

**Ben Rosenfield**
Controller**Monique Zmuda**
Deputy Controller

MEMORANDUM

TO: Citizens General Obligation Bond Oversight Committee

FROM: Tonia Lediju, Audit Director

DATE: April 9, 2010

SUBJECT: Quarterly Meeting Update

The following are highlights of City Services Auditor (CSA) Audits Organization activity for the period of January 22, 2010, through March 31, 2010 (refer to the table below of the report issue dates):

- *Airport Commission: Cash Handling Audit of Ground Transportation Unit:* CSA completed a cash handling audit of the Ground Transportation Unit at San Francisco International Airport. The Ground Transportation Unit is responsible for issuing and managing permits for operators that transport air passengers to and from the Airport. The audit found that cash handling procedures are generally adequate. However, the audit team found that the Unit did not consistently follow its established procedures, and identified some areas in which its procedures should be improved.
- *Department of Public Health: Cost Review of Edgewood Center for Children and Families' Residential Mental Health Program:* CSA performed an audit of the operating costs of Edgewood Center for Children and Families' residential mental health program for July 1, 2007, through June 30, 2008. Under a contract with Edgewood, the Department of Public Health places children for treatment in the program. The audit found that Edgewood fairly allocated to the program \$7.4 million in costs and \$5.6 million in revenues from all sources, and that Edgewood properly allocated to the City and County of San Francisco \$2,688,278 of the program's costs and \$2,219,858 of its revenues.
- *Airport Commission: Cash Handling Audit of New South Parking:* The audit found that cash handling procedures used by Airport parking operator New South Parking are generally adequate for ensuring that cash and checks collected from parking patrons are properly deposited to the City's bank account. However, the audit also found that monthly statements of gross revenues created by NSP and provided to the Airport should be modified so they present clearer, more complete information for Airport management oversight.
- *Results of Follow-up Review for Audit of the Sheriff's Inmate Welfare Fund:* CSA issued an audit of the Sheriff's Inmate Welfare Fund on March 16, 2007, entitled, *Office of the Sheriff: The Sheriff is Entitled to Additional Commissions From Its Telephone Services Provider for the Inmate Welfare Fund*. CSA issued two audit follow-up questionnaires to the Sheriff's Department at six-month and 12-month intervals, inquiring about the status of implementation of the audit recommendations. No response to either inquiry was received from the Sheriff.

CSA subsequently completed a field follow up on the status of the recommendations from the March 16, 2007, audit report. Of the five recommendations CSA selected to assess evidence of the Sheriff's implementation, two were fully implemented, two were partially implemented, and one was not implemented.

- *Results of Follow-up Review for Audit of Laguna Honda Hospital:* CSA issued an audit report in December 2006 entitled, *The Hospital Improperly Purchased Linen and Other Supplies, and Needs to Improve Its Purchasing Procedures*. CSA has completed a follow-up review of the status of the recommendations in the 2006 report. Laguna Honda Hospital indicated that it fully implemented all 11 recommendations in the audit report. Based on the follow-up work performed, CSA agrees with this assessment.
- *Office of the Treasurer and Tax Collector: Financial Statement Audit of the City Investment Pool: July 1, 2008, through June 30, 2009* - This audit was performed under contract by Macias Gini & O'Connell LLP. Based on this audit, Macias Gini & O'Connell LLP found that the basic financial statements referred to above present fairly, in all material respects, the financial position of the City's Investment Pool as of June 30, 2009, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Further, the Treasurer complied with the investment requirements in the California Government Code, Sections 27130 through 27137, and with the City's investment policy.

City Services Auditor Issued Reports by Issuance Date

Date Issued	Report Title
03/30/10	Airport Commission: Cash Handling Audit of Ground Transportation Unit
03/22/10	Department of Public Health: Cost Review of Edgewood Center for Children and Families' Residential Mental Health Program
03/18/10	Airport Commission: Cash Handling Audit of New South Parking
03/02/10	Results of Follow-up Review for Audit of the Sheriff's Inmate Welfare Fund
02/25/10	Results of Follow-up Review for Audit of Laguna Honda Hospital
02/17/10	Office of the Treasurer and Tax Collector: Financial Statement Audit of the City Investment Pool: July 1, 2008, through June 30, 2009