




OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

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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: October 21, 2024
SUBJECT: CSA Audits Activity Update

The following are highlights of the City Services Auditor (CSA) Audits Division's activity from August 06, 2024, through October 21, 2024.

Date Issued	Report
8/6/2024	<p>San Francisco Public Works Adequately Documented Adherence to Most Close-Out Requirements for Its Construction Contract for the San Francisco Police Department's Traffic Company and Forensic Services Division Facility</p> <p>The audit of the compliance of San Francisco Public Works (Public Works) with the close-out provisions of its contract with Clark Construction, LLC, for the San Francisco Police Department's Traffic Company and Forensic Services Division Facility project found that of the 43 contract close-out requirements, Public Works adequately documented full adherence to 42 and had no documentation showing adherence to 1.</p>
8/28/2024	<p>Committee on Information Technology: The City Is Not on Track to Meet Its Digital Accessibility and Inclusion Standard Goals</p> <p>The assessment of the City and County of San Francisco's compliance of the Digital Accessibility and Inclusion Standard (DAIS) adopted in November 2021 found that city departments are behind on their efforts to adhere to the implementation schedule of DAIS and that the Committee on Information Technology and the City Administrator's Digital Services division could have better supported departments' efforts to comply with DAIS.</p>

Date Issued	Report
9/5/2024	<p data-bbox="402 331 1365 411">City Services Auditor Follow-up on Recommendation Implementation Status – January 1 Through June 30, 2024</p> <p data-bbox="402 447 1401 562">During January 1 through June 30, 2024, CSA followed up on 56 recommendations, of which departments reported implementing 31 (55 percent) and are considered closed.</p>
9/5/2024	<p data-bbox="402 594 1393 674">City Services Auditor Recommendations Not Implemented After More Than Two Years, as of June 30, 2024</p> <p data-bbox="402 709 1406 825">CSA issued a summary of its recommendations not implemented after more than two years on June 30, 2024. Of the 93 recommendations that had not been implemented, 19 (20 percent) were more than two years old.</p>
9/12/2024	<p data-bbox="402 856 1406 898">Whistleblower Program Annual Report and Quarter 4 Results, Fiscal Year 2023-24</p> <p data-bbox="402 934 1393 1045">During fiscal year 2023-24, the Whistleblower Program received 647 reports and closed 631 reports, of which 334 (53 percent) reached closure after an investigation.</p>
9/19/2024	<p data-bbox="402 1077 1081 1119">Citywide Project Labor Agreement, Fiscal Year 2023-24</p> <p data-bbox="402 1155 1414 1413">The San Francisco Administrative Code, Section 6.27, Citywide Project Labor Agreement Ordinance, directed the City the County of San Francisco (City) to negotiate a Project Labor Agreement (PLA) with the San Francisco Building Construction Trades Council. Of the 26 active citywide PLA projects, 3 (12 percent) were complete as of June 12, 2024. This memorandum provides an update on departments’ progress in administering the citywide PLA, CSA’s preliminary calculations of bid data, and a look ahead at planned covered projects.</p>
9/26/2024	<p data-bbox="402 1444 1393 1598">The Recreation and Park Department Adequately Documented Compliance With 28 of 35 Close-Out Requirements for Its Construction Contract for the Victoria Manalo Draves Park Improvement Project but Must Continue to Improve Its Close-Out Procedures and Documentation of Compliance</p> <p data-bbox="402 1633 1406 1812">The audit of the compliance of the Recreation and Park Department (Rec and Park) with the close-out requirements of its contract with Cazadoro Construction, Inc., for the Victoria Manalo Draves Park Improvement Project, found that of the 35 contract close-out requirements, Rec and Park adequately documented full compliance with 28, partial compliance with 1, and no compliance with 6.</p>

Date Issued	Report
10/3/2024	<p data-bbox="402 331 1398 443">Port Commission: Audit of St. Francis Marine Center for January 1, 2018, Through December 31, 2021, Could Not Be Completed Because of Pending Litigation and Lack of Records</p> <p data-bbox="402 485 1417 926">Macias Gini & O’Connell LLP (MGO), engaged to perform this audit, could not obtain sufficient, appropriate audit evidence on which to form a conclusion related to the audit objectives. The tenant could not provide MGO many of the requested documents, and the records that were provided were unreconciled or incomplete. Also, during the audit fieldwork, the tenant’s legal counsel informed MGO of an ongoing investigation and pending litigation against the tenant’s former controller that alleges embezzlement and false representations regarding rent payments. Because the alleged fraud calls into question the validity and completeness of information provided by the tenant for the audit, MGO could not conclude on the audit’s objective. However, MGO did find that the Port can improve its oversight of the tenant’s lease and better monitor the tenant’s compliance with the lease in a few areas.</p>
10/3/2024	<p data-bbox="402 961 1393 1073">Port Commission: G.P. Resources, Inc., dba San Francisco Marine Reported Gross Revenues and Paid Rent in Accordance With Its Lease Agreement for January 1, 2018, Through December 31, 2021</p> <p data-bbox="402 1115 1398 1262">G.P. Resources, Inc., dba San Francisco Marine correctly reported gross revenues, remitted rent, and complied with provisions of its lease agreement with the Port. The tenant reported gross revenues of \$8,267,113 and paid \$217,242 in rent to the Port for the audit period in accordance with the lease agreement.</p>
10/3/2024	<p data-bbox="402 1297 1414 1409">Port: 369-399 Embarcadero, LLC, Reported Revenues and Paid Rent in Accordance With Its Lease for January 2018 to December 2021, but a Few Improvements Can Strengthen the Port’s Lease Administration</p> <p data-bbox="402 1451 1403 1665">369-399 Embarcadero, LLC, correctly reported gross sales, remitted rent, and complied with provisions of its lease agreement with the Port. The tenant reported gross sales of \$5,722,087 and paid \$1,145,604 in rent to the Port for the audit period. However, the tenant overpaid \$57,390 in rent, which was the result of \$1,644 in excess rent paid for March 2020 and \$55,746 paid due to the Port incorrectly calculating participation rent.</p>

Date Issued	Report
10/3/2024	<p data-bbox="402 331 1403 447">Port: Alcatraz Cruises, LLC, Reported Revenues and Paid Rent in Accordance With Its Lease for November 2019 to December 2021, but a Few Improvements Can Strengthen the Port's Lease Administration</p> <p data-bbox="402 485 1403 743">Alcatraz Cruises, LLC, correctly reported gross sales, remitted rent, and complied with provisions of its lease agreement with the Port. The tenant reported gross sales of \$21,668,964 and paid \$1,689,575 in rent to the Port for the audit period. However, the tenant did not submit required annual reports to the Port. Also, the Port incorrectly calculated base and percentage rent for certain months, resulting in an underbilling and underpayment of \$48,153. After being notified of the audit finding, the Port billed the tenant for the correct base rent.</p>
10/10/2024	<p data-bbox="402 779 1370 894">Board of Supervisors: Energy Center San Francisco LLC Properly Reported and Paid Franchise Fees for 2021 and 2022 but Paid Its 2022 Fee and Submitted Its Annual Statement Late</p> <p data-bbox="402 932 1403 1226">The Energy Center San Francisco LLC (Energy Center) complied with its obligations under the Steam Franchise Ordinance and other relevant San Francisco Administrative Code provisions but submitted its 2022 franchise fee payment and annual statement late. The audit also found that the Controller's Budget and Analysis Division (Division) and San Francisco Public Utilities Commission generally fulfilled their obligations in administering and monitoring the franchise. However, the Division did not comply with many of its own monitoring-related documentation requirements.</p>
10/17/2024	<p data-bbox="402 1262 1403 1335">Board of Supervisors: Pacific Gas and Electric Company Properly Paid Its Franchise Fees and Surcharges for 2021 and 2022</p> <p data-bbox="402 1373 1403 1701">The audit of the franchise fees and surcharges Pacific Gas and Electric Company (PG&E) paid to the City and County of San Francisco (City) to use city streets to transmit, distribute, and supply electricity and gas found that PG&E complied with its obligations under the gas and electric franchise ordinances and other relevant provisions of the San Francisco Administrative Code. The audit also found that the Controller's Budget and Analysis Division (Division) and San Francisco Public Utilities Commission generally fulfilled their obligations in administering and monitoring the franchise. However, the Division did not comply with many of its own monitoring-related documentation requirements.</p>