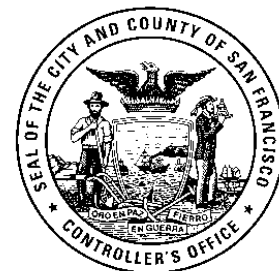
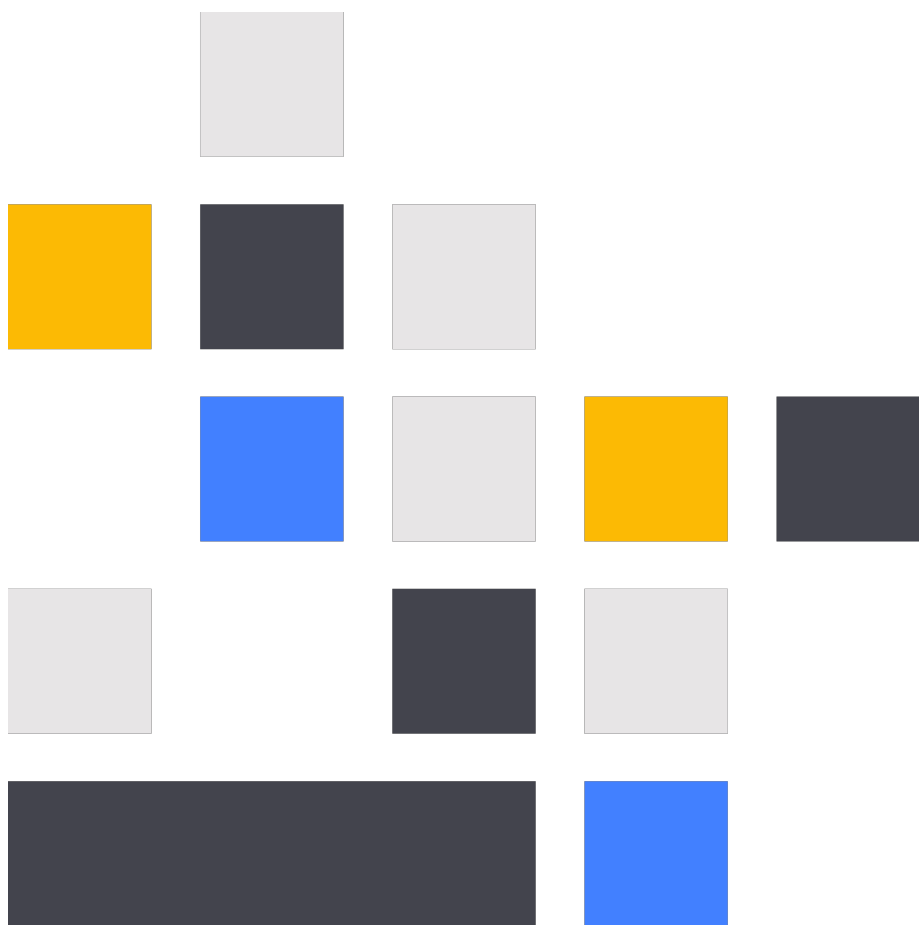


City Services Auditor Annual Work Plan

Fiscal Year 2022-23

The work plan highlights the division's accomplishments during fiscal year 2021-22 and describes audits, projects, and programs planned for fiscal year 2022-23.



December 1, 2022

City & County of San Francisco
Office of the Controller
City Services Auditor

About the Office of the Controller

The Office of the Controller works to ensure the City's financial integrity and to promote efficient, effective, and accountable government. The Controller's Office strives to be a model for good government and to make the City a better place to live and work.

About the City Services Auditor

The City Services Auditor (CSA) was created in the Office of the Controller through an amendment to the Charter of the City and County of San Francisco (City) that voters approved in 2003. Charter Appendix F grants CSA broad authority to:

- Report on the level and effectiveness of San Francisco's public services and benchmark the City to other public agencies and jurisdictions.
- Conduct financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operate a whistleblower hotline and website and investigate reports of waste, fraud, and abuse of city resources.
- Ensure the financial integrity and improve the overall performance and efficiency of city government.

Throughout the fiscal year, CSA publishes its audit reports, performance reports, and technical assistance project summaries on the [Controller's website](#). The public is invited to subscribe to CSA's reports, search the database of reports, and use publicly available financial and performance data on the CSA website.

The Citizen's General Obligation Bond Oversight Committee has and will provide input on the CSA annual work plan, which is subject to refinement and change throughout the year.

Audits Division:

Mark de la Rosa, Director of Audits


City Performance Division:

Natasha Mihal, Director

For more information, please contact:

Office of the Controller
City and County of San Francisco
City Hall, Room 316
1 Dr. Carlton B. Goodlett Place
(415) 554-7500 | controller@sfgov.org

Or visit:

<http://www.sfcontroller.org>
 [@sfcontroller](https://twitter.com/sfcontroller)

Our Organization

MISSION

The City Services Auditor (CSA), part of the Office of Controller, seeks to improve public service delivery and promote efficient, effective, and accountable government.

WORK

CSA performs critical services for city government. CSA's Audits Division provides an independent, risk-based assessment of the City's \$14 billion budget for major public service offerings, infrastructure, suppliers, contractors and community-based organizations. Audits staff has expertise in performance and compliance audits, investigations, data analytics, network and system security evaluations, capital project and contractor audits, and operations and leading practices assessments. CSA's City Performance team has a broad portfolio of analysis, design, implementation and performance management projects to improve public services in San Francisco. City Performance's areas of work include data analysis and visualization, facilitation and inter-departmental collaboration, project management, process improvement, performance measurement and management, and contracting.

GOALS

Audits Division

- Conduct performance audits of city departments, contractors, and functions to improve efficiency and effectiveness of service delivery and business processes.
- Investigate complaints of fraud, waste, or abuse of city resources received through the whistleblower hotline and website.
- Provide actionable audit recommendations to city leaders to promote and enhance accountability and improve the overall performance and efficiency of city government.

City Performance Division

- Support city departments in making transparent, data-driven decisions in policy development and operational management.
- Guide city departments in aligning programming with resources for greater efficiency and impact.
- Provide city departments with the tools they need to innovate, test, and learn.

RESOURCES

CSA is funded through a commitment of two-tenths of one percent of the City's annual budget. In fiscal year 2022-23 approximately \$25 million is budgeted for CSA's functions under this Charter requirement, plus an additional \$6 million from bond sales linked to multiyear capital programs. CSA has approximately 76 full-time equivalent positions, including auditors, performance analysts, project managers, and operations staff.

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Our 2021-22 Accomplishments

AUDITS DIVISION

In fiscal year (FY) 2021-22 the Audits Division continued to provide high quality, impactful audit and investigative services to improve and promote transparency, accountability and integrity in city government. As part of the City's COVID pandemic emergency response, we continue to lead the City's disaster cost recovery efforts by working with city departments in collecting, reviewing, and reporting required claims, documentation, and information to federal and state agencies in support of the City's economic recovery.

We continued to provide critical information to city leaders and promote best practices and accountability through best-in-class audit, investigative, and analytical services. In the last year, we:

- ✓ Led the City's **COVID disaster cost recovery** efforts. We worked with federal and state agencies on funding requirements and guidelines, provided direction to city departments on eligibility and documentation requirements, gathered and pre-audited supporting documentation for the City's claims for submittal to federal and state agencies, and collaborated with city stakeholders on the budget, accounting, financial reporting, and Single Audit implications of federal reimbursements. To date, this work has resulted in:
 - \$647 million in Federal Emergency Management Agency (FEMA) submitted costs.
 - \$612 million in American Rescue Plan Act (ARPA) funding claims.
 - \$175 million in federal funding claims from the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- ✓ Were a **2022 Good Government Award** honoree, as selected by the San Francisco Bay Area Planning and Urban Research Association (SPUR), for supporting the City's overall emergency response with needed human resource, contracting, financial, logistics and technology support.
- ✓ Ensured accountability by investigating hundreds of reports received by the **Whistleblower Program** related to fraud, waste, and abuse of city resources, resulting in corrective and preventive actions. The program also hosted two national webinars to promote leading fraud hotline operational practices and effective investigation techniques to local, state, federal, and tribal governments.
- ✓ Issued nine **public integrity assessments** and one audit, providing recommendations to improve transparency, reduce fraud risk, and safeguard public funds related to the alleged wrongdoing outlined in criminal charges brought by the U.S. Attorney's Office against city department heads and contractors. We also established the Public Integrity Tip Line to assist the City Attorney on related investigations.

- ✓ Conducted high-impact **information security initiatives** that go beyond traditional information technology general controls auditing. These include penetration tests and vulnerability assessments of critical systems. Also, we proactively assessed the City's cybersecurity efforts to ensure the City invests in appropriate safeguards to thwart wide-ranging attacks. We evaluated the City's efforts to ensure the confidentiality, integrity, and availability of sensitive data and adherence to the policies and standards of the City's Committee on Information Technology (COIT). We continue to partner with the Department of Technology, the City's chief information security officer, and departments' information security professionals to ensure that high-risk issues identified through our work are remediated appropriately and in a timely manner.
- ✓ Performed **risk-based audits and assessments** involving multiple departments to improve effectiveness and efficiency of city operations, including audits of:
 - Recreation and Park Department's strategic planning and equity analysis.
 - Oversight of Department of Public Health's City Option Program.
 - General obligation and revenue bond capital program expenditures.
 - City's use of surveillance technology.
 - Leases and concessions, as mandated by city Charter and city code.
- ✓ Implemented an **Audits Risk Assessment Program** to identify high-risk areas through quarterly analyses of citywide data. The program uses procurement, payroll, and other city data to identify public integrity, internal control, and performance risks. The results identify areas that should be considered for future audits.

In July 2021 the Audits Division passed, with no findings, the triennial **peer review** required to show that we adhere to generally accepted government auditing standards, which are promulgated by the U.S. Government Accountability Office. The result of the peer review, which was conducted by the [Association of Local Government Auditors](#), validates our continued robust quality assurance program and our staff's independence, competence, professionalism, and diligence.

Our **audit follow-up** work recognizes that the value of audit work is not only in the findings and conclusions reported, but also in the corrective actions implemented by departments to address the audit recommendations. City departments implemented 95percent of the 2,687 recommendations we issued from July 1, 2010, through June 30, 2022. We also maintained a high client satisfaction rate, while continuing to be recognized as a leader in local government auditing and investigations, with staff presenting (virtually) at several professional webinars, meetings, and conferences. We gave presentations at regional and local conferences on our Cybersecurity audit program (Bay Area Association of Local Government Auditors), diversity and equity in performance auditing (National Intergovernmental Audit Forum), and the Whistleblower Program's fraud hotline (Association of Local Government Auditors).

CITY PERFORMANCE DIVISION

In FY 2021-22 almost all City Performance staff transitioned off 12- to 18-month COVID emergency response deployments and returned to City Performance's core work, which is to monitor and improve the overall performance and efficiency of city government. The following summarizes our work last fiscal year to help San Francisco's departments innovate, work across boundaries, and problem-solve:

- ✓ City Performance continued to deploy a small number of staff to the [City's COVID response](#) for most of the fiscal year, including working with the Department of Public Health and the Department of Homelessness and Supportive Housing to transition the analysis tools, dashboards, websites and reports created for COVID into appropriate departments.
- ✓ City Performance restarted many of our ongoing [performance reporting](#) programs that paused during our staff's deployment to COVID response from March 2020 to summer of 2022.
 - Published [FY 2020-21 performance measures](#) for all city departments and FY 2021-22 projected performance measures as part of the Mayor's FY 2022-23 and FY 2023-24 budget book. Began to update the [Scorecards](#) website.
 - Issued the [General Obligation Bond Program Report for Fiscal Years 2019-2021](#).
 - Re-started evaluations to measure the cleanliness and maintenance of public streets and sidewalks and to measure the maintenance of the City's parks.
- ✓ The City has made significant new investments to augment and improve behavioral health services through [Mental Health SF](#). City Performance coordinated a public working group convened to design and implement Mental Health SF programs. With our support, the working group produced recommendations for the design of the Street Crisis Response Team, Drug Sobering Center, Crisis Diversion, and the Office of Coordinated Care. City Performance also worked directly with the Department of Public Health to develop a robust data and reporting framework to measure and monitor the outcomes of the initiative. Additionally, City Performance supported the department to develop facility options for a new Mental Health Service Center, a core component of Mental Health SF.
- ✓ Nonprofit contractors are also a key partner in service delivery. In fiscal year 2021-22 the Citywide Nonprofit [Monitoring and Capacity Building Program](#) restarted fiscal monitoring protocols across 13 city departments and approximately 150 nonprofit contractors. Aligned with this work, City Performance engaged a policy group to explore the nonprofit sector's core challenges with sustainability and recovery from the impacts of COVID response. We conducted [analysis into the wage and inflationary pressures experienced by nonprofits](#) and we will continue to implement resulting recommendations in the coming fiscal year.
- ✓ City Performance engaged in a series of operational projects supporting the transition of the Department of Homelessness and Supportive Housing away from COVID-oriented response and toward new and enhanced systems and processes. Staff provided project management support to [reactivate the congregate shelter system](#) that was reduced to a quarter of its previous capacity at the start of the pandemic. In addition to facilitating groups to re-envision shelter system policies based on learnings from COVID operations, City Performance supported the department to add over 500 beds to the congregate system. Also, staff used continuous

quality improvement strategies to support coordination across teams at the department working to move individuals in “Shelter in Place” (SIP) hotels launched during the pandemic into housing.

- ✓ City Performance added new staffing to support the [Our City, Our Home Oversight Committee](#), which oversees \$350 million in homeless services funding annually. We initiated cross-departmental work to develop a robust needs assessment, launched a new website to enhance transparency about the use of the fund and the work of the committee, and engaged the wider community in developing solutions to homelessness.
- ✓ Worked with the [Office of Racial Equity on a suite of projects](#), including supporting the data identification and collection for the first racial equity index; developing reporting tools for departments to analyze and report on their Racial Equity Action Plan status reports; creating an internal website about contracting with racial equity consultants and information on how to leverage existing citywide contracting pools for city departments; and facilitating decision-making to develop and implement new processes to collect and report on contracting data by race.
- ✓ Along with colleagues in Audits and in departments citywide, City Performance received a [2022 Good Government Award](#) for supporting the City's overall emergency response in the public health emergency operations, alternate housing, and economic stabilization categories.

Audits Division Plans for 2022-23

The Audits Division plans to move forward with its work in the following areas.

PUBLIC INTEGRITY AND WHISTLEBLOWER PROGRAM

- Continue publication of [public integrity assessments](#) in coordination with the City Attorney's Office, recommending policy and procedural changes stemming from the indictments of city department heads, employees, and contractors. We will monitor the implementation of corrective actions in response to Public Integrity recommendations and may recommend topics for audit.
- Continue to provide best-in-class [Whistleblower Program](#) services by investigating complaints about the quality of city services, and waste, misuse, and impropriety in city government.
- Begin planning and preparation for a first-of-its-kind [Whistleblower Program peer review](#) in coordination with peer jurisdictions throughout California.
- Continue to administer the [Public Integrity Tip Line](#) to assist the City Attorney on related investigations.

COVID COST RECOVERY

- Lead the City's cost recovery efforts for the COVID disaster by working with FEMA, the California Governor's Office of Emergency Services (OES), and the U.S. Treasury Department's Office of Inspector General to understand federal funding guidelines and [maximize the City's recovery of its disaster response costs](#).
- Direct city departments on eligibility and documentation requirements and gather and pre-audit supporting documentation for the City's claims for submittal to federal and state agencies. Coordinate responses to auditors reviewing the claims.
- Continue real-time audit programs related to cost recovery risk areas, including audits and assessments of emergency procurement, COVID non-congregate housing eligibility, and COVID food distribution programs eligibility.

MANDATED AND RISK-BASED AUDIT PROGRAMS

- Conduct performance audits related to critical risk areas, some of which may involve applying a [racial equity lens](#), and provide recommendations to improve effectiveness, efficiency, equity, and transparency of city operations. Areas of focus will include a multiyear audit program on homelessness services, nonprofit contract/grant compliance, public safety, and construction.
- Continue to expand the Audits Risk Assessment Program to increase the number and frequency of data-driven risk assessments in areas of high financial, ethical, and governance risk, such as procurement and contracting, ethics filings, and payroll.

- Continue to proactively assess the City's information technology systems and computing environments to improve cybersecurity and information technology governance by conducting [penetration tests of critical city systems and networks](#) and assessing departments' compliance with risk management policies.
- Continue to work on mandated audits and assessments, including city tenant, airline, contractor compliance audits, contractor and grantee political activity assessments, city parking garage audits, and city treasury quarterly reviews.
- Continue to follow up on all audit recommendations issued to departments every six months after the reports are issued.

City Performance Division Plans for 2022-23

City Performance plans to move forward in these areas:

PERFORMANCE REPORTING

- Administer and issue the 2023 [City Survey](#) to assess the public's use of and satisfaction in city services.
- Publish the FY 2021-22 [Citywide Performance Measurement Report](#), highlighting key performance measures and providing results for all department performance measures. This year the team will develop and begin implementation for the next iteration of the [Performance Scorecards](#) to best meet the needs of city leadership and stakeholders.
- Update the [Park Standards evaluations](#) results for FY 2021-22 and identify ways to have more real-time public reporting of evaluation results.
- Complete the first full year of [revised Street and Sidewalk Standards inspections](#) and issue a report on the findings. We will work with Public Works to identify ways to use this data inform departmental operations and performance.
- Work with DataSF to restart the [Data Academy](#) to train city staff on tools and techniques to manage and analyze data and performance.

PUBLIC HEALTH, HUMAN SERVICES, AND HOMELESSNESS

- Continue work to support Mental Health SF implementation, including supporting the Implementation Working Group and the group's final implementation report, and conducting a [staffing analysis](#) of select services and positions within Mental Health SF programs.
- New work with the Department of Public Health will target improvements in human resource management, including work related to developing key performance indicators and process improvements in [hiring](#).
- Engage in a broad planning effort related to Controller's Office public [reporting about homelessness](#), including developing a three-year work plan outlining a suite of projects and audits.
- Continue to staff the Our City, Our Home (OCOH) Oversight Committee, including issuing an annual report about spending, services delivered, and outcomes and characteristics of households served. Finalize the first system-wide [needs assessment](#), created through collaborative process bringing together the OCOH Oversight Committee, city departments, community partners, and people with lived expertise of homelessness.

- The City relies on nonprofit service providers to deliver over \$1 billion in safety net programs annually, and we will engage in several workstreams related to **contracting, wages, and sustainability** of these services. City Performance will conduct a survey of nonprofits on wage levels and demographics of workers to inform equitable wage enhancements in future budgets. We will continue to deliver individualized technical assistance as part of the [Citywide Nonprofit Monitoring and Capacity Building Program](#) and explore other contracting streamlining and policy issues to increase the sustainability of the nonprofit sector.

GOVERNMENT OPERATIONS

- Support the **Government Operations Recovery** initiative to make hiring and contracting easier for city staff and individuals and organizations that want to work with the City. Projects will include process improvement work on shared processes as well as department-specific processes, such as the Department of Public Health hiring project.
- Work with permitting agencies to build **internal management dashboards** to track and manage permit workload according to each department's goals and priorities.
- Begin public safety and transportation projects in the second half of the fiscal year.

Major Planned Audits and Projects

Each major audit or project planned for fiscal year 2022-23 has at least 500 staff hours allocated to it. CSA's complete work plan includes many other smaller initiatives. Additional detail is available upon request.

Department	Project or Audit Title
Building Inspection	Audit Assistance
Bonds	Interdepartmental Coordination for GO Bond projects
Bonds	Construction Project Audit
Bonds	Annual General Obligation Bond Program Report
Citywide	Audit Risk Assessment Program
Citywide	City Survey
Citywide	Citywide Emergency Cost Recovery Program
Citywide	Data Academy
Citywide	Emergency Preparedness After Action Report Audit
Citywide	Government Operations Recovery
Citywide	IT and Cybersecurity Audit Program
Citywide	IT and Cybersecurity Research Requests
Citywide	Landfill Agreement Audit
Citywide	Citywide Nonprofit Monitoring and Capacity Building Program
Citywide	Citywide Nonprofit Policy Coordination and Implementation
Citywide	Nonprofit Risk Assessment
Citywide	Performance Program
Citywide	Public Integrity - 24 Month Implementation Status of Recommendations
Citywide	Procurement Under Emergency Declarations Audit
Citywide	Whistleblower Program
Homelessness and Supportive Housing	Performance Audit
Multiple Departments	Our City, Our Home Administration
Municipal Transportation	Performance Audit
Police	Customer Service Audit
Public Health	Audit of Secondary Employment
Public Health	Mental Health SF: Implementation Working Group Support
Public Health	Mental Health SF: Staffing Analysis
Public Works	Street and Sidewalk Standards Program
Public Utilities	Audit of the Biosolids Contract
Recreation and Park	Park Standards Program