



# MEMORANDUM

**TO:** Citizens General Obligation Bond Oversight Committee

**FROM:** Tonia Lediju, City Services Audits Director

**DATE:** April 13, 2009

**SUBJECT:** Quarterly Meeting Update

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The following highlights the City Services Auditor (CSA), Audits Organization events for the period of January 1, 2009 through March 31, 2009:

- The CSA's audits organization is under the leadership of Ms. Tonia Lediju, who assumed the position on March 23, 2009. Mr. Robert Tarsia, CSA Deputy Audit Director, continues in his current position.

The scope of Ms. Lediju's experience is diverse, with 15 years of expertise and broad knowledge in general government, including accounting, budgeting, and audit functions as well as industry audit standards. Prior to accepting her current position at CCSF, Ms. Lediju headed the State of California Employment Development Department Audit and Evaluation Division. There she oversaw 72 multidisciplinary and administrative staff that provided audit, evaluation, and applied research services to an agency managing an \$11.2 billion budget with more than 9,500 staff. Prior to that, Ms. Lediju was an audit manager and financial manager at other State agencies, which included the California Highway Patrol and the Department of Child Support Services.

- Concession Audit of Stow Lake Corporation - The audit revealed that Stow Lake accurately reported gross revenues and correctly paid \$256,277 in percentage rent. The Recreation and Parks Department lost \$151,611 in rent from Stow Lake because its lease expired in November 2006 and was not renewed until May 2008. During the intervening period of 17 months, as allowed by the lease, Stow Lake paid only 10 percent of its revenues as rent.
- Ten Selected Organizations Did Not Use City Funds for Political Purposes – This review met the San Francisco Administrative Code, Chapter 12 G, which requires the Controller to annually audit at least 10 persons or entities that enter into contracts, grants, or loan agreements with the City. Chapter 12G prohibits use of public funds for political activity by these recipients. The audit found that some organizations and City departments did not always comply with city rules or contract and invoicing requirements.
- Continuing Improving Administration of the Parsons Water System Improvement Program Contract – The audit disclosed that the PUC significantly improved its contract administration processes since 2006. The audit report includes 26 recommendations to further enhance these processes and to

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facilitate cost control. A key recommendation for the PUC is to better define the scope of work for contract task orders.

Audit reports issued as of April 23, 2009

Date Issued	Report Title
4/9/2009	Airport Commission: Concession Audit of WSE Group, Inc.,dba Legends of San Francisco
4/1/2009	Office of the Treasurer and Tax Collector: financial Statement Audit of the Investment Pool July 1, 2007, through June 30, 2008
3/16/2009	Airport Commission: Compliance Audit of China Cargo Airlines LTD.
3/3/2009	Recreation and Park Department: Concession Audit of Stow Lake Corporation
2/25/2009	Board of Supervisors: Ten Selected Organizations Did Not Use City Funds For Political Purposes
2/19/2009	Airport Commission: Concession Audit of Bay Area Restaurant Joint Venture
2/11/2009	Airport Commission: Compliance Audit of Alaska Airlines, Inc.
2/11/2009	Port Commission: Concession Reviews of: BAE, RGN, Castagnola's, Crab Station, Fog City Diner, Golden Gate Scenic, Scoma's
2/9/2009	Public Utilities Commission: Continue Improving Administration of the Parsons Water System Improvement Program Contract
2/3/2009	Whistleblower Program 2008-09 Mid-Year Report