




CITY AND COUNTY OF SAN FRANCISCO  
OFFICE OF THE CONTROLLER

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## MEMORANDUM

TO: Citizens General Obligation Bond Oversight Committee

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

DATE: May 14, 2014

SUBJECT: CSA Audits Activity Update

The following are highlights of the City Services Auditor Division (CSA) Audits Unit's activity during March 19 through May 14, 2014.

Date Issued	Report
5/7/2014	<i>Department of Public Health: The Department Adequately Monitors Payments Remitted Under Its Contract With Netsmart but Should Improve Controls Over Invoice Review and Approval</i>
	<p>The Department of Public Health has adequate monitoring controls to ensure that payments remitted to Netsmart Technologies in fiscal year 2012-13 comply with key contract provisions. However, internal controls over the receipt and approval of vendor invoices should be improved.</p>
4/24/2014	<i>SFMTA: The Taxis and Accessible Services Division Needs to Better Manage Its Paratransit Contract and Improve Controls Over Its Taxi Complaint and Taxi Driver Permit Processes</i>
	<p>This audit of the Taxis and Accessible Services Division is CSA's fourth annual performance audit of a unit of the San Francisco Municipal Transportation Agency (SFMTA). The SFMTA does not provide adequate oversight to verify whether the paratransit broker, Veolia Transportation Services, Inc., (Veolia), ensures the delivery of safe, prompt, and high-quality paratransit services. SFMTA does not verify support for paratransit invoices, so cannot be assured that all costs are valid. Also, SFMTA lacks adequate oversight and documented processes and procedures for the eligibility process to ensure that only eligible patrons receive paratransit services. Further, Veolia's information technology systems should be better secured. Last, SFMTA must strengthen controls over its taxi complaint and taxi driver permit processes.</p>

Date Issued	Report
4/16/2014	<p data-bbox="430 275 1430 380"><i>Department of Public Works: Controls Over the Public Safety Building Project Should Be Strengthened to Improve Project Scheduling and the Change Management Process</i></p> <p data-bbox="430 428 1430 716">The Department of Public Works (Public Works) needs to improve its oversight and controls over the Public Safety Building project to ensure that the construction manager/general contractor, Charles Pankow Builders, Ltd., (Pankow), adheres to contract requirements and that all applicable Public Works procedures and requirements are followed. Public Works properly reviews Pankow's monthly progress payment applications, and Pankow generally complies with the progress payment application terms in its contract.</p>
	<p data-bbox="430 758 1430 1083">However, Public Works should improve its documentation and substantiation of proposed change orders by completing documentation required in its procedural manual and performing independent estimates of the costs of proposed change orders. Also, Public Works can strengthen its language on change order documentation to limit the possibility of unsupported additional claims for change order work. Public Works should improve its controls and oversight over the project baseline schedule to ensure that Pankow complies with all contract requirements and that the schedule follows industry standards.</p>
4/15/2014	<p data-bbox="430 1125 1430 1194"><i>City Services Auditor Quarterly Summary of Recommendation Follow-Up Activity - Fiscal Year 2013-14, Second Quarter</i></p> <p data-bbox="430 1243 1430 1346">During the second quarter of fiscal year 2013-14 CSA followed up on 109 recommendations from 22 reports or memorandums. Results of the follow-ups are summarized in the report.</p>
3/27/2014	<p data-bbox="430 1388 1430 1493"><i>Department of Public Health: Internal Controls at Laguna Honda Hospital's Central Supply Department Do Not Ensure That Assets Are Properly Accounted for and Safeguarded.</i></p> <p data-bbox="430 1541 1430 1827">The inventory and materials management processes of Laguna Honda's Central Supply have multiple weaknesses. Although purchase orders are correctly recorded as part of the inventory process, the audit found numerous errors in the sampled inventory records, a lack of policies and procedures to guide physical inventory counts, dispensing of obsolete items, and manual inventory operations. Overall, Central Supply's internal controls are inadequate because they do not reasonably assure Laguna Honda that assets are properly accounted for and safeguarded.</p>