

CITY AND COUNTY OF  
SAN FRANCISCO

## GOVERNMENT AUDIT & OVERSIGHT COMMITTEE

FY 2015-16 Audit Results  
FY 2016-17 Audit Service Plan

May 17, 2017

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## FY 2015-16 Audit Results

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## Scope of Audits

1. Comprehensive Annual Financial Report (CAFR)
2. Single Audits
3. Retirement System
4. Successor Agency of the Redevelopment Agency
5. General Hospital and Laguna Honda Hospital
6. Port
7. Finance Corporation
8. Automobile and Workers' Compensation Insurance Fraud Programs
9. Local Transportation Fund and Transportation Development Act
10. Appropriations Limit agreed-upon procedures

## Audit Results

- Comprehensive Annual Financial Report (CAFR) and Single Audits
  - CAFR – unmodified opinions
  - Single Audits – qualified opinion for 2 major programs; unmodified opinion for all other major programs
  - Internal Control over Financial Reporting
  - Internal Control over Compliance
- Report to the Government Audit & Oversight Committee
  - Required Communications

## Required Communications

### FY 2015-16 Audit Service Plan

1. Our Responsibility under U.S. Generally Accepted Auditing Standards
2. Planned Scope and Timing of the Audit

## Required Communications (cont'd)

### Report to the Government Audit & Oversight Committee

3. Qualitative Aspects of Accounting Practices
4. Difficulties Encountered in Performing the Audit
5. Corrected and Uncorrected Misstatements
6. Disagreements with Management
7. Management Representations
8. Management Consultations with Other Independent Accountants
9. Other Audit Findings or Issues
10. Required Supplementary Information
11. Other Supplementary Information
12. Other Information in Documents Audited Financial Statements

## Current Year Recommendations

- None for the financial statement audits.
- Three for single audits.

### **Item No. 2016-001 – Procurement and Suspension and Debarment** ***Significant Deficiency and Material Noncompliance***

- Assistance to Firefighters Grant (CFDA No. 97.044)
- Administered by the Fire Department
- The Fire Department did not follow procurement requirements to ensure open and full competition, or otherwise obtain proper approval for awarding contracts under limited competition.
- Management response: The Fire Department notified the grantor (FEMA) and have developed correction actions to prevent future noncompliance.

## Current Year Recommendations

### **Item No. 2016-002 – Maximum Per-Unit Subsidy Requirements** ***Material Weakness and Material Noncompliance***

- Home Investment Partnership Program (CFDA No. 14.239)
- Administered by the Mayor's Office of Housing and Community Development
- MOHCD funded a loan in excess of the established limit by \$1.2 million
- Management response: The federal funds in question were returned to HUD and placed in the City's budget for future projects. MOHCD developed additional controls to prevent future noncompliance.

## Current Year Recommendations

### Item No. 2016-003 – Reporting

#### *Significant Deficiency and Noncompliance*

- Community Development Block Grants/Entitlement Grants (CFDA No. 14.218)
- Home Investment Partnership Program (CFDA No. 14.239)
- Administered by the Mayor's Office of Housing and Community Development
- The required HUD 60002 Section 3 Summary Report for Economic Opportunities for Low- and Very Low-Income Persons reported incorrect information due to miscalculations from the supporting data.
- Management response: MOHCD has contacted the grantor (HUD) to correct the previously submitted reports, and revising its processes to prevent future noncompliance.

## Prior Year Recommendations

### **Correction actions have been implemented for all prior year comments.**

Item 2015-001 – Information Technology Governance

*Significant Deficiency*

Item 2015-002 – Year-End Closing Process

*Significant Deficiency*

Item 2015-003 – Procurement and Suspension and Debarment

*Significant Deficiency*

Port Security Grant Program (CFDA No. 97.056)

Item 2015-004 – Activities Allowed or Unallowed; Allowable Costs/Cost Principles

*Control Deficiency*

Foster Care Program (CFDA No. 93.658)

# FY 2016-17 Audit Service Plan



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FY 2016-17 Audit Service Plan



## Audit Service Plan

1. Planned Scope of Services – pg. 11
  - Comprehensive Annual Financial Report (CAFR)
  - Single Audits (excludes SFCTA, MTA, and Airport)
  - Retirement System
  - Successor Agency of the Redevelopment Agency
  - General Hospital
  - Laguna Honda Hospital
  - Port
  - Finance Corporation
  - Automobile and Workers' Compensation Insurance Fraud Programs
  - Local Transportation Fund and Transportation Development Act
  - Appropriations Limit agreed-upon procedures

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## Audit Service Plan

2. Audit Objectives – pg. 12
  - Plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement
3. Management's Responsibilities – pg. 13-15
  - Responsible for financial statements and compliance with applicable requirements and regulations
  - Responsible for establishing and maintaining effective internal controls over financial reporting and compliance

## Audit Service Plan

4. Timeline – pg. 5
5. Recent Developments in Governmental Accounting – pg. 19-21
  - GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
  - GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

Questions?

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