




**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:** January 16, 2013

**SUBJECT:** CSA Audits Activity Update

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The following are highlights of the City Services Auditor Division (CSA) Audits Unit's activity during November 14, 2012, through January 16, 2013.

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**Date Issued Report**

1/7/2013 *Airport Commission: D-Lew Enterprises, LLC dba Perry's Correctly Paid Its Rent, but Owes \$1,043 in Late Charges for January 1, 2010, Through December 31, 2011*

The tenant (Perry's) correctly reported gross revenues of \$16,931,244 and correctly paid rent of \$1,967,749 to the Airport. However, Perry's had multiple late payments resulting in late fee assessments of \$1,043.

12/26/2012 *San Francisco Public Utilities Commission: The Job Order Contract Program Lacks Sufficient Oversight to Ensure Program Effectiveness*

The San Francisco Public Utilities Commission's Job Order Contract (JOC) Program lacks sufficient oversight to ensure that it is effective and stays true to its original intent. Specifically, the program does not have a formal definition of its intent or guidelines to prevent its use for unintended purposes. Although one of the major advantages of JOC programs is that project costs are determined by pre-negotiated prices, the JOC program approved several projects that rely heavily on non-prepriced tasks. Also, the JOC program has not documented its process for choosing among JOC contractors when assigning projects and does not adequately monitor the quality of the work that contractors produce.

Date Issued	Report
12/18/2012	<i>Airport Commission: The Airport's Payroll Operations, Including Its Administration of Premium Pay, Are Adequate, but Should Be Improved</i>
	<p>The payroll operations and administration of premium pay at the Airport are generally adequate, but need some improvement to reduce the risks associated with the payroll processes. The Airport accurately calculated overtime pay, shift pay, and multiple license requirements.</p>
12/12/2012	<i>Airport Commission: The Airport Did Not Always Follow the Close-out Procedures in Its Cooling Towers Rehabilitation Contract and Must Improve Its Documentation of Compliance</i>
	<p>The Airport generally complied with all applicable close-out procedures in its contract with Proven Management, Inc., the general contractor for the project to rehabilitate cooling towers at San Francisco International Airport. However, the Airport did not retain all the documentation needed to verify compliance in a manner that was readily retrievable, so it could not provide these documents to the assessment team. Also, the Airport either did not always follow the contract's close-out provisions or only partially complied with the provisions.</p>
12/5/2012	<i>San Francisco Public Utilities Commission: The SFPUC Implemented Both of the Recommendations From a 2011 Audit of the Tesla Water Treatment Facility and the East/West Transmission Main</i>
	<p>In September 2011 the San Francisco Public Utilities Commission (SFPUC) reported progress indicating that it had fully implemented the two recommendations in a January 2011 audit report on the Water System Improvement Program construction contracts. This follow-up confirmed that the SFPUC fully implemented both of the recommendations by developing and implementing detailed procedures for determining the appropriate use of change orders. Also, SFPUC took steps to assess the operational concerns with the Construction Management Information System, correct system deficiencies, and increase training.</p>
12/3/2012	<i>City Services Auditor Quarterly Summary of Audit Follow-Up Activity - Fiscal Year 2012-13, First Quarter</i>
	<p>CSA follows up on all recommendations it issues in audit reports and memorandums at six months, one year, and two years. Each quarter CSA reports on its follow-up activity to the Board of Supervisors' Government Audit and Oversight Committee. This process fulfills the requirement of San Francisco Charter Section F1.105 for the auditee to report on its efforts to</p>

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	address the Controller's findings, report any costs or savings attributable to recommendation implementation reflected in the department's proposed budget, and, if relevant, report the basis for deciding not to implement any of the Controller's recommendations.
11/28/2012	<i>San Francisco Municipal Transportation Agency: Assessment of the San Francisco Municipal Transportation Agency's Compliance With Close-out Procedures for the Metro East Contract</i>
	The San Francisco Municipal Transportation Agency (SFMTA) complied with all close-out procedures for the Metro East contract, but did not document final completion of the project. Furthermore, the contract lacks some important close-out procedures for inspections, and some of the procedures are unclear or contain unnecessary detail.
11/21/2012	<i>Airport Commission: Harmony Pharmacy &amp; Health Center, Inc. Correctly Paid Its Rent, but Owes \$2,340 in Late Charges and Did Not Submit on Time Its Certified Statement of Revenue for April 8, 2011, Through April 7, 2012</i>
	Harmony Pharmacy & Health Center, Inc. (Harmony) correctly reported gross revenues of \$1,173,025 and correctly paid \$240,000 in rent to the Airport. However, Harmony did not always submit on time its certified statement of revenues and made multiple late payments resulting in late fee assessments of \$2,340.
11/21/2012	<i>Airport Commission: Nocal Rentals, Inc. dba Payless Car Rental Correctly Paid Its Rent, but Owes \$3,771 in Late Charges for December 1, 2010, Through December 31, 2011</i>
	The concessionaire (Payless) correctly reported gross revenues of \$3,624,361 and correctly paid \$947,980 in rent to the Airport. However, Payless made multiple late payments resulting in late fee assessments of \$3,771.
11/19/2012	<i>General Services Agency: Ten Selected Organizations Complied With the San Francisco Administrative Code, Chapter 12G, by Not Using City Funds for Political Activity</i>
	Chapter 12G of the San Francisco Administrative Code prohibits the use of city funds for political activity. The ten organizations selected for review did not use city funds received under city grants, contracts, or loans in fiscal year 2010-11

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to participate in, support, or attempt to influence a political campaign for any candidate or ballot measure.

11/19/2012	<i>Whistleblower Program 2012-13 Quarter 1 Report</i>
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During July through September 2012, 79 complaints were filed with the Whistleblower Program, and 15 complaints were sustained in full or in part after investigation.