

City Services Auditor

Citizens General Obligation Bond Oversight Committee

May 28, 2015

**Highlights of FY 2014-15 Audits & Projects
Preview of FY 2015-16 Workplan**



CSA's Charter Mandates

CSA was created through an amendment to the Charter approved by voters in November 2003. Under Charter Appendix F, CSA is mandated to:

- Evaluate quality and quantity of the City's services, compare, benchmark & provide public information
- Serve as the City's internal auditor: conduct financial and performance audits
- Measure the City's performance to standards for streets, parks, and sidewalks
- Evaluate city management and employment practices
- Oversee contracting procedures and RFP standards
- Operate whistleblower hotline, investigations, website

Overview of CSA's Resources

Funding:

Two-tenths of one percent of the City's budget. FY15 amounts:

- Annual Operating Budget: \$15M
- Capital Budget: \$3.4M (\$2M Bonds, \$1.4 CGOBOC Funds)

Staffing:

- Positions: 54 FTE

Expected change in FY15-16 will be approximately 3% growth and four FTEs

Detail of CSA's FY 14-15 Resources

Department or Fund	Budget
General Fund	3,765,287
Municipal Transportation Agency	1,900,725
Public Health: General Hospital	1,723,716
Public Health: Community Health Service	1,681,072
Human Services	1,572,969
Airport	1,042,693
Public Utilities Commission	972,179
Public Health: Laguna Honda Hospital	453,209
Child, Youth & Family	312,975
Recreation and Parks	307,052
Public Works	297,232
Public Library	216,984
Building Inspection	200,236
Port	195,764
Children & Families Comm.	98,323
Retirement System	55,883
Environment	31,103
War Memorial	27,562
Child Support Services	25,883
Rent Arbitration Board	13,061
Department of Technology	10,938
Total CSA Resources	14,904,846



CSA's Organization – Two Units

- Audits
 - Performance audits: compliance, management, construction
 - Concession and financial audits
 - Whistleblower investigations
- City Performance and Operations
 - Standards, performance measures, benchmarking
 - Financial and operational analysis
 - Technical assistance and professional contracting



CSA Work Planning

- CSA's work plan is driven by:
 - Charter & Administrative Code requirements;
 - limited risk analysis;
 - Mayor, Board, leadership and department requests;
 - bond and capital programs.
- CSA compiles list of potential projects and audits for the upcoming fiscal year based on budgets, mandates & analysis.
- CSA prioritizes projects and audits in consultation with the Controller, leadership and departments, risks.
- Resource balancing fits staffing and funding to priorities.



FY 14-15 Performance Ongoing Programs

- Performance Management
 - Citywide performance database; updates, validation, reports
 - Government data sharing: Barometer, SFOpenBooks
 - Benchmarking research and reports
 - Support to Mayor's performance efforts and City departments
 - Data visualization tools and training
- Parks: inspections, analysis, and reporting
- Streets and sidewalks: analysis and reporting
- Citywide nonprofit monitoring and accountability



FY 14-15 Performance Major Projects

- Department of Public Health—working in the Affordable Care Act environment—new patients, financial and clinical mandates; AND preparing for the opening of the new SFGH.
- Management and Employment program with analysis of City hiring, nurse staffing, leave management and worker’s comp.
- Police district station boundaries analysis and revision with the opening of the Mission Bay public safety building.
- Jail programs analysis, jail population forecast and related work associated with the Hall of Justice replacement plan.
- Performance Program increases—added benchmarking reports, “Stat” and other program assistance, new Data Academy.
- Assessor’s Office business processes analysis.
- Human Services: social workers, supportive housing analyses.



FY 14-15 Performance Report Examples

- Government Barometer: quarterly reports show how most common interest public services are doing with trend lines. A website allows for dynamic analysis by users. A highlight measure or measures is discussed.
- Benchmarking reports to date in FY15: Water and Wastewater Rates, DPH Population Health, and Museum Services. Police Staffing, Crime and Population is forthcoming.
- Annual Reports: Citywide Performance Measures Report, Park Standards, Street Standards, Nonprofit Contractor Fiscal and Compliance Monitoring
- Bi-Annual Citizen Survey is forthcoming—conducted January 2015 for publication this summer.

FY 14-15 Audits Ongoing Programs

- Continuous Monitoring Programs:
 - Cash Transactions Assessments
 - Contract Compliance
 - Information Technology Audits
 - Payroll
 - Cash Disbursements
 - Inventory Audits
 - Departure Audits
- Concession and compliance audits
- Financial statement reviews of the Treasurer's Office
- Field follow-ups on audit recommendations



FY 14-15 Major Audits

- Performance Audits:
 - SFMTA Parking Meter Revenue Audit
 - DPH Billings Controls Audit
 - Citywide Procurement Practices Audit
 - SFMTA Absence Management Audit
 - SFPUC Wastewater Enterprise Performance Audit

- Capital and Construction Audits:
 - Air Traffic Control Tower
 - Performance Audit of Construction Safety Management Procedures
 - Audit of Airport Construction and Capital Planning
 - Construction Contract Close-out Assessments

Audits Unit

Parking Meter Revenue Audit

Audit Objectives

- Identify and analyze the barriers that prevent SFMTA from collecting the maximum potential parking meter revenue
- Determine the effectiveness of internal controls over the collection procedures of SFMTA and the contractor, Serco Inc.

Audit Results

- Maximum potential revenue from parking meters is \$190M annually. Due to unoccupied meters and meters occupied by those exempt from payment totaling \$109M, SFMTA can only expect to collect \$81M. Of this amount, SFMTA collected meter revenue and issued citations fines of \$77.8M (96%).

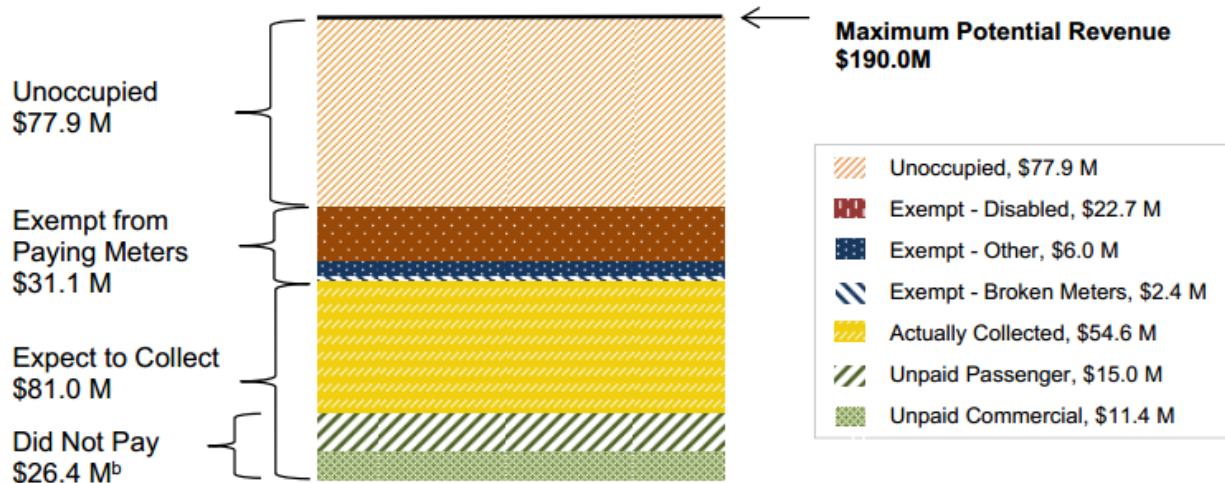
Audits Unit

Parking Meter Revenue Audit

Factors That Result in Nonpayment of City Parking Meters, Fiscal Year 2012-13

Description	Amount in Millions
Maximum Potential Parking Meter Revenue	\$190.0
Less Unoccupied Meters	(77.9)
Less Unavailable Meters due to Disabled Placard Holders	(22.7)
Less Unavailable Meters due to Certain Permit Holders and Other Exempt Vehicles	(6.0)
Less Occupied Broken Meters Unable to Collect Revenue	(2.4)
Amount SFMTA Can Expect to Collect	\$81.0

Factors That Reduce City Parking Meter Revenue^a



Notes:

^a Amounts shown are for fiscal year 2012-13. M = million

^b Although parkers did not pay meters \$26.4 million as required, the City issued related citation fines of \$23.2 million.



Audits Unit

Better Oversight Is Required to Improve the Change Management Process for the New Air Traffic Control Tower

Audit Objective

Assessed the adequacy of internal controls and oversight over the change management process

Audit Results

- Improve documentation
- Properly review charges
- Follow change management procedures
- Document negotiations



FY 15-16 Projected New Major Projects

- Work on city space planning—new civic center building, Hall of Justice replacement and DPH campus planning;
- Growing the performance program with new websites, measures, and citywide training and support;
- Monitoring and tracking of Vision Zero and Transportation 2030 programs and spending with MTA and stakeholders;
- Ongoing analysis and work with the Department of Public Health related to SFGH and the ACA health reforms;
- Work with public safety departments to better align programs in areas such as probation, specialty courts and other alternatives to incarceration.

FY 15-16 Projected New Major Audits

- Transportation Network Companies (TNC) Operating Permit Audit at SFO
- Proposition A/Transportation Bond Audit
- Citywide Facilities Maintenance Audit
- Sewer System Improvement Program Contract Audits
- Performance Audit of SFMTA's Information Technology Functions



FY 15-16 Focus on the SFMTA

- SFMTA Workorder is on the order of \$2M, or approximately 7 FTEs if it were all used for CSA labor hours
- CSA performs one major divisional performance audit each year consisting of approximately 2,000 hours. FY16 divisional performance audit will be audit of the Information Technology functions
- Audit programs will review SFMTA's parking garages and revenue collection operations
- CSA worked with MTA for the data analysis underlying MUNI Forward & Vision Zero and continues this work
- CSA designed tools for tracking transit requirements in City development agreements—FY16 implementation
- CSA to support MTA language & origin/destination surveys

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Questions and Discussion

