



**Date:** August 27, 2024  
**To:** Commissioner Tim Paulson, President  
Commissioner Anthony Rivera Vice President  
Commissioner Newsha K. Ajami  
Commissioner Kate H. Stacy  
**Through:** Dennis J. Herrera, General Manager  
**From:** Nancy L. Hom, Chief Financial Officer and Assistant  
General Manager, Business Services  
**Subject:** FY 2023-24 Q4 Audit and Performance Review Report

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This memorandum summarizes the San Francisco Public Utilities Commission (SFPUC) Quarterly Audit and Performance Review (QAPR) report for the fourth quarter of FY 2023-24, ending June 30, 2024.

**I. Completed Audits**

There were three completed audits during the fourth quarter of FY 2023-24:

1. California Arrearage Payment Program (CAPP) Audit | April 12, 2024  
*(Report not published publicly per California Department of Community Services and Development)*

**Summary:** Crowe LLP was engaged to perform procedures related to CleanPowerSF’s compliance with requirements of the California Arrearage Payment Program (CAPP), specifically California Assembly Bill 135, Section 9, Article 12, Government Code Section 16429.5, in program notices and the CAPP Allocation Transfer Letter of Instruction issued by the California Department of Community Services and Development (CSD) related to the COVID-19 pandemic bill relief period of March 4, 2020, through June 15, 2021, on behalf of CSD.

**Results:** Procedures performed by Crowe identified written policies and procedures and the calculation and timeliness of payments as areas for improvement in the SFPUC’s administration of CAPP.

**London N. Breed**  
Mayor

**Tim Paulson**  
President

**Anthony Rivera**  
Vice President

**Newsha K. Ajami**  
Commissioner

**Kate H. Stacy**  
Commissioner

**Dennis J. Herrera**  
General Manager



2. Inventory Management Performance Assessment | April 23, 2024  
Report Link: <https://tinyurl.com/4942pf2m>

**Summary:** Through interviews and site visits with staff at the facilities, along with current and historical data from the annual inventory counts performed by outside auditors (Crowe LLP) on behalf of SFPUC Financial Services, the Audit Bureau conducted an assessment focused on the current performance and policies and procedures of the various SFPUC enterprise inventory divisions, highlighting their respective strengths and areas for improvement. The *City and County of San Francisco Controller's Office's Accounting Policies & Procedures, Section 6 (Inventory)* served as a guide for standards.

**Results:** Inventory warehouse performance and policies and procedures were found to be strong overall, with areas for improvement identified in fuel inventory tracking systems and Power enterprise (non-fuel) inventory tracking.

3. City Nonprofit Suppliers' Compliance with State Charitable Trusts Registry Audit | June 12, 2024  
Report Link: <https://tinyurl.com/4rk37chf>

**Summary:** In February 2023, the Office of the Controller (Controller), Office of the City Administrator, and Office of the City Attorney issued a policy whereby nonprofit suppliers that wish to continue doing business with the City must be in good standing as shown on the California Attorney General's Registry of Charitable Trusts. In late 2023, the Controller's City Services Auditor, Audits Division, conducted an assessment by reviewing the state registry in relation to nonprofit organizations with contracts and purchase orders established in fiscal year 2023-24 to determine whether any of these nonprofit suppliers that were paid by or had an active contract with the City, had a status of delinquent, revoked, or suspended on the state registry.

**Results:** Out of the 682 nonprofit suppliers reviewed, 31 were found to have had a status of *delinquent* or *revoked* in the state registry as of August 16, 2023. Of the 31, five of these were SFPUC contractors.

## II. Audit Recommendation Status

As of 6/30/24, 14 audit recommendations were open for the Crystal Springs Golf Partners, LP Revenue Lease Audit, Phase II of the Revenue Bond Oversight Audit, and the Procurements Public Integrity Assessment.

If you have questions, please contact me at [NHom@sfgwater.org](mailto:NHom@sfgwater.org) or Irella Blackwood, Audit Director, at [iblackwood@sfgwater.org](mailto:iblackwood@sfgwater.org).

cc: Irella Blackwood, Audit Director

att: FY 2023-24 QAPR Audit Plan, By Status

## Quarterly Audit & Performance Review Report FY 2023-24 Audit Plan, By Status As of June 30, 2024

Status	
Completed:	24
In Progress:	14
Upcoming:	5
Total:	43

#	Quarter Status	Audit Type	Enterprise / Bureau	Audit Name	Oversight Body
1	Completed	Financial	Business Services, Finance	Wholesale Revenue Requirement: Statement of Changes in Balancing Account, FY 2020-21	BAWSCA
2	Completed	Financial	Business Services, Finance	Post Audit, CY 2022	Controller
3-7	Completed	Financial	Water	Annual Physical Inventory Count, FY 2022-23	SFPUC, Finance
	Completed	Financial	Wastewater		
	Completed	Financial	Hetch Hetchy Water & Power		
8-12	In Progress	Financial	Water	Annual Physical Inventory Count, FY 2023-24	SFPUC, Finance
	In Progress	Financial	Wastewater		
	In Progress	Financial	Hetch Hetchy Water & Power		
13	Completed	Financial	Business Services, Finance	Wholesale Revenue Requirement: Statement of Changes in Balancing Account, FY 2021-22	BAWSCA
14	Completed	Financial	Water	Audited Financial Statements, FY 2022-23	Controller
15	Completed	Financial	Wastewater		
16	Completed	Financial	Hetch Hetchy Water & Power & CleanPowerSF		
17	<b>[Updated]</b> Completed	Financial	CleanPowerSF	2021 California Arrearage Payment (CAPP) Audit	CA Community Services Division
18	Completed	Financial	Business Services, Finance	Annual Comprehensive Financial Report, FY 2022-23	SFPUC
19	Completed	Financial	Business Services, Finance	Popular Annual Financial Report, FY 2022-23	SFPUC
20	In Progress	Financial	Water	Interim Financial Statements, FY 2023-24	Controller
21	In Progress	Financial	Wastewater		
22	In Progress	Financial	Hetch Hetchy Water & Power & CleanPowerSF		

#	Quarter Status	Audit Type	Enterprise / Bureau	Audit Name	Oversight Body
23	In Progress	Financial	Business Services, Finance	Wholesale Revenue Requirement: Statement of Changes in Balancing Account, FY 2022-23	BAWSCA
24	[Updated] In Progress	Financial	Business Services, Finance	Post Audit, CY 2023	Controller
25	Completed	Financial	Business Services, Finance	Single Audit (OMB Circular A-133), FY 2022-23	OMB
26	[Updated] Upcoming	Financial	Business Services, Finance	Annual Comprehensive Financial Report, FY 2023-24	SFPUC
27	[Updated] Upcoming	Financial	Business Services, Finance	Popular Annual Financial Report, FY 2023-24	SFPUC
28	Completed	Performance	Contracts Administration Bureau	Chapter 14B LBE Audit	CSA, Controller
29	Completed	Performance	Business Services, ITS	Cybersecurity Maturity Assessment, FY 2022-23	CSA, Controller
30	Completed	Performance	Business Services, ITS	Interconnection Security Agreement, FY 2023-24	CSA, Controller
31	Completed	Performance	External Affairs	Public Integrity Assessment: Social Impact Partnership Program Audit Field Follow-up	CSA, Controller
32	Completed	Performance	Hetch Hetchy Water & Power	Critical Infrastructure Protection and Operations and Planning Reliability Standards Audit	WECC / NERC
33	Completed	Performance	Infrastructure	Public Integrity Assessment: SOLIS Procurement	CSA, Controller
34	[Updated] Completed	Performance	All SFPUC	Inventory Performance Assessment	SFPUC
35	[Updated] Completed	Performance	All SFPUC	City Nonprofit Suppliers' Compliance with State Charitable Trusts Registry	CSA, Controller
36	In Progress	Performance	All SFPUC	SFPUC Chapter 6 Delegated Authority Audit	BOS
37	In Progress	Performance	All SFPUC	Budget & Legislative Analyst, Conflicts of Interest Audit	BOS
38	In Progress	Performance	All SFPUC	Budget & Legislative Analyst, Work Orders Audit	BOS
39	Upcoming	Performance	Customer Services Bureau	Customer Assistance Program Post-Enrollment Verification	SFPUC
40	[Updated] Upcoming	Performance	Hetch Hetchy Water & Power	Environmental Protective Agency Cyber Security Guidance Assessment	SFPUC
41	Upcoming	Concessions, Lease Revenue	Real Estate Services	Revenue Lease Audit: Mission Valley Rock	CSA, Controller
42	Completed	Revenue Bond Oversight Committee	RBOC	SFPUC Revenue Bond Programs Audit: Phase II	RBOC

#	Quarter Status	Audit Type	Enterprise / Bureau	Audit Name	Oversight Body
43	In Progress	Revenue Bond Oversight Committee	RBOC	SFPUC Revenue Bond Programs Audit: Phase III	RBOC



**SFPUC Audit Bureau**  
**Inventory Management Performance Assessment**  
April 23, 2024



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## Introduction

Effective inventory management is of vital importance to the SFPUC in serving several critical purposes.

### Uninterrupted Service

As a public utility, the SFPUC must have necessary equipment and spare parts readily available to quickly address maintenance and repair needs in order to minimize service disruptions and ensure that essential services continue without interruption. Adequate inventory management ensures that the necessary resources are readily available to respond swiftly and effectively during emergencies as well, safeguarding public safety.

### Cost Control

By managing inventory effectively, the SFPUC can reduce excess stock, prevent over-purchasing, and minimize storage expenses. This cost control is essential for maintaining stable and affordable utility rates for customers.

### Asset Longevity

Proper inventory management ensures that infrastructure and equipment are well-maintained, prolonging their lifespan and preventing costly breakdowns.

### Regulatory Compliance

Maintaining accurate records, tracking the condition of assets, and promptly addressing maintenance requirements is necessary for adherence to regulations.

### Financial Efficiency

Managing inventory efficiently can lead to increased financial efficiency as well by reducing carrying costs such as storage, insurance, and depreciation expenses. This frees up financial resources that can be redirected to other important needs.

### Workflow Optimization

Inventory management systems streamline processes, ensuring that materials are used efficiently and reducing waste and spoilage. These systems also enhance procurement processes, making them more efficient.

## Overview and Objective

Acknowledging the critical importance of internal governance and to ensure the effectiveness of SFPUC inventory management practices, the Audit Bureau presents the following overview assessment focused on the current performance and policies and procedures of the various SFPUC enterprise inventory divisions, highlighting their respective strengths and areas for improvement. The last inventory management audit was performed in 2012 by the City and County of San Francisco Controller's Office City Services Auditor.

The information used to create this document was collected through multiple interviews and site visits with staff at the facilities, along with current and historical data from the annual inventory counts performed by outside auditors (Crowe LLP) on behalf of SFPUC Financial Services. The City and County of San Francisco Controller's Office's Accounting Policies & Procedures section 6 (Inventory) served as a guide for standards.



## Executive Summary

Overall, policies and procedures as documented are robust, and the trend has been positive regarding inventory count accuracy as recorded in the Maximo inventory management system over recent years. Overall dollar-value accuracy was about 98.2%. Two areas stand out as opportunities for improvement: 1) fuel inventory tracking and 2) tracking of Power warehouse facility non-fuel inventory. These two together account for over 90% of the approximate \$347,000 in inaccuracies observed in the most recent annual inventory count audit, and we recommend more in-depth review of each of these individually.

Total inventory by facility:

Warehouse	Total Inv \$	% of Total \$ Inv
CDD	\$ 7,271,844.00	55.45%
Wastewater	\$ 3,356,658.00	25.59%
Power	\$ 1,372,997.00	10.47%
WST	\$ 642,514.00	4.90%
Moccasin	\$ 470,945.00	3.59%
<b>Total</b>	<b>\$ 13,114,958.00</b>	

As of the 2023 audit count, SFPUC facilities were responsible for slightly more than \$13.1 million of inventory items and fuel, with City Distribution Division (CDD) and its six satellite facilities responsible for more than half of that total.

Inventory Variances based on 2023 count:

Warehouse	Non-Fuel \$ Var	Fuel \$ Var	Total All \$ Var	% of All Non-Fuel \$ Var	% of Total Fuel \$ Var
CDD	\$ 24,703.24	\$ 137,196.44	\$ 161,899.68	12.13%	95.65%
Wastewater	\$ 2,410.19	N/A	\$ 2,410.19	1.18%	N/A
Power	\$ 174,701.30	N/A	\$ 174,701.30	85.76%	N/A
WST	\$ 1,582.00	\$ 5,515.00	\$ 7,097.00	0.78%	3.84%
Moccasin	\$ 320.00	\$ 724.00	\$ 1,044.00	0.16%	0.50%
<b>Total</b>	<b>\$ 203,716.73</b>	<b>\$ 143,435.44</b>	<b>\$ 347,152.17</b>		

As shown in the table above, the two main contributors to inventory variance (i.e., discrepancy between Maximo records and reality) are fuel inventory at CDD (39.52% of total variance) and non-fuel inventory at Power facilities (50.32%). *Note: To avoid negative and positive variances for individual items cancelling each other out these totals are based on the sums of the absolute values of each discrepancy identified by auditors rather than a simple total dollar variance. This is intended to better illustrate the sources and magnitude of errors.*

Overall, according to the auditors' figures for FY 22-23, SFPUC saw a total dollar-value variance of about 1.8%. This figure is slightly higher than that of nearby East Bay Municipal Utility District, which reported an estimated overall dollar-value variance of about 1.4%, based on sample counts of their facilities conducted in June of 2023.

The following are brief summaries of the Audit Bureau's assessment observations for each division.

### **City Distribution Division (CDD)**

Summary: Progressing, with Challenges

Explanation: Responsible for the greatest amount of inventory of all facilities, CDD has made progress in reducing discrepancies in Crowe inventory counts but still exhibits noticeable item and dollar value variances. Limitations of the automated fuel tracking system and lack of manual fuel checks contribute substantially to these variances. The inventory management practices show improvement, but there are issues that need further review to achieve optimal oversight. The plan to complete and finalize policy and procedure documents is a positive step.

### **Power**

Summary: Improving, but Refinement Needed

Explanation: Power has made progress in reducing Crowe inventory count discrepancies, but these variances remain relatively high. Their inventory management practices are promising, but further refinement and enhancement are needed, particularly regarding segregation of duties, cycle counts, and oversight of contractors in the facility.

### **Wastewater**

Summary: Strong

Explanation: Wastewater exhibits exceptional accuracy in Crowe inventory counts with very minor discrepancies. Their inventory management practices appear strong and effective, supported by fairly comprehensive procedures, regular cycle counts, and effective technology use.

### **Moccasin**

Summary: Strong, with Fuel Tracking System Challenge

Explanation: Moccasin demonstrates exceptional accuracy in Crowe inventory counts with very minor discrepancies. Their inventory management practices are strong and well-organized, featuring well-documented procedures and a clear separation of duties. The glaring opportunity for improvement is the E.J. Ward fuel tracking system which, while it is the source of issues at all facilities where it is in use, is a particular problem at Moccasin given distances between pumps and the remote location's lack of reliable internet connectivity.

### **Water Supply and Treatment (WST)**

Summary: Strong

Explanation: WST achieves exceptional accuracy in Crowe inventory counts with minimal discrepancies. Their inventory management practices are strong and proactive, characterized by clear roles, regular cycle counts, and proactive inventory management.

## Spotlight: E.J. Ward Challenges and Issues

The E.J. Ward fuel tracking system is a comprehensive system designed to monitor and manage fuel usage in various industries and applications, including fleet management, construction, and utilities. The system is intended to track and control fuel consumption, reduce fuel-related costs, improve efficiency, and enhance accountability.

Key components and features of the E.J. Ward fuel tracking system are:

- **Fuel Dispensing Equipment:** E.J. Ward typically provides fuel dispensers, pumps, and related hardware that are installed at fueling stations. These dispensers are equipped with sensors and meters to accurately measure the amount of fuel dispensed.
- **Fuel Management Software:** The system includes specialized software that collects data from the fuel dispensers and stores it in a central database. This software allows for real-time monitoring of fuel transactions.
- **Fuel Cards or Key Fobs:** To access and dispense fuel, authorized users are often issued fuel cards or key fobs. These cards are linked to individual accounts, vehicles, or equipment, allowing organizations to track who is accessing fuel and how much they are dispensing.
- **Data Transmission:** The system is designed to transmit fuel transaction data from the dispensers to the central database. This data may be transmitted through various means, such as wired connections or wireless communication, depending on the setup.
- **Reporting and Analysis:** Users can access detailed reports and analysis tools through the software interface. These reports provide insights into fuel consumption, usage patterns, and discrepancies. Reports can help identify inefficiencies, unauthorized usage, and areas for cost savings.
- **Alerts and Notifications:** The system can be configured to send alerts and notifications for specific events, such as unusual fuel transactions, low fuel levels in tanks, or maintenance requirements for dispensing equipment.
- **Integration:** E.J. Ward systems are often designed to integrate with other fleet management, asset management, or enterprise resource planning (ERP) systems. This integration allows for seamless data sharing across different departments and systems.
- **Security and Access Control:** The system typically includes security features to control access and prevent unauthorized fuel dispensing. This may include PIN codes, driver authentication, and user access controls.
- **Maintenance and Support:** E.J. Ward or its authorized service providers offer maintenance, support, and training services to ensure the continued operation and reliability of the fuel tracking system.

However, all SFPUC inventory facilities using E.J. Ward report multiple issues with the system, including:

- **Reliability Issues:** The E.J. Ward fuel system is not consistently reliable in monitoring and transmitting fuel levels in Maximo. While staff at Moccasin attribute this problem mainly to a lack of connectivity in the area, similar issues have been observed at other sites with presumably better network access. This inconsistency can lead to inaccuracies in tracking fuel levels and transactions.
- **Loss of Fuel Transactions:** Fuel transactions are not being reliably captured. Factors such as adverse weather conditions (snow), fire incidents, and power outages can disrupt data transmission, resulting in the loss of valuable transaction data. This lack of data can hinder accurate fuel inventory management.
- **Calibration Challenges:** There are calibration issues with the E.J. Ward monitoring system. Calibration is essential to ensure accurate measurements of fuel levels and dispensed quantities. Inaccurate calibration can lead to discrepancies in fuel inventory records and potentially result in over-ordering or under-ordering of fuel if manual checks are not also consistently performed.
- **Hardware Maintenance Needs:** There is a desire expressed for an improved contract with E.J. Ward, including yearly maintenance. Regular maintenance is crucial to keep the monitoring

system functioning optimally and to address calibration and reliability issues promptly. Outdated terminal hardware has been an issue, with all divisions other than CDD using hardware past its end-of-life date of 6/1/2022. Updating these facilities to the current "IOT W4" terminal hardware is advised.

- **Pulser Measurements:** The fuel dispensers are equipped with pulsers to measure the fuel dispensed. Accurate pulsers are essential for precise tracking of fuel consumption. Any issues with these pulsers can lead to inaccuracies in fuel usage records.
- **Pump Upgrades and Meter Accuracy:** There is a need for pump upgrades and accurate meters. Upgraded pumps and meters are necessary to ensure the precise measurement and dispensing of fuel. Inaccurate meters can lead to discrepancies in fuel inventory and financial losses.
- **Delay or Lack of Data Transmission:** There have been reported delays in transmitting fuel transaction data to PeopleSoft, and in some cases many transactions are reportedly lost. Timely and complete data transmission is crucial for maintaining accurate inventory records and financial tracking. Delays and missing transactions can lead to operational inefficiencies and inaccurate records.
- **Data Transmission Frequency:** E.J. Ward is designed to store information and send data once a day to Maximo. This data transmission frequency may not be sufficient for real-time monitoring and tracking of fuel levels and transactions, especially in situations where timely data is crucial. Additionally, Moccasin has reported even lower frequencies, with one transaction per month being transmitted.
- **Power Outage Vulnerability:** The fuel pumps are hardwired and subject to power outages. Power interruptions can disrupt the functioning of the fuel monitoring system and affect data transmission, leading to potential inaccuracies in tracking fuel levels and transactions.
- **Connectivity Issues:** Hardwire connectivity is recommended where problematic locations are currently connected wirelessly. Where the hardwire option is not viable, satellite integration may be advisable for data transmission. This could potentially improve fuel order and delivery efficiency by providing real-time data. Satellite technology may also enhance the ability to monitor individual transactions more effectively.
- **Sensor Issues:** There are issues with sensors around the fuel nozzle intake. These sensors are critical for accurately detecting fuel dispensing and inventory management. Problems with these sensors can result in inaccurate data.

As described, staff have reported a variety of problems with the E.J. Ward fuel tracking system related to hardware reliability, data transmission, calibration, hardware maintenance, and sensor accuracy. Addressing these issues is essential for accurate fuel inventory management, cost control, and efficient operations.

In the case of Moccasin, fuel inventory variance is kept at a minimum through the work of a laborer spending two to three days per week manually measuring fuel and propane levels at the remote locations with a dip stick. This work, along with time spent by warehouse staff on records maintenance and other miscellaneous activities to track fuel levels comes at an estimated cost of over \$40,000 per year.

As fuel accounted for about 42% of the total dollar-value discrepancies between reality and records for fiscal year 2022-23, it is apparent that the system as it stands is not performing at an acceptable level.

The Audit Bureau recommends a further dedicated assessment of the E.J. Ward system to determine whether and how it can be rendered viable or if other options must be explored to improve inventory accuracy and prevent potential waste, fraud, and abuse of resources. In the meantime, it is recommended that all facilities with fuel inventory undertake regular manual measurements of fuel levels as often as feasible.

## History and Analysis of Annual Counts, FY 19-20 through FY 22-23

SFPUC Finance employs auditors annually to perform full physical inventory count audits as part of the Controller's Office fiscal year end close. These audits assess the extent to which records match the actual stock in the various facilities and provide insight into the effectiveness of the current policies, procedures, and practices regarding tracking and recording stock levels.

The charts provided in this section present an analysis of inventory count item variances and inventory count dollar value variances between Maximo (the inventory management software system) and actual physical stock for the five warehouse divisions over a four-year period (FY 19-20 through FY 22-23). Lower variances indicate better synchronization between Maximo records and actual physical inventory counts.

### Locations:

#### Moccasin:

10390 Moccasin Switchback Road, Moccasin, CA

Responsible for \$470,945 worth of inventory as of 2023 count, or 3.59% of the total for all facilities.

#### Wastewater:

2725 Oakdale Avenue, San Francisco, CA

Responsible for \$3,356,658 worth of inventory as of 2023 count, or 25.59% of the total for all facilities.

#### City Distribution Division (CDD):

1990 Newcomb Ave San Francisco, CA and 6 satellite facilities

Responsible for \$7,271,844 worth of inventory as of 2023 count, or 55.45% of the total for all facilities.

#### Water Supply and Treatment (WST):

1000 El Camino Real, Millbrae, CA and

505 Paloma Way, Sunol, CA

Responsible for \$642,514 worth of inventory as of 2023 count, or 4.90% of the total for all facilities.

#### Power:

Pier 23, San Francisco, CA and

Treasure Island, Lot 69 (End of Avenue M), San Francisco, CA

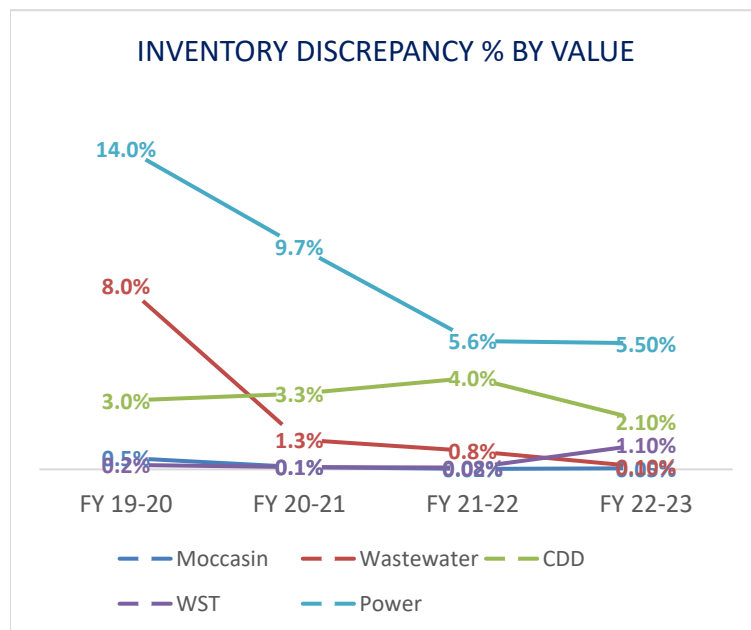
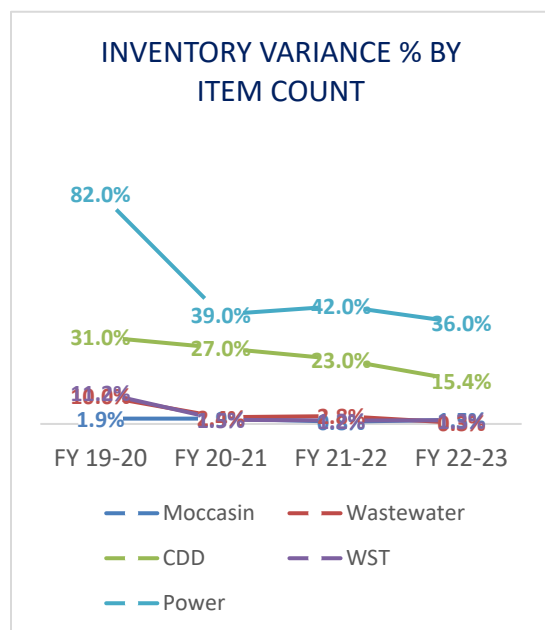
Responsible for \$1,372,997 worth of inventory as of 2023 count, or 10.47% of the total for all facilities.

### Item Count Variances

Warehouse	19-20	20-21	21-22	22-23
<b>Moccasin</b>	1.9%	1.9%	0.8%	1.5%
<b>Wastewater</b>	10.0%	2.4%	2.8%	0.3%
<b>CDD</b>	31.0%	27.0%	23.0%	15.4%
<b>WST</b>	11.2%	1.5%	1.2%	1.3%
<b>Power</b>	82.0%	39.0%	42.0%	36.0%

### Dollar Value Variances

Warehouse	19-20	20-21	21-22	22-23	\$ Value (22-23)
<b>Moccasin</b>	0.5%	0.1%	0.02%	0.05%	\$ 470,945
<b>Wastewater</b>	8.0%	1.3%	0.8%	0.10%	\$ 3,356,658
<b>CDD</b>	3.0%	3.3%	4.0%	2.10%	\$ 7,271,844
<b>WST</b>	0.2%	0.1%	0.08%	1.10%	\$ 642,514
<b>Power</b>	14.0%	9.7%	5.6%	5.50%	\$ 1,372,997



**Moccasin:** Moccasin has consistently maintained low item variances over the four-year period, with variances ranging from 0.8% to 1.9%. This indicates a high level of accuracy in tracking individual inventory items.

Moccasin also demonstrates a consistent and commendable performance in managing inventory count dollar value variances. Over the four-year period, variances range from 0.02% to 0.5%, reflecting highly accurate tracking of inventory values.

**Wastewater:** Wastewater has shown substantial improvement in controlling inventory count dollar value variances. Starting at 8.0% in FY 19-20, it has steadily reduced variances to an impressive 0.10% in FY 22-23, indicating a significant enhancement in the accuracy of inventory valuation.

Wastewater has also shown significant improvement in reducing item variances. It started with a high variance of 10.0% in FY 19-20 but improved consistently over the years, reaching an impressive 0.3% in FY 22-23.

**CDD (City Distribution Division):** CDD has maintained relatively low dollar value variances, with a peak of 4.0% in FY 21-22. However, the variances have generally been manageable, and they improved to

2.10% in FY 22-23.

CDD also demonstrates improvement in item variances, decreasing from 31.0% in FY 19-20 to 15.4% in FY 22-23. While variances remain relatively high, the facility appears to be actively working to enhance accuracy.

**WST (Water Supply and Treatment):** WST exhibits a strong performance in controlling inventory count dollar value variances. With variances ranging from 0.08% to 1.10%, it consistently maintains a high level of accuracy in inventory valuation.

WST has maintained low item variances over the past three years, consistently below 2%. This reflects a high level of accuracy in managing individual inventory items.

**Power:** Power, while starting with higher item count variances at 14.0% in FY 19-20, has made substantial progress in reducing these variances over the years. By FY 22-23 the variances have decreased to 5.50%, though this remains relatively high. Power started with exceptionally high item variances (82.0% in FY 19-20) but has made improvements over the years. The variances decreased to a still high 36.0% in FY 22-23, indicating an active effort to address inventory management challenges.

In summary, the facilities have made effective efforts to control inventory count and dollar-value variances, with all facilities achieving lower variances over the years in question. These improvements indicate enhanced accuracy in inventory records and more effective overall inventory management practices. As highlighted earlier, however, significant room for improvement remains.

## Performance Assessment of Inventory Policies and Procedures

The following performance assessments of inventory policies and procedures are based on information gathered from staff comments, site visits to the various facilities, and the annual inventory count audits. These evaluations aim to provide an overview of the strengths and areas for improvement in each division's inventory management practices.

### City Distribution Division Main Warehouse and 6 Satellite Facilities



Larger items are stored outside in the locked and guarded yard.



Records and gate books dating back many decades are stored on site in a vault. Digitizing these valuable records is a current project.

### Strengths

**Improvement in Crowe Inventory Count:** CDD have shown improvement in its annual Crowe inventory count compared to the previous year. Although there are discrepancies, efforts have been made to reduce them, demonstrating a commitment to accuracy. CDD attributes these improvements to the performance of more frequent cycle counts and the prioritization of counting items with high turnover rates and high value.

**Standard Operating Procedure Improvement Work:** The decision to work with a consultant to formalize Standard Operating Procedures (SOPs) indicates a proactive approach to enhance inventory management practices. Clear and standardized procedures are essential for efficient inventory control. CDD plans to finalize their SOPs subsequent to the implementation of Informer Inventory Management (iIM) cycle counting.

**Awareness of Technology:** The division's adoption or planned adoption of technology such as barcode scanning, Informer software, and expanded use of Cognos reporting reflects a willingness to leverage tools for better inventory control and asset management.

**Security Measures:** Locking valuable metals in the main location and keeping pipes "under lock and key" in warehouses demonstrate a commitment to safeguarding valuable inventory items. The number of people who have keys to locked areas is limited, and the expressed plan is to lock up all outdoor inventory in the future.

**Digitization Efforts:** The ongoing digitization of physical records and gate books is a positive step toward modernizing data management and improving accessibility. In the future CDD plan to eliminate hard copies of cycle count sheets and conduct physical inventory counts electronically.



Future Goals: The division's planned implementation of electronic cycle counting with iLM barcode scanning to improve accuracy, along with a move to a larger space in 2028, indicate a forward-thinking approach to improving inventory management processes.

### Areas for Improvement

**Inventory Accuracy:** While there has been improvement in the annual count, significant variances in item quantity (15.4%) and dollar value (2.1%) still exist. These discrepancies are attributed to manual errors, miscounted items, and inconsistent counting methods. Efforts should be made to further enhance accuracy. CDD states they are undertaking a reorganization of their warehouse to improve inventory accuracy, and plan to improve inventory naming and labeling practices by creating barcoded labels and uploading pictures of materials into Maximo Item Master and Inventory applications.

**Incomplete SOPs:** The procedure documents supplied by CDD were incomplete. They are currently automating their processes with iLM and are rewriting their SOPs to reflect their updated inventory management practices. Completing and formalizing these SOPs is critical to ensure consistent and clear guidelines for inventory management.

**Fuel Tracking System Issues:** The reported issues with the E.J. Ward fuel tracking system require resolution to prevent discrepancies and ensure accurate fuel inventory management. They are currently working with E.J. Ward to reconfigure their software and make hardware improvements so that mileage can be automatically recorded from vehicle odometers instead of requiring employees to enter the reading and vehicle ID manually as part of the fueling process, with the goal of reducing instances of data entry errors and fuel transactions associated with incorrect vehicles. To ensure more accurate fuel counts, it is recommended that manual tank measurements be performed regularly as in other divisions.

**Interface Challenges:** The noted challenges with the interface between Maximo and the Customer Care + Billing system should be addressed to ensure seamless data integration and accuracy. [Correction: see note in CDD's response – the issue lies in the interface between Peoplesoft and Maximo.]

**Consistency Across Locations:** Managing inventory across multiple locations adds complexity. Ensuring consistency in practices across all locations, including satellite sites, is crucial to accurate inventory control. To date CDD have trained some shops to enter their own issue tags, and plan to require all satellite shops to enter their own issue tags and cycle count at least once per fiscal quarter.

In conclusion, while CDD has made progress in improving inventory practices, there are notable challenges and areas for improvement. These include enhancing accuracy, completing SOPs, resolving technology-related issues, and ensuring consistency across locations. CDD's commitment to technology adoption, digitization, and future goals are positive indicators of its dedication to continuously enhance inventory management.

CDD Acknowledgement Letter:



CITY DISTRIBUTION DIVISION  
1990 Newcomb Avenue  
San Francisco, CA 94124  
T 415.550.4900

**MEMORANDUM**

November 29, 2023

**TO:** Christopher Crane, Senior Audit and Compliance Analyst  
**FROM:** William Toman, Materials Coordinator *William Toman*  
**THROUGH:** Sue Tensfeldt, Business Services Manager  
Bill Teahan, Division Manager *William P. Teahan*  
**SUBJECT:** 2023 SFPUC Audit Bureau Assessment

The SFPUC Audit Bureau conducted interviews with CDD Materials Management personnel during a site visit to CDD in March of 2023 to review CDD's Materials Management program. During these interviews SFPUC Audit Bureau notated various observations of CDD's Materials Management system. This memorandum is CDD's Material Management response to SFPUC Audit Bureau's site visit and observations.

CDD Materials Management team reported minor inventory variances of \$153,390 (2.1%) in their 2023 annual inventory conducted on June 12, 2023 through June 14, 2023. CDD Materials Management staff continues to maintain a historically high level of accuracy year over year. This is due to the team's efforts made to reduce discrepancies and a commitment to accuracy, proactive approach to enhance inventory management practices, use of technology, a commitment to safeguarding valuable inventory items and digitization efforts, and clear and standardized procedures.

There are five main areas in your final assessment that CDD's Materials Management team would like to respond to:

**1) Inventory Accuracy:**

Significant variances in item quantity (15.4%) and dollar value (2.1%) exist. These discrepancies are attributed to manual errors, miscounted items, and inconsistent counting methods. The CDD Materials Management team is standardizing the cycle counts while mitigating opportunities for error. Moreover, CDD is organizing the warehouse to improve inventory accuracy. CDD is implementing improved inventory naming and labeling practices by creating barcoded labels and uploading pictures of materials into the Maximo Item Master and Inventory applications.

**2) Incomplete SOPs:**

Currently, CDD's SOPs are incomplete. Completing and formalizing these SOPs is critical to ensure consistent and clear guidelines for inventory management. CDD is currently automating processes with iIM and later MAS, rewriting SOPs to reflect the most updated inventory management practices. CDD is close to completing them and should be able to wrap them up shortly.

3) Fuel Tracking System Issues:

Across the agency at various locations, the system remains challenged with connectivity / telemetry issues that negatively impact inventory accuracy, reordering, preventative maintenance scheduling, and has led to manually tracking fuel inventory to mitigate system shortfalls. CDD is working with the EJ Ward vendor, SFPUC's Maximo IT group, and other SFPUC locations to collaborate on efforts to improve the fuel system's inventory accuracy. CDD started by inputting invoices into Maximo more frequently to align the fuel levels with EJ Ward's fuel outputs.

4) Interface Challenges:

CC&B data interfaces with CDD's work orders, however, it does not need to interface with our procurement and inventory modules in Maximo. Interface challenges between the financial reporting system (Peoplesoft) and Maximo IBM continue to be an issue for managing purchase orders on inventory stock items. Manual data entry between the two systems creates inefficiencies and inability to manage keeping the systems in sync. CDD continues to work with the Finance and Maximo IT groups to build better reporting tools and improve the interface between the two systems for more reliable procurement tracking.

5) Consistency Across Locations:

CDD continues to work with the maintenance supervisors to implement regular cycle counting and issue tag processing. Managing inventory across multiple locations adds complexity. Ensuring consistency in practices across all locations, including satellite sites, is crucial to accurate inventory control.

In addition to the ongoing improvements described above, CDD plans to hire a 1938 Stores and Equipment Assistant Supervisor and an additional 1934 Storekeeper to work toward more improved overall inventory management. Point of contact for this response and CDD Materials Management concerns is William Toman [wytoman@sfpwater.org](mailto:wytoman@sfpwater.org).

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## Power Warehouse: Pier 23 and Treasure Island



Located within a warehouse on the Embarcadero in San Francisco, Power is able to keep all items under lock and key.



The two main categories of item in the Power warehouse are street lighting and high voltage.

### Strengths

**Physical Security:** The ability to keep all items locked in an indoor facility is effective in preventing theft. Physical security is provided by a garage door swing gate entrance and security cameras, with storeroom staff on site during work hours.

**Technological Measures:** The planned use of QR codes on bins and implementation of barcode scanning in the future indicates a commitment to enhancing inventory accuracy and reducing human error. They currently have the mobile software, label software, and bin storage system in place to implement a QR code-based inventory system, and plan to implement new part number nomenclature to identify parts easily.

**Improvement in Crowe Inventory Count:** Power has shown improvement in its annual Crowe inventory count compared to FY 2019-20, with dollar amount variance in the past two counts down from previous years.

**Equipment Tracking:** Power's practice of associating trucks' numbers with work orders and assigning employees to trucks ensures accountability and efficient material handling, as long as efforts are made to adhere to the policy.

### Areas for Improvement

**High Discrepancy in Inventory Count:** The most recent annual Crowe inventory count revealed a significant 36% item and 5.5% value discrepancy between physical counts and Maximo records. This high discrepancy rate needs urgent attention, and a comprehensive plan should be implemented to rectify the root causes. Power have indicated they plan to focus efforts on the top 10% of variances that accounted for 70% of the total dollar variance.

**Inadequate Cycle Counts:** The infrequent nature of cycle counts and reliance on Crowe auditors to identify and correct discrepancies highlight a gap in inventory control practices. Implementing regular cycle counts can help identify and address issues proactively. Additional regular cycle counts and focus on high dollar

value and high-volume usage items is recommended. Power have indicated they are planning to implement this, along with more random cycle counts out in the warehouse and increased backflushing of parts when items are depleted.

**Contractor Oversight:** The practice of allowing contractors to list items they take without direct oversight can lead to discrepancies and potential misuse of inventory. Implementing a more controlled and accountable process for contractor material requests is advised, ensuring contractors and staff follow appropriate procedures in pulling and issuing them parts.

**Segregation of Duties:** At the time of the Audit Bureau's site visit Power only employed three inventory-handling employees, making appropriate segregation of duties impossible. Power indicates this staff now numbers four which should allow for proper segregation, though buy-in from the staff is identified as an obstacle by warehouse management. Power management further express being limited in improving inventory management by the lack of tools for enforcement of policies and accountability among staff.

In conclusion, Power has established a foundation for inventory management with detailed procedures, effective use of Maximo, and plans for technology upgrades. However, the high discrepancy rate in the annual inventory count, infrequent cycle counts, and challenges in segregation of duties are areas of concern. Addressing these issues and improving accountability and contractor oversight can lead to more efficient and accurate inventory management practices in Power.

Power Acknowledgement Letter:




525 Golden Gate Avenue  
San Francisco, CA 94102  
T 415.551.4720  
TTY 415.554.3488  
[HHPower@sfpuc.org](mailto:HHPower@sfpuc.org)

MEMORANDUM

November 28, 2023

TO: Christopher Crane, Senior Audit and Compliance Analyst

FROM: David Carter, Materials Coordinator, SFPUC Power UFS 

CC: Richard Stephens, Manager, SFPUC Power UFS  
Barbara Hale, AGM, SFPUC Power 

SUBJECT: Response to Final Inventory Assessment

The SFPUC Audit Bureau conducted a site visit in March 2023 and then conducted an inventory assessment meeting in Sept. 2023 to review HHP Materials Management program. During these meetings SFPUC Audit Bureau noted various observations and areas of concern regarding the HHP Materials Management system, contained in their Final Inventory Assessment Report. This memorandum is HHP Material Management response to SFPUC Audit Bureau's Final Inventory Assessment Report.

HHP Materials Management team reported Inventory variances of 36% (with a Value variance of 5.5%) in their 2023 annual inventory conducted in June 2023. HHP Materials Management staff continues to show improvement from year to year. However, the results are too high and HHP Materials Management will continue to work at bringing the variance down.

These are the main areas HHP Materials Management team will focus on improving:

- 1) Reassess and improve Cycle Count process. Three areas of focus: Using the Re-Order Report on a weekly or bi-weekly basis; using Random Location counts on a weekly basis, with backflush procedures to identify and correct any discrepancies; using the Audit results create a cycle count of problematic items on a bi-monthly basis and adjust accordingly.
- 2) QR code development. Further integration of Work orders with material pulls that can be on the field crew work phones. Especially when they need materials after hours they can scan the part QR code and enter in quantity, to be uploaded into Maximo later. Need to coordinate with Crew Supervisor to ensure the process can be followed.
- 3) Improve accuracy of material ID, to prevent duplication and inaccurate identification or incomplete counts. For example, Streetlight Poles amounted to 55% of the total value variances. Accurate ID of the poles will improve our counts.

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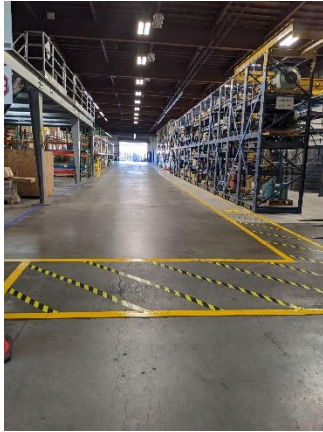
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Denris J. Herrera  
General Manager

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## Wastewater Warehouse



Wastewater operates a closed warehouse.



Many smaller items are stored in locked drawers.

### Strengths

**Improved Inventory Accuracy:** Wastewater reported a significant improvement in inventory accuracy, with only 0.3% item and 0.1% value differences between physical counts and Maximo records in the 2023 Crowe inventory count. This indicates a commendable effort in maintaining inventory data integrity.

**Inventory Procedures Documentation:** Wastewater has supplied comprehensive procedures for inventory management, including Warehouse Cycle Counts, Warehouse Procedures, and Warehouse and Toolroom Procedures and Responsibilities. These documents provide clear guidelines for various aspects of inventory control.

**ABC/XYZ Analysis:** The use of ABC and XYZ analysis to categorize and prioritize inventory items based on their financial value and usage frequency is a noteworthy practice. It ensures that high-value and frequently used items receive appropriate attention and monitoring.

**Cycle Count Frequency:** Wastewater conducts cycle counts daily, with the entire warehouse completed roughly quarterly, which provides regular opportunities to identify and rectify inventory discrepancies. This proactive approach to inventory control can help maintain data accuracy.

**Barcoding System:** The use of barcode scanners along with plans to implement a QR code system in the future demonstrates a commitment to leveraging technology for accurate and efficient inventory management.

**Staffing Awareness:** Wastewater recognizes the importance of adequate staffing for effective inventory management. Efforts to recruit additional staff members are a positive step towards minimizing risks associated with staff shortages.

### Areas for Improvement

**Staffing Challenges:** Despite recruitment efforts, Wastewater has faced staffing shortages in certain positions. Filling these positions is essential to ensure the segregation of duties and maintain effective inventory controls.

**Maximo Integration:** Exploring options for improving integration with Maximo and addressing any concerns related to system functionality or reporting capabilities can enhance inventory management practices. Wastewater have indicated that they work closely with the Maximo support team when data transfer glitches occur, and express hope that the upcoming integration of Maximo Application Suite will help to minimize these issues.

**Tool Loans Management:** While Wastewater has documented tool loans in Maximo, improving the tracking and accountability of tool sets, especially those with missing pieces, can further enhance control over inventory assets. They have expressed that they are actively working on more efficient ways to make sure that any incomplete sets are replenished. They are also considering a mobile solutions application designed to enhance productivity, reduce costs, improve quality and safety, increase accountability, and enable scalability.

In conclusion, Wastewater has demonstrated significant improvements in inventory accuracy and maintains comprehensive inventory procedures documentation. The use of ABC/XYZ analysis, regular cycle counts, and plans for implementing barcode scanning are commendable practices. Addressing staffing challenges and exploring opportunities for system integration and technological solutions can further enhance Wastewater's inventory management practices.



Wastewater Acknowledgement Letter:



**MEMORANDUM**

November 29, 2023

**TO:** Christopher Crane, Senior Audit and Compliance Analyst  
**FROM:** Christian Losno, Materials Coordinator  
**THROUGH:** Joel Prather Assistant General Manager

**SUBJECT:** 2023 Wastewater Final Inventory Assessment for Response

We were pleased to receive your recent letter accepting the position of Wastewater Final Inventory Assessment for Response. We appreciate the recommendations of areas of improvement and will follow up on them. We also are pleased to read that our inventory management practices appear strong and effective, supported by fairly comprehensive procedures, regular cycle counts, and effective technology use.

A detailed summary document is attached to this memorandum. Point of contact for this response and WWE Materials Management concerns is Christian Losno, [closno@sfgwater.org](mailto:closno@sfgwater.org)

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General Manager

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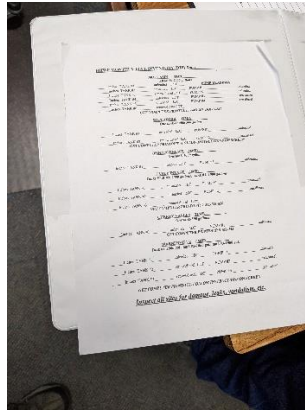


### Wastewater Inventory Observations

#### Strengths:

- **Improved Inventory Accuracy:** Wastewater reported a significant improvement in inventory accuracy, with only 0.3% item and 0.1% value differences between physical counts and Maximo records in the 2023 Crowe inventory count. This indicates a commendable effort in maintaining inventory data integrity.
  
- **Inventory Procedures Documentation:** Wastewater has supplied comprehensive procedures for inventory management, including Warehouse Cycle Counts, Warehouse Procedures, and Warehouse and Toolroom Procedures and Responsibilities. These documents provide clear guidelines for various aspects of inventory control.
  
- **ABC/XYZ Analysis:** The use of ABC and XYZ analysis to categorize and prioritize inventory items based on their financial value and usage frequency is a noteworthy practice. It ensures that high-value and frequently used items receive appropriate attention and monitoring.
  
- **Cycle Count Frequency:** Wastewater conducts cycle counts roughly quarterly, providing regular opportunities to identify and rectify inventory discrepancies. This proactive approach to inventory control can help maintain data accuracy.
  - **Cycle counts are performed daily, with the entire warehouse completed every quarter.**
  
- **Barcoding System:** The use of barcode scanners for cycle counts and plans to implement barcode scanning for bin locations demonstrates a commitment to leveraging technology for accurate and efficient inventory management.
  - **Every item in the warehouse inventory carries a barcode. This is for better identification and cycle count efficiency. We are in the talks to upgrade to a QR code in the future.**
  
- **Staffing Awareness:** Wastewater recognizes the importance of adequate staffing for effective inventory management. Efforts to recruit additional staff members are a positive step towards minimizing risks associated with staff shortages.

## Moccasin Warehouse



Moccasin staff encounter many issues EJ Ward fuel monitoring system. Due to the innaccuracy of the system, manual measurements are taken instead at all pump locations on a regular basis (worksheet pictured at right).

### Strengths

**Inventory Accuracy:** Moccasin reported very minor discrepancies in their 2023 Crowe inventory count, which indicates a high level of accuracy in their inventory management. This is consistent with prior years' results and suggests that their inventory records are well-maintained.

**Robust Standard Operating Procedures (SOPs) and Flowcharts:** Moccasin have well-established inventory Standard Operating Procedures and flowcharts dating back to 2009. These comprehensive procedures cover the various aspects of inventory management, including procurement, shipping and receiving, inventory controls, and compliance, providing clear guidelines for staff. Moccasin further indicates that they plan to conduct an “end to end” review with the objective of updating these documents.

**Separation of Duties:** Moccasin maintains a clear separation of duties with identified individuals responsible for inventory management, which is reviewed and updated annually, as well as submitted to SFPUC Finance for review and approval. This practice helps minimize the risk of errors and fraudulent activities.

**Stratified Inventory System:** Moccasin employs a stratified inventory system, which includes A, B, and C level items with corresponding cycle count frequencies. This approach ensures that high-value items receive more frequent attention, improving overall accuracy, and ensures that an appropriate amount of inventory is held in the warehouse. They further describe the importance of using other key performance indicators such as “orders vs issues” and inventory adjustment reports.

### Areas for Improvement

**E.J. Ward Fuel Tracking System:** Moccasin faces challenges with the E.J. Ward fuel tracking system, including issues with data transmission and calibration. Options need to be explored to improve the reliability of this system, such as better hardware maintenance contracts with E.J. Ward and the upgrading of monitoring equipment. Despite these challenges, Moccasin has maintained accurate fuel records through weekly manual checks.

**Connectivity Issues:** Connectivity issues with barcode scanning and data transmission should be addressed. Exploring solutions like satellite telemetry or improved internet connectivity could help optimize these processes.

Documentation of Manual Fuel Tracking Costs: Moccasin should consider documenting the estimated staff hours required for fuel tracking for comparison to the cost of implementing satellite telemetry or pursuing alternative fuel tracking hardware/systems. This analysis can help make informed decisions about potential remedies. *[Note: This estimate has been provided and incorporated into this assessment.]*

Obsolete Building: The deteriorating condition of the original powerhouse storing critical spares is a concern. Plans for addressing this issue should be developed to prevent any disruptions in inventory management. Moccasin have identified hazardous materials and structural concerns with the building and new facilities are currently in the design phase, with staff continuing to store items in more temporary structures in the interim.

In conclusion, Moccasin's inventory management practices are strong, with very minor discrepancies in the Crowe inventory count (mainly due to E.J. Ward fuel tracking) and well-established SOPs. However, addressing fuel tracking issues and improving connectivity for potential barcode scanning could be steps toward enhancing inventory management further. Proactive communication and appropriate maintenance contracts with E.J. Ward may help improve the reliability of fuel tracking

Moccasin Acknowledgement Letter:

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


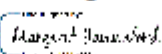
PO Box 160  
Moccasin, CA 95347  
T: 209-989.2000  
F: 209.989.2104  
Junction of Hwy 49 and Hwy 120

## MEMORANDUM

October 17, 2023

TO: Christopher Crane, Senior Audit and Compliance Analyst

FROM: Ray Emerald, Materials Coordinator 

THROUGH: Alan Thoburn, Asset Management Services Manager  
Margaret Hannaford, Division Manager 

SUBJECT: 2023 SFPUC Audit Bureau Site Visit

The SFPUC Audit Bureau conducted interviews with HHWP Materials Management personnel during a site visit to HHWP in April of 2023 to review HHWP Materials Management program. During these interviews SFPUC Audit Bureau notated various observations of HHWP Materials Management system. This memorandum is HHWP Material Management response to SFPUC Audit Bureau's site visit and observations.

HHWP Materials Management team reported minor inventory variances of \$220 (.05%) in their 2023 annual inventory conducted on June 22, 2023. HHWP Materials Management staff continues to maintain a historically high level of accuracy year over year. This is due to the team's well-established inventory management business processes, clear employee roles and responsibilities, as well as leveraging multiple inventory management reporting tools.

There are two main areas HHWP Materials Management team will focus on improving: 1) Improvement in HHWP's fuel inventory management. Specifically, the EJ Ward fuel system. This system remains challenged with connectivity / telemetry issues that negatively impact inventory accuracy, reordering, preventative maintenance scheduling, and has led to manually tracking fuel inventory to mitigate system shortfalls. Correcting this problem should be addressed in the next budget cycle through a combination of fuel system hardware and software upgrades. 2) Improvement in HHWP inventory storage spaces. There is currently not enough space to store warehouse materials and supplies, tool room items, and critical spares at Moccasin. This shortfall has been identified in HHWP's 10 Year Capital Plan and new facilities are currently in the design phase. Until permanent upgrades are made, Materials Management staff will continue to store items in temporary structures/solutions.

A detailed summary document is attached to this memorandum. Point of contact for this response and HHWP Materials Management concerns is Ray Emerald [remerald@sflower.org](mailto:remerald@sflower.org).

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## Water Supply and Treatment Facilities



E.J. Ward is a common source of issues across divisions. WST found a discrepancy of several hundred gallons of fuel between E.J. Ward reports and manual checks over a testing period of several months.



Many obsolete items are stored outdoors in "the boneyard".

### Strengths

**Effective use of Maximo:** WST staff effectively use the Maximo system for recording inventory transactions. Maximo's ability to track expenses, issues, and purchases, along with providing a record of who performs various tasks is seen as a strength.

**Accurate Inventory Counts:** WST exhibits a strong performance in controlling inventory count item and dollar value variances, and consistently maintains a high level of accuracy in inventory valuation.

**Comprehensive Procedures:** WST has a set of comprehensive inventory procedures covering various aspects of inventory management, including procurement, inventory controls, cycle inventory, and management reporting. These procedures provide clear guidelines for staff, enhancing consistency and accuracy.

**Daily Reorder Reports:** The use of daily reorder reports generated by Maximo helps in proactive inventory management by identifying items that need replenishment promptly.

### Areas for Improvement

**Data Entry Errors:** The minor discrepancies in the Crowe inventory count attributed mostly to data entry errors highlight the need for improved accuracy in recording inventory transactions. Staff should receive additional training or adopt more stringent data entry procedures to reduce errors. WST have indicated

they plan to use the valuation report after completing their inventory count to recheck any differences before completing the annual inventory records.

**Barcode Implementation:** WST does not use barcodes on bins or barcode scanners, which might enhance the efficiency and accuracy of inventory processes. Implementing barcodes and scanners should be considered, and WST has indicated they are open to the technology depending on how well it proves to perform at other divisions who have adopted it.

**Fuel Tracking and E.J. Ward:** The necessity of manual fuel level checks every two weeks stemming from issues with E.J. Ward's fuel tracking system indicate room for improvement. Further investigation and potential solutions, such as improved calibration or system upgrades, should be explored to ensure accurate fuel data.

**Limited Staff and Segregation of Duties:** The limited number of staff members may pose a challenge to segregation of duties. Care should be taken to ensure that procurement, custody, recording, and approval of transactions are each handled by different staff members. WST recognize the issue of limited staff and has trained all members in the various aspects of warehousing, stating that in the event the purchaser is forced to receive due to lack of staff on site, a note to that effect is added to the packing slip for that order.

In conclusion, WST's inventory management practices benefit from effective use of Maximo and comprehensive procedures. However, there is room for improvement in reducing data entry errors, addressing fuel tracking issues, and maintaining appropriate staffing levels. Overall, with attention to these areas, WST can further enhance its inventory management processes.

WST Acknowledgement Letter:



Water Supply and Treatment Division  
1000 El Camino Real  
Millbrae, CA 94030  
T (650) 872-5900  
F (650) 872-5984

### INTER-OFFICE MEMORANDUM

**Date:** November 30, 2023  
**To:** Christopher Crane, Senior Audit and Compliance Analyst  
**From:** Annette Devincenzi, Acting Assistant Materials Coordinator  
**Subject:** WSTD Response to 2023 SFPUC Audit Bureau Assessment

The SFPUC Audit Bureau conducted an assessment of WSTD's Warehouse operations with WSTD's materials management personnel on August 16, 2023. As part of the site visit to Millbrae and after reviewing WSTD's Warehouse Policies and Procedures, the SFPUC Audit Bureau made some observations of WSTD's Materials Management operations. This memorandum is the WSTD Materials Management response to the SFPUC Audit Bureau observations.

WSTD's Materials Management team reported minor variances of 1.1% of the total value of the inventory in their 2023 annual inventory conducted on June 27, 2023, mostly due to fuel variances. WSTD's Materials Management staff continues to maintain a high level of accuracy year over year. This is due to the team's well-established inventory management business practices, clear policies and procedures, as well as leveraging Maximo for tracking and recording purchases.

There are two main areas WSTD plans to focus on improving. One – make improvements to WSTD's fuel inventory management system – EJ Ward. This fuel management system is over 15 years old and requires hardware and software upgrades. We are making strides in upgrading some hardware and making both wireless and wired data transmissions possible. Two – improve staffing and inventory storage space. WSTD has fewer Materials Management and purchasing staff compared to other operating divisions of similar size and responsibility. With the limited staff it has been difficult to segregate duties along the purchasing chain, which Accounting has been advocating. WSTD will continue to pursue staff addition in purchasing and warehousing so trades staff can be alleviated of these duties. The Millbrae Warehouse does not have sufficient space to store materials and supplies needed by the trades staff that maintain the Regional Water System. This shortfall has been identified in the

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## Appendix: Inventory Management Guidelines

The City of San Francisco Controller's Office has established various inventory policies and procedures for effective inventory management. This assessment uses those guidelines in the analysis of the inventory management systems. The following is a summary of those policies and procedures:

### Segregation of Duties:

Ensure that [the following] responsibilities related to inventory management are segregated among different individuals or departments to prevent fraud and errors.

Procurement  
Physical Custody of Inventory (Receipt & Issuance)  
Recording Inventory Transactions in Maximo  
Approval of Inventory Transactions in Maximo

### Purchase of Inventory:

- Establish and implement periodic replenishment values or minimum/maximum inventory levels.
- Monitor inventory regularly to identify and address obsolescence.
- Ensure prompt review, signing, and dating of packing slips.
- Record receipt of items in Maximo promptly.
- Record any returns in Maximo promptly.
- Ensure correct labeling and location of items in the warehouse.
- Pay and record invoices in the accounting system within 30 days of receipt.

### Safeguard of Inventory:

- Restrict access to the Maximo system and storage facilities to authorized employees.
- Implement controls for key distribution or electronic key tracking for entry to storage facilities.
- Periodically inspect storage facilities for fire and other hazards.
- Use the FIFO (First-In-First-Out) method for items with expiration dates.

### Consumption of Inventory:

- Authorize inventory issuance by operations staff and process it through storage staff.
- Separate obsolete items from operating inventory.
- Dispose of obsolete inventory at least annually with approvals from storage and operations management.
- Communicate the disposal of obsolete inventory to the accounting department.
- Dispose of obsolete inventory in a manner that serves the City's best interests.

### Physical Inventory Counts:

- Conduct physical inventory counts at least annually.
- Establish a schedule for physical inventory and cycle counts.
- Develop specific inventory count procedures and instructions, including templates.
- Prepare and organize storage for inventory counts, ensuring that only items with current City ownership are included.

- Ensure that inventory count staff have adequate knowledge and are independent from storage staff. Staff should work in pairs and be monitored by supervisors.
- Perform full counts at least annually, with additional random sample or cycle counts.
- Any different method of inventory counting must be approved by the Controller's Office.
- Adjust Maximo records promptly for any discrepancies identified in counts.
- Periodically review records for reasonableness and appropriateness of changes to unit cost, inventory valuation, and unit of measure.
- Periodically review inventory for obsolescence and reasonableness of inventory classification.
- Analyze inventory usage to determine the appropriate frequency of counts.
- Investigate significant discrepancies discovered during counts, document them, and take corrective actions to reduce future discrepancies. Adjustments to Maximo and PeopleSoft must be approved by management.
- Retain all documentation in the accounting office and at the location(s) of all physical inventories for audit purposes.
- Conduct office supply counts only if the dollar value is significant.
- Establish performance measurement systems to hold personnel accountable for consistent, accurate physical counts.

#### Accounting & Financial Reporting of Inventories:

- Record supply inventories as expenditures when they are acquired.
- Proprietary funds value inventory at cost or average cost and expense inventory as it is consumed.
- Allow all GAAP costing methods (e.g., FIFO, LIFO, Avg/Weighted Avg) as long as they are used consistently.
- Inventory valuation should include the purchase price and sales and use tax.
- Record the actual cost of physical inventory count discrepancies, disposal of obsolete inventories, and annual inventory adjustments in the General Ledger, with approval from management.
- For physical counts conducted at the fiscal year-end, reconcile receipts and issuances around year-end to include items in transit.

#### Written Department Inventory Policies and Procedures:

- Each department should have written policies and procedures covering various aspects of inventory management, including segregation of duties, inventory planning, obsolete inventory monitoring, physical custody, physical count, inventory valuation, inventory recording, financial reporting, and records retention. These policies help ensure consistency and accountability in inventory management across departments.



# OFFICE OF THE CONTROLLER


## CITY AND COUNTY OF SAN FRANCISCO

Greg Wagner  
Controller

Todd Rydstrom  
Deputy Controller

### MEMORANDUM

**TO:** Greg Wagner, Controller

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

**DATE:** June 12, 2024

**SUBJECT:** **31 City Nonprofit Suppliers Were Not in Good Standing per the State Charitable Trusts Registry as of August 16, 2023**

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### EXECUTIVE SUMMARY

In February 2023 the Office of the Controller (Controller), Office of the City Administrator, and Office of the City Attorney issued a policy (policy) directed at nonprofit organizations that do business with the City and County of San Francisco (City). According to the policy, nonprofit suppliers that wish to continue doing business with the City must be in good standing as shown on the California Attorney General's Registry of Charitable Trusts (registry).<sup>1</sup> The policy requires the Controller to check the registry in relation to nonprofit organizations with contracts and purchase orders established in fiscal year 2023-24 to see whether any of these nonprofit suppliers that were paid by or had an active contract with the City have a status of *delinquent*, *revoked*, or *suspended* on the registry. The policy also requires the Controller to publish and maintain documentation of this review. In late 2023 the Controller's City Services Auditor (CSA), Audits Division, conducted an assessment to satisfy these requirements. This assessment is being performed on a one-time basis and does not constitute ongoing monitoring. Departments must still confirm a City nonprofit contractor is in good standing by searching the registry at the time of submission of contract materials to the City Attorney for every agreement submitted with that nonprofit contractor. Also, all departments can access the "Non-Profits - OAG<sup>2</sup> Delinquent/Revoked/Suspended Non-Profits" dashboard through SF Reports & Analytics. This dashboard provides procurement, contract, and payment information by city supplier or contractor and department, including the most recent status published by the registry, which departments may use for continuous or periodic monitoring.

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<sup>1</sup> In January 2024 the registry was renamed Registry of Charities and Fundraisers.

<sup>2</sup> OAG: Office of the Attorney General

We found 682 organizations in the City's Supplier Directory that had activity with the City between July 1 and September 6, 2023, and were also listed in the registry. We found that, when compared to the registry, as of August 16, 2023<sup>3</sup>:

- 31 nonprofit suppliers that received payments or purchase orders from the City or had open city contracts from July 1 through September 6, 2023, had a status of *delinquent* or *revoked*.
- No suppliers had a status of *suspended*.

We surveyed 15 of the 31 nonprofit suppliers, which had active contracts and/or received payments or purchase orders from the City, to learn why they had *delinquent* or *revoked* status and what problems they faced in attempting to cure these statuses with the registry. We received responses from 9 nonprofit suppliers, which included the following comments:

- 6 reported they were made aware of the policy when they sought reimbursement from city departments.
- 3 reported they monitor their status on the registry.
- 5 reported that staff turnover or being unaware (of their status and/or the requirements to retain a status of current, presumably) caused them to fail to keep their current status on the registry.
- 1 supplier reported that its inability to electronically file documents with and/or electronically pay the state regarding the registry were major roadblocks.

Of the remaining 16 nonprofit suppliers, which we did not survey:

- City records show that 10 had insignificant financial activity during the review period.<sup>4</sup>
- Departments reported that they no longer work with 5.
- We determined 1 was not a charity.

As of March 2024, 12 of the 31 nonprofit suppliers had remedied their status.

## BACKGROUND, OBJECTIVE & METHODOLOGY

### Background

#### Overview of the State's Oversight of Charities

The California Attorney General regulates charities and the professional fundraisers who solicit on their behalf. This oversight is intended to protect charitable assets for their intended use and ensure that the charitable donations contributed by Californians are not misapplied or squandered through fraud or other means. The main elements of the Attorney General's regulatory program are as follows:

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<sup>3</sup> Registry's monthly updated list of *delinquent*, *revoked*, and *suspended* organizations published on August 16, 2023.

<sup>4</sup> Of the 10 nonprofit city suppliers or contractors, 8 were membership or training organizations to which the City paid less than \$5,000 in fiscal year 2023-24, 1 had an open contract for less than \$10,000 and no payment activity in fiscal year 2023-24, and 1 had no city purchase orders or payments but was flagged because it had two contracts not closed in the City's financial and procurement system.

- The attorneys and auditors of the Charitable Trusts Section investigate and bring legal actions against charities and fundraising professionals that misuse charitable assets or engage in fraudulent fundraising practices.
- The Registry of Charitable Trusts administers the statutory registration program. All charitable trustees and fundraising professionals are required to register and file annual financial disclosure reports with the registry.

The Attorney General maintains lists of charitable organizations that may or may not operate or solicit in California. Registration and reporting compliance is indicated by the registration status of the organizations. These lists are updated monthly<sup>5</sup>.

### Definitions of Registration Statuses

**Current:** A status of *current* is assigned to registrants that are current in reporting to the registry. The registry has five variations of the *current* status, all of which allow registrants to operate in California:

- Current
- Current – In Process
- Current – Awaiting Reporting
- Current – Probationary Registration
- Current – Reporting Incomplete

City suppliers, subject to registration with the registry under State law, should have one of these *current* statuses.<sup>6</sup>

**Delinquent:** A status of *delinquent* is assigned to registrants that are out of compliance and may not operate or solicit until they submit the required annual reporting and/or fees to the Attorney General. Required annual filings include a renewal report (Form RRF-1), a complete, unredacted copy of Internal Revenue Service (IRS) Form 990, including all schedules as-submitted to the IRS, a renewal fee, the amount of which is based on the registrant's gross annual revenue, and other documentation as required or requested by the Attorney General.

**Suspended:** A status of *suspended* is assigned to registrants whose registration status has been suspended because they failed to file some or all required annual reports. Registrants in this status may not engage in any activity for which registration is required until they submit the required reports.

**Revoked:** A status of *revoked* is assigned to registrants whose status has been revoked as a result of violations of the Supervision of Trustees and Fundraisers for Charitable Purposes Act (California Government Code, Section 12580-12599.10), including but not limited to the failure to file required

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<sup>5</sup> As of May 2024, these lists are updated twice every month.

<sup>6</sup> Our analysis identifies registrants whose statuses were other than *current*, namely *delinquent*, *revoked*, or *suspended*. We refer to these charities as having "may not operate" status, because delinquent, revoked or suspended status prohibits a charity from operating in California until the condition causing the status is repaired.

annual reports. Registrants in this status may not engage in any activity for which registration is required.

### City Policy

On February 7, 2023, the Controller, in collaboration with the Office of the City Attorney and Office of the City Administrator, issued *Policy and Procedures regarding City Nonprofit Supplier Compliance with California Attorney General Registry of Charitable Trusts* (policy). The policy requires City departments to ensure their nonprofit suppliers remedy any "may not operate status," and only do business with nonprofit suppliers who have a status of *current*. Specifically:

- All contracts with nonprofit suppliers that have a status of *suspended* or *revoked* must be terminated by departments as soon as possible, and no later than June 30, 2023.
- Nonprofit suppliers that have a status of *delinquent* must remedy the noncompliance that caused this status by June 30, 2023.
- The City will pay any nonprofit supplier with a status of *delinquent* for services under the contract, including new purchase orders authorizing spending under the contract, through June 30, 2023.

According to the policy, the Controller must:

- Conduct a review of the registry compared with contracts and purchase orders established in fiscal year 2023-24. The review should identify whether any nonprofit suppliers that received payments or had an active contract with the City had a *delinquent*, *revoked*, or *suspended* status with the registry.
- Publish and maintain documentation of the review.
- Survey nonprofit suppliers in *delinquent* status to identify the reasons for noncompliance with the registry.

### Objective

This assessment set out to identify any nonprofit organization that, as of August 2023, had a status of *revoked*, *suspended*, or *delinquent* on the California Attorney General's Registry of Charitable Trusts and that were paid by the City or had an active contract or purchase order with the City from July 1 through September 6, 2023. The assessment also sought to have noncompliant nonprofit suppliers identify any difficulties they face in attempting to remedy their statuses.

### Scope and Methodology

The assessment includes all nonprofit suppliers with contracts, purchase orders, or payments recorded in the City's financial and procurement system from July 1, 2023, through September 6, 2023.

To achieve the objective, CSA compared the following reports from SF Reports and Analytics to the registry's revoked, suspended, and delinquent supplier list published on August 16, 2023:

- Supplier Directory – We matched all city suppliers in this report to the registry. We filtered the report for delinquent, revoked, and suspended suppliers and identified those that had a last activity date of July 1 through September 6, 2023.
- Procure to Pay – We compared suppliers in this report to the registry list to identify payments and purchase orders made to noncompliant suppliers from July 1 through September 6, 2023.
- Contract by Project Team – We used this report to identify any contracts with noncompliant suppliers that were active as of September 6, 2023.

Furthermore, CSA:

- Checked matches between city suppliers and the registry list using the suppliers' names and federal Employer Identification Numbers.
- Incorporated information offered by city departments regarding their delinquent, suspended, and revoked suppliers into this report.
- Surveyed 15 suppliers who had active contracts and/or received payments or purchase orders from July 1 through September 6, 2023, to better understand the processes the suppliers used to cure their status with the registry.
- Performed an analysis in March 2024 to identify which of the 31 nonprofit suppliers had remedied their status.

This assessment is for a nonaudit service. Generally accepted government auditing standards do not cover nonaudit services, which are defined as professional services other than audits or attestation engagements. Therefore, the Controller is responsible for the substantive outcomes of the work performed during this assessment and is responsible to be in a position, in fact and appearance, to make an informed judgment on the results of the nonaudit service.

## RESULTS

### 31 Nonprofit Suppliers Had a Registry Status of Delinquent or Revoked as of August 16, 2023

We found 682 organizations in the City's Supplier Directory that had activity with the City between July 1 and September 6, 2023, and were also listed in the registry. Exhibit 1 lists 31 nonprofit suppliers that had a charity registration status of *delinquent* or *revoked*<sup>7</sup> as of August 16, 2023, and had open contracts with the City, were paid by the City, or received a purchase order from the City during July 1 through September 6, 2023. As of March 26, 2024, 12 of the 31 vendors with a *delinquent* or *revoked* status had remedied it and were shown as *current* or *current – awaiting reporting* in the registry, as presented below.

**Exhibit 1: Suppliers with status of *delinquent* or *revoked* in the registry**

Supplier or Contractor Name <sup>a</sup>	Status on 8/16/2023	Status on 3/26/2024	Client Department	Total Paid 7/1/23-9/6/23	Outstanding Purchase Order Amount as of 9/6/23	Remaining Contract Amount as of 9/6/23	Department's Comments to CSA
<b>Suppliers that we surveyed based on department response:</b>							
1. Bay Area Gators	Delinquent	Current	CHF	-	-	\$200,000	The contract is on hold until supplier cures its status.
2. Chapin Hall at The Univ. of Chicago	Delinquent	Current	HSA	\$6,791	\$559,193	\$56,598	The supplier had stated it was exempt from registering with the registry because it is an educational institution. After the department was notified that the supplier must register, the supplier became compliant (in September 2023).
3. Community Tech Network	Delinquent	Current	HSA	\$48,931	\$27,984	\$692,329	Contract modification for this supplier was on hold until its status was updated. The supplier remedied its status in September 2023, and contract modification was certified in October 2023. In February 2024 the supplier again had a delinquent status.
			MYR	\$25,585	-	-	All payments made in fiscal year 2023-24 were related to services rendered under a contract that expired in June 2023.
4. County Behavioral Health Directors Assoc	Delinquent	Current – Awaiting Reporting	DPH	\$152,277	-	-	The department reached out to the supplier, but before receiving a response, CON determined that the supplier had become compliant. The supplier is a nonprofit advocacy association (representing all California counties) to which department pays membership dues.

<sup>7</sup> We did not find any city nonprofit suppliers that had a status of *suspended*.



7 | City Nonprofit Suppliers' Compliance With State Charitable Trusts Registry

Supplier or Contractor Name <sup>a</sup>	Status on 8/16/2023	Status on 3/26/2024	Client Department	Total Paid 7/1/23-9/6/23	Outstanding Purchase Order Amount as of 9/6/23	Remaining Contract Amount as of 9/6/23	Department's Comments to CSA
5. Cross Cultural Family Center	Delinquent	Current – Awaiting Reporting	CHF	\$86,968	\$498,942	\$100,821	The supplier is current as of November 9, 2023. CSA verified that the supplier is current on November 30, 2023.
6. Deltares USA <sup>b</sup>	Delinquent	Delinquent	PUC	-	-	-	The prime contractor has not authorized the subcontractor to perform any work, and the prime contractor has not invoiced City for any work performed by the subcontractor.
7. Indochinese Housing	Delinquent	Delinquent	CHF	\$83,553	\$427,428	\$483,267	The department receives regular updates while the supplier is working to cure its status.
8. International Accreditation Service, Inc	Revoked	Revoked	PUC	-	\$5,500	-	Two active Proposition Q <sup>c</sup> purchase orders exist for fiscal year 2023-24. According to a Procure to Pay report as of September 6, 2023, only one active purchase order exists for fiscal year 2023-24. The other purchase order was issued after September 6, 2023.
9. Lavender Youth Recreation & Info Ctr	Delinquent	Current – Awaiting Reporting	CHF	\$230,614	\$50,376	\$2,416,022	The supplier is current as of November 9, 2023. CSA verified that the supplier is current on November 30, 2023.
			DPH	\$153,778	\$255,000	\$1,710,600	The supplier worked with departments to update its status and is keeping them informed on progress of internal and external processes.
			HSH	\$193,817	\$350,340	\$1,308,829	The supplier became compliant in October 2023, and the department will continue to support the supplier to maintain compliance.
			HRC	\$130,000	-	-	The department worked with the supplier to become current, which it informed the department it did in October 2023.
			MYR	\$29,515	-	--	The supplier is current as of November 13, 2023. CSA verified that the supplier is current on November 30, 2023.
			PUC	--	\$35,000	\$36,050	The contract expires in April 2025.
			WOM	\$169,331	\$216,180	\$143,642	The City Attorney's Office approved the department to extend the supplier's contract for fiscal year 2023-24. In October 2023 the supplier cured its status.
10. Nichi Bei Foundation	Delinquent	Current – Awaiting Reporting	ADM	-	\$10,000	-	The supplier is an awardee of the City's Grants for the Arts program. On March 27, 2024, CSA verified that the purchase order was still open without any invoice or payment activity.

Supplier or Contractor Name <sup>a</sup>	Status on 8/16/2023	Status on 3/26/2024	Client Department	Total Paid 7/1/23-9/6/23	Outstanding Purchase Order Amount as of 9/6/23	Remaining Contract Amount as of 9/6/23	Department's Comments to CSA
11. Race To Zero Waste	Delinquent	Delinquent	ENV	-	-	-	The department paid the supplier for services performed in fiscal year 2022-23 and did not do business with the supplier in fiscal year 2023-24.
			REC	-	\$56,569	\$208,000	The department instructed the supplier to stop work until its status is resolved.
12. SF Community Clinic Consortium	Delinquent	Current – Awaiting Reporting	DPH	-	-	\$949,988	The supplier received an extension to file its annual IRS Form 990, which registry requires, thus delaying the update of its registration status.
13. San Francisco Estuary Institute	Delinquent	Current – Awaiting Reporting	ADM	-	\$22,000	\$428,000	The supplier is a sole-source provider for the City's water quality monitoring program. The supplier has only one current contract and purchase order, which is on hold pending direction from the Controller. Payment to the supplier was authorized once it became <i>current</i> .
			REC	-	\$9,862	-	This was a one-time purchase order for signage design.
14. Worker Rights Consortium	Delinquent	Current – Awaiting Reporting	ADM	-	-	\$250,000	The supplier is no longer delinquent. CSA verified that its status was changed to current in December 2023.
15. Sojourn to the Past	Delinquent	Current – Awaiting Reporting	DAT	-	\$25,025	-	In January 2024 the department reported it had no open purchase orders with the supplier and had made only one payment, which was for training. CSA verified that the purchase order at issue is from August 2023 and was fully spent as of February 2024. The department communicated with the supplier regarding its status, and the supplier provided information indicating it was in good standing.
			POL	-	\$260,000	-	In January 2024 the department reported it no longer has an open purchase order with the supplier and had made one payment to the supplier earlier in fiscal year 2023-24, which was for the training. CSA verified that purchase order in question is from August 2023 and, as of February 2024, was fully spent. The department said it communicated with the supplier about its noncompliant status, and the supplier responded with a screenshot showing its status was current. On February 1, 2024, CSA confirmed the supplier had status of current.

Supplier or Contractor Name <sup>a</sup>	Status on 8/16/2023	Status on 3/26/2024	Client Department	Total Paid 7/1/23-9/6/23	Outstanding Purchase Order Amount as of 9/6/23	Remaining Contract Amount as of 9/6/23	Department's Comments to CSA
<b>Suppliers we did not survey based on department response:</b>							
16. Civic	Delinquent	Delinquent	DPW	\$432,684	-	-	The department no longer works with the supplier. The department worked with the supplier to develop a plan for the supplier to come into compliance, but the department stopped following up with the supplier when its grant agreement expired in June 2023.
17. Compasspoint Nonprofit Services	Delinquent	Delinquent	HSH	-	-	\$5,334,985	The supplier is no longer a provider for the department. The contract was an incorrect entry, which the department subsequently cancelled in the City's financial and procurement system.
18. Grattan After School Program	Delinquent	Current – Awaiting Reporting	CHF	\$3,553	-	\$55,994	The supplier no longer has an active contract with the department.
19. Mercy Midtown Inc	Delinquent	Suspended	MYR	-	-	\$19,423,597	According to the department, Mercy Midtown Inc was created by Mercy Housing solely for their work on the Midtown Apartments and has not worked with the department since 2019. CSA verified that as of May 8, 2024, the City has multiple contracts with Mercy Housing, and the contract with Mercy Midtown was still open, but that no expenses had been paid since November 2019. Subsequently, as of May 16, 2024, the department closed the contract in the city's financial and procurement system.
20. SF Mental Health Educational Funds	Delinquent	Delinquent	DPH	-	-	\$1,096,469	As of September 2023, the contract had not been cancelled in the City's financial and procurement system, despite the department not working with this supplier since June 2022. CSA verified that as of May 2024 the contract was cancelled. The supplier worked to fund Behavioral Health Commission staff (brought in-house) and an education training fund.
<b>Suppliers we did not survey because they had insignificant financial activity or were not a charity:</b>							
21. Americans for the Arts	Delinquent	Suspended	ART	\$1,000	-	-	CSA did not follow up with membership organizations to which the City paid dues of less than \$5,000 in fiscal year 2023-24.

Supplier or Contractor Name <sup>a</sup>	Status on 8/16/2023	Status on 3/26/2024	Client Department	Total Paid 7/1/23-9/6/23	Outstanding Purchase Order Amount as of 9/6/23	Remaining Contract Amount as of 9/6/23	Department's Comments to CSA
22. California Resource Recovery Association	Delinquent	Delinquent	ENV	\$60	-	-	CSA did not follow up with suppliers when payment was less than \$10,000. The department clarified that payment, which is shown as being for training costs, was for conference tickets.
23. International Public Mgmt Assoc for HR	Revoked	Revoked	PUC	\$1,000	-	-	CSA did not follow up with suppliers when payment was less than \$10,000. This payment was for training costs.
24. JSTOR	Delinquent	Suspended	LIB	-	\$3,200	-	CSA did not follow up with membership organizations to which the City paid dues of less than \$5,000 in fiscal year 2023-24. According to the Public Library (Library), the supplier is part of the 501(c)(3) Ithaka Harbors, Inc. The Library does not give grants to this organization, rather it procures subscription services from the organization on behalf of the Library patrons to provide public access to specialized journals.
25. KPOO -- FM Radio	Delinquent	Suspended	PUC	\$342	-	-	CSA did not follow up with suppliers when payment was less than \$10,000. This payment was for training costs.
26. Mosquito & Vector Control Assoc of Calif	Delinquent	Delinquent	DPH	\$2,600	-	-	CSA did not follow up with membership organizations to which City paid dues of less than \$5,000 in fiscal year 2023-24.
27. National Alliance for Youth Sports Inc	Revoked	Revoked	REC	-	\$1,000	-	CSA did not follow up with suppliers when payment was less than \$10,000. This payment was for training costs.
28. National Safety Council	Revoked	Revoked	AIR	-	\$3,994	-	CSA did not follow up with suppliers when payment was less than \$10,000. This payment was for training costs. According to the Airport, going forward it will ensure it complies with the policy.
			MTA	-	\$1,363	-	According to the San Francisco Municipal Transportation Agency (SFMTA), purchase order was issued in 2018 to buy First Aid workbooks and First Aid Training Packets. SFMTA reports that purchase order is now closed, requestor is no longer with SFMTA, and no record exists showing that items were paid for or delivered.
			REC	-	\$899	-	CSA did not follow up with suppliers when payment was less than \$10,000. This payment was for training costs.

Supplier or Contractor Name <sup>a</sup>	Status on 8/16/2023	Status on 3/26/2024	Client Department	Total Paid 7/1/23-9/6/23	Outstanding Purchase Order Amount as of 9/6/23	Remaining Contract Amount as of 9/6/23	Department's Comments to CSA
29. OCLC, INC	Delinquent	Suspended	LIB	\$50,893	\$141,758	\$542,407	The supplier is a 501(c)(3) organization, but less than 1 percent of its revenue comes from grant funding, with the remainder coming from sales of products. City pays supplier for software licensing fees for Library, so is not providing charitable donations or grants. CSA did not follow up with the supplier because it does not receive city grants. According to the Library, OCLC is a membership organization, and its software licenses facilitate interlibrary loans and bibliographic record sharing, allowing the Library to substantially increase its patrons' access to other library systems' catalogs (and the access of patrons of other library systems to its materials).
30. C5 Children's School	Delinquent	Delinquent	ADM, DPH	-	-	-	Two contracts were active in the City's financial and procurement system without any award or outstanding amount as of September 6, 2023. According to the Department of Public Health, solicitation was cancelled and no contract was issued.
31. OCT Water Quality Academy	Delinquent	Delinquent	REC	-	-	\$6,000	CSA did not follow up with suppliers when payment was less than \$10,000. This payment was for training.
<b>Total</b>				<b>\$1,803,289<sup>d</sup></b>	<b>\$2,961,613</b>	<b>\$35,443,598</b>	

Notes:

<sup>a</sup> Supplier names are verbatim from the City's Supplier Directory.

<sup>b</sup> Deltares is listed in the City's financial and procurement system as a subcontractor under Contract #1000026126 with BC-Lotus JV. According to city policy, all city contractors and subcontractors need to be compliant with state law.

<sup>c</sup> Delegated Department Purchasing. Departments can make one-time purchases of commodities or general services under \$10,000 without going through the Office of Contract Administration.

<sup>d</sup> Total does not sum due to rounding.

Source: CSA analysis based on registry and department responses

### Survey Summary

To better understand the difficulties suppliers face in curing their noncompliant statuses with the registry, we surveyed suppliers that still do business with the City to obtain information about their efforts to cure their standing. Of the 31 nonprofit suppliers registered in the City's financial system and in our population, we surveyed 15. (Of the remaining 16 suppliers, which we did not survey, 10 had insignificant financial activity, departments reported they no longer work with 5, and we determined 1 was not a charity.)<sup>8</sup> Of the 15 nonprofit suppliers we surveyed, 9 responded. We summarize our key takeaways below.<sup>9</sup>

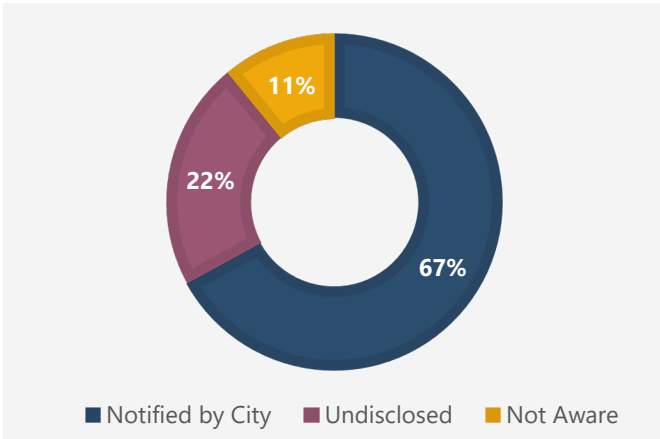
#### *Reasons for Delinquent, Revoked, or Suspended Status Include Staff Turnover and Unawareness*

Staff turnover and unawareness of the California Attorney General's requirement often led to suppliers' noncompliant status. Three suppliers reported that staff turnover caused them not to receive notifications from either their auditor or the City about this issue, and one supplier reported that they simply were unaware of this requirement. One supplier reported that it did not receive notification letters from the registry because its address was not correctly updated in the registry database.

#### *Most Respondents Were Aware of the Policy; At Least Six of Nine Were Notified by the City*

Of the nine survey respondents, eight were aware of the policy that requires all nonprofit organizations that do business with the City to have a current status with the registry. Six of the nine suppliers were notified of the policy by the City when the organizations were either seeking reimbursement from a city department for services and/or goods provided or attempting to renew or obtain a contract with the City. Two suppliers did not provide details about how they were notified of the policy, and one was unaware of the policy and its delinquent status.

**Exhibit 2: How suppliers learned of the policy**



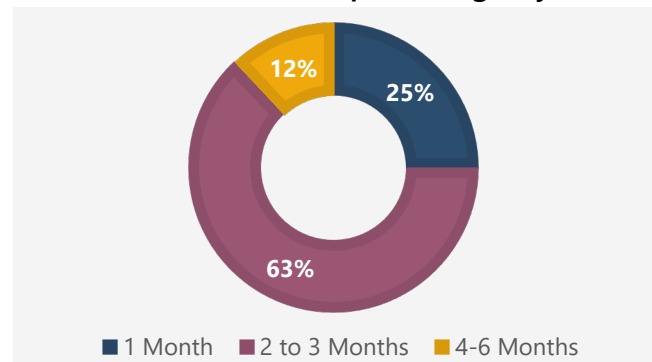
Source: CSA analysis

<sup>8</sup> 8 were membership organizations to which the City paid dues of less than \$5,000 in fiscal year 2023-24, 1 had an open contract for less than \$10,000 but no payment activity in fiscal year 2023-24, 1 had no purchase orders or payments but was flagged because it had two contracts not closed or cancelled in the system.

<sup>9</sup> The complete survey results can be found in the attachment.

*It Often Takes Two or Three Months to Cure a Noncompliant Status*

To cure their status, some suppliers communicated with the Attorney General's Office to understand how to become compliant with the registry, but only two reported receiving communication from the state regarding their status. Eight of the surveyed suppliers attempted to cure their status with the registry, which generally took two or three months. One supplier took a month and one supplier took four to six months.

**Exhibit 3: Duration to update registry status**

Source: CSA analysis

*Some Suppliers Find the Registry's Documentation and Payment Requirements Onerous*

Respondents reported that the major roadblock they face is in furnishing the required documents to the registry. One supplier stated that the registry required documents going back over 20 years. Also, the registry allows forms and payments to be submitted online only if the organizations are in *current* or *current – awaiting reporting* status. The main complaint from one respondent was that the registry only accepts checks or money orders for payment. One supplier reported that it submitted its documents in person to ensure they were received and used to update the organization's status, and another supplier suggested that the City provide training<sup>10</sup> to suppliers to understand the Attorney General's requirements so suppliers can streamline the application process in future years.

*Only Three of Nine Surveyed Suppliers Monitor Their Status*

Three of the nine respondents monitor their status with the registry. Those who track their status reported that they conduct annual reviews. Further, three suppliers indicated that they use their annual financial statements—or more likely, the process required to prepare and certify them—to ensure the organization is compliant. Three organizations did not provide sufficient detail about their policies and procedures to ensure they do not fall out of compliance in the future.

**Next Steps**

City departments should:

1. Ensure they follow city policy and procedures, as stated in the City Nonprofit Supplier Compliance with California Attorney General Registry of Charitable Trusts policy, by not doing business with charities that have a status of *suspended*, *revoked*, or *delinquent* on the registry.
2. Ensure any charities they work with have procedures to ensure they can comply with the Attorney General's requirements and maintain a status of *current* on the registry.

<sup>10</sup> To provide training on the policy.

cc: City Department Heads  
City Department Finance Officers

Board of Supervisors  
Budget Analyst  
Citizens Audit Review Board  
City Attorney  
Civil Grand Jury  
Mayor  
Public Library

Controller  
Todd Rydstrom  
Laura Marshall  
Evgeni Nikov  
Jeancarlos Santos Palacios



## Attachment: Survey Responses<sup>11</sup>

Question	Supplier	Response <sup>a, b</sup>
1. Are you aware of the new City policy regarding nonprofit vendors' compliance with the State of California Attorney General's Registry of Charitable Trusts?	Community Tech Network	Yes
	Indochinese Housing Development Corp	Yes
	San Francisco Estuary Institute	Yes
	Race to Zero Waste	Yes
	Worker Rights Consortium	Yes
	Chapin Hall at the Univ. of Chicago	Yes
	Bay Area Gators	Yes
	County Behavioral Health Directors Assoc	No
	Sojourn to the Past	Yes
2. How did you find out about the policy?	Community Tech Network	When the SF Human Services Agency could not pay our monthly invoices due to our organization falling out of compliance with the Registry.
	Indochinese Housing Development Corp	When we were told we were late.
	San Francisco Estuary Institute	Notice from City and County that our status with the Attorney General was listed as "delinquent"
	Race to Zero Waste	By not being compliant
	Worker Rights Consortium	New contract with the City and County of San Francisco.
	Chapin Hall at the Univ. of Chicago	Found out when the organization was trying to get into a contract with the City
	Bay Area Gators	The organization was notified by DCYF staff that it needed to come into compliance with registry, otherwise it would not receive its approved funding.
	County Behavioral Health Directors Assoc	n/a – Response recorded as "n/a" due to supplier answering "No" to Question 1.
	Sojourn to the Past	We were informed by the SFPD and SFDA's office.

<sup>11</sup> Community Tech Network, Indochinese Housing, San Francisco Estuary Institute, Race to Zero Waste, and Workers Rights Consortium responded to the survey via Microsoft Forms. Chapin Hall, Bay Area Gators, County Behavioral Health Directors Association, and Sojourn to the Past responded via telephone interviews or email, which did not include the full set of questions.

Question	Supplier	Response <sup>a, b</sup>
3. Does your organization track its status with the registry?	Community Tech Network	No
	Indochinese Housing Development Corp	Yes
	San Francisco Estuary Institute	Yes
	Race to Zero Waste	Yes
	Worker Rights Consortium	No. Organization is incorporated in NY and has its only office in Washington, DC. Current Administrative Director was not aware of CA registration requirement.
	Chapin Hall at the Univ. of Chicago	n/a – Question was not asked during the interview.
	Bay Area Gators	n/a – Question was not asked during the interview.
	County Behavioral Health Directors Assoc	n/a – Question was not asked during the interview.
	Sojourn to the Past	We had not been regularly tracking our status, as we had never had any issues.
4. How frequently does your organization track its status with the registry?	Community Tech Network	The organization was not required to respond to this question due to answering "No" to Question 3.
	Indochinese Housing Development Corp	Annually
	San Francisco Estuary Institute	Annually
	Race to Zero Waste	Annually
	Worker Rights Consortium	Organization was not tracking CA registry status as current Administrative Director was not aware of CA registration requirement.
	Chapin Hall at the Univ. of Chicago	n/a – Question was not asked during the interview.
	Bay Area Gators	n/a – Question was not asked during the interview.
	County Behavioral Health Directors Assoc	n/a – Question was not asked during the interview.
	Sojourn to the Past	We now have two separate employees that will be checking on a monthly basis.
5. Do you have any procedures in place to ensure required documentation is provided to Federal and State authorities in a timely manner? Please describe them.	Community Tech Network	We are putting them in place now since we fell out of compliance, and do not want it to happen again.
	Indochinese Housing Development Corp	Please see my email. We are now aware of the deadlines for submission. I have created a spreadsheet with the required timelines.
	San Francisco Estuary Institute	Once our audit is complete and the 990 is finalized, we submit the RRF form to the Attorney General's office
	Race to Zero Waste	We do now
	Worker Rights Consortium	The organization's Administrative Director maintains a schedule for annually filing IRS Form 990 and NYS AG CHAR500 returns. Going forward will do so for CA state forms.

Question	Supplier	Response <sup>a, b</sup>
	Chapin Hall at the Univ. of Chicago	n/a – Question was not asked during the interview.
	Bay Area Gators	n/a – Question was not asked during the interview.
	County Behavioral Health Directors Assoc	n/a – Question was not asked during the interview.
	Sojourn to the Past	Yes, we file each year as soon as the documents are furnished to us by our CPA.
6. What were the issues that led to your noncompliant status?	Community Tech Network	Personnel changes and the new personnel not having access to the compliance portal nor receiving any notifications from the city that any compliance forms were due.
	Indochinese Housing Development Corp	Our former Executive Director simply failed to keep up with taking care of these compliance issues. He retired in May 2023. I came on board in July 2023 and I am making every effort to help stabilize the agency.
	San Francisco Estuary Institute	Admin staff generally receive the reminder from our auditors to file the RRF after they've completed the 990. For our 2021 audit, due to staffing changes at the auditor, that reminder did not go out. The delinquency is caused because the FY21 paperwork was not filed. Note that the FY22 paperwork was filed successfully and there were no issues.
	Race to Zero Waste	Not filing out a form for the 2018-2019 tax year and a fee
	Worker Rights Consortium	The current Administrative Director was not aware of the CA registration requirement. It appears that previous administrator did not brief Administrative Director on this requirement during staff transition.
	Chapin Hall at the Univ. of Chicago	n/a – Question was not asked during the interview.
	Bay Area Gators	n/a – Question was not asked during the interview.
	County Behavioral Health Directors Assoc	n/a – Question was not asked during the interview.
	Sojourn to the Past	We were a part of an umbrella organization. When we parted ways from the umbrella organization, the address was changed on the Secretary of State website, however we were unaware it did not carry over to the Attorney General information base.
7. When was your most recent Form 990 submitted to the Internal Revenue Service? If applicable, please explain any delays.	Community Tech Network	It was just submitted on 11/15/23. Our audit was pushed back to late summer/early fall to fit into our auditors schedule.
	Indochinese Housing Development Corp	Our 990 for 2021 was accepted by the IRS on December 8, 2023. We are working diligently to complete the 2022 audit and 990; I anticipate we will have the following: 2022 990 and audit done by the end of March 2023 2023 990 and audit done by the end of June 2024.
	San Francisco Estuary Institute	5/4/23 for the fiscal year ending 6/30/22. (We got an extension till 5/15/23 to file our 990.)
	Race to Zero Waste	This year
	Worker Rights Consortium	May 2023 for 2021. Normal extension requests
	Chapin Hall at the Univ. of Chicago	n/a – Question was not asked during the interview.

Question	Supplier	Response <sup>a, b</sup>
	Bay Area Gators	n/a – Question was not asked during the interview.
	County Behavioral Health Directors Assoc	n/a – Question was not asked during the interview.
	Sojourn to the Past	n/a – Question was not asked in the email.
8. When was your most recent filing with the registry? If applicable, please explain any delays.	Community Tech Network	We filed in August for our 2022 registration. We were made to file by mail with paper copies since we were in delinquent status. We will be filing our 2023 registration shortly now that our 2022 990 is filed (we had the automatic IRS extension).
	Indochinese Housing Development Corp	The RRF-1 form for 2021 and 2022 were both sent at the same time in April 2023 with the fee of \$200 each. 2023 renewal fee (form RRF-1) sent by the end of February 2024.
	San Francisco Estuary Institute	For the fiscal year ending 6/30/22, the RRF, 8868 and 990 were sent out on 5/16/23. Related to Question 12, we answered 2-3 months, because that is the amount of time the Attorney General's office says is the typical wait time. We just sent the paperwork in for the missing year (FY21) on 11/21/23, so we don't actually know how long it's going to take to move our status out of "Delinquent".
	Race to Zero Waste	This year
	Worker Rights Consortium	July 2023
	Chapin Hall at the Univ. of Chicago	n/a – Question was not asked during the interview.
	Bay Area Gators	n/a– Question was not asked during the interview.
	County Behavioral Health Directors Assoc	n/a– Question was not asked during the interview.
9. Has the State of California Attorney General's Office contacted your organization regarding its status?	Community Tech Network	No
	Indochinese Housing Development Corp	Yes
	San Francisco Estuary Institute	No
	Race to Zero Waste	No
	Worker Rights Consortium	No
	Chapin Hall at the Univ. of Chicago	No
	Bay Area Gators	No
	County Behavioral Health Directors Assoc	No
Sojourn to the Past	Yes	

Question	Supplier	Response <sup>a, b</sup>
10. Please provide the date when the Attorney General contacted your organization.	Community Tech Network	Organization was not required to respond to this question due to answering "No" to Question 9.
	Indochinese Housing Development Corp	Oct. 11, 2023
	San Francisco Estuary Institute	Organization was not required to respond to this question due to answering "No" to Question 9.
	Race to Zero Waste	Organization was not required to respond to this question due to answering "No" to Question 9.
	Worker Rights Consortium	Organization was not required to respond to this question due to answering "No" to Question 9.
	Chapin Hall at the Univ. of Chicago	n/a– Question was not asked during the interview.
	Bay Area Gators	n/a– Question was not asked during the interview.
	County Behavioral Health Directors Assoc	n/a– Question was not asked during the interview.
	Sojourn to the Past	They contacted us in August 2023, however, we did not receive this correspondence because it went to our former umbrella organization's address.
11. Did your organization attempt to cure its status with the Attorney General's Office?	Community Tech Network	Yes
	Indochinese Housing Development Corp	Yes
	San Francisco Estuary Institute	Yes
	Race to Zero Waste	Yes
	Worker Rights Consortium	Yes
	Chapin Hall at the Univ. of Chicago	Yes
	Bay Area Gators	Yes
	County Behavioral Health Directors Assoc	n/a – Question was not asked during the interview.
	Sojourn to the Past	Yes, we submitted the correct paperwork with the Attorney Generals Office this week and they received and accepted all of this paperwork. The website has been updated to current status.
12. How long did it take to repair your status?	Community Tech Network	2-3 Months
	Indochinese Housing Development Corp	2-3 Months
	San Francisco Estuary Institute	2-3 Months
	Race to Zero Waste	1 Month
	Worker Rights Consortium	4-6 Months
	Chapin Hall at the Univ. of Chicago	2-3 Months
	Bay Area Gators	2-3 Months

Question	Supplier	Response <sup>a, b</sup>
	County Behavioral Health Directors Assoc	n/a – Question was not asked during the interview.
	Sojourn to the Past	n/a – Based on phone conversation and email communication with the supplier, auditors concluded that the supplier managed to repair its status in about one week, or less than one month.
13. Please provide the date of the filing.	Community Tech Network	Supplier responded to this question: "N/A".
	Indochinese Housing Development Corp	We are planning to file 2021 by end of November 2023; then file 2022 by end of December 2023 <sup>c</sup>
	San Francisco Estuary Institute	11/21/23 (for FY21; FY22 was filed successfully)
	Race to Zero Waste	Oct 3, 2023
	Worker Rights Consortium	4/29/2023
	Chapin Hall at the Univ. of Chicago	n/a – Question was not asked during the interview.
	Bay Area Gators	n/a – Question was not asked during the interview.
	County Behavioral Health Directors Assoc	n/a – Question was not asked during the interview.
	Sojourn to the Past	n/a – Question was not asked in the email.
14. Did you have any communication or receive any assistance from the Attorney General's Office about updating your status?	Community Tech Network	No
	Indochinese Housing Development Corp	Yes
	San Francisco Estuary Institute	No
	Race to Zero Waste	No
	Worker Rights Consortium	Yes
	Chapin Hall at the Univ. of Chicago	Yes
	Bay Area Gators	Yes
	County Behavioral Health Directors Assoc	n/a – Question was not asked during the interview.
	Sojourn to the Past	Yes
15. Please briefly describe the nature of the communication.	Community Tech Network	Organization was not required to respond to this question due to answering "No" to Question 14.
	Indochinese Housing Development Corp	We have been emailing back and forth. They are pleased we are communicating and taking action.
	San Francisco Estuary Institute	Organization was not required to respond to this question due to answering "No" to Question 14.
	Race to Zero Waste	Organization was not required to respond to this question due to answering "No" to Question 14.
	Worker Rights Consortium	Requested status updates and sought guidance on certain questions and how to respond.

Question	Supplier	Response <sup>a, b</sup>
	Chapin Hall at the Univ. of Chicago	The organization contacted the AG Registry to ask about the expedited process. AG Registry informed supplier that they do not have an expedited process and must wait for the process to complete.
	Bay Area Gators	Our contact said that once they were able to get a contact in the AG office, he was very satisfied with the clarification that an employee from the Attorney General's Office provided. They were able to give them clarity about what to do with the financial documents so that BAG could be in compliance with the registry. However, the Attorney General Office's automated line was not helpful for resolving BAG's issues or providing the clarification that was needed.
	County Behavioral Health Directors Assoc	n/a – Question was not asked during the interview.
	Sojourn to the Past	We were in touch with the Attorney General's office both via email and in person in Sacramento to ensure we were providing them with all the necessary documents to remove our delinquency status.
16. What are the problems and roadblocks your organization is/was facing in trying to update its status with the registry?	Community Tech Network	We had changes in personnel, so the new personnel (including myself) were not aware of the filing requirements. We did not know the dates, where to file, or how to file. We are putting policies in place now so we can stay in compliance.
	Indochinese Housing Development Corp	With new management on board, we do not foresee any future problems with being compliant in the future.
	San Francisco Estuary Institute	It's too early to tell. We only sent our FY21 paperwork on 11/21/23.
	Race to Zero Waste	Remembering dates
	Worker Rights Consortium	Need to file several years of information. This required collating information from several different sources and pulling it all together. Requested information included founding documents going back 20+ years (more than just the IRS determination of nonprofit status letter and other standard reference documents), requiring retrieving documents from storage and scanning them, as well as up-to-date certificates of good standing from NY state, which took several weeks to obtain from NY state agencies, as well as payment by paper check / money order. These roadblocks will not be present going forward.
	Chapin Hall at the Univ. of Chicago	A City employee asked the organization to expedite the process with the Attorney General, however Attorney General doesn't do that. The nonprofit needed to wait out the process.
	Bay Area Gators	When a nonprofit is new, they are not always paperwork savvy. A City organized training would have been helpful. The DCYF person was not helpful in training him how to deal with the Attorney General Office or do any other paperwork. It's scary to have to deal with the Attorney General. In our community, organizations like the Attorney General sound more like a punitive organization and not a helpful organization. You keep sending the wrong stuff in, but if you don't have training, then they get frustrated with you, and the whole process is scary and not helpful. Additional training is always good.
	County Behavioral Health Directors Assoc	The organization is not a charity. CBHDA is a 501c (4) that collects membership dues from the City.

Question	Supplier	Response <sup>a, b</sup>
	Sojourn to the Past	Our main roadblock was that we were not receiving the letters from the DOJ in the mail due to the address not being changed. After that, our issues were in getting a hold of the Attorney General's office, as they do not answer phone calls. Then having to travel to Sacramento to make sure that documents were received. We were able to turn in all of the documents requested and our status is now current.

Notes:

<sup>a</sup> Responses are verbatim.

<sup>b</sup> CSA deployed the full survey to the respondents via Microsoft Forms, but Chapin Hall at the Univ. of Chicago, Bay Area Gators, and County Behavioral Health Directors Assoc did not have time to respond to the full survey. Thus, CSA interviewed these organizations with the most applicable questions to determine the difficulties they face in attempting to remedy their statuses. CSA redistributed the full survey to Sojourn to the Past via email and revised the questions to the supplier's applicability.

<sup>c</sup> As of May 31, 2024, the Indochinese Housing Development Corp planned to file its form 990 for 2022 by end of June 2024, and for 2023 in early autumn 2024.