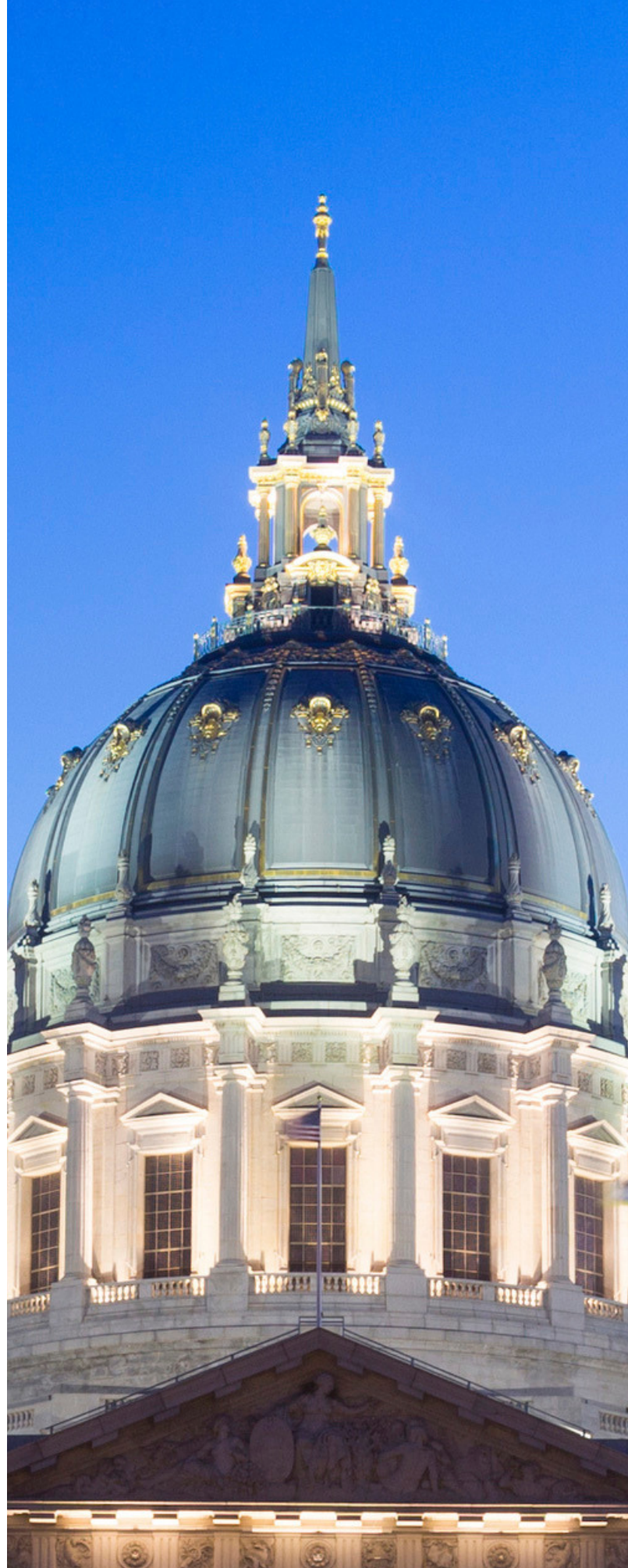


# OFFICE OF THE CONTROLLER

ANNUAL REPORT  
FISCAL YEAR 2017-2018





## **ABOUT THE CONTROLLER'S OFFICE**

### **OUR MISSION**

We ensure the City's financial integrity and promote efficient, effective, and accountable government.

### **OUR VISION**

We strive to be a model for good government and to make the City a better place.

### **OUR CORE VALUES**

Teamwork, Trust, Respect, Equal Opportunity,  
Communication, Excellence, Service





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# WELCOME

On behalf of the Controller's Office, I am pleased to present the department's Annual Report for Fiscal Year 2017-18. This report reflects on the projects and activities we engaged in throughout the fiscal year, guided by the nine overarching goals presented in our department's five-year Strategic Plan.

Our efforts in Fiscal Year 2017-18 touched a wide range of government services, from supporting departments with high-quality financial services and systems to helping inform policymakers on key public issues. We promoted best practices by training City employees in areas such as process improvement, cybersecurity, and data management, and continued our efforts to increase public access to the array of data and information produced by our department. Mindful of long-term economic cycles, we updated our long-term financial plans and completed over \$1.25 billion of new financings to position the City for continued strong financial health.

This fiscal year also marked the transition to our new financial and procurement system, an effort that included significant contributions from staff at many City departments. We matured our knowledge and use of the system and conducted the City's financial business with the system as its new backbone.

As we move into Fiscal Year 2018-19, we are already embarking on the next round of projects to support our mission of helping the City's government effectively and efficiently serve the citizens of San Francisco. We look forward to the challenging work ahead in this fiscal year and beyond.

I would like to thank all Controller's Office employees for their expertise and dedication to service, which collectively has driven our department's accomplishments, as well as those who helped compile this report.

Ben Rosenfield  
Controller





# PROMOTE BEST PRACTICES AND ACCOUNTABILITY IN CITY GOVERNMENT



## KEY ACCOMPLISHMENTS

We supported the work of an interdepartmental policy group to coordinate City departments' responses to street homelessness, encampments, and the complaint process. Staff have been working with all departments to map, analyze, and collect data on joint response to 311 and police non-emergency calls on homelessness and encampments. This work continues into the new fiscal year.

We increased our focus on cybersecurity, implementing an Information Technology Cybersecurity Program, including conducting four penetration tests of City departments. We also developed an information technology training program, reaching over 90 percent of Controller staff during the fiscal year.

The City Services Auditor-Audits Division successfully passed the required triennial external peer review in July 2017, with no findings.

We assisted the Board of Supervisors in their efforts to improve the City's budget process, providing deliverables such as a Budget Process Review report and advice on hearing structure, content, and the addback process. The Budget Committee chairperson adopted numerous process changes, including holding policy hearings in March and April, publicly posting all funding requests, and a policy-driven Spending Plan which was deliberated in Committee.

With the LEAN process improvement program, we enabled City staff to make changes big and small to their business processes, saving time and money. We completed rapid improvement event (RIE) sessions and partnerships with MTA and HSA, and more are underway with the Public Library. We created a LEAN Toolbox for City staff, available on our website, and provided multiple multi-day trainings. LEAN training for MTA staff and subsequent RIEs produced changes in triage, routing, video pull processes, tracking, and closeout procedures for customer service complaints.

## Goal 2

# SUPPORT INFORMED POLICY DECISIONS



We supported decisionmakers with our analytical work, completing economic impact reports for the Board of Supervisors, the annual report on the City's Gross Receipts Tax, and all ballot analyses in advance of the hearing date.



We updated the *Citywide Benchmarking Report*, comparing San Francisco to 16 jurisdictions across a variety of metrics in demographics, livability, public safety, transportation, and finance. In consultation with the Mayor's Office and other stakeholders, we added metrics and included significant improvements in content, design, and visualizations to provide useful context for the public and policymakers.

### KEY ACCOMPLISHMENTS

The Data Academy, a partnership between the Controller's Office and the Mayor's Office, trained over 1,000 City staff at 57 workshops, meeting a five-year attendance goal in three years. Over 90 percent of trainees were satisfied with trainings in areas such as data management, process improvement, data visualization, and information design.



# SAFEGUARD THE CITY'S LONG-TERM FINANCIAL HEALTH



## KEY ACCOMPLISHMENTS

As voter-approved spending requirements and revenue transfer requirements increase, we implemented and reported quarterly on compliance with the adopted rules throughout the fiscal year. In addition, we helped to inform discussions of proposed new revenue allocations, including providing advice on Measures C, D, and G on the June 2018 ballot, and November 2018 ballot measure advice on cannabis excise tax, gross receipts and parcel taxes, and hotel tax allocation.



Moody's upgraded the City's general obligation bond rating to their highest level (Aaa) in March 2018 as part of our process to bring \$250 million in parks and transportation bonds to market. This is the first time the City has achieved the highest rating from any of the big three rating agencies in about 40 years. In their rating report, Moody's noted the amazing strength of our local economy and tax base and emphasized improvements in the City's financial management practices put in place since the last recession.



In a March 2018 update, we incorporated long-term liability reporting into the City's *Five-Year Financial Plan*, adding a new section on three long-term liabilities: pension, other post-employment benefits (OPEB), and deferred maintenance. We conducted three workshops with department heads and chief financial officers to inform and engage them on key citywide issues and to help link the *Five-Year Financial Plan* with departmental strategic plans.



## Goal 4

# PROVIDE HIGH-QUALITY FINANCIAL SERVICES



We completed the City's Comprehensive Annual Financial Report (CAFR) in a timely manner, in January 2018. An audit of the City's financial statements resulted in no material weaknesses, and there were no audit findings with questioned costs in the annual Single Audit of federal grants to the City.



We paid over 36,000 City employees bi-weekly and met our goal of maintaining a high payroll accuracy rate of 98.25 percent with timely resolution of all corrections. Through the SF Employee Portal, we continued to expand the number of employees with access to the self-service portal where they can view paycheck information, submit timesheets, and access W-2 tax forms.

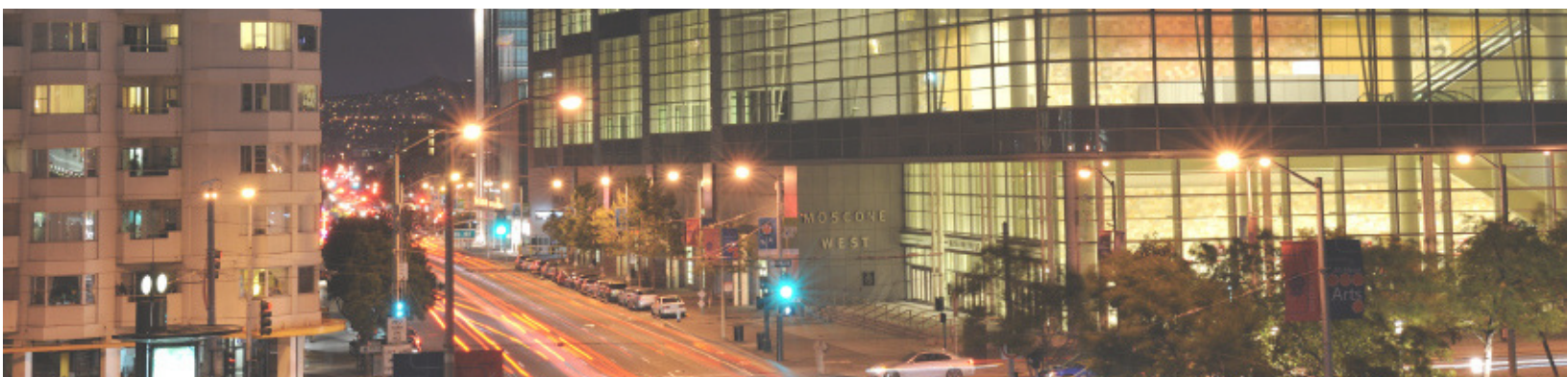
### KEY ACCOMPLISHMENTS

We completed \$1.25 billion of general obligation bond, community facility district, and certificate of participation financings in support of major projects around the City and explored refinancing opportunities to achieve debt service savings. After analysis, the estimated net present value of the savings is more than \$5 million.





# SUPPORT THE CITY'S FINANCIAL SYSTEMS AND INFRASTRUCTURE



## KEY ACCOMPLISHMENTS

We successfully went live with the City's new financial and procurement system, launched in July 2017, replacing a legacy system that had been used for over 30 years, along with over 80 other legacy applications at City departments. The new system is being used to conduct the City's financial business by not only City employees but by suppliers, bidders, and even subcontractors. Our systems were available over 99.8 percent of the time.

Concurrent with the implementation of the new financial system, we combined our divisions which support the City's core business systems (F&P and eMerge) into a single Systems Division. This reorganization helped to streamline business processes and reporting relationships given our new system functionality.

We assisted over 6,000 new system users – employees and suppliers – addressing over 44,000 help desk tickets after go-live. Successful collaboration across our department, and with City departmental partners and City suppliers, has allowed opportunities for business process re-alignment, enhancement requests, additional training, and enhanced reporting.

We redesigned all City budget processes and documents for use in the new financial system, including budget reports, budget instructions, the budget book, and budget system user training. The Fiscal Year 2017-18 budget was successfully interfaced, the budget system was reconfigured and opened to departments in mid-December, and the Annual Appropriation and Salary Ordinances were produced ahead of the deadline.

We trained all new employee users on the new financial system with post go-live training, offering drop-in office hours for hands-on support, user phone support, and 270 user productivity kits (UPKs) for all subject areas.

## Goal 6

# SUSTAIN THE CITY'S FINANCIAL OPERATIONS IN A DISASTER



We continued to enhance training on emergency practices and procedures through the SF Prepared Academy, holding courses on financial preparedness and disaster cost recovery, reaching nearly 200 City employees over the fiscal year.



We conducted two department-wide emergency communication exercises to ensure we can reach all Controller staff in the event of a disaster. A new Emergency Notification Policy was written to establish guidelines for conducting both administrative and functional drills of our emergency notification system, and employee contact information was updated regularly.



We produced an emergency payroll playbook, documenting the steps Payroll staff need to accomplish to process a bi-weekly payroll – either in San Francisco or remotely at our backup data facility – in the event of a disaster.

### KEY ACCOMPLISHMENTS

To help our regional partners in times of need, we provided mutual aid assistance to the County of Mendocino for disaster cost recovery training and support. We also collected and pre-audited departmental information on costs incurred as part of the City's response to the North Bay Fires through mutual aid assistance and deployment, and successfully submitted FEMA-ready cost recovery reporting from the new financial system.



City Services Auditor staff presented disaster preparedness best practices and cybersecurity training at the California Society of Municipal Finance Officers (CSMFO) and the Government Finance Officers Association (GFOA) meetings, sharing our knowledge with representatives from across the state and country.



# INCREASE PUBLIC ACCESS TO USEFUL AND TIMELY INFORMATION



## KEY ACCOMPLISHMENTS

We promoted the 2017 *City Survey* report and website, releasing four topical infographics with visualizations and user-friendly design to augment the report. The *City Survey* assesses San Francisco residents' use of and satisfaction with various City services; grades for City services remain largely unchanged from the previous survey in 2015.



We further developed the City Performance Scorecards web tool, adding new and current government performance data. All Scorecards were updated throughout the year, and benchmark reports were added during the third and fourth quarters of the fiscal year featuring new content and interactive designs.



A department work group met during the fiscal year to complete research and plan improvements in marketing the department's research and information. Accomplishments included the development of new document templates for uniformity of publications and the recommendation of creating a public information officer position, along with the inclusion of this position in the Fiscal Year 2018-19 proposed budget.

## Goal 8

# INVEST IN AND VALUE OUR EMPLOYEES



The department's Professional Development Committee held our first "Spring Training" event which produced five specific training opportunities totaling 107 attendees. The Committee also published a Training Resource Guide to help staff find professional development trainings that align with professional development goals, covering areas such as communication, data analytics, finance, and project management.



Over 95 percent of Controller staff completed or refreshed their Disaster Service Worker (DSW) and Personal Preparedness trainings within the required two-year timeframe. Completion of these emergency trainings is tracked in SF Learning. Quarterly safety inspections and reports under the Injury and Illness Prevention Program were completed timely, helping to ensure our staff are safe at work.

### KEY ACCOMPLISHMENTS

We held programs throughout the year to support employee health, safety, and well-being. Department Wellness Champions rolled out citywide well-being programs such as "Colorful Choices" and "Recharge" to help staff lead healthy lifestyles. Bi-monthly Lunch and Learn sessions for all staff and Manager's Meetings for all department managers offered additional opportunities for staff to connect with each other.





# MANAGE THE CONTROLLER'S OFFICE EFFECTIVELY



## KEY ACCOMPLISHMENTS

We ensured the department was well-staffed by completing 86 percent of Controller staff recruitments within 100 days. We successfully recruited and appointed 58 new hires and completed 40 internal promotive appointments during the past fiscal year.



We completed planning to consolidate the department at two, rather than three, locations. A new location has been identified, and completion of the office build-out and move is scheduled for Fall 2018.



We enhanced the department SharePoint site, providing needed development assistance and training for division SharePoint leaders. A new department-wide home page was rolled out, featuring elements such as departmental events and news, and we built custom processes for Controller divisions to improve workflows.

# KEY PERFORMANCE MEASURES

0

Audit findings with questioned costs in Single Audit of federal grants  
Target: 2

0

Findings of material weakness in an audit of the City's financial statements  
Target: 0

2.34%

Actual General Fund revenue variance from prior year revised budget estimates  
Target: 2.0%

2.18%

Actual revenue variance from mid-year estimates  
Target: 1.5%

20

Code-required audits completed  
Target: 20

9.2%

Stabilization reserve balance as a percentage of General Fund revenues  
Target: 6.0%

80%

Projects completed within hours budgeted  
Target: 80%

85%

Payroll corrections processed within two pay periods of receipt  
Target: 95%

89%

Auditee ratings that are good or excellent  
Target: 80%

98.7%

Payroll transactions not requiring correction  
Target: 98.25%

98%

Audit recommendations implemented within 2 years  
Target: 90%

99.8%

Time that financial systems are available for departmental use  
Target: 99.0%

100%

Planned projects completed within scheduled deadline  
Target: 80%

100%

Client ratings for technical assistance projects that are good or excellent  
Target: 95%

1,096

Data Academy training participants  
Target: 600

100%

Ballot analyses completed by the hearing date  
Target: 100%





# CONTROLLER'S OFFICE BUDGET



**\$67 MILLION  
ANNUAL BUDGET**

\$10.2 million funded  
from the City's General Fund



**305 FULL-TIME  
EQUIVALENT POSITIONS**

# DEPARTMENTAL AWARDS











Mamdou Gning, Kate Chalk, Calvin Quock  
July 2017 (opposite page, top left)

Theresa Kao - September 2017 (top right)

Systems Project Team - August 2017 (middle)

CAFR Team - February 2018 (bottom left)

Mark Tipton, Helen Vo, Winnie Woo,  
Megan Siems, and Monica Wu - March 2018  
(bottom right)

Nadia Sesay, Jamie Querubin, Vishal Trivedi,  
and Angela Whittaker - April 2018 (this page,  
top left)

Administration Division Rebuild Team  
June 2018 (top right)

F\$P Launch and Post-Go-Live Stabilization  
Support Teams, October 2017 (middle)



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