	Audit Determination Status of Recommendations	Further Regular Follow-Up?
<i>Closed</i>	All closed	No
<i>Open</i>	At least one open or contested	Yes
<i>Elapsed</i>	At least one open or contested	Yes. Open recommendations will be reported to GAO in CSA's annual report, <i>Recommendations Not Implemented After More Than Two Years</i> , and considered when planning future audits.

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

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

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Department Abbreviations	
Abbreviated Name	Full Name
AIR	Airport Commission
Airport	Airport Commission
CSA	City Services Auditor Division of the Office of the Controller
DPH	Department of Public Health
DT	Department of Technology
HSA	Human Services Agency
Human Resources	Department of Human Resources
Human Services	Human Services Agency
JUV	Juvenile Probation Department
Juvenile Probation	Juvenile Probation Department
Port	Port Commission
PRT	Port Commission
Public Health	Department of Public Health
Public Library	San Francisco Public Library
Public Works	Department of Public Works
REC	Recreation and Park Department
Recreation and Park	Recreation and Park Department
SFMTA	San Francisco Municipal Transportation Agency
SFPUC	San Francisco Public Utilities Commission
Technology	Department of Technology

CSA's Regular Follow-Up Activity in the First Quarter of Fiscal Year 2014-15

During the first quarter of fiscal year 2014-15 CSA followed up on 130 open and contested recommendations from 21 reports or memorandums (documents). Exhibit 1 summarizes the current status of those follow-ups.

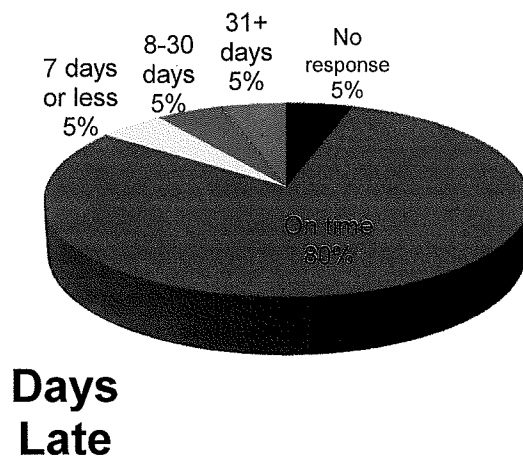
Exhibit 1 - Overall Status of Follow-Ups, by Status and Department, in the First Quarter of Fiscal Year 2014-15				
Department	Open	Elapsed	Closed	Total
Airport			1	1
Human Resources	1			1
Human Services			1	1
Juvenile Probation			1	1
Port			5	5
Public Health	2		1	3
Public Library	1			1
Public Works	1			1
Recreation and Park	1		1	2
SFMTA	3			3
SFPUC			1	1
Technology			1	1
Total	9	0	12	21

Exhibit 2 shows the number of recommendations CSA followed up on and their resulting statuses during the quarter. In some cases, a 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 the department to have achieved full implementation.

Exhibit 2 - Status of Recommendations Followed Up on in the First Quarter of Fiscal Year 2014-15

Department	Newly Closed	Open	Contested	Now Elapsed	Total Followed Up On
Airport	8				8
Human Resources		3			3
Human Services	6				6
Juvenile Probation	3				3
Port	14				14
Public Health	25	9			34
Public Library	2	1			3
Public Works		6			6
Recreation and Park	13	5			18
SFMTA	15	13			28
SFPUC	2				2
Technology	5				5
Total	93	37			130

Exhibit 3 shows departments' responsiveness to CSA's follow-up requests.

Exhibit 3 - Timeliness of Departments' Responses to Follow-up Requests in the First Quarter of Fiscal Year 2014-15

Recreation and Park provided one response on time, but did not provide a response to CSA's other request.

Public Works provided its response 31 days late. The Public Library provided its response 10 days late. Human Services provided its response 7 days late.

All other departments responded to CSA's requests on time.

Exhibit 4 summarizes the follow-ups CSA closed in the quarter.

Exhibit 4 - Summary of Follow-Ups Closed in the First Quarter of Fiscal Year 2014-15	
Dept.	Document
JUV	Title: Citywide Payroll Audits: Combined Report Fiscal Year 2011-12
	Issue Date: 7/12/12 Total Recommendations: 10
	<p>Summary: The payroll operations and administration of premium pay at Juvenile Probation was generally adequate, but the department should improve controls over payroll. The department reports having implemented recommendations including those for improved timekeeping procedures and supervisory review of timesheets.</p> <p><i>This document contains recommendations directed toward Public Health, SFPUC, and Juvenile Probation. This follow-up includes only the recommendations directed toward Juvenile Probation.</i></p>
DT	Title: Department of Technology: Results of the Audit of the \$75 Million Citywide AT&T Corporation Contract
	Issue Date: 7/17/12 Total Recommendations: 7
	<p>Summary: Technology did not maintain sufficient documentation to justify rates in some AT&T invoices, lacked a trained back-up employee to review invoices, did not document its invoice review procedures, and needs to update its accounts payable manual. Although the contract is used citywide, DT is responsible for administering it, and was by far the largest user of AT&T's services under the contract in fiscal year 2010-11. The department reports having implemented a contract monitoring process for the AT&T contract to address the issues identified in the report.</p>
SFPUC	Title: San Francisco Public Utilities Commission: The Community Assistance Program's Significant Operational Weaknesses Make It Susceptible to Customer Abuse
	Issue Date: 9/4/12 Total Recommendations: 28
	<p>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. The department reports having resolved all of the issues identified in the report and implementing more stringent eligibility screening procedures for its low-income discount programs.</p> <p><i>This document is the subject of an ongoing field follow-up.</i></p>

Exhibit 4 - Summary of Follow-Ups Closed in the First Quarter of Fiscal Year 2014-15		
Dept.	Document	
DPH	Title: Department of Public Health: Results of the Audit of the \$2.2 Million KCI USA, Inc., Sole Source Contract	
	Issue Date: 7/25/12	Total Recommendations: 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. The department reports having resolved all of the issues identified in the report, including by creating a new central entity to oversee contract monitoring departmentwide.	
AIR	Title: Airport Commission: The Department Should Better Administer and Monitor Its Contract with White Ivie Pet Hospital to Mitigate Risks	
	Issue Date: 7/15/13	Total Recommendations: 8
	Summary: The Airport must improve its procedures to ensure that it effectively administers and monitors its contract with White Ivie Pet Hospital (White Ivie). The Airport's monitoring of the White Ivie contract is limited to payment tracking; the Airport has no procedures for monitoring required veterinary services. Also, the Airport does not compare service cost estimates with invoiced charges, and dog handlers do not always obtain approval before veterinary visits over a prescribed dollar limit, which increases the risk of payment for unallowable or unapproved services. Finally, the Airport lacks policies and procedures for its K-9 Unit. The department reports having resolved all of the issues identified in the report.	
REC	Title: Recreation and Park: The Department's Payroll Operations Are Generally Adequate but Should Be Improved	
	Issue Date: 7/29/13	Total Recommendations: 12
	Summary: The payroll operations and the payment of shift pay, longevity pay, and overtime compensation at Recreation and Park are generally adequate but need improvement to reduce the risks related to the payroll process, such as oversight or input errors that result in incorrect payments to employees. The department reports that it recovered \$2,984.67 in overpayments to four employees and implemented improved controls to prevent future errors.	

Exhibit 4 - Summary of Follow-Ups Closed in the First Quarter of Fiscal Year 2014-15	
Dept.	Document
PRT	Title: Port Commission: Sabella & LaTorre Sea Foods Overpaid Rent by \$1,134 for 2010 Through 2012 and Needs to Improve Internal Controls
	Issue Date: 1/14/14 Total Recommendations: 3
	Summary: Sabella & LaTorre Sea Foods (Sabella) overreported its gross revenues to the Port due to a lack of internal controls to ensure the accuracy of its gross receipts reporting, resulting in an overpayment of \$1,134 in rent to the Port. The department reports that it credited Sabella for the overpayment and implemented procedures to detect or prevent future inaccuracies in tenants' reporting.
PRT	Title: Port Commission: Hornblower Yachts, Inc., Overpaid Rent by \$25,599 for 2009 Through 2011 and Needs to Improve Internal Controls Over the Reporting of Gross Receipts to the Port
	Issue Date: 2/5/14 Total Recommendations: 12
	Summary: Hornblower Yachts, Inc., (Hornblower) overreported its gross revenues to the Port due to a lack of internal controls to ensure the accuracy of its gross receipts reporting, resulting in an overpayment of \$25,599 in rent. During the audit period Hornblower reported \$77,687,547 in gross revenues and paid \$5,167,027 in rent due to the Port. The department reports that it recovered \$12,386.10 in additional rent and fees and credited Hornblower \$36,032 for overpayments.
PRT	Title: Port Commission: Arthur Hoppe Did Not Have Adequate Internal Controls Over the Reporting of Gross Receipts to the Port for 2010 Through 2012
	Issue Date: 2/25/14 Total Recommendations: 2
	Summary: Arthur Hoppe overreported its gross receipts to the Port due to a lack of internal controls to ensure the accuracy of its gross receipts reporting, resulting in an overpayment of \$121 in rent. Also, the Port underbilled the tenant by \$1,823 by not adjusting the tenant's minimum rent annually since 2006. The Port billed the tenant in July 2013 for the net amount of back rent and has collected the underpayment. During the audit period Arthur Hoppe reported \$9,517,681 in gross receipts and paid \$842,805 in rent due to the Port. The department reports that it implemented the two recommendations to improve internal controls.
PRT	Title: Port Commission: Portco, Inc., Underreported its Gross Receipts, Owes \$39,534 in Rent for 2010 Through 2012 and Needs to Improve Internal Controls
	Issue Date: 2/25/14 Total Recommendations: 3
	Summary: Portco Inc., (Portco) underreported its gross receipts to the Port by excluding from gross receipts employee health care surcharges paid by customers and by reporting unadjusted monthly sales, resulting in rent underpayments of \$39,224 and \$310, respectively. During the audit period Portco reported \$16,560,030 in gross receipts and paid \$1,117,801 in rent due to the Port. The department reports that it recovered \$76,767 from Portco for underpayments made in 2008 through 2013.

Exhibit 4 - Summary of Follow-Ups Closed in the First Quarter of Fiscal Year 2014-15

Dept.	Document
PRT	Title: Port Commission: San Francisco Waterfront Partners, LLC, Had Inadequate Internal Controls Over the Reporting of Gross Receipts to the Port for 2010 Through 2012
	Issue Date: 3/10/14
	Total Recommendations: 2
	Summary: San Francisco Waterfront Partners, LLC, (Waterfront) incorrectly reported gross income to the Port by using an as-billed basis instead of the cash basis required by the lease. The error did not affect the rent due to the Port because credits were available to offset any underpayments by Waterfront. Also, Waterfront did not verify sublessee gross income to obtain assurance that its sublessee reports were complete and accurate before reporting income to the Port. During the audit period Waterfront reported \$15,174,975 in gross income and paid \$150,000 in rent to the Port. The department reports that it implemented the two recommendations to improve its monitoring of the lease.

Summary of Unimplemented Recommendations by Department

Below are summaries of the open and contested recommendations from all follow-ups CSA sent requests for that have a status of open or elapsed. They are organized by department and original issuance.

Human Resources

Title: Office of the Medical Examiner: The Department's Payroll Operations Are Generally Adequate, but Should Be Improved		Date Issued: 3/13/13	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	3	2, 3, 4	
<i>Contested</i>	0		
<i>Closed</i>	0		
Total	3		

Summary: Although CSA found the payroll operations and administration of the Office of the Medical Examiner to be generally adequate, the audit identified areas where the labor agreement provisions around overtime and compensation should be reformed and where the department would benefit from training to accurately interpret and administer such provisions. The audit recommended Human Resources negotiate reforms and provide training not only for the labor agreement identified in the report, but across the City.

Overall Risk of Open and Contested Recommendations: Low

The department reports having implemented the recommended reforms and training with many labor agreements throughout the city. CSA anticipated the department will implement the recommendations for the specific labor agreement noted in the audit when it is open for negotiations next year.

Open Recommendations:

- Recommendations 2, 3, and 4** ask the department to ensure that city departments appropriately administer overtime and compensation provisions in the memorandum of understanding (MOU) with the Union of American Physicians and Dentists and other MOUs with similar provisions, and to negotiate clarifications and changes to these provisions. Human Resources reports having negotiated changes to such provisions in many MOUs and having trained all impacted departments. However, the specified MOU will not be open for negotiations until spring 2015.

Other Notes: This document included 16 recommendations directed to the Office of the Medical Examiner and Human Resources. This follow-up includes only the recommendations directed to Human Resources.

Public Health

Title: Department of Public Health: The Department's Siloed and Decentralized Purchasing Structure Results in Inefficiencies		Date Issued: 3/14/13	Summary Status: Active
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	3	2, 4, 7	
<i>Contested</i>	0		
<i>Closed</i>	6	All other recommendations	
Total	9		

Summary: The decentralized and siloed medical supplies purchasing system of Public Health causes inconsistent practices and inefficiency. Specifically, Public Health:

- Cannot take full advantage of purchasing enhancements to achieve cost savings because invoice data cannot be compared for departmentwide analysis.
- Lacks departmentwide purchasing policies and procedures.
- Lacks established criteria to determine when to expend staff time seeking waivers from city requirements and when to pay a markup to use a city-approved vendor.

Overall Risk of Open Recommendations: Low

Public Health implemented systemic changes to consolidate, centralize, and provide better oversight over its purchasing function and is now implementing the remaining open recommendations.

Open Recommendations:

- **Recommendation 2** asks the department to ensure that all of its medical supply purchasing data is comparable by channeling all purchases through its procurement systems. Public Health is now implementing an upgrade to its systems and training staff to expand use of the systems to Public Health locations outside the two hospitals.
- **Recommendation 4** asks the department to create departmentwide purchasing policies and procedures. Public Health reports it has determined what the policies and procedures will be and is now merging and standardizing the various manuals that different divisions of the department use.
- **Recommendation 7** asks the department to ensure all staff has access to a list of vendors with whom the department has prenegotiated beneficial pricing. Public Health reports that implementation of this recommendation will coincide with the expansion of its procurement system.

Title: Department Of Public Health: Internal Controls at Laguna Honda Hospital's Central Supply Department Do Not Ensure That Assets Are Properly Accounted for and Safeguarded		Date Issued: 3/27/14	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	6	2, 13, 15, 16, 20, 21	
<i>Contested</i>	0		
<i>Closed</i>	15	All other recommendations	
Total	21		

Summary: The inventory and materials management processes of Laguna Honda's Central Supply have multiple weaknesses. Although purchase orders are correctly recorded as part of the inventory process, the audit found numerous errors in the sampled inventory records, a lack of policies and procedures to guide physical inventory counts, dispensing of obsolete items, and manual inventory operations. Overall, Central Supply's internal controls are inadequate because they do not reasonably assure Laguna Honda that assets are properly accounted for and safeguarded.

Overall Risk of Open Recommendations: Medium

Public Health reports implementing many of the high risk recommendations. However, access controls on the central supply storeroom are critical to ensuring the security of inventory.

Open Recommendations:

- **Recommendation 2** asks the department to establish performance goals to hold employees accountable for accomplishing a consistent, accurate physical count of inventory. Public Health anticipated implementation by the end of October 2014.
- **Recommendations 13, 15, and 16** ask the department to implement security policies for the Central Supply storeroom. Public Health states that it is implementing an electronic access device to restrict access to authorized personnel.
- **Recommendations 20 and 21** ask the department to establish procedures for identifying and disposing of expired and obsolete inventory. Public Health reports that its central Supply Chain Council is overseeing the establishment of standardized, departmentwide policies and procedures and expects full implementation by the end of November 2014.

Public Library

Title: San Francisco Public Library: The Department Needs Improved Internal Controls to Better Administer and Monitor Its Contract With Baker & Taylor Corporation		Date Issued: 3/14/13	Summary Status: Active
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	1	2	
<i>Contested</i>	0		
<i>Closed</i>	2	All other recommendations	
Total	3		

Summary: Baker & Taylor Corporation generally complied with contract provisions, but the Public Library can improve its internal controls to ensure that it effectively administers and monitors the contract. Specifically, the Library needs to improve its invoice review procedures and lacks comprehensive tracking logs for deliveries and follow-up items.

Overall Risk of Open Recommendations: Low
The Public Library implemented two of the three recommendations and is now implementing the third recommendation which will assist the department in monitoring the vendor's compliance with the contract.

Open Recommendation:

- Recommendation 2** asks the department to periodically compare items ordered against items delivered. The Public Library anticipated that it would have this comparison analysis for January through June 2014 completed by the end of October 2014.

Public Works

Title: Department of Public Works: The Job Order Contract Program Is Generally Effective But Requires Improvements to Ensure Accountability and Consistency		Date Issued: 7/16/13	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	6	2, 4, 5, 6, 7, 16	
<i>Contested</i>	0		
<i>Closed</i>	11	All other recommendations	
Total	17		

Summary: Public Works' Job Order Contract (JOC) program generally complies with the administrative code and the department's procedures and employs the appropriate competitive elements of a JOC program based on industry best practices. However, some areas need improvement. Specifically, Public Works needs better policies and procedures to guide staff on how to use the JOC program, manage JOC projects, and document key decisions. Public Works can also improve its written guidance for determining which projects should be executed through the JOC program and develop formal practices for assigning project work to JOC program contractors.

Overall Risk of Open Recommendations: Low

The audit found that Public Work's JOC program complied with law and procedures. The recommendations sought to enhance an already effective program. Public Works reports that it is now implementing the remaining six recommendations.

Open Recommendations:

- **Recommendation 2** asks Public Works to work with the Board of Supervisor to amend the City's Conflict of Interest Code so it applies to JOC program employees who have an evaluative role in awarding JOC contracts.
- **Recommendation 4** asks the department to ensure that contractors obtain three quotes for non-prepriced items. Public Works reports implementing procedures to remind contractors of this requirement, but did not indicate it had implemented any procedures to monitor compliance.
- **Recommendations 5 and 6** ask Public Works to update and improve policies and procedures to improve the JOC program.
- **Recommendation 7** asks the department to simplify its contractor evaluation form with quantifiable questions.
- **Recommendation 16** asks Public Works to improve its field observation and inspection process with better documentation and defined criteria.

Other Notes: CSA engaged Sjoberg Evashenk Consulting, Inc., as a specialist to assist in performing this audit.

Recreation and Park

Title: Recreation and Park Commission: The Beach Chalet, L.P., Owes the City \$53,208 for Paying Its Rent Late in 2009 Through 2011		Date Issued: 1/9/14	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	13	2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16	
<i>Contested</i>	0		
<i>Closed</i>	5	All other recommendations	
Total	18		

Summary: Beach Chalet owes Recreation and Park \$53,208, consisting of \$53,175 in late payment fees and \$33 in interest charges for late rental payments. Rec & Park also needs to improve its management of the Beach Chalet lease, including reviewing how the cost of water usage is allocated between Beach Chalet and the City, determining the appropriateness of some janitorial supplies expenses, and ensuring that Beach Chalet submits its statements of gross sales on time.

Overall Risk of Open Recommendations: Low

Recreation and Park collected the \$53,208 due, but still must strengthen internal controls to prevent future underpayments. The department reports it is now implementing all recommendations.

Open Recommendations:

- **Recommendation 2** asks Recreation and Park to develop procedures for enforcing late fees and interest charges for late payments. The department reports it is implementing a new lease management system that will address this issue.
- **Recommendations 3 and 4** ask Recreation and Park to document its agreement with Beach Chalet to deduct the department's water usage from rent.
- **Recommendations 6, 7, 8, 9, 10, and 11** ask Recreation and Park to record revisions it makes it to the list of janitorial supplies deductible from rent, recover the value of any improper deductions, and better monitor the janitorial supply expenses.
- **Recommendations 12, 13, 15, and 16** ask Recreation and Park to clarify and ensure compliance with the lease requirement to provide certain financial reports and to retain such reports.

SFMTA

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: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	7	13, 15, 17, 28, 30, 31, 33	
<i>Contested</i>	0		
<i>Closed</i>	32	All other recommendations	
Total	39		

Summary: The Parking Enforcement Section (Parking Enforcement) must improve its cost recovery for traffic control and improve its 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 beats due to PCOs being assigned to other positions, long-term leave, and absenteeism.
- Does not use data to ensure that the boundaries of beats and scheduling and deployment of PCOs to beats are effective and efficient.
- 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.
- Has enough vehicles, but no vehicle replacement plan and backlog of vehicles awaiting repairs and maintenance.

Overall Risk of Open Recommendations: Medium

Parking enforcement is a major source of revenue for SFMTA (\$90 million in fiscal year 2010-11 with a budget of \$30 million). Most of the open recommendations relate to improving the effectiveness of parking enforcement officers, which would increase revenues.

Open Recommendations:

- **Recommendation 13** asks the department to ensure that the boundaries of parking enforcement beats are established by analyzing parking data and are updated.
- **Recommendation 15** asks the department to develop workload and productivity standards to assess the section's and individual PCOs' performance.
- **Recommendation 17** asks SFMTA to expand the use of license plate recognition and video technology to more efficiently deploy PCOs.
- **Recommendations 28 and 30** ask SFMTA to 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.
- **Recommendations 31 and 33** ask the department to increase controls over and training on canceling and voiding citations.

Title: San Francisco Municipal Transportation Agency: SFMTA Lacks Effective Controls Over Its Payroll Process and Timekeeping System for Transit Operators		Date Issued: 1/31/13	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	2	2, 16	
<i>Contested</i>	0		
<i>Closed</i>	23	All other recommendations	
Total	25		

Summary: The transit operator payroll process of SFMTA lacks effective controls to ensure that transit operators' unscheduled overtime and other pay types are accurately paid. Labor agreement pay provisions are accurately translated into SFMTA's Trapeze timekeeping system (Trapeze) pay codes. However, Trapeze lacks effective information technology controls to ensure system integrity and security. SFMTA reports implementing several recommendations for improving controls over Trapeze.

Overall Risk of Open Recommendations: Low

SFMTA reports that it has implemented the highest risk recommendations and is now implementing the remaining recommendations.

Open Recommendations:

- **Recommendation 2** asks SFMTA to assess the feasibility of implementing technology improvements to better manage overtime. The department reports having contracted for a replacement to its dispatch system, which it expects to complete in 2015.
- **Recommendation 16** asks SFMTA to develop comprehensive payroll policies and procedures. The department reports that it is delaying completion of this recommendation until pending changes to pay codes have been completed.

Title: San Francisco Municipal Transportation Agency: The Agency Must Improve Staffing Planning and Training to Meet Its Need for Transit Operators		Date Issued: 9/10/13	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	4	4, 5, 8, 14	
<i>Contested</i>	0		
<i>Closed</i>	14	All other recommendations	
Total	18		

Summary: SFMTA bases its budgeted number of transit operator positions on prior years' staffing levels and incremental changes to service rather than on a data-driven staffing analysis. Also, the data needed to estimate how many transit operators SFMTA must employ is held by various units of the agency that do not collaborate to produce an integrated staffing analysis that could inform the agency's budget and its hiring and training goals. Further, because it uses a relief factor that is too low and does not account for attrition, SFMTA's staffing analysis for transit operators underestimates its transit operator shortage. SFMTA hires the number of new transit operators that its Training unit can accommodate, but does not hire enough operators to allow SFMTA to achieve full staffing, which is needed to fulfill the transit schedule with minimal overtime.

Overall Risk of Open Recommendations: Medium

SFMTA has modestly increased its transit operator position budget and has implemented several recommendations that will greatly improve its ability to understand its staffing needs. Further, SFMTA reports significant progress in improving underlying, systemic issues that have hindered how quickly it can put qualified operators into service.

Open Recommendations:

- **Recommendations 4 and 5** ask the department to make training instructor positions more desirable. SFMTA reports hiring a consulting firm to conduct a comprehensive classification study of the Supervisor classification and intends to seek a new, separate classification specifically for training instructors.
- **Recommendation 8** asks SFMTA to lease a training space that will be available reliably. The department reports that it is now locating an appropriate space.
- **Recommendation 14** asks the department to integrate behind-the-wheel training into its ongoing training for experienced drivers. SFMTA reports that it will implement this recommendation after addressing other, prerequisite recommendations to have the space, instructors, and dedicated buses to offer such training.

CSA's Field Follow-Up Activity in the First Quarter of Fiscal Year 2014-15

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 period.

Field Follow-Up Memorandums Issued				
Title: San Francisco Public Utilities Commission: Follow-up of Audit of Water Enterprise Warehouse Inventory Management				Issue Date: 7/10/14
Original Issuance: San Francisco Public Utilities Commission: Water Enterprise Should Continue to Improve its Inventory Management – 4/12/11				
Summary of Original Issuance: CSA audited internal controls over inventory management of tool warehouses at three SFPUC Water Enterprise divisions: City Distribution, Hetch Hetchy Water, and Water Supply and Treatment. Tool check-out and check-in processes, inventory recordkeeping, and security over tools needed improvement at all three warehouses.				
Implemented Recommendations: SFPUC Water Enterprise fully implemented recommendations to ensure that tool inventory was properly labeled, conduct annual inventories in conjunction with SFPUC Finance staff, ensure adjustments to inventory records are approved by management, retain and reconcile <i>Issued from Stores</i> forms to its inventory system records and resolve discrepancies, implement additional supervisory reviews when ideal separation of duties is impossible, and maintain written policies and procedures for tool management.				
Partially Implemented Recommendations: SFPUC is now assigning full responsibility for tool inventories and management of inventories to shop supervisors and setting up facilities and establishing dollar value thresholds for the safeguarding of tools at the Water Supply and Treatment and City Distribution divisions.				
Not Implemented Recommendations: SFPUC has not implemented two recommendations to resolve discrepancies and improve controls over fuel inventory at the City Distribution warehouse and to implement an electronic inventory issuing process because SFPUC acknowledges that these are issues that need to be addressed departmentwide (across all of its warehouses). SFPUC has implemented electronic inventory issuance at the Hetch Hetchy Water warehouse and, is now implementing departmentwide solutions.				
Original Issuance	Recommendations Evaluated in Field Follow-Up			
Recommendations	Tested	Fully Implemented	Partially Implemented	Not Implemented
13	13	8	3	2

Audits With Field Follow-Up in Progress on 9/30/14		
Audit or Assessment	Issue Date	Recommendations
San Francisco Public Utilities Commission: The Community Assistance Program's Significant Operational Weaknesses Make It Susceptible to Customer Abuse	9/4/12	28
San Francisco Public Utilities Commission: The Job Order Contract Program Lacks Sufficient Oversight to Ensure Program Effectiveness	12/26/12	19

Follow-up of Recommendation Implementation Status and Highlights of Recent Work

Prepared by
Office of the Controller
City Services Auditor - Audits Unit

For Presentation to the Board of Supervisors
Government Audit and Oversight Committee
April 24, 2014



Importance of Recommendation Follow-up

CSA publishes its quarterly report on its efforts to follow up on recommendations it issues on the Controller's Web site:

<http://openbook.sfgov.org/webreports/index.aspx>

- The benefit of audit work is not only in findings and recommendations, but in the implementation of corrective actions.
- Audit follow-ups
 - Help ensure the implementation of corrective actions
 - Further enhance accountability of auditees
 - Allow CSA to assess the value of our audits



CSA's Follow-up Process

Regular Follow-Up

- Recommendations issued in a report or memorandum
- 6-month follow up
- 1-year follow up
- 2-year follow up
- Report of Recommendations Not Implemented After Two Years

Field Follow-Up

- Some high-risk audits are selected for field follow-up

CSA reports to the Board of Supervisors' Government Audit and Oversight Committee quarterly on its follow-up activities.

This process fulfills San Francisco Charter Section F1.105 requirement for auditees to report implementation status of the Controller's recommendations.



Regular Follow-up Activity for 2013-14, Q2

Follow-Up Status

Department	Total Follow-Ups	Active	Open	Elapsed	Closed
Aging and Adult Services	1				1
Airport	2		1		1
Arts	1				1
Office of Contract Administration	1				1
Human Resources	1				1
Human Services	2			1	1
Port	2		1		1
Public Health	3		1		2
Public Works	3			1	2
Recreation and Parks	1				1
SFMTA	2		1		1
SFPUC	5		2		3
Total	24	0	6	2	16

Regular Follow-up Activity for 2013-14, Q2

Recommendation Status

Department	Newly Closed	Open	Contested	Now Elapsed	Total Recommendations Followed Up On
Airport	3	2			5
Aging and Adult Services	8				8
Arts	3				3
Office of Contract Administration	1				1
Human Resources	1				1
Human Services	4			1	5
Port	5	1			6
Public Health	9	9			18
Public Works	20			2	22
Recreation and Parks	6				6
SFMTA	7	1			8
SFPUC	15	9	2		26
Total	82	22	2	3	109

Regular Follow-up

Closed Follow-Ups Highlight

Audit	Dept.	Total Rec's
<p><i>San Francisco Arts Commission: Results of the Financial Management Review (11/15/11)</i> Arts Commission restructured its employment classifications, documented policies and procedures, improved controls and transparency over financial management, and enhanced its administration of its Cultural Equity Grants to resolve significant issues in the management of its human resources function, internal controls, and accounting policies.</p>	ART	12
<p><i>Port Commission: Bundox Underreported Its Gross Revenues and Owes \$8,532 in Rent and \$2,723 in Late Charges to the Port for January 1, 2009, Through December 31, 2011 (4/23/13)</i> As a result of the audit, the Port recovered \$13,943 in additional rent from the tenant.</p>	PRT	1



Regular Follow-up - Open Follow-Ups Highlight SFPUC: The Job Order Contract Program Lacks Sufficient Oversight to Ensure Program Effectiveness – Issued 12/26/12

Recommendations: 2 Contested, 17 Closed

Summary: SFPUC's Job Order Contract (JOC) Program lacks sufficient oversight to ensure it is effective and stays true to its original intent. SFPUC reports having implemented improvements to its mission statement, policies and procedures, and monitoring of JOC contractors' performance.

Contested recommendations:

Recommendations 10 and 11 ask SFPUC to require and enable its Contract Administration Bureau to review invoices for work performed under JOCs. Although JOC program staff reviews invoices, best practices dictate that one person not award a contract or task and then review invoices and approve payments for the contract. This is to reduce the risk of collusion between city employees and vendors to abuse a program or defraud the City.



Regular Follow-up - Open Follow-Ups Highlight

Department of Public Health: The Department's Siloed and Decentralized Purchasing Structure Results in Inefficiencies –

Issued 3/14/13

Recommendations: 9 Open

Summary: Public Health's decentralized and siloed medical supplies purchasing system has resulted in inconsistent practices and inefficiency. For instance, the department cannot take full advantage of purchasing enhancements to achieve cost savings because invoice data cannot be compared for departmentwide analysis.

Open recommendations:

- Recommendation 1 – Centralize its purchasing functions into a single location.
- Recommendations 2, 3, 8, and 9 – Improve data retention, consistency, and analysis.
- Recommendations 4, 6, and 7 – Create systemwide purchasing policies and procedures including guidance on when to seek sole source waivers and on identifying vendors offering negotiated discounts.
- Recommendation 5 – Review the cost-effectiveness of group purchasing organization purchases considered exempt from competitive bid requirements.



Field Follow-up

San Francisco Public Utilities Commission Lease Audits

SFPUC's Real Estate Services Division (RES) manages the city properties controlled by the department.

Hanson Aggregates Mid-Pacific, Inc. (Hanson) holds multiple leases to quarry and excavate rock from city lands in Alameda County.

- Original Audit Report: San Francisco Public Utilities Commission: Hanson Aggregates, Inc., Did Not Make All Required Lease Payments and the PUC Did Not Properly Manage Its Leases – Issued 11/23/10
- Field Follow-up Memorandum: SFPUC: Results of Follow-up of Audit of the Department's Leases With Hanson Aggregates Mid-Pacific, Inc. – Issued 1/6/14

Crystal Springs Golf Partners, L.P. (Crystal Springs) leases city land to operate a public golf course and facilities in San Mateo County.

- Original Audit Report: San Francisco Public Utilities Commission: Audit of Crystal Springs Golf Partners, L.P. – Issued 12/1/10
- Field Follow-up Memorandum: San Francisco Public Utilities Commission: Department Has Fully or Partially Implemented 13 of 19 Recommendations of the 2010 Audit of Crystal Springs Golf Partners, L.P. – Issued 10/9/13



Field Follow-up San Francisco Public Utilities Commission Lease Audits (continued)

Systemic Issues

- RES lacks an adequate system to monitor its leases.
- RES did not track compliance with all lease terms.
- RES did not verify payments.
- RES did not consistently assess late charges.

Impact of Issues

- Hanson owed at least \$154,904 in additional rent, royalties, and other charges.
- Hanson may have owed up to an additional \$479,607 pending further investigation.
- Crystal Springs owed \$23,683 for an improperly claimed rent credit.
- Crystal Springs owed additional funds for percentage rent due.
- Crystal Springs owed \$72,320 in late charges for paying monthly rent 6-18 days late in ten months in 2008 and 2009.
- SFPUC owed Crystal Springs \$2,073 for a water-rate credit provision of the lease that it overlooked.
- Issues were systemic; they likely impacted other leases held by SFPUC.



Field Follow-up

San Francisco Public Utilities Commission Lease Audits (continued)

Corrective Actions Resulting From the Audits

- SFPUC collected \$40,282 from Hanson and \$23,683 from Crystal Springs.
- RES has improved internal training on monitoring lease compliance.
- RES moved to a portfolio lease management system, assigning each RES staffer with specific leases to manage and monitor.
- RES is rolling out a technology solution for real property and asset management. The system has enhanced controls and automates some monitoring tasks.
- SFPUC sought legal advice from the City Attorney , when appropriate, to determine if it could pursue further funds from Hanson and Crystal Springs.

Due to the systemic solutions SFPUC has used to address the weaknesses in its lease management, CSA determined that there is no reason to follow up further on these recommendations.



Recent Work

Recreation and Park Commission: The Beach Chalet, L.P., Owes the City \$53,208 for Paying Its Rent Late in 2009 Through 2011 – Issued 1/9/14

Background: Beach Chalet, L.P. (Beach Chalet) has a 20-year lease, expiring December 2016, with the Recreation and Park Commission to operate a restaurant in a city-owned building. Beach Chalet's rent is the greater of a percentage of its gross receipts or \$72,000 per year.

Audit Objective: Determine if Beach Chalet paid its rent correctly for 2009, 2010, and 2011.

Results: 6 Findings and 18 Recommendations

Significant Findings:

- Beach Chalet owed \$53,208 in late fees and interest charges.
- Beach Chalet may have received inappropriate discounts on its rent due to lack of specificity in the lease agreement or practices differing from the lease agreement for determining Beach Chalet's share of water usage and janitorial expenses.

Current Status:

- The department concurs with all recommendations.
- Recreation and Park collected the \$53,208 in late fees and interest charges before the audit report was issued.



Recent Work

Human Services Agency: The Department's Contract With Its Security Contractor Is Silent on Paying Security Officers for Hours Not Worked on City Holidays – Issued 2/18/14

Background: Human Services has a \$19.3 million, 5-year contract with Guardsmark for security services.

Audit Objective: As part of its ongoing contract compliance audit program, determine the accuracy of charges and whether Guardsmark complied with key contract terms.

Results: 6 Findings and 17 Recommendations

- Human Services did not agree with one, significant finding.

Recent Work

Human Services Agency: The Department's Contract With Its Security Contractor Is Silent on Paying Security Officers for Hours Not Worked on City Holidays – Issued 2/18/14 (continued)

Finding: Human Services paid for security services that were not provided. Although the contract, as approved by the Board of Supervisors, allows for paying time-and-a-half overtime for guards working on holidays at four facilities that are open 365 days per year, it does not obligate the City to pay for security services when facilities are closed for holidays.

Estimated Cost of Paying Guardsmark for Security Services When No Service Was Provided Due to Holiday Closures

Description		Calculation
	Number of security officers scheduled at 12 sites closed on city holidays	51 officers
×	Regular hours (8) per holiday (11) per security officer per year	88 hours
=	Annual holiday hours from canceled shifts	4,488 hours
×	Contract average regular-pay rate	\$27.32
=	Annual pay for canceled holiday shifts	\$122,612
×	Total contract term (years)	5 years
=	Total Estimated 5-Year Cost	\$613,061

Recommendation: Have Guardsmark refund payments made for canceled shifts as a result of city holidays.

HSA disagreed, stating that, during initial contract negotiation meetings, it agreed to pay 8 hours of straight time for holidays at closed facilities.



Tonia Lediju

Director of City Audits

City Services Auditor Division

Office of the Controller

Tonia.Lediju@sfgov.org

Kat Scoggin

Associate Auditor

Kathleen.Scoggin@sfgov.org

Copies of our reports can be found:

<http://co.sfgov.org/webreports/index.aspx>





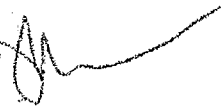
CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

MEMORANDUM

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

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

DATE: April 15, 2014

SUBJECT: City Services Auditor Summary of Recommendation Follow-Up Activity -
Fiscal Year 2013-14, Second Quarter

The City Services Auditor Division (CSA) of the Office of the Controller (Controller) follows up on all recommendations it issues 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.

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.

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Department Abbreviations

Abbreviated Name	Full Name
Aging and Adult Services	Department of Aging and Adult Services
AIR	Airport Commission
Airport	Airport Commission
ART	Arts Commission
Arts	Arts Commission
CSA	City Services Auditor Division
DHR	Department of Human Resources
DPH	Department of Public Health
DPW	Department of Public Works
General Services	General Services Agency
GSA	General Services Agency
HSA	Human Services Agency
Human Resources	Department of Human Resources
Human Services	Human Services Agency
OCA	Office of Contract Administration
Port	Port Commission
Public Health	Department of Public Health
Public Works	Department of Public Works
REC	Department of Recreation and Parks
Recreation and Parks	Department of Recreation and Parks
SFMTA	San Francisco Municipal Transportation Agency
SFPUC	San Francisco Public Utilities Commission

Overview of Regular Follow-Up Activity in Fiscal Year 2013-14, Second Quarter

During the second quarter of fiscal year 2013-14, CSA followed up on 109 open and contested recommendations from 22 reports or memorandums. In some cases, a report or memorandum may direct recommendations at multiple departments. Each department received a separate follow-up request and is accounted for in this report separately. Exhibit 1 summarizes the current status of those follow-ups.

Exhibit 1 - Overall Summary of Regular Follow-Ups by Status and Department for CSA's Fiscal Year 2013-14, Second Quarter Follow-Up

Department	Total Follow-Ups	Active	Open	Elapsed	Closed
Aging and Adult Services ¹	1				1
Airport	2		1		1
Arts	1				1
General Services ²	1				1
Human Resources	1				1
Human Services	2			1	1
Port	2		1		1
Public Health	3		1		2
Public Works	3			1	2
Recreation and Parks	1				1
SFMTA	2		1		1
SFPUC	5		2		3
Total	24	0	6	2	16

¹ CSA issued the memorandum *Department of Aging and Adult Services: Results of Follow-up of 2005 Audit of the Department* containing eight recommendations. The department reported having implemented all recommendations before CSA publicly issued the report. See the field follow-up section at the end of this report for more detail.

² Includes one follow-up request for the Office of Contract Administration.

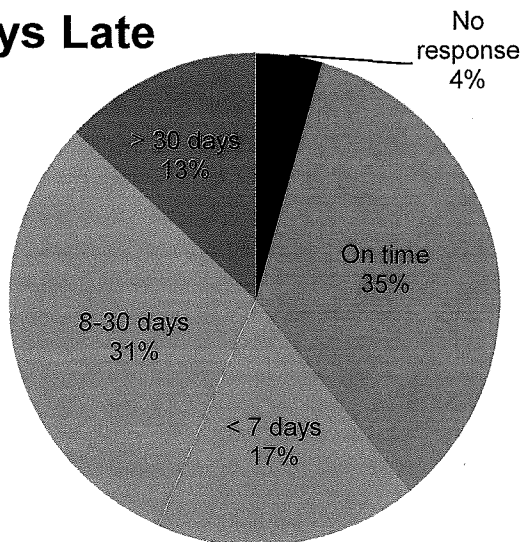
Exhibit 2 shows the number of recommendations CSA followed up on and determined to be closed during the quarter. The table reflects whether CSA closed a recommendation after reviewing the department's 6-month, 12-month, or 24-month response. In some cases, the department has implemented few or none of 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 the department to have achieved full implementation.

Exhibit 2 - Summary of Recommendations CSA Followed Up on in the Second Quarter of Fiscal Year 2013-14

Department	Newly Closed	Open	Contested	Now Elapsed	Total Recommendations Followed Up On
Airport	3	2			5
Aging and Adult Services	8				8
Arts	3				3
General Services ¹	1				1
Human Resources	1				1
Human Services	4			1	5
Port	5	1			6
Public Health	9	9			18
Public Works	20			2	22
Recreation and Parks	6				6
SFMTA	7	1			8
SFPUC	15	9	2		26
Total	82	22	2	3	109

¹ Office of Contract Administration within General Services

Exhibit 3 shows departments' responsiveness to CSA's follow-up requests. CSA sent 23 follow-up requests during the quarter.

Exhibit 3 - Timeliness of Departments' Responses to CSA's Follow-up Requests in the Second Quarter of Fiscal Year 2013-14**Days Late**

The Airport and Port submitted all of their responses on time. SFMTA and Human Services submitted all of their responses within one week of the due date.

Although Public Works did not submit a response to one request, it submitted responses to the other two requests on time.

Public Health submitted one response 40 days late, but its other two responses on time.

SFPUC submitted all five responses 11-45 days late citing internal reviews to ensure accuracy of the responses as a contributing factor. Human Resources submitted its response 63 days late. Recreation and Parks, General Services and Arts submitted their responses 20-25 days late.

Exhibit 4 shows summaries of the follow-ups CSA closed in the quarter.

Exhibit 4 - Summary of Follow-Ups Closed in Fiscal Year 2013-14, Second Quarter		
Dept.	Document Title and Total Number of Recommendations	
DPH	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	
	Issue Date: 10/13/11	Total Recommendations: 4
	Summary: 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. The audit's recommendations aim to improve program effectiveness by implementing a graduation program for residents to move out of supportive housing and improving outcome-oriented performance measures to better gauge program success. Public Health reports collaborating with national and local bodies to develop a successful graduation program and better connect residents to other support programs as well as developing improved performance measures.	
	This report included recommendations directed to Human Services and Public Health. This follow-up includes only the recommendations directed to Public Health.	
HSA	Title: Human Services Agency: The Department Needs to Improve Controls Over Some Types of Premium Pay	
	Issue Date: 10/19/11	Total Recommendations: 14
	Summary: Some Human Services employees who received four types of premium pay in 2010 (acting assignment pay, bilingual pay, emergency response pay, and longevity pay) should not have because they were ineligible or because Human Services lacks documentation to show that they were eligible. Human Services needs to improve its determination and monitoring of which employees are eligible for certain types of premium pay and for how long. The department reports implementing all recommendations.	
ART	Title: San Francisco Arts Commission: Results of the Financial Management Review	
	Issue Date: 11/15/11	Total Recommendations: 12
	Summary: Arts used some accounting policies that diverge from city policies and best practices. The audit recommended that department should better manage its human resources functions and ensure employees' duties aligned with their job classifications. Further, the department lacked adequate oversight of its Cultural Equity Grants program. The department reported fully implementing all recommendations including restructuring its employment classifications, documented policies and procedures, improved controls and transparency over financial management, and better administration of its Cultural Equity Grants.	
SFPUC	Title: San Francisco Public Utilities Commission: Expenditures of the Bay Division Pipeline Reliability Upgrade – Pipeline Project Appear Reasonable <i>CSA performed this audit under contract with SFPUC Revenue Bond Oversight Committee, which published the report here: http://sfwater.org/index.aspx?page=519</i>	
	Issue Date: 11/22/11	Total Recommendations: 5

Exhibit 4 - Summary of Follow-Ups Closed in Fiscal Year 2013-14, Second Quarter

Dept.	Document Title and Total Number of Recommendations	
	<p>Summary: SFPUC recorded some expenditures under the incorrect project or in the correct time period. These errors were not material to the Water System Improvement Project as a whole, but did result in inaccurate interim reporting of the project's expenses. SFPUC reports having corrected the errors and improved controls to prevent further errors.</p>	
GSA - OCA	<p>Title: The \$78 Million Citywide Western States Oil Company Contract Should Be Better Administered</p>	
	<p>Issue Date: 9/6/12</p>	<p>Total Recommendations: 1</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 departmental requirements.</p> <p>This document contains 7 recommendations directed toward the Office of Contract Administration under General Services, the Central Shops Department under General Service, and SFMTA. This follow-up includes only the recommendation that the Office of Contract Administration is responsible for implementing.</p>	
DHR	<p>Title: The Airport's Payroll Operations, Including Its Administration of Premium Pay, Are Adequate, but Should Be Improved</p>	
	<p>Issue Date: 12/18/12</p>	<p>Total Recommendations: 1</p>
	<p>Summary: The payroll operations and administration of premium pay at the Airport are generally adequate, but need some improvement to reduce the risks associated with the payroll processes. The recommendation directed toward Human Resources asked the department to notify departments of requirements for maintaining proof of premium pay eligibility such as licenses and certifications. Human Resources presented the information to citywide human resources staff and sent follow-up reminders.</p> <p>This document contained 12 recommendations directed toward the Airport and Human Resources. This follow-up includes only the recommendation that Human Resources was responsible for implementing.</p>	
DPW	<p>Title: Recreation and Park Department: Chinese Recreation Center and Mission Clubhouse and Playground Construction Management — The Change Management Process Requires Some Improvements</p>	
	<p>Issue Date: 4/2/13</p>	<p>Total Recommendations: 9</p>
	<p>Summary: The contractual provisions for the Recreation and Park Department's Chinese Recreation Center and Mission Clubhouse and Playground contracts appeared to be sufficient; however, the change management procedures and processes, including those for evaluation of change orders and recording of supporting documentation, required some improvements. Public Works reports implementing all recommendations including changes to change order procedures to improve efficiency and better document change orders.</p> <p>This report included 12 recommendations directed to Public Works and Recreation and Parks. This follow-up includes only the recommendations directed to Public Works. CSA contracted this audit to sf Delaney Consulting.</p>	

Exhibit 4 - Summary of Follow-Ups Closed in Fiscal Year 2013-14, Second Quarter		
Dept.	Document Title and Total Number of Recommendations	
REC	Title: Recreation and Park Department: Chinese Recreation Center and Mission Clubhouse and Playground Construction Management — The Change Management Process Requires Some Improvements	
	Issue Date: 4/2/13	Total Recommendations: 6
	Summary: The department reports fully implementing all recommendations including better complying with best practices and policies and procedures, better documenting change orders, and ensuring better compliance from the contractor with certain provisions.	
	This report included 12 recommendations directed to Public Works and Recreation and Parks. This follow-up includes only the recommendations directed to Recreation and Parks. CSA contracted this audit to sf Delaney Consulting.	
SFPUC	Title: San Francisco Public Utilities Commission: Alameda Siphon No. 4 Construction Management – The Change Management Process Generally Complied With Contract Provisions but Requires Some Improvements	
	Issue Date: 4/9/13	Total Recommendations: 7
	Summary: SFPUC generally complied with contract provisions and Water System Improvement Program change management procedures and executed changes in a manner that followed many industry best practices. However, some instances of noncompliance did exist. The department reports fully implementing all recommendations including requiring better and more timely documentation from the contractor and improving compliance with best practices.	
	CSA contracted this audit to Marsh Risk Consulting.	
PORT	Title: Port Commission: Bundox Underreported Its Gross Revenues and Owes \$8,532 in Rent and \$2,723 in Late Charges to the Port for January 1, 2009, Through December 31, 2011	
	Issue Date: 4/23/13	Total Recommendations: 1
	Summary: Bundox Restaurant Corporation dba The Waterfront Restaurant (Bundox) underreported its gross revenues to the Port by incorrectly deducting the cost of employee meals from gross receipts, resulting in an underpayment of \$8,532 in rent and \$2,723 in late charges. During the audit period Bundox reported \$15,971,764 in gross revenues and paid \$616,561 in rent. As a result of the audit, the Port recovered \$13,943 in additional rent from the vendor.	
	CSA contracted this audit to KPMG LLP.	
SFMTA	Title: San Francisco Municipal Transportation Agency: Overhead Rates of Five Central Subway Project Design Consultants Must Be Reduced	
	Issue Date: 5/1/13	Total Recommendations: 5
	Summary: The overhead rates of the five Central Subway Project Design consultants must be reduced. Although the consultants' overhead rate calculations mostly complied with the terms of the contract, some costs should have been excluded from those used as the basis of overhead rates.	
	CSA contracted this assessment to Sjoberg Evashenk Consulting, Inc.	
SFPUC	Title: San Francisco Public Utilities Commission Did Not Issue a Certificate of Completion for the Harry Tracy Water Treatment Plant Short-Term Improvement Project	

Exhibit 4 - Summary of Follow-Ups Closed in Fiscal Year 2013-14, Second Quarter		
Dept.	Document Title and Total Number of Recommendations	
	Issue Date: 5/13/13	Total Recommendations: 1
	Summary: SFPUC generally complied with all applicable closeout procedures in the contract for short-term improvements to the Harry Tracy Water Treatment Plant, part of phases 2 and 3 of the Water System Improvement Program. However, SFPUC did not issue an actual Certificate of Completion, as required by the contract closeout provisions.	
	Title: Airport Commission: Air Sun Did Not Submit a Year-End Financial Report Certified by an Independent CPA and Owes \$226 in Late Charges to the Airport for March 8, 2010, Through March 31, 2012	
	Issue Date: 5/14/13	Total Recommendations: 2
AIR	Summary: Air Sun, a joint venture between Sunglass Trading Corporation and Corliss Stones-Littles, LLC., correctly reported gross revenues of \$2,573,381 and correctly paid rent of \$526,390 to the Airport. However, Air Sun did not submit an unqualified year-end financial report certified by an independent certified public accountant. Also, Air Sun made multiple late payments resulting in late fee assessments of \$226. Because the Airport did not access late fees during the audit period, the department did not collect the late fees, but reported implementing the remaining recommendation to ensure Air Sun submits required financial reports.	
	CSA contracted this audit to MGO Certified Public Accountants.	
	Title: Department of Public Works: Improvements Are Needed to Better Monitor Subcontractors' Insurance and Licenses and Strengthen Contract Terms for the San Francisco General Hospital Rebuild Project	
	Issue Date: 5/23/13	Total Recommendations: 11
DPW	Summary: The contractor, Webcor Construction, LP, complied with contract terms regarding applying markups and billing overhead. However, Public Works did not actively monitor compliance with certain contract terms for all subcontractor tiers. Also, certain elements of the Rebuild contract and the related General Conditions Agreement inadequately defined some key requirements. Public Works, upon consultation with the City Attorney and Risk Manager, determined that it would not implement 8 recommendations. CSA agreed with this assessment. Public Works implemented the remaining recommendations.	
	Title: Department of Public Health: The Department Adequately Monitors MedImpact's Prescription Claims but Needs Better Controls Over Its Use of MedImpact as a Fiscal Intermediary	
	Issue Date: 6/19/13	Total Recommendations: 8
DPH	Summary: Public Health had sufficient controls to ensure formulary rates and claims charges were accurate and billed in accordance with terms under the MedImpact HealthCare Systems, Inc. (MedImpact) contract for pharmacy benefits management services. However, the department's internal controls over its use of MedImpact as a fiscal intermediary needed improvement. The department reports having fully implemented all recommendations including establishing proper segregation of duties, improving its monitoring of the contract, and setting limits on the types and amounts of services it may purchase from MedImpact as a fiscal intermediary.	

Summary of Unimplemented Recommendations by Department

Below are summaries of the open and contested recommendations from all follow-ups CSA sent requests for that have a status of open, active, or elapsed organized by department and original issuance.

Airport

Title: The Airport Commission Should Require Increased Accountability of Airport and Aviation Professionals, Inc.		Date Issued: 5/30/13	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	2	1, 3	
<i>Contested</i>	0		
<i>Closed</i>	1	2	
Total	3		

Summary: The Airport should better monitor its contract with Airport and Aviation Professionals, Inc. (AvAirPros) by requiring AvAirPros to provide documentation detailing tasks it performed to support the labor costs it charges. By requiring increased accountability, the Airport would be more assured that the services it receives are commensurate with the amounts charged. Finally, the Airport, contrary to the contract, did not approve in advance certain AvAirPros expenses and did not pay AvAirPros on time each month.

Overall Risk of Open Recommendations: Very low
The department reports having instructed the vendor to provide greater detail and will continue to work with the vendor to ensure the level of detail is appropriate. Also, the Airport is in the process of amending the contract.

Open Recommendations:

- **Recommendation 1** asks the Airport to ensure the contractor provides greater detail about labor costs in its monthly invoices.
- **Recommendation 3** asks the Airport to either comply with deadlines required by the contract, or if those deadlines are not practical, to amend the contract appropriately.

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: Elapsed
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	1	6	
<i>Contested</i>	0		
<i>Closed</i>	5	All others	
Total	6		

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. 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 Recommendation: Low
Human Services reported investigating outcome measures that would be appropriate and might support or explain different levels of funding, but is in the process of finalizing those measures.

Open Recommendation:

- **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.

Port

Title: Port Commission: Pier 39 Underpaid Its Rent by \$44 Because It Did Not Report Subtenant Rent Underpayments for December 29, 2008, Through December 25, 2011	Date Issued: 5/22/13	Summary Status: Open															
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 25%;">Recommendation Status</th> <th style="width: 25%;">Number of Recommendations With Each Status</th> <th style="width: 50%;">Recommendation Number(s) in Report</th> </tr> <tr> <td><i>Open</i></td> <td style="text-align: center;">1</td> <td style="text-align: center;">3</td> </tr> <tr> <td><i>Contested</i></td> <td style="text-align: center;">0</td> <td></td> </tr> <tr> <td><i>Closed</i></td> <td style="text-align: center;">4</td> <td style="text-align: center;">All others</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">5</td> <td></td> </tr> </table>	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>	4	All others	Total	5			
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>	4	All others															
Total	5																
<p>Summary: Pier 39 Limited Partnership (Pier 39) underreported its gross revenues to the Port Commission (Port) by not reporting underpayments of rent by its subtenants, resulting in an underpayment of \$44 in rent. During the audit period Pier 39 reported \$81,441,301 in gross revenues and paid \$7,970,772 in rent due to the Port. The Port recovered \$96 in underpaid rent, and implemented other recommendations to improve controls to mitigate the risk of future underpayment.</p> <p>Overall Risk of Open Recommendation: Low The Port has obtained information from the Tenant for two out of four subtenants for implementing the recommendation, and is in the process of obtaining the information for the remaining two subtenants. The Port estimates the total underpaid rent to be around \$191.</p> <p>Open Recommendation:</p> <ul style="list-style-type: none"> Recommendation 3 asks the departments to investigate and quantify the impact of underreported gross receipts on percentage rent for periods ending December 28, 2008. <p>Other Notes: CSA contracted this audit to KPMG LLP.</p>																	

Public Health

Title: Department of Public Health: The Department's Siloed and Decentralized Purchasing Structure Results in Inefficiencies		Date Issued: 3/14/13	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	9	All Recommendations	
<i>Contested</i>	0		
<i>Closed</i>	0		
Total	9		

Summary: The decentralized and siloed medical supplies purchasing system of Public Health has resulted in inconsistent practices and inefficiency. Specifically, Public Health:

- Cannot take full advantage of purchasing enhancements to achieve cost savings because invoice data cannot be compared for departmentwide analysis
- Lacks departmentwide purchasing policies and procedures
- Lacks established criteria to determine when to expend staff time seeking waivers from city requirements and when to pay a markup to use a city-approved vendor

Overall Risk of Open Recommendations: Medium

The systemic issues identified in the report inhibit the department in maximizing the efficiency of its purchasing function. However, Public Health reports being in the process of implementing all recommendations. However, due to the nature of the recommendations, complete implementation will take some time. Actions being taken include developing the infrastructure to expand purchasing technology to all divisions, developing systemwide policies and procedures, centralizing purchasing at SFGH, and analyzing systemwide purchasing data.

Open Recommendations:

- **Recommendation 1** asks the department to centralize its purchasing functions into a single location.
- **Recommendations 2, 3, 8, and 9** ask Public Health to expand the use of its purchasing technology so that data across divisions will be compatible for systemwide analysis, analyze the systemwide data, increase the timeframe for data retention, and ensure proper back up of data.
- **Recommendations 4 and 6** ask the department to create systemwide purchasing policies and procedures including guidance on when to seek sole source waivers.
- **Recommendation 5** asks Public Health to review, at least quarterly, the cost-effectiveness of group purchasing organization purchases considered exempt from the Office of Contract Administration's requirements.
- **Recommendation 7** asks the department to better inform smaller units within Public Health of vendors with which Public Health has negotiated discounts through its group purchasing organization.

Public Works

Title: Recreation and Parks Department: Construction Audit of McCoppin Square Park Renovation		Date Issued: 12/21/11	Summary Status: Elapsed
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		

Public Works did not respond to CSA's request for an update on the implementation status of unimplemented recommendations. CSA bases the current statuses for each recommendation based on the last response received from Recreation and Parks.

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 Recreation and Park.

SFMTA

Title: San Francisco Municipal Transportation Agency: Overhead Rates of Two Central Subway Project Management Consultants Must Be Reduced		Date Issued: 6/25/13	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>	2	All others	
Total	3		

Summary: This desk review of the overhead rates charged by three central subway management consultants advised SFMTA to seek adjustments to the rates applied by two contractors and accept the rate applied by a third. SFMTA recovered \$3,336.88 and accepted the rate of the third.

Overall Risk of Open Recommendation: Low
SFMTA has identified, but is still in the process of invoicing, \$23,506.21 to one contractor.

Open Recommendation:

- Recommendation 3** asks SFMTA to make adjustments to the overhead rate applied by one of the contractors and recover overpayments.

SFPUC

Title: San Francisco Public Utilities Commission: The Power Enterprise Lacks Adequate Controls to Safeguard Its Inventory		Date Issued: 10/29/12	Summary Status: Open
Recommendation Status	Number of Recommendations With Each Status	Recommendation Number(s) in Report	
<i>Open</i>	9	All other recommendations	
<i>Contested</i>	0		
<i>Closed</i>	2	3, 11	
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. SFPUC reports that it is in the process of implementing the remaining recommendations and anticipates many to be fully implemented by August 2014.

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 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.

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>	0		
<i>Contested</i>	2	10, 11	
<i>Closed</i>	17	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. SFPUC has implemented most recommendations including specifying its intent, clarifying criteria for eligible projects, and ensuring it does not fund JOC projects improperly.

Overall Risk of Contested Recommendations: Low

The JOC program was generally used appropriately. SFPUC reports that it disagrees with the recommendations because invoices are primarily reviewed within the JOC program. However, the recommendations ask SFPUC to ensure someone outside of the JOC program reviews invoices to implement better separation of duties reducing the risk of errors and fraud.

Contested Recommendations:

- **Recommendations 10 and 11** ask the department to require and enable SFPUC's Contract Administration Bureau to review invoices for work performed under JOCs.

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: San Francisco Public Utilities Commission: Department Has Fully or Partially Implemented 13 of 19 Recommendations of the 2010 Audit of Crystal Springs Golf Partners, L.P.				Issue Date: 10/9/13
Original Issuance: San Francisco Public Utilities Commission: Audit of Crystal Springs Golf Partners, L.P. – 12/1/10				
Not Implemented Recommendations: SFPUC has not implemented three recommendations related to issuing a water rate credit and intends to amend the relevant portion of the lease during lease negotiations. The other three recommendations not implemented ask the department to compute percentage rent due during the lease term to date and collect any rent, late charges, and interest owed. SFPUC has drafted a calculation methodology, but is awaiting further information before it can proceed.				
Partially Implemented Recommendations: The department had not fully implemented five recommendations. Three recommendations asked SFPUC to require the vendor to comply with certain lease provisions, but the department could not provide documentation that it formally reminded the vendor of its obligations. In two of these recommendations, the vendor complied with the terms by submitting required documents, but half of them were one to two days late. One recommendation instructed SFPUC to collect \$72,320 in late charges. The department collected \$7,203, but the vendor disputes the remaining amount, stating that it would have complied more closely with deadlines if the department had been enforcing them. Another recommendation asked for annual true-up of rent due and paid after the end of each lease year. Although SFPUC performed a true-up, it could better document its process.				
Fully Implemented Recommendations: SFPUC recovered \$23,683 in base rent due for 2008, reminded the vendor to comply with specific lease terms, obtained a determination from the City Attorney regarding the appropriateness of using Capital Improvement Fund money to construct a teaching station, ensured that its staff fully understands all lease terms, and improved some of its monitoring and billing procedures.				
Other Notes: The three recommendations not tested were no longer applicable because they relate to events that occur only periodically and did not occur during the period reviewed as part of this field follow-up. This field follow-up also resulted in five new recommendations.				
Original Issuance	Recommendations Evaluated in Field Follow-Up			
Recommendations	Tested	Fully Implemented	Partially Implemented	Not Implemented
22	19	8	5	6

Title: Department of Aging and Adult Services: Results of Follow-up of 2005 Audit of the Department		Issue Date: 11/7/13		
Original Issuance: Department of Aging & Adult Services: The Department Needs to Improve its Needs Assessment and Contracting Processes to Better Serve Seniors and Adults With Disabilities - 5/2/05				
Summary: The 2005 report included 29 recommendations directed toward the Human Services Agency and its Department of Aging and Adult Services (DAAS). The original audit assessed whether DAAS effectively managed the process of providing services to seniors and adults with disabilities through granting public funds to community and nonprofit organizations. Recommendations centered around strategic planning, assessing needs for services, improving controls over the contracting process and contract monitoring,				
Not Implemented Recommendations: Recommendations not implemented included developing a training program for staff on contract monitoring, communicating funding guidelines to vendors bidding on contracts, awarding contracts based solely off evaluation criteria scoring procedures, and communicating changes in revenues streams to contractors.				
Partially Implemented Recommendations: The department only partially implemented recommendations that called for written policies and procedures for contract monitoring, better adherence to established procedures for contracting, and establishing guidelines for resolving conflicts between funding guidelines.				
Fully Implemented Recommendations: The department implemented a strategic plan, identified matching requirements for federal and state funds, filled a vacant program manager position to provide oversight, implemented contract monitoring tools, developed policies and procedures for contract monitoring, improved its RFP process, and improved controls over the integrity and reliability of its contract data.				
Other Notes: Two recommendations were no longer applicable. One recommended rotating assignments, but the program does not have sufficient staffing levels to make this feasible. The other related to a now expired contract. CSA could not determine if the department implemented a recommendation to document deviations from guidelines and ensure changes are transparent.				
Original Issuance	Recommendations Evaluated in Field Follow-Up			
Recommendations	Tested	Fully Implemented	Partially Implemented	Not Implemented
29	28*	19	3	4
*Two recommendations were tested and found to be no longer applicable.				
Aging and Adult Services reports having fully implemented all of the recommendations the field follow-up determined were not or partially implemented recommendations prior to CSA publicly issuing the field follow-up memorandum.				

Audits or Assessments With Field Follow-Ups in Progress as of 12/31/13		
Audit or Assessment	Issue Date	Recommendations
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

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:

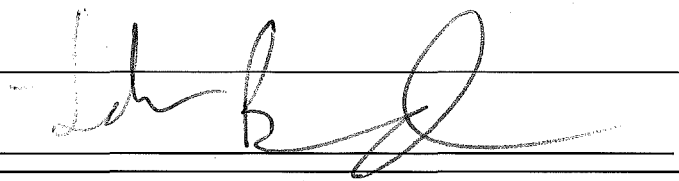
- ☐ Small Business Commission ☐ Youth Commission ☐ Ethics Commission
- ☐ Planning Commission ☐ Building Inspection Commission

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

Sponsor(s):

Subject:

The text is listed below or attached:

Signature of Sponsoring Supervisor: 

For Clerk's Use Only: