

File No. 100094

Committee Item No. 3

Board Item No. 28

### COMMITTEE/BOARD OF SUPERVISORS

#### AGENDA PACKET CONTENTS LIST

Committee: Government Audit and Oversight Date February 16, 2010

Board of Supervisors Meeting Date February 23, 2010

#### Cmte Board

- |                                     |                                     |  |
|-------------------------------------|-------------------------------------|--|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Resolution                                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Digest                           |
| <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Budget Analyst Report                        |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Legislative Analyst Report                   |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Introduction Form (for hearings)             |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/>            | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/>            | Public Correspondence                        |

#### OTHER

(Use back side if additional space is needed)

<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

Completed by: Alisa Somera Date February 11, 2010  
 Completed by: Alisa Somera Date February 17, 2010

An asterisked item represents the cover sheet to a document that exceeds 25 pages. The complete document can be found in the file and the online version.

85

1 [Budget and Legislative Analyst Limited Scope Performance Audit of the San Francisco  
2 Municipal Transportation Agency to Determine its Effectiveness]

3 **Motion directing the Budget and Legislative Analyst to conduct a limited scope**  
4 **performance audit of the San Francisco Municipal Transportation Agency (SFMTA) to**  
5 **determine if the SFMTA is operating in the most efficient, effective, and economical**  
6 **manner in establishing and collecting revenues and in managing expenditures.**

7  
8 WHEREAS, It is the policy of the Board of Supervisors that each program of the City  
9 and County of San Francisco be the subject of a performance or management audit at least  
10 once every eight years; and

11 WHEREAS, The last management audit conducted by the Budget Analyst of the  
12 Municipal Railway was completed in July 1996; and

13 WHEREAS, The function of regular audits is to ensure that city departments and  
14 agencies make prudent and efficient use of city resources and also effectively perform the  
15 functions assigned to them by the charter and applicable laws; and

16 WHEREAS, Rule 6.18 of the Rules of Order outlines the criteria to be used in  
17 developing the proposed audit schedule, and those priorities include programs that have  
18 never undergone a management audit as well as programs that have gone the longest period  
19 of time since their last management audit; and

20 WHEREAS, The SFMTA faces increases in fares and reductions in service for the next  
21 fiscal year and the Board of Supervisors now directs the Budget and Legislative Analyst to  
22 evaluate the effectiveness of the SFMTA in managing revenues and expenditures; now,  
23 therefore, be it

24 MOVED, That the Budget and Legislative Analyst is hereby directed to conduct a  
25 limited scope performance audit, in order to determine if the SFMTA's management of its

1 revenues and expenditures are being accomplished in the most efficient, effective, and  
2 economical manner; and, be it

3       FURTHER MOVED, That the Budget and Legislative Analyst will submit a performance  
4 audit report to the Board of Supervisors by no later than May 1, 2010, identifying the findings  
5 and the related recommendations for purposes of improving the efficiency, effectiveness, and  
6 economy of the SFMTA.

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**Items # 3**  
**File 10- 0094**

**Department(s):**  
**Board of Supervisors**

## EXECUTIVE SUMMARY

### Legislative Objectives

File 10-0094: Motion directing the Budget and Legislative Analyst to conduct a limited scope performance audit of the San Francisco Municipal Transportation Agency (SFMTA) to determine if the SFMTA is operating in the most efficient, effective, and economical manner in establishing and collecting revenues and in managing expenditures.

### Fiscal Impact

The existing FY 2009-10 appropriation for Budget and Legislative Analyst services would cover the costs of the proposed performance audit. Therefore, there would be no additional costs to the City.

### Key Points

To implement the proposed performance audit, the Budget and Legislative Analyst would conduct interviews with SFMTA managers and staff, review SFMTA budget and other documents and identify the significant revenue and expenditure issues. To effectively audit SFMTA revenues or expenditures to determine if SFMTA is operating in the most efficient, effective, and economical manner, and provide a report to the Board of Supervisors prior to May 1, 2010, the Budget and Legislative Analyst would conduct a detailed review of two or three revenue or expenditure issues identified in the initial evaluation. Prior to conducting field work, we would present a work plan and audit scope to the members of the Government Audit and Oversight Committee.

The Budget Analyst estimates that the limited scope performance audit of the SFMTA could require approximately 1,200 to 1,500 service hours. If the Board of Supervisors requests the Budget and Legislative Analyst to allocate fewer service hours to the requested audit, we would work with members of the Board of Supervisors to revise the audit scope in order to complete the proposed performance audit prior to May 1, 2010. The Budget and Legislative Analyst will conduct the audit based on audit priorities established by the Board of Supervisors.

### Recommendation

Approval of the proposed motion is a policy matter for the Board of Supervisors.

## BACKGROUND

The Budget and Legislative Analyst provides performance audit services to the Board of Supervisors. The Agreement between the Budget and Legislative Analyst Joint Venture Partnership and the Board of Supervisors defines the Budget and Legislative Analyst scope of services and requires that the Budget and Legislative Analyst submit an annual work plan estimating the allocation of staff hours for each service category and major project for input, review and approval by the Board of Supervisors.

The Budget and Legislative Analyst has met with members of the Board of Supervisors for input into the annual work plan and submitted a proposed 2010 work plan to the Board of Supervisors for approval on January 25, 2010 (see Item 1, File 10-0148). Under the proposed 2010 work plan, the Budget and Legislative Analyst recommends allocating an estimated 4,450 service hours for performance audits and special projects.

## DETAILS OF PROPOSED LEGISLATION

The proposed motion would direct the Budget and Legislative Analyst to conduct a limited scope performance audit of the San Francisco Municipal Transportation Agency (SFMTA) to determine if the SFMTA is operating in the most efficient, effective, and economical manner in establishing and collecting revenues and in managing expenditures.

To implement the proposed performance audit, the Budget and Legislative Analyst would:

- Conduct interviews with SFMTA managers and staff, review SFMTA budget and other documents and identify the significant revenue and expenditure issues.
- To effectively audit SFMTA revenues or expenditures to determine if SFMTA is operating in the most efficient, effective, and economical manner, and provide a report to the Board of Supervisors prior to May 1, 2010, the Budget and Legislative Analyst would conduct a detailed review of two or three revenue or expenditure issues identified in the initial evaluation. Prior to conducting field work, we would present a work plan and audit scope to the members of the Government Audit and Oversight Committee.

The Budget and Legislative Analyst estimates that the proposed limited scope performance audit of the SFMTA's management of revenues and expenditures would require approximately 1,200 to 1,500 service hours. If the Board of Supervisors requests the Budget and Legislative Analyst to allocate fewer service hours to the requested audit in order to complete the proposed performance audit prior to May 1, 2010, we would work with members of the Board of Supervisors to revise the audit scope. The Budget and Legislative Analyst will conduct the audit based on audit priorities established by the Board of Supervisors.

**FISCAL IMPACTS**

The existing FY 2009-10 appropriation for Budget and Legislative Analyst services would cover the costs of the proposed performance audit. Therefore, there would be no additional costs to the City.

**RECOMMENDATION**

Approval of the proposed motion is a policy matter for the Board of Supervisors.

