

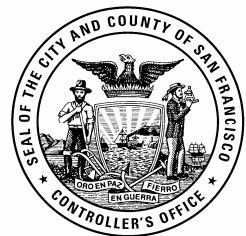
City and County of San Francisco

Office of the Controller - City Services Auditor

OFFICE OF THE CONTROLLER

City Services Auditor

Annual Report
Fiscal Year 2005-2006



December 8, 2006



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

December 8, 2006

Honorable Mayor Gavin Newsom
Members of the Board of Supervisors
City and County of San Francisco
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4694

Dear Mayor Newsom and Members of the Board of Supervisors:

The Controller's City Services Auditor Division presents its annual report on the work of the division during fiscal year 2005-06. This was the second year of implementation under the November 2003 Charter amendment that created the City Services Auditor function. Highlights of the fiscal year include:

- Using the standards that were established in fiscal year 2004-2005, we performed complete inspections of San Francisco's parks, building a rich dataset on the City's maintenance of playing fields, playgrounds, recreation centers, trees, plants and other park elements. We also tested how well the City cleans streets, collects trash, and paints out graffiti;
- Fifty-eight audit reports were issued ranging over a variety of financial, contracting and performance issues and identifying risks to the City's assets, services or financial management;
- A fuller complement of staff and increased training allowed us to conduct a greater variety of types of audits, investigate complaints more effectively, and use expert consultants to serve the City's analytical needs;
- Analysis, contracting services, performance management assistance, and other technical services were provided to 25 City departments and citywide in areas ranging from software system design to public opinion testing to executive recruitment to transportation planning.

For the Controller's Office, FY2005-2006 presented the challenge of continuing to grow the City Services Auditor to meet expectations—approximately \$9.5 million was budgeted for auditing and performance services this year—while insuring that our work is carefully planned and efficiently executed. If you have any questions or comments on this report, please contact Peg Stevenson of my staff at (415) 554-7500.

Respectfully submitted,

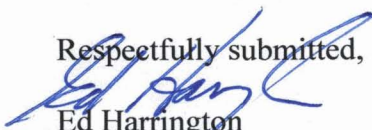

Ed Harrington
Controller

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INTRODUCTION

The mission of the Controller's Office of the City and County of San Francisco is to ensure the City's financial integrity and promote efficient, effective, and accountable government. The Controller's Office vision is to be a model for good government and to make the City a better place.

Fiscal Year 2005-2006 was the second year of operations for the Controller's City Services Auditor. The City Services Auditor (CSA) was created by a November 2003 Charter amendment that envisions a broad effort to measure, audit, and report on San Francisco's government performance. The mandate of the amendment is to analyze the City's public service delivery, compare and benchmark San Francisco to best practices nationwide, provide information to citizens in new ways and help drive improvements in City government. This is among the most ambitious, voter-approved efforts of its kind in local government.

The City Services Auditor has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and comparing the City to other public agencies;
- Conducting financial and performance audits of City departments, contractors, and functions;
- Running a whistleblower program and investigating reports of waste, fraud and abuse of City resources;
- Ensuring the financial integrity and improving the overall performance and efficiency of City government.

The City Services Auditor is funded through a commitment of 2/10ths of one percent of the City's annual budget. In FY2005-06, approximately \$9.5 million was budgeted under the Charter requirement, but only \$6.5 million was spent, with the balance returned to City funds.

This report highlights some of the audits and special reports issued by CSA during the fiscal year, and describes current performance improvement projects. The Controller's Office welcomes comments and feedback and can be contacted at: CSA.ProjectManager@sfgov.org

Reports and resources from the City Services Auditor are posted on the Controller's website at:

http://www.sfgov.org/site/controller_index.asp

PERFORMANCE MANAGEMENT AND TECHNICAL ASSISTANCE

WHISTLEBLOWER PROGRAM

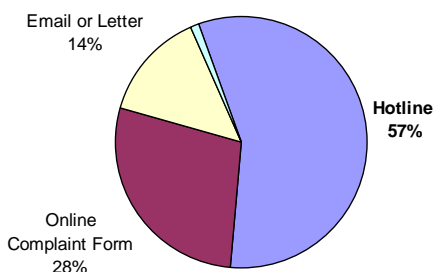
The Whistleblower Program receives and investigates complaints about the quality and delivery of government services, wasteful or inefficient City government practices, misuse of funds and improper activities by City government officials, employees, vendors or City contractors. Every complaint is treated seriously and is reviewed to determine how it might be investigated or resolved.

The Whistleblower program received a total of 222 calls during the 2005-06 fiscal year. About two-thirds were requests for information that were answered immediately or resulted in a referral to another City department. All calls and complaints, including those referred to another agency, are tracked through to resolution by the program.

FY 2005-2006 WHISTLEBLOWER EXAMPLES:

- An allegation was made that a non-profit agency received grant funds for a substance abuse counseling program but did not provide adequate services. The investigation substantiated the allegation and also found that the program had previously been cited for non-compliance under its city contract. The program was discontinued and the 18 clients transitioned to other programs that could meet their needs.
- A complaint was received that a City resident was running an unregistered, non-permitted used-car business out of their home. The investigation resulted in the Planning Department issuing A Notice of Violation and the Treasurer-Tax Collector's Office requiring the owner to register the business and pay the appropriate fees and taxes.
- Investigation determined that four employees had used City time and resources to build furniture for personal use. The employees were found culpable at a hearing and were disciplined under City rules.

The hotline was the most common method of receiving complaints.



Knowledgeable CSA staff answer the whistleblower hotline during the business day. All complaints are entered into a tracking system and are assigned a number by which complainants can see progress and learn the resolution of their complaint within the limits of City law and Civil Service Rules. Whistleblower staff meet quarterly with representatives of the Citizens' Audit Review Board who provide program oversight.

**Whistleblower Hotline
554-CITY (2489)**

Hotline Hours

M, W, Th, F 9:00 – 5:00
T 10:30 – 5:00

Complainants can call the hotline, use a complaint form on the whistleblower website (<http://www.sfgov.org/whistleblower>), send an email to whistleblower@sfgov.org, or send a letter to the Controller's Office, and may remain anonymous. Reports of the Whistleblower Program are posted on the Controller's website: http://www.sfgov.org/site/whistleblower_index.asp

PERFORMANCE MANAGEMENT PROGRAM

The City Services Auditor collects data and reports on the level and effectiveness of City services.

The City Services Auditor works citywide to report and verify data and performance measures that help San Francisco understand and improve service delivery. We work with city departments to develop meaningful information that accurately reflects progress toward Citywide and departmental goals. Performance measures and targets from the CSA database are reported in the Mayor's Budget and used in a variety of public and management processes.

FY 2005-2006 HIGHLIGHTS:

- **City Services Auditor issued the San Francisco Performance Report** in November 2005, highlighting the city's efforts to address homelessness and crime, respond to emergencies, improve public health, and provide a broad range of services such as recreation and parks, public transportation, streets and libraries. The report analyzes basic indicators of community well-being, such as household income, and explores how such indicators are linked to and affected by City services.
- **Hearings held by the Board of Supervisors focused on the City's performance measures** and spurred city departments to clarify and update their measures and to discuss them publicly. As part of the hearings, CSA revamped its database to publish a multi-year history of the City's performance measures and targets—now available on the web.
- **The SFStat program brings together the City's largest departments** to improve performance by working with and presenting data before a panel including the Mayor, Controller, Human Resources Director, and other city leaders. CSA supports the program and the presenting departments with analytical assistance and also leads citywide sessions to improve understanding and cost management of overtime, leave time, and workers compensation.
- **A new budget and performance management system being developed by the Controller's Office in 2007** will allow the city to better link financial and performance data, and to model and analyze public services whose delivery is complex—spanning multiple city departments.

San Francisco Performance Report 2005:

http://www.sfgov.org/site/controller_index.asp?id=35816

Performance Measures by Department 2006:

http://www.sfgov.org/site/controller_page.asp?id=41680

STREETS, PARKS AND SIDEWALKS

The City Services Auditor Charter amendment specifically mandates that the city will have objective standards for streets, parks and sidewalks.

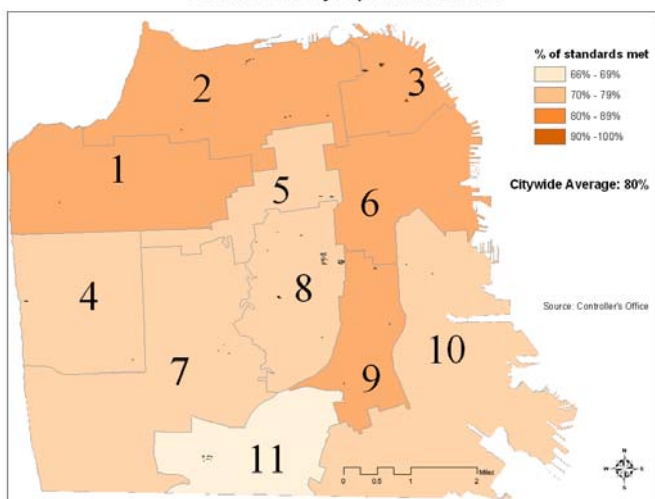
The City Services Auditor Charter amendment requires specific standards for the maintenance of streets, parks and sidewalks, and mandates annual reporting on performance to those standards. During FY 2005-2006, for the first time, the Controller's Office collected complete data reflecting conditions in the parks and streets and was able to measure the City's performance relative to the standards that were established in FY2004-05.

FY 2005-2006 SUMMARY OF RESULTS:

- **The City's mechanical street sweeping (by the Department of Public Works) performs well and runs according to schedules, but streets are not equally clean across the city.** Our inspections found that the sweeping and street cleaning programs are effective overall, however some routes still fail the litter standard even soon after sweeping, and others met the standard before sweeping. The findings indicate that changes in the frequency and scheduling of street sweeping may be needed.
- **Inspection routes in every area of San Francisco failed the graffiti standard,** which requires that any and all incidences of graffiti be reported. Some areas, including the Bayview and the Marina, were consistently cleaner than others. Public and private property both would need significant additional graffiti cleaning efforts for the city to meet the 100% standard.
- **Schedules are posted on the web showing how and when city parks are staffed with gardeners and custodians.** CSA found that adherence to posted schedules improved between our fall and winter inspections in the parks. However, it was still the case that staff were not on site more frequently than would be expected even under normal leave and schedule variances. The Recreation and Park Department plans to prepare further compliance reports in FY2006-2007.

- **Litter and trash pickup in parks is generally good—90% of 168 parks inspected met the standard.** Planted areas and shrubs are the most difficult element to maintain in the parks—only 67% met the standards.

FY 05-06 City Services Auditor Results of Park Maintenance Standards
Overall Results by Supervisorial District



The parks and streets report is at:

http://www.sfgov.org/site/uploadedfiles/controller/csa/propc/CSA_Park_and_Street_Maint_FY06Rpt_070706.pdf

PUBLIC WORKS MAPPING PROJECT

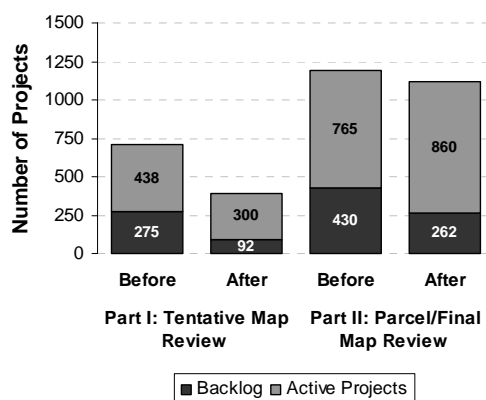
The Bureau of Street Use and Mapping changed its systems and methods and succeeded in speeding up customer service and reducing the number of condominium maps awaiting action.

The Department of Public Work's (DPW) Bureau of Street Use and Mapping is responsible for recording changes to the official City map. Condominium development and conversion is one of these mapping processes. During FY05-06, the City Services Auditor helped the Bureau revise the condominium conversion application, define and analyze the backlog of subdivision maps awaiting review and processing, revise the fee schedule, and identify methods to speed up map review services. These achievements together with the hiring of new staff and other improvements that DPW undertook over the last year improved customer service significantly. The Department's Mapping Division reduced the time from an application being submitted to the new map being approved and recorded by 58%, from nearly 24 months to ten.

PROJECT HIGHLIGHTS:

- **CSA and DPW redesigned and updated the Residential Condominium Conversion Application and Procedures for the first time in over 20 years.** The new version replaces inconsistent, redundant, and unclear instructions with a systematic, efficient process which is easier for the public to understand and complete. The Mapping Division is also modifying other applications based on the Residential Condominium Conversion application.
- **Review time of residential condominium conversion applications has been reduced by over 75%,** from an average of 2.5 hours per application to a half hour.
- **CSA and DPW developed a more robust, accurate report** containing relevant information about the stage and age of a map in the review process—helping DPW understand and reduce the work backlog. From May 2005 to September 2006, while the number of active projects of Condominium Conversion increased by 21%, while the backlog decreased by 46% during the same period.
- **CSA provided additional recommendations to increase the efficiency and productivity of the division,** including a system to track labor hours and new performance standards based on the time and effort to review a map.

The percentage of projects in the DPW Mapping backlog decreased by 26% in 16 months.



The DPW's new materials are on-line at:
http://www.sfgov.org/site/sfdpw_page.asp?id=37184

NONPROFIT MONITORING PROJECT

The City Services Auditor is working with the City's social service departments to streamline and standardize city contract monitoring, assist the City's nonprofit sector and support the critical role they play in public service delivery.

Non-profit organizations are critical to the City's delivery of health, housing, economic, and other assistance to children, seniors, and adults. San Francisco spent over \$500 million in contracts and grants with hundreds of organizations during fiscal year 2005-06. The City Services Auditor is working to improve how the City does business in this sector and strengthen the relationship between nonprofits and the City.

The Department of Public Health, the Human Services Agency, and the Department of Children, Youth and Families worked closely with the Controller's Office in FY05-06 to implement a new model for fiscal and compliance monitoring of nonprofit contracts. These three departments together distribute approximately 90 percent of the City's funding to non-profit contractors. The new monitoring approach has improved quality and consistency in the City's contract practices and reduced duplication. Timely sharing of critical information allows City experts to focus on the quality of services, recognize excellent performance, and address poor performance before the service or organization is at risk.

FY 2005-2006 ACCOMPLISHMENTS:

- **The Controller's Office fostered new, timesaving collaboration** among the three City departments that distribute approximately 90 percent of all nonprofit contract payments. The procedures meet the high standards of the City's internal and external auditors, and ensure that City legal requirements are met and reported on consistently.
- **City staff completed site visits to 66 of the largest nonprofit contractors in less time than prior years** – 70% of the site visits took less than a day, and approximately 50% were completed in a half day.
- **The overwhelming majority (95%) of contractors participating find the new standard monitoring form reasonable.** Unnecessary and duplicative processes for contractors were reduced through inter-departmental meetings, a master site visit calendar, and a shared nonprofit data repository. This is critical for nonprofit agencies to help minimize their administrative costs.
- **The Controller's Office coordinated finance-related trainings** for both nonprofit organizations and City staff.

Resources for nonprofits are on our website at:

http://www.sfgov.org/site/controller_index.asp?id=30547

TRANSIT EFFECTIVENESS PROJECT

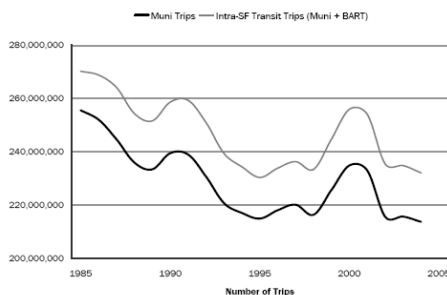
This project will give the MTA a five- to seven-year roadmap to improve service, increase transit usage, and promote long-term financial stability.

The Controller's Office is partnering with the Municipal Transportation Agency (MTA) on the Transit Effectiveness Project (TEP) – a comprehensive 18-month effort to evaluate the City's Municipal Railway system (Muni) and find ways to improve service, attract more riders, and increase efficiency. The TEP will strengthen Muni's current service delivery, provide a blueprint for future service expansion, incorporate industry best practices and promote the MTA's long-term financial stability. The City selected Transportation Management Design, Inc. (TMD) to lead the project and co-manage the project team with CSA staff and MTA planning staff.

FY 2005-2006 KEY FINDINGS AND HIGHLIGHTS:

- **The Project is underway with survey and market research in the field**, stakeholder advisory committees, a public outreach processes, and a best practices review.
- **A Briefing Book has been published** with a high level overview of transportation in San Francisco, an analysis of Muni usage and a summary of transit performance trends, benchmarks, and the results of community stakeholder interviews about transit service and priorities.
- **Projections show that Muni needs to improve services to maintain and increase ridership and its share of trips taken in the City.** The number of trips in San Francisco is expected to increase up to 29% in the next 25 years, but at the moment, Muni is losing its share of those trips. Mode share (whether people choose transit, driving, or other methods of travel) is considered the ultimate measure of transit success. In addition, Muni must become more useful for more of the day, and address the changing geography of its ridership.
- **Specific system changes can increase the quality of service and attract more riders.** Stakeholders have consistently identified reliability as the most critical aspect of Muni service—increased reliability would make people choose transit over other modes of travel.
- **The MTA and Muni need to be staffed to achieve long-term strategic goals**—among them is that the City must be able to pay for and hire enough operators, mechanics and other personnel to run at peak efficiency and to use its capital investments in vehicles and systems effectively.

Muni's annual ridership has declined about 12% from 1986 to 2005.



Source: Muni SRTPs

All TEP materials are available online at:

<http://www.sftep.com/>

LONG TERM CARE SERVICES ANALYSIS

A targeted public health integration effort can save the City and County of San Francisco a minimum of \$14 million annually.

Through a contract with a nationally-recognized consulting firm, Health Management Associates (HMA), the City's Department of Public Health and the City Services Auditor evaluated the continuum between acute and long-term care services provided by San Francisco's public health system. In general, we found that the City and its partners deliver a broad range of services that are generally not available in other public health systems, and that the standards of care are consistently high. The City is committed to excellence and access in its public health system and spends approximately \$400 person per year, far above the national average, on public health.

However, the City can better meet its citizens' needs, improve medical and quality of life outcomes for long-term care patients and gain financial efficiencies by not increasing the current size (780 beds) of the Laguna Honda Hospital rebuild project. Instead, San Francisco should work to provide a mix of long term, skilled nursing, in-home, and community-based services, and should seek State and Federal approval and funding for these purposes.

FINDINGS AND RECOMMENDATIONS:

- **The City should improve integration and reduce duplicate services to recover costs and share the burden of funding** health services, and to better manage the needs of complex patient populations.
- **The City has institutionalized too much of its client population in Laguna Honda Hospital.** A significant fraction of the patients needing skilled nursing and related care could be effectively treated in non-institutional settings.
- **Public health systems should develop 200-bed or fewer facilities, assisted living facilities, and in-home services** to meet the need for long term and skilled nursing care, improve patient outcomes and serve people in their own community.
- **The City should immediately renew efforts to get Medi-Cal reimbursement for assisted living care.** San Francisco should work with privately owned skilled nursing facilities, as well as neighboring counties, on this issue.
- **The City could, at minimum, avoid a \$3 to \$5 million capital expense** and reallocate \$14 million in operating costs annually using the approaches outlined in the HMA report.



The full report is on-line at:

http://www.sfgov.org/site/controller_page.asp?id=33411

PERFORMANCE AND FINANCIAL AUDITING

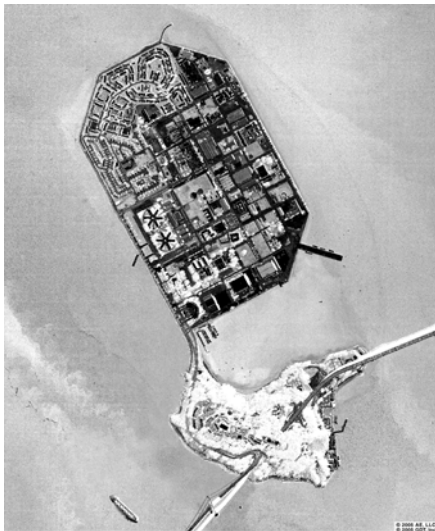
TREASURE ISLAND DEVELOPMENT AUTHORITY

TIDA's poor financial practices resulted in \$3.5 million in unreported liabilities.

The former naval station on Treasure Island in San Francisco Bay is one of San Francisco's newest neighborhoods and is part of City efforts to create new housing and job opportunities, especially for economically disadvantaged San Franciscans. The redevelopment agency for this work is a nonprofit public benefit corporation, the Treasure Island Development Authority (TIDA). At the request of the TIDA Board of Directors, the Controller's Office audited management and financial issues at the Authority. The audit identified poor practices regarding finances, leases, and staffing and noted that a February 2005 audit by the Board of Supervisors Budget Analyst had cited many similar findings.

FINDINGS AND RECOMMENDATIONS:

- **TIDA did not report liabilities of over \$3.5 million**, and its fund balance was at least \$2.3 million short of what it needed to pay these liabilities. TIDA needs to review financial transactions for accuracy, adjust accounting entries, ensure that it accurately records pass-through receipts, and settle outstanding debts so that its financial status will be fairly and accurately presented.
- **TIDA could save 40 percent (\$475,000) of its annual salary and benefit expenditures** by reorganizing, reducing the number of employees, and changing the skill mix of its employees to align actual job responsibilities and salaries with position classifications.
- **TIDA had almost \$50,000 in unreasonable expenditures**, including a luxury sport utility vehicle. The board should establish guidelines to identify allowable expenses and procedures for expense approval and reimbursement.
- **TIDA over-reported retirement earnings**, overestimated severance pay, and failed to report non-cash taxable income for high ranking personnel. TIDA should correct the errors and issue corrected W-2 forms.



STATUS

A new Director began working at TIDA in September 2006, has reviewed the audit findings and will develop a corrective action plan before the end of calendar year 2006.

http://www.sfgov.org/site/uploadedfiles/controller/csa/TIDA_Final_Report_050405.pdf

MISSION HOUSING DEVELOPMENT CORPORATION

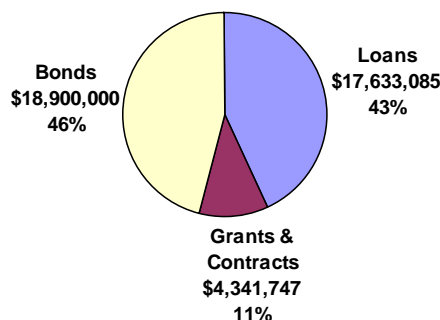
MHDC needs to develop appropriate expertise in performing basic financial functions so it can protect San Francisco's significant interest in the affordable housing organization.

Mission Housing Development Corporation (MHDC) is a large, complex affordable housing organization with multiple ownership structures, funding streams, and compliance requirements. MHDC has 36 properties, ranging from single-room occupancy hotels to family housing, and provides 1,000 units of housing to 1,900 tenants. Together with its partner organizations, MHDC also provides a continuum of social services at its housing sites. The Controller's Office audited MHDC as a significant provider of public services.

FINDINGS AND RECOMMENDATIONS:

- **The City has invested approximately \$19 million in bonds, \$17 million in loans, and \$4 million in contracts and grants with MHDC** in the last five years alone and has a significant interest in ensuring that MHDC protects its tenants and assets.
- **MHDC lacks appropriate expertise to perform basic financial functions** despite recent hiring. The organization needs to hire and/or retain enough skilled staff to perform financial compliance, budgeting, and critical asset management functions.
- **MHDC faces both gaps and overlaps in services provided at its housing sites.** The agency is at risk for non-compliance with financing terms that require it to provide direct services in health, education, and other human programs that help tenants retain and stabilize their housing, employment, and family lives. MHDC needs to build a comprehensive knowledge of the site services and providers and better track the loan and regulatory requirements of its service-related funding.

Over \$40 Million in City Funding
Issued to MHDC Since 2000



STATUS

MHDC has agreed to implement all recommendations made in the audit report. The report is on-line at:

http://www.sfgov.org/site/controller_page.asp?id=36494

FAMILY AND CHILDREN'S SERVICES

Family and Children's Services (FCS) must comply with the legislation to ensure the well-being and safety of the child.

Children in foster care are protected by federal and state laws that assess and approve the homes of caregivers who are relatives and who are non-relative extended family members (NREFMs). CSA audited the Human Services Agency's (HSA), Family and Children's Services (FCS) Division to assess its compliance with these laws, which require home safety inspections, review of caregiver qualifications, and criminal background checks and fingerprinting for all adults living in the foster child's home. CSA also assessed whether FCS met state requirements for conducting face-to-face visits with foster children on a regular basis.

FINDINGS AND RECOMMENDATIONS:

- **Only 14 (47 percent) of the 30 NREFM cases reviewed complied with the laws governing the safety and health of foster child homes.** To come into compliance, HSA must communicate the need to all child welfare workers and incorporate the goal of 100% compliance into performance measurement and evaluations. HSA is at risk of forfeiting millions of dollars in federal and state funds which support these services if compliance does not improve – \$120,000 would be at issue in the audit sample alone
- **FCS conducted timely visits with foster care children for 29 (85 percent) of the 42 cases reviewed.** Twenty-eight (82 percent) of the 42 tested cases had an up-to-date caretaker case plan as required by state law. These figures generally showed improvement from 2004 to 2005. However, the systems and practices for recording visits are inconsistent—HSA still needs to improve both its performance and its documentation of face-to-face visits with foster children to ensure compliance with state requirements and better manage its responsibility for children in foster care.

TESTED SAMPLE COMPLIANCE RATES				
NOVEMBER 2004				
	FACE-TO-FACE CONTACTS		TIMELY CASE PLAN	
	%	#	%	#
MANUAL CASE FILE	81%	29	81%	29
CWS/CMS	78%	28	75%	27
SAFEMEASURES	69%	25	75%	27
AUGUST 2005				
	FACE-TO-FACE CONTACTS		TIMELY CASE PLAN	
	%	#	%	#
MANUAL CASE FILE	85%	29	79%	27
CWS/CMS	82%	28	82%	28
SAFEMEASURES	79%	27	82%	28

STATUS

The Human Services Agency reported in September 2006 that it had fully implemented four of the recommendations, and that the remaining five recommendations were in progress. In addition, a new Director for Family and Children's Services was appointed.

http://www.sfgov.org/site/controller_page.asp?id=37375

FILIPINO AMERICAN COUNCIL

The Filipino American Council mismanaged city grant funds.

The City Services Auditor receives and investigates complaints and concerns about City vendors and contractors as part of its audit and whistleblower functions. An investigation of Filipino-American Council of San Francisco performed during FY05-06 is an example of this process—we investigated allegations regarding the use of city funds, the adequacy of controls over funds, and other management practices of this agency.

FINDINGS AND RECOMMENDATIONS:

- **The Filipino American Council lacks adequate financial systems and records and did not properly manage aspects of its operations.** The agency failed to provide basic financial records, such as general ledgers, financial statements, and adequate accounting records to support its billings to the City. In addition, the agency lacks sufficient accounting staff and necessary controls over cash receipts and disbursements. The Council made several inappropriate cash payments, including payments to a board member, which are not permitted under its own bylaws.
- **The Council over-billed the City at least \$27,298** under two of the three programs funded by City grants, and failed to provide time sheets to support personnel costs billed to two programs. The agency also failed to keep accurate attendance records for the participants in its City-funded employment program.
- **The agency demonstrated poor management of other aspects of its operations** by using an unlicensed electrician to do electrical work at its senior center, operating a training center with an expired license for more than five years, and failing to provide minutes of any board meetings as is required by both good nonprofit management practices and by the City Administrative Code.

STATUS

The Mayor's Office of Community Development agreed to suspend current and future grants to the Filipino American Council, and to require corrective action to address the audit recommendations as a condition for continuing any grant funding, in addition to taking other steps. The Council committed to taking corrective actions in most of the areas highlighted in the report.

http://www.sfgov.org/site/uploadedfiles/controller/csa/audit/MYR_%20FilAm010506.pdf

LINCOLN PARK GOLF COURSE

Yugi Golf Management LLC needs to improve its accounting practices.

Lincoln Park Golf Course is owned by the City and County of San Francisco and managed by the Recreation and Park Department. Day-to-day operations are overseen by a contractor, Yugi Golf Management LLC (Yugi Golf). Yugi Golf assumed operations at Lincoln Park Golf by agreeing to an assignment of a lease from the former operator of Lincoln Park Golf effective March 1, 2001. The current term of the lease with Yugi Golf is on a month-to-month basis, and can be canceled by either party with sufficient notice. CSA audited the lease and operations as part of its program to audit City concessionaires on a regular basis.

FINDINGS AND RECOMMENDATIONS:

- **Yugi Golf needs to improve its accounting practices to comply with lease provisions and to provide auditable records.** This concern applies to several types of record-keeping including collecting and remitting greens fees, maintaining tournament records, completing tee time sheets and collecting reservations fees. Yugi Golf also had poor accounting records for credit card transactions in the pro shop.
- **Yugi Golf had several shortcomings, including insufficient records and documentation for \$424,241 in restaurant and bar sales,** in accounting for its restaurant and bar and pro shop revenues for the entire three-year audit period.
- **During the audit period, Yugi Golf had not paid the annual minimum rent payment when due.** As a result, the vendor owed the Recreation and Park department \$17,917 in minimum rent and \$40,894 in late fees, as of June 30, 2005.

STATUS

The Controller's Financial Audits Division is working with the Parks and Recreation department to follow up on the status of the recommendations.

http://www.sfgov.org/site/uploadedfiles/controller/csa/audit/REC_LPGolf.pdf

APPENDIX A: CHARTER AND MISSION OF THE CITY SERVICES AUDITOR

CHARTER

The City and County of San Francisco (City), through the City Charter and Administrative Code, has established an audit office and a services audit unit within the Controller's Office. According to the City Charter, Section 3.105, and Administrative Code, Section 2.92, the City Services Auditor, on behalf of the City Controller, is required to audit the accounts of all boards, commissions, officers, and employees of the City charged in any manner with the custody, collection, or disbursement of funds, including all accounts of money received by the Office of the Treasurer and Tax Collector. The City Services Auditor is further charged to evaluate the effectiveness and efficiency of the operations of all boards, commissions, offices, and departments. To carry out its duties, the City Services Auditor shall have access to, and authority to examine all documents, records, books, and other property of any board, commission, officer, or department. Further, when requested, the City Services Auditor shall audit the accounts of an officer or department.

MISSION

The City Services Auditor is responsible for providing independent audits and reviews within the City as a service to the citizens of San Francisco as well as to the City's boards, commissions, and departments. The City Services Auditor evaluates systems of internal controls over City finances and operations to assure assets are protected and managed in accordance with all requirements stipulated in the Charter, Administrative Code, ordinances, policy statements, and accepted business practices. The City Services Auditor also provides recommendations to help management maximize the use of resources and provide adequate service levels. The City Services Auditor reports the findings of its reviews to the Mayor, Board of Supervisors, Civil Grand Jury, the appropriate commissions, and department management. The City Services Auditor accomplishes its mission through financial, performance, investigative, and concession audits and through analysis, performance measurement and technical assistance to City departments and other agencies.

APPENDIX B: AUDIT AND SPECIAL REPORTS ISSUED DURING FISCAL YEAR 2005-2006

Title of Report	Date Issued	Number of Recommendations
Performance Audit Reports		
Treasure Island Development Authority	12/12/2005	35
Mission Housing Development Corporation	12/16/2005	9
Human Services Agency: Family and Children's Services	02/01/2006	9
Financial Audit Reports		
Office of the Assessor-Recorder: An Audit of the Cash Revolving Fund January 1, 2004, Through April 6, 2005	7/11/2005	2
Port Commission: The Port Inappropriately Administered Its Leases With Affordable Self Storage, Inc.	7/21/2005	7
Status of the Implementation of the Recommendations of the 2003-04 San Francisco Civil Grand Jury	8/30/2005	0
First Five San Francisco (Children and Families Commission): Financial Statements Audit July 1, 2004, Through June 30, 2005	9/21/2005	0
Parking Authority: Review of the Performing Arts Garages Revenue Parking System	9/26/2005	5
San Francisco Police Department: Charitable Organization Audits for Calendar Year 2005	12/21/2005	0
Public Utilities Commission: The Sixth Review of Its Professional Services	1/12/2006	9

Title of Report	Date Issued	Number of Recommendations
Office of the Treasurer and Tax Collector: Financial Statements Audit of the City Investment Pool through June 2005	1/16/2006	0
Department of Public Health: Fiscal & Compliance Monitoring of Selected Community-based Organizations for Fiscal Year 2004-05	4/4/2006	0
Office of the Treasurer and Tax Collector: Review of Statements of Cash and Investments	4/7/2006	0
San Francisco Arts Commission: SomArts Properly Used Grant Funds but Needs to Improve Its Accounting and Reporting Procedures	4/24/2006	4
Department of Public Health: Monitoring of A-133 Single Audit Reports for Agencies Awarded Federal Funds by the Department in Fiscal Year 2004-05	5/15/2006	3
Public Utilities Commission: Water Infrastructure Partners Overhead Reviews	5/17/2006	0
Office of the Assessor-Recorder: An Audit of the Cash Revolving Fund January 1, 2004, Through April 6, 2005	7/11/2005	2
Revolving Fund Audit Reports		
War Memorial and Performing Arts Center: An Audit of the Cash Revolving Fund July 1, 2004, Through July 11, 2005	8/16/2005	0
Commission on the Environment: An Audit of the Cash Revolving Fund as of August 9, 2005	8/30/2005	3
Airport Commission: An Audit of the Cash Revolving Fund July 1, 2004, Through June 30, 2005	9/15/2005	0
Department of Animal Care and Control: A Review of the Cash Revolving Fund July 1, 2004, Through August 4, 2005	10/28/2005	4

Title of Report	Date Issued	Number of Recommendations
San Francisco Public Library Commission: A Review of the Cash Revolving Fund July 1, 2004, Through August 31, 2005	3/10/2006	13

Compliance Audit Reports

Board of Supervisors: Political Activity Audit-La Playa Apartments	4/14/2006	0
Board of Supervisors: Political Activity Audit-HomeBase, The Center for Common Concerns	5/3/2006	0
Board of Supervisors: Political Activity Audit-RISE Institute	5/3/2006	0
Board of Supervisors: Political Activity Audit-Tigresse Fashion, LLC	5/11/2006	0
Board of Supervisors: Political Activity Audit-Up From Darkness Inc.	5/15/2006	0
Board of Supervisors: Political Activity Audit -Museo ItaloAmericano	5/19/2006	0
Board of Supervisors: Political Activity Audit-Ace Legal Assistance	5/24/2006	0
Board of Supervisors: Status of the Implementation of the SF Civil Grand Juries	5/30/2006	0
Board of Supervisors: Political Activity Audit-Footloose Dance Company, Inc.	6/8/2006	0

Investigation Reports

Mayor's Office of Community Development: The Nonprofit Filipino-American Council of San Francisco, Inc. Mismanaged City Grant Funds	1/5/2006	16
Department on the Status of Women: The Nonprofit Women Organized to Make Abuse Nonexistent, Inc., Over Billed the City	2/2/2006	7

Title of Report	Date Issued
Other Reports	
SF Public Health Department Evaluation (HMA) 2005	7/21/2005
Street, Park and Sidewalk Maintenance 2005	10/24/2005
SF Performance Report 2005	11/15/2005
Taxi Commission Survey Report 2005	2/8/2006
Review of Nonprofit Contractors	2/9/2006
Police Staffing Needs at SF International Airport 2006	5/25/2006
Staffing and Planning Issues at Elections Department	6/14/2006

CONCESSION AUDIT REPORTS

Title of Report	Date Issued	Reporting Period		Fees Paid	Fees due From Tenant	To Tenant
		From	To			
Airport						
Clear Channel Airports	10/04/05	04/01/01	03/31/05	14,071,808		
Loris Diner	10/14/05	10/01/01	12/31/04	62,972		
Air France	11/28/05	01/01/01	12/31/04	2,632,840		
Bayport Concessions, LLC	12/1/05	09/01/04	06/30/05	594,014		
Enterprise Rent-A-Car	12/06/05	01/01/01	12/01/01	5,629,262		
Budget Rent A Car Systems, Inc.	12/12/05	01/01/03	12/31/04	35,515,887		
United Airlines	12/15/05	01/01/03	12/31/04	83,707,459		
Harbor Airport, LLC	2/21/06	07/01/03	06/30/05	136,691		
Alamo Rent-A-Car, Inc., and National Car Rental Systems, Inc.	2/23/06	01/01/03	12/23/04	71,926,041	37,241	
Thrifty Rent-A-Car System, Inc.	2/23/06	01/01/02	12/23/04	23,512,249		146,314
Sees Candies	3/2/06	11/05/02	11/30/04	710,444		
Air China	3/21/06	07/01/02	06/30/05	1,656,646		
China Airlines	3/30/06	07/01/02	06/30/05	4,417,385	58,201	
Host International, Inc. Food and Beverage Facilities	5/23/06	06/01/03	05/31/04	4,829,096	566,895	
Port Commission						
Alioto Fish Company, Ltd.	9/29/05	01/01/02	12/31/04	\$1,898,850		
Andre-Boudin Bakeries, Inc.	9/29/05	01/01/02	12/31/04	442,810		
D&G Company LLC dba Lous Pier 47	9/29/05	01/01/02	12/31/04	485,682	\$4,642	
Fishermans Grotto	9/29/05	01/01/02	12/31/04	1,214,947		
The Pollack Group, Ltd. dba Nicks Lighthouse	9/29/05	01/01/02	12/31/04	807,661		
The SFO Forecast Inc. dba Cioppinos Restaurant	9/29/05	01/01/02	12/31/04	731,120		
Guardinos Souvenir & Gift Shop, Inc.	2/23/06	07/01/02	06/30/05	399,548		
Sabella and LaTorre Sea Foods	2/23/06	07/01/02	06/30/05	853,669		
Recreation and Parks						
Lincoln Park Golf Course	5/26/06	01/01/02	12/31/04	3,406,975	58,811	
Harding Park Golf Course	6/30/06	07/01/04	06/30/05	5,356,995		