




OFFICE OF THE CONTROLLER CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner
Controller
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MEMORANDUM

TO: Citizens' General Obligation Bond Oversight Committee

FROM: Mark de la Rosa, Director of Audits 
Audits Division, City Services Auditor

DATE: May 31, 2024

SUBJECT: CSA Audits Activity Update

The following are highlights of the City Services Auditor (CSA) Audits Division's activity from February 21, 2024, through May 31, 2024.

Date Issued	Report
2/29/2024	<p data-bbox="407 1066 1377 1136">Department of Public Health: The Department Must Strengthen Its Oversight and Controls Over Gift Cards to Prevent Loss and Misappropriation</p> <p data-bbox="407 1178 1404 1396">The audit of the controls over gift cards that the Department of Public Health uses to mitigate the risk of loss or misappropriation found that although the department has gift card policies and procedures that are consistent with the accounting guidelines of the City and County of San Francisco (City), it must strengthen its oversight to ensure its staff follows the policies and procedures and maintains the appropriate records.</p>
3/12/2024	<p data-bbox="407 1438 1390 1507">The City Administrator Should Ensure Departments Adhere to Updated Chapter 21 & 21G Proof of Insurance Guidance</p> <p data-bbox="407 1549 1386 1799">The assessment of city departments' compliance with the new guidance issued by the Office of the City Administrator to streamline the contracting process for departments of the City found that city departments did not always ensure city vendors provided appropriate and sufficient insurance to meet agreement requirements. Further, city departments often provided more documentation than required by the new guidance or did not upload relevant documentation to the City's financial system, PeopleSoft.</p>

Date Issued	Report
3/20/2024	<p data-bbox="402 331 1365 443">Office of the Treasurer and Tax Collector: The Treasurer Complied With Investment Requirements in State Law and the City's Investment Policy for the Year Ended June 30, 2023</p> <p data-bbox="402 485 1409 667">The review of the City's investment fund and an annual assessment of the Treasurer's compliance with the California Government Code (Code), sections 27130 through 27137 found that the Treasurer and the Committee complied with the Code's investment requirements and the City's investment policy for the year ended June 30, 2023.</p>
3/21/2024	<p data-bbox="402 709 1419 856">Office of Community Investment and Infrastructure (OCII) and Real Estate Division: The Mexican Museum Has Not Demonstrated That It Can Meet the City's Contractual Obligations, and OCII Has Not Effectively Enforced the Museum's Grant Agreement</p> <p data-bbox="402 898 1409 1262">The audit of the performance of The Mexican Museum (the Museum) under its agreements with the Office of Community Investment and Infrastructure (OCII) and the City found that the Museum has not demonstrated that it has the financial or organizational expertise to complete the interior improvements at its new location at 706 Mission Street, has not complied with key requirements of its lease and facilities agreement, and spent \$43,616 of grant funds on ineligible activities, including \$21,250 of duplicated costs, and \$930,247 of grant funds for questionable activities. The audit also found that OCII did not effectively enforce the grant agreement requirements and did not thoroughly review the documents that were intended to support the Museum's expenditure of grant funds.</p>
3/28/2024	<p data-bbox="402 1304 1419 1409">Public Integrity Review: Criminal Conduct by Former SFPUC General Manager Harlan Kelly Undermined the Integrity of City Procurements Despite Existing Rules Governing Gifts, Disclosures, and Sole Source Waivers</p> <p data-bbox="402 1451 1409 1701">The assessment of three procurements of the San Francisco Public Utilities Commission (SFPUC), which were identified in a federal criminal investigation and were conducted under former SFPUC General Manager Harlan Kelly found that Mr. Kelly provided selective assistance to vendors with whom he had a personal relationship and from whom he was accepting gifts. The selective assistance included providing insider information, intentionally delaying procurements, and participating in official government decisions related to these vendors.</p>

Date Issued	Report
4/2/2024	<p data-bbox="391 331 1430 485">Department of Homelessness and Supportive Housing/Mayor’s Office of Housing and Community Development: Community Housing Partnership, d/b/a HomeRise, Mismanaged Financial Activities and Misused City Funds Related to City Agreements for Its Properties and Supportive Housing Efforts</p> <p data-bbox="391 520 1430 892">The audit of the grant and loan agreements between Community Housing Partnership doing business as HomeRise (HomeRise), and the City found that although HomeRise had a framework to help it adhere to certain programmatic requirements of the agreements to provide housing for formerly unhoused, low-income, and other residents, HomeRise exhibited gross fiscal noncompliance, followed wasteful practices that misuse taxpayer funds, and spent city funds on unallowed or questionable costs that likely diverted services from intended housing recipients or facility improvements. Problematic financial practices, high corporate staff turnover, and missing key financial controls and oversight heightened the risks of fraud, waste, and abuse at HomeRise.</p>
4/16/2024	<p data-bbox="391 926 1430 1003">Field Follow-up of the 2022 Audit of the United Council of Human Services’ Compliance With City Agreements</p> <p data-bbox="391 1039 1430 1262">The field follow-up assessment of the 2022 report, <i>The City Must Determine Whether United Council of Human Services Should Continue Providing Services to San Francisco Residents Despite Continuing Noncompliance With City Agreements</i>, found that Department of Homelessness and Supportive Housing has fulfilled the intent of 9 of the 14 recommendations made and are considered closed. The remaining 5 recommendations are no longer applicable.</p>
5/22/2024	<p data-bbox="391 1295 1430 1373">Department of Elections: Benchmarking Analysis of the Costs Associated With San Francisco’s Voting System</p> <p data-bbox="391 1409 1430 1631">The assessment of the costs associated with San Francisco’s voting system found that, although local governments’ voting system costs have common factors, limitations exist that make it difficult to evaluate the premium San Francisco pays for its voting system. This difficulty stems from the variation among what cities and counties include in their voting system costs and how each jurisdiction manages those costs.</p>
5/23/2024	<p data-bbox="391 1665 1430 1707">Whistleblower Program Fiscal Year 2023-24 Quarter 3 Results</p> <p data-bbox="391 1743 1430 1850">During January 1 through March 31, 2024, (Quarter 3), the Whistleblower Program received 192 reports. The Whistleblower Program investigated 114 (59 percent) of the 192 reports it closed in Quarter 3.</p>