

**MINUTES**  
**Citizens' General Obligation Bond Oversight Committee**  
**May 23, 2013, 2013**  
**Hearing Room 316 - City Hall**  
**San Francisco, CA 94102**

**1) Call to Order, Roll Call**

The meeting was called to order at 9:30 a.m. Maura Lane, Committee Assistant, called the roll. The following Committee members were present: Jerry Dratler, Sanford Garfinkel, Corey Marshall, Robert Muscat and Rebecca Rhine. Jonathan Alloy, Minnie Ingersoll and John Madden were absent.

**2) Approval, with possible modification, of the minutes of the April 25, 2013 meeting.**

The minutes were approved.

There was no public comment.

(\*NOTE: Full recordings of Committee meetings are located at <http://www.sfcontroller.org/index.aspx?page=86> under "CGOBOC".)

**3) CSA Reports and Audits**

Tonia Lediju and Peg Stevenson, Directors of CSA Performance and Audits respectively, presented the Committee with highlights of the FY2012-2013 Audits and Projects update.

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

- Evaluate the quality and quantity of the City's services, compare, benchmark and 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 (Request for Proposal) standards; and,
- Operate the Whistleblower Hotline, investigations and website.

Ms. Stevenson reviewed CSA's funding and staffing. The budget for FY2012-13 was \$12.5 million dollars or 2/10 of one percent of the City's budget. There are currently 43 people staffing CSA.

CSA is divided into two divisions:

- Audits – is responsible for Performance audits: compliance, management and construction.

- Concession and financial audits
- Whistleblower Investigations

City Performance and Operations is responsible for:

- Standards, performance measures and benchmarking
- Financial and operational analysis
- Technical assistance and professional contracting

Additionally, CSA's work is driven by the Charter and Administrative Code requirements, limited risk analysis, the Mayor, Board of Supervisors, leadership and department requests, bond and capital programs.

Tonia Lediju, Director – Audits, reviewed the FY2012-13 Work Plan achievements for Audits. New audit initiatives include:

- a Citywide Continuous Monitoring Program that focuses on cash transactions, contract compliance and payroll audits
- Construction Audit Program: focuses on Change Order Audits, Construction Close-Out Assessments, Overhead Rate Desk Reviews and Job Order Contracting (JOC) Audits;
- Other Audit Initiatives: 3<sup>rd</sup> Performance Audit of SFMTA, Concession Audits, Follow-up on Recommendations, and Financial Statement Audits.

Ms. Lediju reviewed highlights from each of the three focus areas above.

Peg Stevenson, CSA-Performance Director, reviewed the major projects for the Performance division for FY2012-13. Some of the projects included:

- The Transit Effectiveness Project (TEP) was implemented
- Citywide Wellness Project: to improve employee health management and long-term city cost savings
- Public Health – moving to integrated delivery systems and planning for 2014 health reform and new San Francisco General Hospital
- News/Media/Education – new report formats are being developed to push out government data and increase transparency
- Information Technology – citywide purchasing for standard software licenses and systems are in progress; there is work on citywide solutions in areas such as forms, asset management and mobile technology.
- Public Safety – the work in this area includes state realignment, Police projects and Emergency Management

Some examples of the FY2012-2013 Performance Reports include:

- CSA's benchmarking report comparing San Francisco's jail population to that in seven counties (Alameda, Fresno, Los Angeles, Sacramento, San Diego, Santa Clara and San Mateo) found that San Francisco's incarceration rate is equal to the average for other counties; its' annual cost per inmate is higher than average; and, its' proportion of felony inmates is significantly higher than average.

- CSA's report on Public Safety Realignment (AB109) found that in the first year, the population served in San Francisco under the program has exceeded the original state projections by approximately 70%. Reasons cited include the additional parole violators in county jail with the ADP for this group growing from 25 to more than 200 on average. The findings in the report are that the state underestimated the impact of split sentences in San Francisco, with actual sentences exceeding state projections by 40%.
- CSA analyzed the processes and requirements for SFPD's Uniform Crime Reports (UCR) and made 53 recommendations to improve accuracy and completeness. CSA is working with the SFPD on future implementation and coordination with other public safety data processes. These projects will be part of the FY2013-14 work plan.
- CSA's annual report detailing City spending across departments on community-based long term care (LTC) was completed for the 5<sup>th</sup> year and presented to the Long Term Care Coordinating Council.
- The Controller's Office new transparency tool – SFOpenBook – was launched in April. This interactive web portal allows users to search, create reports and download data on current and historical spending and revenues. Users can analyze activity by department, program, type of spending and more.

There was no public comment.

4) **The Whistleblower Program**

Tonia Lediju, Director – Audits, presented an overview of the Whistleblower Protection Enhancement Act of 2012. The overview included protected disclosures, fair processes and administrative authorities. Campaign and Governmental Conduct Code Section 4.115 was also reviewed.

Some of the Whistleblower Program Initiatives for FY 2013-14 include:

- Develop and hold a conference for municipalities with hotlines to discuss best practices, a peer review process, and collaborative efforts to standardize investigations
- Develop a peer review process for jurisdictions with hotlines to utilize in evaluating the performance of investigative work in order to maintain/ enhance the quality of the investigative work product
- Continue to publicize and promote the Whistleblower Program to employees through presentations, new employee orientation programs, and department email reminders
- Continue to support quarterly and as-needed meetings with CGOBOC liaisons
- Continue to balance the desire for transparency with the need for confidentiality through the publication of Whistleblower Program quarterly and annual reports.

Steve Flaherty, of the Whistleblower Program, summarized Whistleblower Program activity through the FY 2012 – 13 third quarter.

There were 214 complaints received in FY 2012-2013 and 252 complaints in FY2011 – 2012

The following actions were taken on complaints through the end of the third quarter, FY 2012-13:

- In the first quarter, 79 complaints were received, 63 were investigated, 71 were closed and 15 were closed where a corrective or preventative action was taken.
- In the second quarter, 63 complaints were received, 54 were investigated, 76 were closed and 21 were closed complaints where a corrective or preventative action was taken.
- In the third quarter, 72 complaints were received, 64 were investigated, 63 were closed and there were 18 closed complaints where a corrective or preventative action was taken.

A total of 210 complaints were closed in FY 2013 through the third quarter. Of the 210 Complaints, 172 (82%) were closed within 90 days.

Mr. Flaherty provided the details behind the “categories of closed complaints where corrective or preventive action was taken”. The breakdown is as follows:

- 40 complaints were about improper activities by City employees
- 5 were about the quality and delivery of government services
- 3 were about land use and/or permitting
- 3 were about a City contractor
- 3 fell under the category of “other”

The corrective or preventative actions taken on closed complaints through the third quarter were:

- 26 – procedures changed or reinforced
- 23 – employee(s) disciplined
- 13 – “other”
- 2 – employee(s) terminated
- 1 - action pending

The Committee requested, and was provided with, examples of complaints. Examples included:

- An employee fueled a non-City vehicle at a City gas station that is for City vehicles only
- An employee used City equipment and time to download and distribute movies
- Employees allowed a non-employee to enter an area with sensitive information to sell meat products to the employees
- The scaffolding of a property under construction blocked a sidewalk. This created an access issue.

As of March 30, 2013, one retaliation complaint was filed and closed.

There was no public comment.

**5) Committee Business**

**a. Draft CGOBOC 2013 Annual Report**

The Committee discussed the timeline and content of the FY 2013 CGOBOC Annual Report. One of the results of the Committee changing from a calendar to fiscal year is that an annual report was published in December 2012 and presented to the Government Audit and Oversight Committee in early 2013. It was agreed that program liaisons would provide Rebecca Rhine, Chair, with updated reports for inclusion in the draft report in advance of the July 2013 meeting.

There was no public comment.

**b. FY2014 Work Plan**

The Committee reviewed two meeting schedules – one for 4 meetings a year; the second for 6 meetings per year. The Committee approved 6 meetings per year.

There was no public comment

**c. Proposed FY2014 Meeting Schedule and Amendment of By-Laws**

There was discussion in regard to revising CGOBOC's by-laws to reflect the option of a minimum of 4 meetings per year and to clarify the change from calendar to fiscal year. It was agreed that the specificity about months would be eliminated in order to maximize flexibility in scheduling.

The Committee moved to adopt the by-law revision as proposed.

There was no public comment

**d. Liaison Assignments**

Ben Rosenfield, the Controller, provided the Committee with an update as to the status of the Committee terms. Mr. Rosenfield noted that Jerry Dratler (Civil Grand Jury) and Minnie Ingersoll (Board of Supervisors) are recent new appointments. He noted that some members are in hold-over status pending confirmation of a second term by their respective appointing department. Others (Sanford Garfinkel) is the longest serving hold-over and a new member, with the background specified for the respective seat, is pending appointment. The goal is to have newly confirmed Committee members by the time the Committee meets in July.

The liaison assignments were reviewed, with the understanding there may be changes once the changes to the make-up of the Committee are finalized.

<u>Program</u>	<u>Current</u>	<u>New</u>
1999 LHH	none	none
All Rec. & Park Bonds	Corey	Minnie Ingersoll

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BLIP	Corey	none
2008 SFGH	Sanford	Sanford
2010 ESER	Bob/Jonathan	Bob/Jonathan
2011 Streets	none	Jerry/Corey
Community Engagement	Rebecca/Jonathan	Minnie/Rebecca
Benchmarking		
Project Compliance	Corey/Jonathan	Corey
CSA	Rebecca/Terrance	Jerry
Whistleblower Program	Regina/John	John/Regina

There was no public comment.

#### **e. Status Reports – CGOBOC Consulting Contracts**

Rebecca Rhine provided an update on the Community Engagement Benchmarking contract. There have been a number of meetings involving Mark de la Rosa (CSA) on the south side of the City. There have been four meetings with the consultants. The survey has been completed and approved. The internal survey (of San Francisco employees, San Francisco community groups, and subject matter experts on the issue of community outreach, is underway. At the last meeting, the benchmarking location was identified, in consultation with other city departments that do a lot of benchmarking. Ms. Rhine expressed her enthusiasm as to the ways to conduct community outreach in ways that support true, authentic community input while allowing CGOBOC to remember its charge to keep projects on time, scope and budget. She observed that the benchmarking study is doing the work that CGOBOC requested. She is looking forward to the results.

Corey Marshall provided an update on the Project Compliance and Approval Process Benchmarking. There have been several meetings with the contractors. Benchmarking comparisons with select cities, both inside and outside of California, have been identified. Some of the bond analysis has been identified in terms of defining the process steps. Interviews have been started with some of the internal city departments and conversations with other cities. The interviews will be completed during the week of May 27<sup>th</sup>. A report is due on June 10<sup>th</sup>.

There was no public comment.

#### **f. Other Items**

There was discussion about how “action” items would be handled from meeting to meeting. The Committee agreed to have a separate list of “action” or “follow-up” items for tracking.

The Committee clarified the content of the pending letter to the Recreation and Park Commission. The letter is about the use of the leftover bond money from the 2000 Bond Program since it was not all specified at the time of adoption. There is still not clarity as to whether a request regarding “process” is also to be included. The Committee agreed to postpone the question until the July meeting when the requestor of the letter may be present.

There was no public comment.

- 6) **Public Comment on any matter within the Committee's jurisdiction**  
There was no public comment.

The meeting was adjourned at 11:15 a.m.