




CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Todd Rydstrom
Deputy Controller

MEMORANDUM

TO: Citizens' General Obligation Bond Oversight Committee

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

DATE: May 19, 2015

SUBJECT: CSA Audits Activity Update

The following are highlights of the City Services Auditor Division (CSA) Audits Unit's activity during March 18 through May 19, 2015.

Date Issued	Report
5/6/2015	<i>Office of the Treasurer and Tax Collector: Quarterly Review of the Schedule of Cash, Investments, and Accrued Interest Receivable as of December 31, 2014</i> This review found no material modifications that should be made to the Schedule of Cash, Investments, and Accrued Interest Receivable as of December 31, 2014, for it to be in conformity with generally accepted accounting principles.
5/6/2015	<i>Office of the Treasurer and Tax Collector: Quarterly Review of the Schedule of Cash, Investments, and Accrued Interest Receivable as of September 30, 2014</i> This review found no material modifications that should be made to the Schedule of Cash, Investments, and Accrued Interest Receivable as of September 30, 2014, for it to be in conformity with generally accepted accounting principles.

Date Issued	Report
4/28/2015	<p><i>Recreation and Park Department: Internal Controls Must Be Improved to Better Manage Inventory</i></p> <p>Recreation and Park Department's (Rec and Park) inventory and materials management processes have multiple weaknesses. Annual physical counts are not consistently conducted, inventory records contain errors, and no policies or procedures exist to guide annual physical counts or the disposal of obsolete items. Rec and Park's Storeroom needs some improvement and Structural Maintenance Division needs major improvement to strengthen their internal controls to ensure that inventory is properly accounted for, purchases are properly approved, and payments are made on time and discounted appropriately.</p>
4/16/2015	<p><i>Controls Over Claims and Judgments Settlement Payments at the City Attorney Need Improvement</i></p> <p>The Office of the City Attorney (City Attorney) has some adequate cash disbursement processes and controls for claims and judgment settlements, including proper segregation of duties and proper recording and approval of settlement amounts in the accounting system of the City and County of San Francisco. However, the City Attorney should establish thorough written policies and procedures for processing unlitigated claims settlements, ensure that all claimants offered settlements of more than \$25,000 are informed that the settlement amount is contingent upon additional approvals by the City Attorney, department, and Board of Supervisors, ensure that receipt dates and receiver names are recorded upon receipt of settlement releases, and provide monthly reports of litigated settlements less than \$25,000 to each city department, commission and the Board of Supervisors.</p>
4/9/2015	<p><i>Recreation and Park Commission: ABC Parking Correctly Remitted Kezar Parking Lot Revenues for February 2012 Through January 2014</i></p> <p>ABC Parking has a management agreement with the Recreation and Park Commission to operate the Kezar Parking Lot. The audit found that ABC Parking correctly accounted for and remitted to the department all gross revenues from paid parking. However, the Rec and Park needs to improve its internal controls over the management of the agreement, including obtaining contract extension approvals on time, correctly calculating the parking tax rate, and obtaining ABC Parking's independent auditor's reports on time.</p>

Date Issued	Report
4/6/2015	<p><i>San Francisco Public Utilities Commission: Follow-up of 2012 Audit of the Job Order Contract Program</i></p> <p>CSA issued an audit report on December 26, 2012, <i>The Job Order Contract Program Lacks Sufficient Oversight to Ensure Program Effectiveness</i>. CSA completed a field follow-up to determine the corrective actions that the San Francisco Public Utilities Commission (SFPUC) has taken in response to CSA's audit report. The assessment found that of the 19 recommendations contained in the 2012 report:</p> <ul style="list-style-type: none">• 9 have been implemented and are closed.• 6 are deemed by CSA no longer applicable and are closed.• 3 are partially implemented and are open.• 1 has not been implemented and is open.
4/2/2015	<p><i>City Services Auditor Summary of Implementation Statuses for Recommendations Followed Up on in Fiscal Year 2014-15, Second Quarter</i></p> <p>CSA follows up on open and contested recommendations every six months after its reports are issued. In the second quarter of fiscal year 2014-15, CSA followed up on 117 recommendations from 14 reports or memorandums issued to 7 departments. Of those 117 recommendations, 49 are newly closed. The report discusses the risks associated with the remaining 68 open recommendations.</p>