



**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ben Rosenfield**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

**MEMORANDUM**

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

**FROM:** Tonia Lediju, Director of City Audits  
City Services Auditor Division

**DATE:** March 20, 2013

**SUBJECT:** CSA Audits Activity Update

The following are highlights of the City Services Auditor Division (CSA) Audits Unit's activity during January 17 through March 20, 2013.

Date Issued	Report
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3/14/2013	<i>Department of Public Health: The Department's Siloed and Decentralized Purchasing Structure Results in Inefficiencies</i>
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The decentralized and siloed medical supplies purchasing system of the Department of Public Health (Public Health) has resulted in inconsistent practices and inefficiency. Specifically, Public Health: cannot take full advantage of purchasing enhancements to achieve cost savings because the invoice details that are to be recorded in two purchasing systems significantly differ, so invoice data cannot be compared for departmentwide analysis; lacks departmentwide purchasing policies and procedures; lacks established criteria to determine when to expend staff time seeking waivers from city requirements and when to pay a markup to use a city-approved vendor; has not given some clinics access to a list of vendors offering preferred pricing, and; has a limited ability to analyze historical purchase orders because its reporting system only retains 180 days of purchase order data.

Date Issued	Report
3/13/2013	<p><i>General Services Agency: The Office of the Medical Examiner's Payroll Operations Are Generally Adequate, but Should Be Improved</i></p> <p>The payroll operations and the administration of standby pay, advanced Peace Officer Standards and Training premium pay and overtime compensation at the Office of the Medical Examiner are generally adequate, but need some improvement to reduce the risks related to the payroll process.</p>
2/7/2013	<p><i>Whistleblower 2012-13 Quarter 2 Report</i></p> <p>During October through December 2012, 63 complaints were filed with the Whistleblower Program, and 21 complaints were sustained in full or in part after investigation.</p>
2/5/2013	<p><i>San Francisco Municipal Transportation Agency: Overhead Rates of Ten Central Subway Project Consultants Must Be Reduced</i></p> <p>Sjoberg Evashenk Consulting, Inc. (Sjoberg) performed this review engagement under a contract with CSA. Sjoberg found that, of the 14 consultants' reported overhead rates under the Central Subway Project architecture and engineering contracts reviewed, 10 must be reduced. The consultants' overhead rate calculations mostly complied with the terms of the consultants' contract with the City and Federal Acquisition Regulation (FAR) provisions and overhead rates are generally supported by underlying financial data. However, some costs should have been excluded from those used as the basis of overhead rates. Although, not the actual recovery amount due to the San Francisco Municipal Transportation Agency (SFMTA), \$887,686 in unsupported, unallowable, or unreasonable costs under FAR Part 31 was found to underlie the consultants' reported overhead rates. SFMTA will determine the actual amount it is due from the consultants based on the final contract cost review.</p>
1/31/2013	<p><i>San Francisco Municipal Transportation Agency: SFMTA Lacks Effective Controls Over Its Payroll Process and Timekeeping System for Transit Operators</i></p> <p>The transit operator payroll process of San Francisco Municipal Transportation Agency (SFMTA) lacks effective controls to ensure that transit operators' unscheduled overtime and other pay types are accurately paid. Labor agreement pay provisions are accurately translated into SFMTA's Trapeze timekeeping system (Trapeze) pay codes. However, Trapeze lacks effective information technology controls to ensure system integrity and security.</p>

Date Issued	Report
1/30/2013	<p data-bbox="410 317 1300 384"><i>General Services Agency: Annual Chapter 14B Audit – One of Three Contractors Fell Short of Its Local Business Enterprise Goal</i></p> <p data-bbox="410 428 1425 642">One of three prime contractors audited did not meet its required Local Business Enterprise (LBE) subcontracting goal, and the Department of Public Works did not follow up with the prime contractor to obtain every required Human Rights Commission (HRC) Form 8 (HRC Exit Report and Affidavit) and did not inform HRC of the contract's completion so that HRC could properly assess the goal.</p> <p data-bbox="410 686 1425 936">Further, required HRC forms were missing, incomplete, or inaccurate for the three prime contractors audited. Besides not complying with Chapter 14B, when contractors do not include all subcontractor payment requests on the HRC Form 7 (HRC Progress Payment Form), payments on the HRC Form 9 (HRC Payment Affidavit), or do not submit Form 8, they deprive departments and the Contract Monitoring Division from having up-to-date information on the LBE subcontracting goal status.</p>
1/17/2013	<p data-bbox="410 1018 1430 1085"><i>Office of the Treasurer and Tax Collector: Financial Statement Audit of the City Investment Fund, July 1, 2011, Through June 30, 2012</i></p> <p data-bbox="410 1129 1430 1377">Macias Gini &amp; O'Connell LLP (Macias) performed this audit under a contract with CSA. Macias found that: the basic financial statements present fairly, in all material respects, the financial position of the fund at June 30, 2012; the changes in financial position at the 2011-12 fiscal year end conformed with accounting principles generally accepted in the U.S., and; the Treasurer complied with the investment requirements in the California Government Code, Sections 27130 through 27137, and with the City's investment policy</p>