

City and County of San Francisco

Office of the Controller – City Services Auditor

DEPARTMENT OF PUBLIC HEALTH:

**Fiscal and Compliance Monitoring
of Selected Community-based
Organizations for Fiscal Years
2005-06 and 2006-07**



July 11, 2007

**CONTROLLER'S OFFICE
CITY SERVICES AUDITOR**

The City Services Auditor was created within the Controller's Office through an amendment to the City Charter that was approved by voters in November 2003. Under Appendix F to the City Charter, the City Services Auditor has broad authority for:

- Reporting on the level and effectiveness of San Francisco's public services and benchmarking the city to other public agencies and jurisdictions.
- Conducting financial and performance audits of city departments, contractors, and functions to assess efficiency and effectiveness of processes and services.
- Operating a whistleblower hotline and website and investigating reports of waste, fraud, and abuse of city resources.
- Ensuring the financial integrity and improving the overall performance and efficiency of city government.

The audits unit conducts financial audits, attestation engagements, and performance audits. Financial audits address the financial integrity of both city departments and contractors and provide reasonable assurance about whether financial statements are presented fairly in all material aspects in conformity with generally accepted accounting principles. Attestation engagements examine, review, or perform procedures on a broad range of subjects such as internal controls; compliance with requirements of specified laws, regulations, rules, contracts, or grants; and the reliability of performance measures. Performance audits focus primarily on assessment of city services and processes, providing recommendations to improve department operations.

We conduct our audits in accordance with the Government Auditing Standards published by the U.S. Government Accountability Office (GAO). These standards require:

- Independence of audit staff and the audit organization.
- Objectivity of the auditors performing the work.
- Competent staff, including continuing professional education.
- Quality control procedures to provide reasonable assurance of compliance with the auditing standards.

Audit Team: Cynthia Fong, Audit Manager
Edvida Moore, Associate Auditor
Nneka Gallaread, Assistant Auditor



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller
Monique Zmuda
Deputy Controller

July 11, 2007

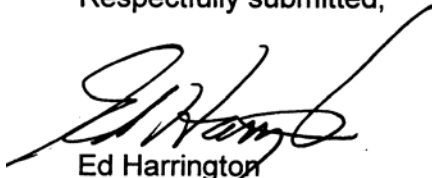
Mitchell Katz, MD
Director of Public Health
Department of Public Health
101 Grove Street, Room 308
San Francisco, CA 94102

Dear Dr. Katz:

The Office of the Controller (Controller) presents its report summarizing the results from the fiscal and compliance monitoring of 14 community-based organizations that received funds from the Department of Public Health (department) in fiscal years 2005-06 and 2006-07. At the department's request, the Controller's City Services Auditor conducted fiscal and compliance monitoring site visits of selected organizations to ensure fiscal and programmatic accountability.

For each of the organizations we reviewed, this report identifies any areas of weakness, and makes recommendations to improve or correct the situation. The department will follow up on the recommendations made by the Controller's City Services Auditor.

Respectfully submitted,



Ed Harrington
Controller

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

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BACKGROUND

The Department of Public Health (department) relies on contracts with local community-based health and human service organizations to provide care for the most vulnerable populations in the City and County of San Francisco (City). During fiscal year 2005-06, the department contracted for services worth more than \$162.0 million, and in fiscal year 2006-07, contracted for more than \$173.9 million. The services included assisting the elderly, poor, youth, displaced and unemployed families, as well as serving those at risk from drugs, violence, mental illness, criminal justice involvement, or HIV/AIDS. Through monitoring, the department evaluates a community-based organization quantitatively, qualitatively, programmatically, and fiscally. Quantitatively and fiscally, the department monitors to ensure that the organization, on behalf of the taxpayers and state and federal funders, has been fiscally prudent in using contract funds to improve the health and well-being of the City's residents. Qualitatively and programmatically, the department monitors to assess compliance with the approved application, contract, regulation, and law.

At the department's request, the Office of the Controller's City Services Auditor (CSA) conducted 5 site visits of organizations awarded contracts in fiscal year 2005-06 and 9 site visits of organizations awarded contracts in fiscal year 2006-07. This report summarizes the results of our fiscal and compliance monitoring reviews.

SCOPE AND METHODOLOGY

The department selected organizations to receive fiscal and compliance monitoring site visits through a risk assessment process. The site visit determination process was based on criteria including but not limited to funding amounts, performance, financial stability, staff turnover, and previous monitoring reports. Organizations that met the threshold of at least \$500,000 of expenditures in Federal funds are subject to the single audit requirements of the Office of Management and Budget Circular No. A-133 (OMB A-133); thus, they were not selected to receive a site visit. Instead, those organizations were required to submit single audit reports and associated management letters to the department. At the request of the department, the CSA also separately reviewed the single audit reports and followed up on the status of the corrective actions, if any, that these organizations had taken. Other organizations that were excluded from the site visits included those organizations jointly monitored by other city departments, those who received desk reviews over their self-assessments, and those that had received a site visit in the previous fiscal year. However, it should be noted that as a general rule, the department requires all organizations to receive at least one physical site visit every three years.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards. We believe that we adequately planned and performed the audit to achieve the audit objectives and that the evidence obtained provides a reasonable basis for our findings and conclusions as required by these standards.

MONITORING REPORT LETTERS AND CORRECTIVE ACTION PLANS

After the fiscal and compliance monitoring site visits had been completed, we issued monitoring report letters to the 14 organizations we reviewed, specifying any findings, explaining those findings and setting a deadline for submitting a written response to the appropriate program manager in the department. After each organization submits its response and completes any corrective actions, the department will issue a verification of compliance letter to the organizations.

AGUILAS, INC. (Association of United Gays Impacting Latinos/Latinas Towards Self-Empowerment)

Site Location: 1841 Market Street, 3rd Floor
San Francisco, CA 94103

Period Monitored: July 1, 2006, through June 30, 2007

Contract Amount: \$243,000

Contract Services: The organization provides HIV prevention education through case management, venue based group outreach, organization and non-organization sponsored events, single session groups, and evaluation services.

Date of Fiscal and Compliance Monitoring Site Visit: February 20, 2007

Finding 1: Budget Not Approved by Board of Directors (Board)

In reviewing the board minutes, we found that the Board reviewed the organization's financial reports, but could not find any documentation that the Board formally approved the budget.

Recommendation: Submit the budget to the Board for approval to provide the required oversight.

Finding 2: Inadequate Accounting Policies and Procedures

The organization's accounting policies and procedures are not comprehensive. They consist primarily of procedures for the processing of checks.

Recommendation: Maintain a set of written fiscal policies and procedures in accordance with the key elements covered in the City and County of San Francisco, Office of the Controller's *Finance Guide for Nonprofit Organizations*.

Finding 3: Incomplete Employee Personnel File

One of the two employee personnel files reviewed did not contain the following required documents: job description, employment application or resume, employment confirmation or letter of hire, salary information including adjustments, health records and verification of employee orientation.

Recommendation: Take steps necessary to ensure that all employee files contain all required documentation.

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AIDS LEGAL REFERRAL PANEL OF THE SAN FRANCISCO BAY AREA

Site Location: 1663 Mission Street, Suite 500
San Francisco, CA 94103

Period Monitored: July 1, 2005, through June 30, 2006

Contract Amount: \$127,217

Contract Services: This organization's client advocacy program provides assistance to individuals living with the HIV infection in obtaining their basic needs: including housing, income, healthcare, and a life free from discrimination.

Date of Fiscal and Compliance Monitoring Site Visit: February 14, 2007

Finding: None

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CADUCEUS OUTREACH SERVICES

Site Location: 489 Clementina Street, 2nd Floor
San Francisco, CA 94103

Period Monitored: July 1, 2006, through June 30, 2007

Contract Amount: \$89,910

Contract Services: The organization provides pro-bono psychiatric treatment to homeless and formerly homeless clients with mental health problems; case management and counseling services; training, education, and advocacy work regarding issues that affect the lives of psychiatrically-ill homeless people.

Date of Fiscal and Compliance Monitoring Site Visit: March 9, 2007

Finding 1: Required Independent Audit Not Conducted

The organization did not obtain the required audit or waiver for fiscal year 2005–06, yet billed the Department of Public Health (department) for audit expenses. Per contract section 28:

“Contractor shall annually have its books of accounts audited by a Certified Public Accountant and a copy of said audit report and the associated management letter(s) shall be transmitted to the director within one hundred eighty (180) calendar days following Contractor's fiscal year end date. The director may approve a waiver of the aforementioned audit requirement, if submitted within ninety (90) calendar days before the end of the agreement term or Contractor's fiscal year, whichever comes first.”

Recommendation: Contract with a Certified Public Accountant to have the required annual audit conducted, or work with the department to return the funds and acquire a waiver to comply with the contract requirements. The organization should ensure that it complies with the audit requirements in succeeding years.

Finding 2: Inadequate Segregation of Duties

The associate director (who is also the fiscal manager) is responsible for approving invoices, signing checks, posting entries to the general ledger, depositing incoming checks, as well as preparing bank reconciliations.

Recommendation: Segregate duties over cash receipts and disbursements to maintain proper accountability and ensure adequate internal control.

Finding 3: Invoices Do Not Reflect Actual Expenditures

Other than salaries and related fringe benefits, the invoices that the organization submitted to the department for reimbursement did not reflect actual expenditures. Instead of actual expenditures, the organization billed the department one-twelfth of the amount in each category of the contract budget. Section 5 of the contract, titled *Compensation*, states in part:

“Contractor shall submit monthly invoices . . . by the fifteenth (15th) working day of each month for reimbursement of the actual costs for services of the immediately preceding month. All costs associated with the services shall be reported on the invoice each month. All costs incurred under this agreement shall be due and payable only after services have been rendered and in no case in advance of such services.”

Recommendation: Discontinue the practice of billing the department for one-twelfth of the budgeted amount and begin submitting invoices that reflect actual contract related expenditures incurred in the immediately preceding month. In addition, the organization should prepare a reconciliation showing the budget and the total actual expenditures incurred to date to identify whether the organization has overbilled for any budget line items.

CENTRAL CITY HOSPITALITY HOUSE

Site Location: 290 Turk Street
San Francisco, CA 94102

Period Monitored: July 1, 2006, through June 30, 2007

Contract Amount: \$681,600

Contract Services: This contract assists in funding the Tenderloin Self-Help Center. The center provide a range of socialization and wellness services that include peer counseling, individual case management, and support groups addressing mental health, substance abuse, employment, medical care, housing, legal issues, and other barriers to stability and health.

Date of Fiscal and Compliance Monitoring Site Visit: January 31, 2007

Finding: None

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HYDE STREET COMMUNITY SERVICES, INC.

Site Location: 134 Golden Gate Avenue
San Francisco, CA 94102

Period Monitored: July 1, 2005, through June 30, 2006

Contract Amount: \$2,349,911

Contract Services: The organization provides mental health outpatient services and a recovery center. Within this range of services, clients are to receive treatment appropriate to their needs, in the least restrictive setting and in adherence to community behavioral health services' medical necessity and admission criteria.

Date of Fiscal and Compliance Monitoring Site Visit: February 27, 2007

Finding 1: Required A-133 Single Audit Not Conducted

Contract section 28 states:

“Contractor shall annually have its books of accounts audited by a Certified Public Accountant and a copy of said audit report and the associated management letter(s) shall be transmitted to the director within one hundred eighty (180) calendar days following Contractor's fiscal year end date. If Contractor expends \$500,000 or more in federal funding per year, said audit shall conform to the requirements of OMB Circular A-133 [(single audit)], Audits of States, Local Governments, and Nonprofit Organizations.” While your organization did provide audited financial statements for the fiscal year ended June 30, 2006, the audit was not in compliance with OMB Circular A-133.

Recommendation: Contract with a Certified Public Accountant to have the required single audit conducted for the year ended June 30, 2006, and to subsequently submit the audit to the City and County of San Francisco (City).

Finding 2: Budget Not Approved by Board of Directors (Board)

In reviewing the board minutes, we could not find any documentation that the Board formally approved the budget.

Recommendation: Submit the budget to the Board for approval to provide required oversight.

Finding 3: Noncompliance with the Sunshine Ordinance

The City's Sunshine Ordinance requires that nonprofit contractors that meet the Sunshine Ordinance threshold of receiving \$250,000 or more of city funds must open two board meetings to the public each year. To ensure compliance with this requirement, notices must be provided 30 days before the date of a board meeting and should be sent to both the Clerk of the Board of Supervisors and to the San Francisco Public Library. While the organization met the requirement of opening two board meetings to the public each year and posted the

notifications at the location of the meetings, the organization did not send the notices to the Clerk of the Board of Supervisors and the San Francisco Public Library.

Recommendation: Provide the Clerk of the Board of Supervisors and the San Francisco Public Library proper and timely notification for future Board meetings open to the public. Further, maintain support of correspondence copies and support of the notifications to demonstrate compliance with the Sunshine Ordinance.

INTERNET SEXUALITY INFORMATION SERVICES, INC.

Site Location: 436 14th Street, Suite 1511
Oakland, CA 94612

Period Monitored: January 1, 2005, through December 31, 2005

Contract Amount: \$49,956

Contract Services: The organization provides innovative online approaches to eliminating syphilis transmission among gay and bisexual men including development of cell phone text messaging service targeting adolescents and young adults of color; marketing and maintenance of the peer partner notification website; question and answer safer sex forums on Craigslist, Inc. and running syphilis prevention banner ad campaigns on a variety of websites serving gay and bisexual men.

Date of Fiscal and Compliance Monitoring Site Visit: March 15, 2007

Finding: Invoices Not Submitted Within Contracted Timeframe

The organization is often late in submitting its invoices to the Department of Public Health (department). For example, the invoices for sample months August and October 2005 were not received by the department for reimbursement until December 2005. Section 5 of the contract, titled *Compensation*, states in part:

“Contractor shall submit monthly invoices . . . by the fifteenth (15th) working day of each month for reimbursement of the actual costs for services of the immediately preceding month. All costs associated with the services shall be reported on the invoice each month.”

Recommendation: Submit its invoices to the department within the required timeframe.

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MOBILIZATION AGAINST AIDS INTERNATIONAL, INC.

Site Location: 584 Castro Street, #416
San Francisco, CA 94114

Period Monitored: July 1, 2005, through December 31, 2006

Contract Amount: \$205,500

Contract Services: The organization provides Latina transgender clients with HIV prevention services through individual risk reduction counseling, single session groups, recruitment and linkages.

Date of Fiscal and Compliance Monitoring Site Visit: February 7, 2007

Finding 1: Timesheets Not Properly Approved

We did not observe a supervisor's signature on two of the four timesheets selected for review.

Recommendation: Review and submit all timesheets to the employee's immediate supervisor for signature to provide proper authorization for payment.

Finding 2: Status of Program Monitoring Recommendation

As a result of the program monitoring conducted in August 2006, the Department of Public Health (department) had recommended that the organization develop a memorandum of understanding (MOU) to replace informal linkages that it has with each of several community-based organizations. During our review, we found that the organization had not taken appropriate and timely corrective action.

Recommendation: Immediately develop the MOU and submit it to the department.

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NATIONAL COUNCIL ON ALCOHOLISM AND OTHER DRUG ADDICTIONS-BAY AREA

Site Location: 944 Market Street, 3rd Floor
San Francisco, CA 94102

Period Monitored: July 1, 2006, through June 30, 2007

Contract Amount: \$223,548

Contract Services: This contract assists in funding the following:

1. An information center with a 24-hour helpline and in-office services advertised in the Yellow Pages, as well as in various state and local human service directories. The information center offers support, crisis intervention, information, and referrals around issues relating to alcohol and other drug use/abuse.
2. A youth services program designed to educate elementary school children about the dangers of alcohol, smoking illicit drugs, addiction and the life skills necessary to make healthy decisions, before they have begun experimenting and before their attitudes have become fixed.

Date of Fiscal and Compliance Monitoring Site Visit: January 11, 2007

Finding: None

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NATIVE AMERICAN AIDS PROJECT

Site Location: 470 Carolina Street
San Francisco, CA 94107

Period Monitored: July 1, 2006, through June 30, 2007

Contract Amount: \$102,359

Contract Services: The organization provides case management, peer advocacy, social support services, and included primary medical care, housing, employment, substance abuse treatment, food and traditional healing services.

Date of Fiscal and Compliance Monitoring Site Visit: March 20, 2007

Finding: Required Independent Audit Not Conducted

The organization did not obtain the required audit or waiver for fiscal year 2005–06. Per contract section 28:

“Contractor shall annually have its books of accounts audited by a Certified Public Accountant and a copy of said audit report and the associated management letter(s) shall be transmitted to the director within one hundred eighty (180) calendar days following Contractor’s fiscal year end date. The director may approve a waiver of the aforementioned audit requirement, if submitted within ninety (90) calendar days before the end of the agreement term or Contractor’s fiscal year, whichever comes first.”

Recommendation: Contract with a Certified Public Accountant to have the required annual audit conducted, or work with the department to return the funds and acquire a waiver to comply with the contract requirements. The organization should make sure it complies with the audit requirements in succeeding years.

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NATIVE AMERICAN HEALTH CENTER, INC.

Site Location: 3124 International Boulevard
Oakland, CA 94601

Period Monitored: July 1, 2006, through June 30, 2007

Contract Amount: \$169,717

Contract Services: The organization provides HIV Health Services, including primary medical care encounters, nurse case management, mental health counseling, substance abuse counseling, peer advocacy and, various types of vouchers such as (bus tokens, taxi scripts, grocery, fast food, and household vouchers).

Date of Fiscal and Compliance Monitoring Site Visit: January 5, 2007

Finding: Invoices Not Submitted Within Contracted Timeframe

The organization submits its invoices to the Department of Public Health (department) for reimbursement nearly two months late. For example, the invoices for August and September 2006 were both submitted in November 2006; likewise, the October 2006 invoice was submitted in December 2006. Section 5 of the contract, titled *Compensation*, states in part:

“Contractor shall submit monthly invoices . . . by the fifteenth (15th) working day of each month for reimbursement of the actual costs for services of the immediately preceding month. All costs associated with the services shall be reported on the invoice each month.”

Recommendation: Submit its invoices to the department within the required timeframe.

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OHLHOFF RECOVERY PROGRAMS

Site Location: 601 Steiner Street
San Francisco, CA 94117

Period Monitored: July 1, 2006, through June 30, 2007

Contract Amount: \$396,639

Contract Services: The organization provides a 3 to 12 month residential alcoholism and drug addiction recovery program which includes providing transitional clean and sober housing, family psycho education program, prevocational and vocational rehabilitation, job placement, GED assistance and life skills workshops including HIV education, money management, nutrition, and relapse prevention.

Date of Fiscal and Compliance Monitoring Site Visit: January 18, 2007

Finding 1: Budget Not Approved by Board of Directors (Board)

In reviewing the board minutes, we could not find any documentation that the formally approved the budget.

Recommendation: Submit the budget to the Board for approval to provide the required oversight.

Finding 2: Accounting Policies and Procedures Not Maintained On-site

The organization does not maintain a copy of accounting policies and procedures on-site.

Recommendation: Maintain a set of written fiscal policies and procedures in accordance with the key elements covered in the City and County of San Francisco (City), Office of the Controller's *Finance Guide for Nonprofit Organizations*.

Finding 3: Timesheet Does Not Agree to the Payroll Register

In reviewing sample timesheets, five more hours were reported on the October 2006 payroll register than recorded on the employee's timesheet, which resulted in an over payment to the employee.

Recommendation: Correct the October 2006 payroll records and the monthly invoice submitted to the Department of Public Health as necessary. Further, the organization should review and reconcile all payroll information submitted before each payroll processing to ensure payment and reporting information are accurate.

Finding 4: Noncompliance with the Sunshine Ordinance

The City's Sunshine Ordinance requires that nonprofit contractors that meet the Sunshine Ordinance threshold of receiving \$250,000 or more of city funds must open two board meetings to the public each year. To ensure compliance with this requirement, notices must be provided 30 days before the date of a board meeting and should be sent to both the Clerk of the Board of Supervisors and to the San Francisco Public Library. The organization did not hold two public board meetings as required.

Recommendation: Hold at least two public board meetings a year to comply with the Sunshine Ordinance.

SAN FRANCISCO MENTAL HEALTH EDUCATIONAL FUNDS, INC.

Site Location: 1380 Howard Street, Suite 510
San Francisco, CA 94103

Period Monitored: July 1, 2006, through June 30, 2007

Contract Amount: \$253,075

Contract Services: The organization provides staff support to the Department of Public Health's Mental Health Board, which serves as a liaison between city services and the citizens of San Francisco. It provides advice and advocacy on program development and evaluation, budget and fiscal planning, policy issues, service issues, and strategic planning related to mental health issues and services.

Date of Fiscal and Compliance Monitoring Site Visit: January 12, 2007

Finding 1: Budget Not Approved by Board of Directors (Board)

In reviewing the board minutes, we could not find any documentation that the Board formally approved the budget.

Recommendation: Submit the budget to the Board for approval to provide the required oversight.

Finding 2: Required Independent Audit Not Conducted

The organization did not obtain the required audit or waiver for fiscal year 2005–06. Per contract section 28:

“Contractor shall annually have its books of accounts audited by a Certified Public Accountant and a copy of said audit report and the associated management letter(s) shall be transmitted to the director within one hundred eighty (180) calendar days following Contractor's fiscal year end date. The director may approve a waiver of the aforementioned audit requirement, if submitted within ninety (90) calendar days before the end of the Agreement term or Contractor's fiscal year, whichever comes first.”

Recommendation: Contract with a Certified Public Accountant to have the required annual audit conducted, or work with the Department of Public Health (department) to acquire a waiver to comply with the contract requirements. The organization should ensure that it complies with the audit requirements in succeeding years.

Finding 3: Invoice Not Submitted Within Contracted Timeframe

The monthly invoice for August 2006 was submitted on September 19, 2006, or four days late. Per contract section 7:

“Contractor shall submit monthly invoices . . . by the fifteenth (15th) working day of each month for reimbursement of the actual costs for services of the immediately preceding month. All costs associated with the services shall be reported on the invoice each month.”

Recommendation: Submit its invoices to the department within the required timeframe.

Finding 4: Timesheet Does Not Agree to the Payroll Register

In reviewing sample timesheets, one employee's timesheet was not signed by the supervisor. Further, one more hour was reported on the payroll register than recorded on the employee's timesheet, which resulted in an overpayment to the employee. The employee who received the overpayment is also responsible for reporting the hours to the payroll processing company.

Recommendation: Correct the payroll records and the monthly invoice submitted to the department as necessary. All timesheets should be reviewed and submitted to the employee's immediate supervisor for signature to provide proper authorization for payment. The organization should reconcile all payroll information submitted before each payroll processing, to ensure that payment and reporting information are accurate. Further, the organization should segregate duties over the payroll process to maintain proper accountability, accuracy and to ensure adequate internal controls are in place.

Finding 5: Proper Documents Not Maintained in Employee File

In the review of employee files, we could not find all the required documents that should be kept in each employee's file (for example, verification of eligibility to work in the United States).

Recommendation: Update all employee files to contain, at a minimum, a job description, employment application or resume, employment confirmation or letter of hire, verification of eligibility to work in United States, salary information including adjustments, health records and verification of employee orientation.

STOP AIDS PROJECT, INC.

Site Location: 2128 15th Street
San Francisco, CA 94114

Period Monitored: July 1, 2005, through June 30, 2006

Contract Amount: \$702,768

Contract Services: The organization's health education and risk reduction program provide HIV prevention services to men through individual risk reduction counseling, multiple session group workshops, single session group workshops, recruitment and linkage, and condom distribution.

Date of Fiscal and Compliance Monitoring Site Visit: March 22, 2007

Finding: None

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YOUTH LEADERSHIP INSTITUTE

Site Location: 246 First Street, Suite 400
San Francisco, CA 94105

Period Monitored: July 1, 2006, through June 30, 2007

Contract Amount: \$247,520

Contract Services: The organization's Friday Night Live and Club Live programs provide prevention services that focus on training, skill building, resources and opportunities with an emphasis on environmental prevention methodologies.

Date of Fiscal and Compliance Monitoring Site Visit: March 13, 2007

Finding 1: OMB A-133 Single Audit May Be Required

The organization's financial records and audited financial statements for the fiscal year ended June 30, 2006, indicate that it receives funding from four different counties: San Francisco; San Mateo; Marin; and Fresno. The organization's records, however, are unclear as to the amount it expended in Federal funds during fiscal year 2005-06. Contract section 28 states:

"Contractor shall annually have its books of accounts audited by a Certified Public Accountant and a copy of said audit report and the associated management letter(s) shall be transmitted to the director within one hundred eighty (180) calendar days following Contractor's fiscal year end date. If Contractor expends \$500,000 or more in Federal funding per year, said audit shall conform to the requirements of OMB Circular A-133 [(single audit)], Audits of States, Local Governments, and Nonprofit Organizations."

While the organization did provide audited financial statements for the fiscal year ended June 30, 2006, the audit did not include a single audit, and the records that your organization provided for review were not sufficient to prove its exemption from the single audit requirements for the same year.

Recommendation: Determine the amount of Federal funds (from all funding sources) expended during the fiscal year ended June 30, 2006. If expenditures totaled \$500,000 or more, the organization should have the required single audit conducted and submit the audit report to the City and County of San Francisco (City). Conversely, if the level of expenditures in Federal funds was less than \$500,000, then the organization should provide evidence of this fact to the City.

Finding 2: Sample Invoice Not Submitted Within Contracted Timeframe

The organization submitted its July 2006 invoice to the Department of Public Health (department) for reimbursement on August 31, 2006. Section 7 of the contract, entitled *Compensation*, states in part:

“Contractor shall submit monthly invoices . . . by the fifteenth (15th) calendar day of each month, based upon the number of units of service that were delivered in the immediately preceding month.”

Recommendation: Submit its invoices to the department within the required timeframe.

CITY AND COUNTY OF SAN FRANCISCO – CONTROLLER’S OFFICE

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<http://co.sfgov.org/controller/feedback/?id=635>

The feedback link is listed with the report.

Option 2: Mail

Just fill in the card below, fold this in half and mail!

Option 3: Phone

Call the Controller’s Office at 415-554-7500 and we will take your feedback over the phone.

Thank you for your feedback!

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Controller’s Office Report Feedback					
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