



MEMORANDUM

TO: Citizens General Obligation Bond Oversight Committee

FROM: Tonia Lediju, Audit Director

DATE: June 26, 2009

SUBJECT: Quarterly Meeting Update

The following are highlights of City Services Auditor (CSA) Audits Organization activity for the period of April 13, 2009 through June 26, 2009 (Refer to the table below of the issued report dates):

- *San Francisco Forty Niners Parking Lot Rent* – The audit revealed the Forty Niners underpaid \$569,041 in rent for a City parking lot at the City’s Candlestick Park for the 2004 through 2007 football seasons. The audit report included 17 recommendations for the Recreation and Park Department to improve its administration of the lease agreements with the Forty Niners.
- *Department of Aging and Adult Services (DAAS) Accounting Controls* – The review of the internal controls over financial operations of the Public Administrator, Public Guardian, and Representative Payee programs found that the financial information was not auditable and further audit work could not be performed. Key recommendations to DAAS included requiring its software vendor to perform upgrades and improvements to the accounting system and preparing reconciliations in a timely manner.
- *San Francisco Civil Grand Jury Recommendations Status* – As required by Section 2.10 of the San Francisco Administrative Code, the Controller’s Office updated the status of the implementation of the recommendations of the San Francisco Grand Jury. The Controller’s Office will continue to track civil grand jury recommendations until the respondent indicates an agreed-to-be-implemented recommendation is fully implemented or abandoned because it is no longer reasonable or warranted.
- *Concession Audit of Tomokazu Japanese Cuisine (SFO), Inc.* – The audit found that Tomokazu correctly reported \$12,234,142 in monthly gross revenues and paid \$991,150 in rent for the period of January 1, 2005 through December 30, 2007. The audit also found that Tomokazu did not always submit rent payments on a timely basis and underpaid rent by \$2,024 for the audit period.
- *Compliance Audit of Continental Airlines, Inc* – The audit found that Continental Airlines paid landing fees of \$4,536,629 during the period from July 1, 2006 through June 30, 2008. The audit also found that minor reporting errors resulted in underpayment of landing fees of \$1,330, which included \$355 of accrued interest.
- *Concession Audit of Wells Fargo Bank, N.A.* – The audit revealed that Wells Fargo Bank correctly paid \$413,936 in fees for operating nine ATM machines at SFO. Specifically, Wells Fargo Bank did not

comply with all the terms of the lease by not providing the auditors with daily transaction records of all ATM activity or submitting certified annual reports of gross revenues as required by the lease.

CSA is currently finalizing its audit and project planning process for fiscal year 2009-10 and will incorporate the CGOBOC's input and requests for future audits of bond funds used by the Recreation and Parks Department.

City Services Auditor Issued Reports by Issuance Date:

Date Issued	Report Title
06/25/09	Airport Commission: Concession Audit of Wells Fargo Bank, N.A.
06/12/09	San Francisco Civil Grand Jury Status of the Implementation of Recommendations, Updated
06/08/09	Memorandum: Aging and Adult Services Lacks Key Accounting Controls to Safeguard Client Assets in Three of its Programs
05/27/09	Recreation and Park Department: The San Francisco Forty Niners Owe the City More Than Half a Million Dollars in Parking Lot Rent
05/07/09	Airport Commission: Compliance Audit of Continental Airlines, Inc.
04/22/09	Airport Commission: Concession Audit of Tomokazu Japanese Cuisine (SFO), Inc.