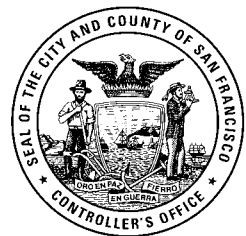


### **BOARD OF SUPERVISORS:**

Reviews of Department Head  
Transitions at Seven City Departments

### **FINANCIAL AUDITS**



*July 13, 2006*  
05049



**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ed Harrington**  
**Controller**

**Monique Zmuda**  
**Deputy Controller**

July 13, 2006

Audit Number 05049

Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94111

President and Members:

The Office of the Controller (Controller) presents its report concerning the department head transitions at seven city departments: the Municipal Transportation Agency, Office of the Assessor-Recorder, Office of the City Administrator, Office of the Treasurer & Tax Collector, Public Utilities Commission, Recreation and Park Department, and the San Francisco Public Library.

Each department properly transferred authority and funds upon the transition of its department head. The departments also properly executed other procedures in the transition of its department heads, including processing payroll transactions. However, the departments did not properly account for all assets assigned to their former and/or current department heads. Most departments could not produce a written, comprehensive list of assets initially assigned to the outgoing department head, which showed the return of the same assets, and most did not have a comprehensive list of assets assigned to the new department head. The departments did provide other evidence to assure us that all assets have been accounted for and returned.

The departments' responses are attached to this report. The Controller's Financial Audits will be working with the departments to follow up on the status of the recommendations made in this report.

Respectfully submitted,

*Original signed by:*

Ed Harrington  
Controller

# INTRODUCTION

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## BACKGROUND

As part of the responsibilities of the Office of the Controller (Controller) to ensure that the City and County of San Francisco (City) properly safeguards its assets, the Controller's Financial Audits conducted reviews of the department head transitions at seven city departments. The following table lists the transitions:

**TABLE 1**

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**Department Head Transitions  
For Fiscal Years 2004-05 and 2005-06**

Department	Summary
Municipal Transportation Agency	Nathaniel Ford Sr. was appointed Executive Director effective January 17, 2006, to replace Michael Burns, who resigned effective close of business on August 22, 2005. During the interim, Stuart Sunshine served as acting Executive Director.
Office of the Assessor-Recorder	Philip Ting was appointed Assessor-Recorder effective July 21, 2005, to replace Mabel Teng, who resigned effective close of business on May 13, 2005.
Office of the City Administrator	Edwin Lee was appointed City Administrator effective January 1, 2006, to replace William Lee, whose term ended effective close of business on June 27, 2005.
Office of the Treasurer & Tax Collector	Jose Cisneros was appointed Treasurer effective September 8, 2004, to replace Susan Leal, who resigned effective close of business on August 22, 2004.
Public Utilities Commission	Susan Leal was appointed General Manager effective August 23, 2004, to replace Patricia Martel, who resigned effective close of business on July 1, 2004.
Recreation and Park Department	Rasheed (Yomi) Agunbiade was appointed General Manager effective July 28, 2005, to replace Elizabeth Goldstein, who resigned effective close of business on June 11, 2004. During the interim, Mr. Agunbiade served as acting General Manager.
San Francisco Public Library	Luis Herrera was appointed City Librarian effective April 11, 2005, to replace Susan Hildreth, who resigned effective close of business on June 30, 2004. During the interim, Paul Underwood served as acting City Librarian.

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## **SCOPE AND METHODOLOGY**

The purpose of our audit was to determine whether the departments followed proper procedures in the transitions from the former department heads to the current department heads. We determined whether the departments properly computed pay transactions during the transition periods. We also determined whether all city assets under the former department head's control were returned. Finally, we determined whether all of the former department heads' travel advances and personal expenses were liquidated. In conducting the audit, we interviewed pertinent staff at the departments and other city departments and obtained supporting documents when appropriate.

# AUDIT RESULTS

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## THE DEPARTMENTS PROPERLY EXECUTED SOME PROCEDURES IN THE TRANSITION OF ITS DEPARTMENT HEADS

The departments properly canceled the former department heads' authority to sign city documents and established the new department heads' signatory authority. In addition, the departments correctly computed payroll transactions for both the former and the current department heads.

However, the departments did not properly account for all assets assigned to their former and/or current department heads. Most of the departments we audited could not provide a comprehensive list of assets initially assigned to the outgoing department head showing the return of the same assets. Moreover, only 2 out of the 7 departments we reviewed had a comprehensive list of assets assigned to the new department head, as follows:

**TABLE 2**

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Department	Formal List of Assets for Former Head	Return of Assets Verified on Initial Formal List	Formal List of Assets for Current Head
Municipal Transportation Agency	No	N/A	No
Office of the Assessor-Recorder	Yes	No*	No
Office of the City Administrator	No	N/A	Yes
Office of the Treasurer & Tax Collector	No	N/A	No
Public Utilities Commission	No	N/A	Yes
Recreation and Park Department	No	N/A	No
San Francisco Public Library	Yes	Yes	No

*\*However, the department did provide evidence to ensure all assets have been accounted for and returned.*

Although most of the departments did not maintain a comprehensive list of assets assigned to their former department heads, these departments did provide us assurance that the former department heads returned all assigned assets.

Department Instruction No. 1050, issued by the Controller on September 20, 1995, states that upon appointment of a new department head, the department should complete a comprehensive listing of all assets and equipment assigned to the new department head. The listing should include such items as keys, building passes, pagers, cell phones, credit cards, computers, and automobiles. Upon the departure of a department head, the department should account for all assets and equipment assigned to the outgoing department head by a physical inventory. It further states that the department should compare items returned to the comprehensive listing prepared when assets were initially assigned to the individual.

## **RECOMMENDATIONS**

To ensure that the departments properly account for all assets and equipment assigned to its department heads, we recommend the following:

- Each department should prepare a comprehensive list of inventory assigned to its department head and update the list of inventory whenever it assigns additional items to its department head.
- Each department should compare its original list of inventory, together with any additional items issued, to the inventory of items returned by its departing department head and account for all discrepancies.

We conducted this review according to standards established by the Institute of Internal Auditors. We limited our review to those areas specified in the audit scope section of this report.

Staff: Elisa Sullivan, Audit Manager  
Houman Boussina  
Lorita Chung  
Helen Vo

# MUNICIPAL TRANSPORTATION AGENCY RESPONSE TO THE AUDIT:

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Municipal Transportation Agency

June 20, 2006

Gavin Newsom | Mayor  
Rev. Dr. James McCray Jr. | Chairman  
Michael Kasolas | Vice Chairman  
Shirley Breyer Black | Director  
Wil Din | Director  
Peter Mezey | Director  
Tom Nolan | Director  
Leah Shahum | Director  
Nathaniel P. Ford, Sr. | Executive Director/CEO

Mr. Ed Harrington, Controller  
Office of the Controller, Financial Audits  
City Hall, Room 316  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Dear Ms. Sullivan:

Thank you for the opportunity to respond to the draft audit report. The MTA concurs with the findings and will make the necessary changes in order to provide tighter controls on the assets assigned to all senior staff.

We are currently in the process of developing a form that would be used to assign electronic equipment and other City assets to staff. These forms will be kept on file and upon the separation of the senior staff person from the Agency this form will become part of the formal process for completing the individual's separation from the position and/or Agency.

Again, thank you for the opportunity to respond to this draft audit report.

Respectfully,

A handwritten signature in black ink, appearing to read "Debra Ward".

Debra Ward  
Deputy Director Finance  
San Francisco Municipal Transportation Agency

cc: Nathaniel P. Ford, Sr.  
Stuart Sunshine  
Wallace Tang  
Elena Chiong  
Deb Denison

## OFFICE OF THE ASSESSOR-RECORDER RESPONSE TO THE AUDIT:

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OFFICE OF THE ASSESSOR-RECORDER  
SAN FRANCISCO



PHIL TING  
ASSESSOR-RECORDER

June 30, 2006

Ed Harrington, Controller  
Office of the Controller  
City Hall, Room 316  
1 Dr. Carlton B. Goodlett Place  
San Francisco, California 94102

Dear Mr. Harrington:

In response to the recommendation from the Office of the Controller's report titled "Reviews of Department Head Transitions at Seven City Departments," the Assessor-Recorder's Office will prepare a comprehensive list of inventory assigned to its department head and update the list of inventory whenever it assigns additional items to the department head.

If you have additional questions, or if I could be of further assistance, please contact me at (415) 554-5516, or my Deputy Recorder and Acting CFO, Zoon Nguyen at 415-554-4734.

Sincerely,

A handwritten signature in black ink, appearing to read "Phil Ting".

Phil Ting  
Assessor-Recorder

City Hall Office: 1 Dr. Carlton B. Goodlett Place  
Room 190, San Francisco, CA 94102-4698  
Tel: (415) 554-5516 Fax: (415) 554-7151  
[www.sfgov.org/assessor](http://www.sfgov.org/assessor)  
e-mail: [assessor@sfgov.org](mailto:assessor@sfgov.org)

Business Personal Property: 875 Stevenson Street  
Room 100, San Francisco, CA 94103  
Tel: (415) 554-5531 Fax: (415) 554-5544

# OFFICE OF THE CITY ADMINISTRATOR RESPONSE TO THE AUDIT:

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## OFFICE OF THE CITY ADMINISTRATOR

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Gavin Newsom, Mayor  
Edwin M. Lee, City Administrator

To: Ed Harrington  
Controller

From: Ara Minasian   
Deputy Director

Date: June 30, 2006

Subject: Response to Department Head Transition Audit Report

Staff of the City Administrator's Office have reviewed the draft audit report for the *Reviews of Department Head Transitions at Seven City Departments*. We concur with the report's results and recommendations.

c: Ed Lee  
Steve Nakajima

# OFFICE OF THE TREASURER & TAX COLLECTOR RESPONSE TO THE AUDIT:

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## Office of the Treasurer & Tax Collector

### City and County of San Francisco

Mailing Address: P.O. Box 7426 ♦ San Francisco, CA 94120-7426

Street Address: 1 Dr. Carlton B. Goodlett Place ♦ San Francisco, CA 94102-0917



José Cisneros, Treasurer  
Phone: (415) 554-4478

June 30, 2006

Mr. Edward Harrington, Controller  
Controller's Office  
1 Dr. Carlton B. Goodlett Place, Room 316  
San Francisco, CA 94102

Dear Mr. Harrington:

The Office of the Treasurer and Tax Collector regrets the department did not maintain an inventory list of city property returned and assigned in a timely manner at the time of the Department Head transition in 2004.

An inventory list was submitted during the audit in January 2006. The Office of the Treasurer and Tax Collector concurs with the audit and would like to thank the Controller's Office for its recommendations. The Department appreciates that there will be a reminder sent regarding Department Instruction No. 1050 when there is a change of Department Head.

Thank you.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Pauline Marx".

Pauline Marx  
Chief Assistant Treasurer

cc: José Cisneros, Treasurer

# PUBLIC UTILITIES COMMISSION RESPONSE TO THE AUDIT:

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## SAN FRANCISCO PUBLIC UTILITIES COMMISSION

1155 Market St., 11th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161 • TTY (415) 554.3488



GAVIN NEWSOM  
MAYOR

RICHARD SKLAR  
PRESIDENT

RYAN L. BROOKS  
VICE PRESIDENT

E. DENNIS NORMANDY  
ANN MOLLER CAEN  
ADAM WERBACH

SUSAN LEAL  
GENERAL MANAGER

DATE: June 15, 2006

TO: Ed Harrington, Controller

FROM: Susan Leal, General Manager  
San Francisco Public Utilities Commission

SUBJECT: Audit Report – Reviews of Department Head Transitions at Seven City  
Departments

Thank you for the results of the department head transitions audit. The San Francisco Public Utilities Commission (SFPUC) appreciates your assistance and will use this information to strengthen further our department head transition process.

## RECREATION AND PARK DEPARTMENT RESPONSE TO THE AUDIT:

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City and County of San Francisco  
Recreation and Park Department

McLaren Lodge in Golden Gate Park

501 Stanyan Street, San Francisco, CA 94117

TEL: 415.831.2700 FAX: 415.831.2096 WEB: <http://parks.sfgov.org>

June 16, 2006

Mr. Ed Harrington, Controller  
Office of the Controller  
City and County of San Francisco  
City Hall, Room 316  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

Dear Mr. Harrington:

The Recreation and Park Department has reviewed the Controller's draft audit report to the Board of Supervisors regarding the reviews of department head transitions at seven city departments. The Department agrees with the recommendations of the report, and we have begun to modify our Personnel Finance System (PFS) so that by the end of July 2006, we will be able to enter the data necessary to track assets assigned to Department personnel. In addition to the assets you recommend (keys, building passes, pagers, cell phones, credit cards, computers, and automobiles), we will also track ID badges, alarm codes, lap tops, and personal digital systems devices.

Thank you for providing us with the draft report. Please feel free to call me at 831-2703 if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, reading 'Katharine Petrucione'.

Katharine Petrucione  
Director of Administration and Finance

KP:nj

cc: Elisa Sullivan



Mayor Gavin Newsom  
General Manager Yomi Agunbiade

## SAN FRANCISCO PUBLIC LIBRARY RESPONSE TO THE AUDIT:

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*San Francisco Public Library*  
100 Larkin Street, San Francisco, CA 94102 - 4733

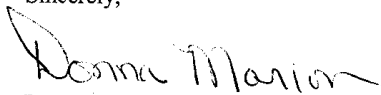
July 13, 2006

Elisa Sullivan  
Financial Audit Manager  
Office of the Controller, Audit Division  
San Francisco, CA 94102

Dear Ms. Sullivan:

On behalf of the San Francisco Public Library I would like to ensure you that in the future the Controller's Department Instruction No. 1050 will be thoroughly followed.

Sincerely,



Donna Marion  
Library Human Resources Director

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cc: Mayor  
Board of Supervisors  
Civil Grand Jury  
Budget Analyst  
Public Library