



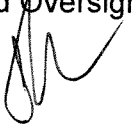
CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

MEMORANDUM

TO: Citizens General Obligation Bond Oversight Committee

FROM: Tonia Lediju, Director of Audits 

DATE: January 19, 2012

SUBJECT: CSA Audits Activity Update

The following are highlights of the City Services Auditor Division (CSA) Audits unit's activity during November 10, 2011, through January 19, 2012.

Date Issued	Report
12/22/11	<p><i>Airport Commission: Concession Audit of Clear Channel Outdoor, Inc., dba Clear Channel Airports</i></p> <p>Clear Channel correctly reported gross revenues of \$16,626,651 and correctly paid rent of \$13,764,817 to the Airport for April 2008 through March 2010. The audit was performed under contract by Moss Adams LLP.</p>
12/22/11	<p><i>Airport Commission: Concession Audit of EAN, LLC</i></p> <p>EAN correctly reported gross revenues of \$186,986,508 and correctly paid rent of \$19,227,937 to the Airport for January 2009 through December 2010. The audit was performed under contract by Moss Adams LLP.</p>
12/22/11	<p><i>Office of the Treasurer and Tax Collector: Financial Statement Audit of the City Investment Pool for July 1, 2010, through June 30, 2011</i></p> <p>This review was performed under contract with Macias Gini & O'Connell LLP. The audit found that the basic financial statements of the Treasurer present fairly, in all material respects, the financial position of the pool at June 30, 2011. The audit also found the changes in financial position of the Treasurer at the 2010-11 fiscal year end were in conformity with accounting principles generally accepted in the U.S. Further, the Treasurer complied with the investment requirements in the California Government Code and with the City's investment policy.</p>

Date Issued	Report
12/21/11	<p><i>Recreation and Park Department: Construction Audit of McCoppin Square Park Renovation</i></p> <p>Bauman Landscape and Construction, Inc., complied with most of its construction contract provisions for the renovation of McCoppin Square. The Department of Public Works and Recreation and Park Department properly managed the renovation except for change orders. Public Works did not effectively use IMPACT, its project management system, to manage the contract.</p>
12/20/11	<p><i>San Francisco Redevelopment Agency: Audit of Seven Programs in the Western Addition A-2 Redevelopment Plan</i></p> <p>San Francisco Redevelopment Agency (SFRA) appropriately disbursed funds to provide services to the Western Addition A-2 project area. However, SFRA should improve its internal controls. SFRA did not adequately track expenditures by program. Also, SFRA needs to better manage its programs, and did not properly monitor a contractor and a city department that received SFRA funding to execute programs. SFRA's inadequate loan collection efforts resulted in a loss of \$422,652. Moreover, SFRA was late in distributing funds to fulfill a program goal.</p>
12/13/11	<p><i>San Francisco Municipal Transportation Agency (SFMTA): Audit of the Ellis-O'Farrell Parking Garage for May 2008 Through June 2010</i></p> <p>The City of San Francisco Ellis-O'Farrell Parking Corporation (Corporation) reported to SFMTA net revenue (gross revenue less parking taxes) of \$12,144,139, and correctly reported expenditures of \$8,558,591. However, the Corporation did not fully comply or ensure compliance by its operator, Parking Concepts, Inc. (PCI), with the operating agreement between the Corporation and PCI, and SFMTA did not ensure that only approved parking rates were programmed in the garage's parking control equipment. As a result, parkers were undercharged \$646,293, of which the Corporation should have remitted \$236,140 to SFMTA but did not.</p>
11/30/11	<p><i>Airport Commission: Concession Audit of DTG Operations, Inc.</i></p> <p>DTG correctly reported gross revenues of \$80,405,694 and correctly paid rent of \$8,694,399 to the Airport for January 2009 through December 2010. The audit was performed under contract by Moss Adams LLP.</p>
11/30/11	<p><i>Airport Commission: Concession Audit of ILJ San Francisco, LLC</i></p> <p>ILJ correctly reported gross revenues of \$5,238,113 and correctly paid rent of \$908,248 to the Airport for August 2008 through July 2010. However, ILJ made some payments late, and the Airport did not charge ILJ late payment fees that are specified in the lease. The audit was performed under contract by Moss Adams LLP.</p>

Date Issued	Report
11/30/11	<p><i>Airport Commission: Concession Audit of San Francisco Soup Company, Inc.</i></p> <p>The San Francisco Soup Company, Inc., correctly reported gross revenues of \$6,621,712 and correctly paid rent of \$598,172 to the Airport for January 2009 through December 2010. The audit was performed under contract by Moss Adams LLP.</p>
11/22/11	<p><i>Whistleblower Program 2010-11 Annual Report</i></p> <p>The Whistleblower Program received 365 new complaints in fiscal year 2010-11. These investigations resulted in 59 sustained complaints, with corrective actions ranging from employees receiving verbal or written warnings to terminations.</p>
11/16/11	<p><i>Board of Supervisors: NRG Energy Center San Francisco LLC Properly Paid Its Franchise Fees for 2009 and 2010</i></p> <p>NRG correctly reported and paid its 2009 and 2010 steam franchise fees to the City of \$405,211. However, the Controller's Budget and Analysis Division should improve its controls to ensure that NRG complies with the payment and reporting requirements of its franchise agreement.</p>
11/15/11	<p><i>Memorandum: Results of the Financial Management Review of the San Francisco Arts Commission</i></p> <p>The San Francisco Arts Commission (SFAC) uses some accounting policies that diverge from city policies and best practices. SFAC should better manage its human resources functions. Further, SFAC lacks adequate oversight of its Cultural Equity Grants program. The memorandum's 12 recommendations suggest ways for SFAC to improve its management and financial practices.</p>
11/14/11	<p><i>Airport Commission: The Airport and Transportation Corridor Agencies Are Complying With Their Agreement</i></p> <p>The Airport appropriately manages its contract for the transaction fee for the FasTrak Licensing and Electronic Identification Billing Agreement with the Transportation Corridor Agencies (TCA) for May 2009 through April 2011. The Airport has designed and implemented strong internal controls over the database and information technology used to record and process FasTrak transactions. The Airport and TCA comply with key provisions of the agreement including those that protect the interests of the Airport and its parking patrons. The Airport properly and accurately charges FasTrak parking patrons based on the duration of their garage stays.</p>

Date Issued	Report
11/10/11	<p><i>Department of Public Works: Public Works and Jacobs Project Management Have Appropriate Internal Controls Over the San Francisco General Hospital Rebuild Project</i></p> <p>Jacobs Project Management Co. (Jacobs) is complying with its construction management contract for the rebuilding of the San Francisco General Hospital & Trauma Center's Main Hospital building (Rebuild) and the Department of Public Works is properly managing this contract to ensure that Jacobs' performance meets the contracted expectations. The Rebuild's executive management team has implemented appropriate controls over the Rebuild to ensure that it remains on budget and on time.</p>