



MEMORANDUM

TO: Harlan L. Kelly, Jr., General Manager
San Francisco Public Utilities Commission

FROM: Tonia Lediju, Director of City Audits
City Services Auditor Division 

DATE: April 6, 2015

SUBJECT: San Francisco Public Utilities Commission: Follow-up of 2012 Audit of the Job Order Contract Program

EXECUTIVE SUMMARY

The Office of the Controller's City Services Auditor Division (CSA) issued an audit report on December 26, 2012, *The Job Order Contract Program Lacks Sufficient Oversight to Ensure Program Effectiveness*. CSA completed a field follow-up to determine the corrective actions that the San Francisco Public Utilities Commission (SFPUC) has taken in response to CSA's audit report. The report contains 19 recommendations, of which:

- 9 have been implemented and are closed.
- 6 are deemed by CSA no longer applicable and are closed.
 - 4 are closed because SFPUC has implemented alternative controls and has satisfactorily explained how it factors contractors' qualifications into the selection of the contractor for each job order contract.
 - 2 are closed because, as SFPUC explained, Contract Administration Bureau staff is not responsible for verifying invoice prices, so does not need access to the ProGen¹ software.
- 3 are partially implemented and are open.
- 1 has not been implemented and is open.

¹ ProGen, now known as eGordian, is the job order contracting software that contains predetermined unit prices of items commonly used in job order contract projects.

BACKGROUND, OBJECTIVE & METHODOLOGY

Background

The Charter of the City and County of San Francisco (City) provides CSA with broad authority to conduct audits. CSA conducted the Job Order Contract (JOC) audit in 2012 under that authority. SFPUC requested the audit as part of its annual audit program. Government entities use job order contracting to expedite simple, low-risk construction projects, primarily those to effect repair and maintenance. The San Francisco Administrative Code (Administrative Code) authorizes the use of JOCs for the performance of public works maintenance, repair, and minor construction projects. The Administrative Code, Section 6.62, defines a JOC as "an indefinite quantity contract with a predefined set of bid items that are assigned on a periodic or task order basis." The code sets the maximum value of a task order at \$400,000. In the JOC process, SFPUC identifies a need and determines the scope and requirements of the project, then allows the JOC program manager to assign the project to a prequalified contractor. As a result, projects under JOCs are awarded in significantly less time and with significantly fewer resources than projects awarded under the City's usual construction process.

Objective

The objective of this follow-up was to substantiate that SFPUC has implemented effective corrective actions that will achieve the desired business results of the recommendations in CSA's JOC audit report. Consistent with Government Auditing Standards, Section 7.05, promulgated by the U.S. Government Accountability Office, the purposes of audit reports include facilitating follow-up to determine whether appropriate corrective actions have been taken. CSA follows up on its audits because their benefit is not in the findings reported or the recommendations made, but in the implementation of actions to resolve audit findings.

This field follow-up is a nonaudit service. Government Auditing Standards do not cover nonaudit services, which are defined as professional services other than audits or attestation engagements. Therefore, SFPUC is responsible for the substantive outcomes of the work performed during this follow-up and is responsible to be in a position, in fact and appearance, to make an informed judgment on the results of the nonaudit service.

Methodology

To conduct the field follow-up, CSA:

- Obtained documentary evidence from SFPUC's JOC Program to verify the status of the recommendations that SFPUC had reported as implemented.
- Visited the JOC Program office to verify, through observation and discussions with JOC staff, that SFPUC had taken certain corrective actions.
- Summarized the issues related to those recommendations that have not yet been implemented.
- Documented the results of the fieldwork.

Exhibit 1 summarizes the status of the 19 recommendations in the audit report.

EXHIBIT 1	
Current Status of Recommendations in the 2012 Report, <i>The Job Order Contract Program Lacks Sufficient Oversight to Ensure Program Effectiveness</i>	
Recommendation Status	Number of Recommendations
Closed	
CSA determined were implemented	9
CSA determined were no longer applicable	6
Open	
CSA determined were partially implemented	3
CSA determined has not been implemented	1
Total Original Recommendations	19

Presented below is the status of each recommendation by its recommendation number in the report.

CLOSED RECOMMENDATIONS

Recommendation 1 – Develop a policy for the JOC program specifying the program’s intent and providing specific criteria describing the projects that may be authorized. The commission should approve the policy.

CSA verified that the JOC Program developed a job order contract policy that specifies the program’s intent and provides specific criteria for projects that may be authorized. Also, SFPUC reports that it is actively engaged with the City’s Department of Public Works in taking steps to obtain the Board of Supervisors’ approval for revisions to the Administrative Code, Section 6.62, which governs JOCs. According to SFPUC, it will ensure that its JOC policy is consistent with any changes made to Section 6.62. Given the pending involvement of the Board of Supervisors in amending city law on this subject, CSA now considers commission approval of the departmental policy to be optional.

Conclusion: Recommendation 1 has been implemented.

Recommendation 2 – Ensure that its JOC program adheres to the policy and criteria established per Recommendation 1 when determining which projects to authorize under JOCs to avoid undermining the program’s intent.

CSA verified that the JOC program’s stated intent and criteria, per its policies and procedures, are consistent with Chapter 6 of the Administrative Code. Specifically, the policies and procedures limit the value of task orders to \$400,000 and prohibit bid-splitting.

Conclusion: Recommendation 2 has been implemented.

Recommendation 3 – Ensure that major projects that are subject to the City's competitive solicitation process are not broken into multiple task orders to fall below the JOC program's dollar threshold.

As stated above, the JOC policies and procedures now prohibit bid-splitting and the JOC program is making an effort to ensure that this does not occur.

Conclusion: Recommendation 3 has been implemented.

Recommendation 4 – Establish for JOC program projects a maximum percentage that non-prepriced task costs can be of total project costs.

Recommendation 5 – Do not approve as JOC task orders projects whose proposed non-prepriced task costs exceed the maximum percentage established.

Conclusion: Recommendations 4 and 5 are no longer applicable because SFPUC has implemented alternative controls.

Recommendation 6 - Ensure that the JOC program does not authorize task orders for projects funded with money from the federal government under JOCs that conflict with federal funding requirements.

CSA verified that the JOC program developed a new, specialized JOC contract template for federally funded projects. SFPUC plans to use this template for any future federally funded JOC project, of which there have been none since the 2012 audit, according to SFPUC.

Conclusion: Recommendation 6 has been implemented.

Recommendation 7– Develop procedures for assigning contractors to JOC projects.

CSA verified that the JOC program created a new Task Order Agreement for assigning contractors to projects, which was effective in April 2013. The agreement contains check-off boxes for indicating the procedures used to select contractors for task orders. CSA found that SFPUC is using this new agreement.

Conclusion: Recommendation 7 has been implemented.

Recommendation 8 – Retain documentation on how the contractor for each JOC task order project was selected.

For task orders that were initiated after April 2013, the effective date of the new Task Order Agreement, CSA found that the JOC program has used the form for contractor selection.

Conclusion: Recommendation 8 has been implemented.

Recommendation 9 – Comply with the Administrative Code by obtaining certification of funding from the Office of the Controller before permitting the contractor to begin work, either unofficially or with an official notice to proceed.

Conclusion: Recommendation 9 is no longer applicable. SFPUC informed CSA about the alternative controls that SFPUC now applies, and CSA concurs that these controls eliminate the necessity of Recommendation 9.

Recommendation 10 – Ensure that Contract Administration Bureau staff has access to the ProGen software, which includes unit cost information to verify invoice prices.

Recommendation 11 – Ensure that Contract Administration Bureau staff verifies unit costs on JOC invoices using cost information in the ProGen software.

Conclusion: Recommendations 10 and 11 were initially excluded from this field follow-up because SFPUC had indicated that it would not implement them. However, CSA now considers these recommendations closed because, as SFPUC explained, Contract Administration Bureau staff is not responsible for verifying invoice prices, so does not need access to the ProGen software.

Recommendation 12 – Document and maintain documentation of all decisions related to JOC payments.

By viewing sample task order records in the JOC master file, CSA observed that the JOC program maintains documentation related to JOC payments. Specifically, CSA looked at documentation of final payments, which include a cumulative record of all payments made on each of the sample task orders. These records have all documents required for SFPUC to make payments.

Conclusion: Recommendation 12 has been implemented.

Recommendation 13 – Establish and implement procedures to ensure that SFPUC engineers or other technically trained employees evaluate the qualifications of potential JOC contractors.

SFPUC stated that a thorough review and evaluation of contractors' qualifications is done before assigning task orders. According to SFPUC, the JOC manager verifies that the contractor under consideration for a particular task order project possesses the appropriate contractor license for the work and has the experience to perform the work.

Conclusion: Recommendation 13 has been implemented.

Recommendation 14 – Place greater weight on qualifications than proposed adjustment factors when selecting JOC contractors.

Conclusion: Recommendation 14 is no longer applicable because SFPUC has satisfactorily explained how it factors contractors' qualifications into the JOC contractor selection process.

Recommendation 19 – Ensure that project managers evaluate contractors for each JOC task order project in a timely manner.

CSA observed that a form to evaluate the contractor is the last page of the final payment documentation for each of the sample task orders selected for detailed testing. According to SFPUC, this evaluation is now required before the final payment is made to the contractor.

Conclusion: Recommendation 19 has been implemented.

OPEN RECOMMENDATIONS

Recommendation 15 – Ensure that qualified SFPUC staff inspects all JOC projects.

CSA determined that, although selected SFPUC staff is qualified to inspect JOC projects, SFPUC has not demonstrated that all JOC projects are being inspected.

Conclusion: Recommendation 15 is partially implemented.

Recommendation 16 – Ensure that inspectors complete inspections of JOC projects in a timely manner.

The JOC program instituted more uniform procedures and a new form, the Daily Inspection Report, to assist inspectors in the field. CSA selected a sample of 14 task orders for detailed review regarding inspections. One of these task orders was closed before July 17, 2013, the effective date of the new form. Of the remaining 13 task orders, the JOC master file contains inspection reports for only 6 (46 percent). JOC program staff acknowledges the need for improvement in this area.

Conclusion: Recommendation 16 is partially implemented.

Recommendation 17 – Retain documentation of each inspection of JOC projects, including records of the date, time, and duration of inspections.

As noted under Recommendation 16, JOC master files contain inspection records for only 6 of the 13 task orders that CSA reviewed in detail. All 13 were initiated after the use of SFPUC's Daily Inspection Report became effective.

Conclusion: Recommendation 17 is partially implemented.

Recommendation 18 – Consolidate key information on timeliness and quality of work from inspections of completed projects for JOC contractors to inform future assessments of contractor qualifications when considering new JOCs.

SFPUC acknowledges that this recommendation has not been implemented.

Conclusion: Recommendation 18 has not been implemented.

SFPUC's response is attached. CSA extends its appreciation to you and your staff who assisted with this audit follow-up. If you have any questions or concerns, please contact me at (415) 554-5393 or tonia.lediju@sfgov.org.

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

ATTACHMENT A: SUMMARY OF RECOMMENDATIONS AND FOLLOW-UP WORK PERFORMED

Recommendation	Most Recent Status per SFPUC	CSA Field Follow-up Work	Determination
<p>The San Francisco Public Utilities Commission should:</p>			
<p>1. Develop a policy for the Job Order Contract (JOC) program specifying the program's intent and providing specific criteria describing the projects that may be authorized. The commission should approve the policy.</p>	<p>Effective 2/16/15 SFPUC informed CSA that:</p> <ul style="list-style-type: none"> • The Board of Supervisors has not approved SFPUC's JOC policy; however, SFPUC is in discussion with the Department of Public Works (DPW) on proposed changes to Chapter 6 of the Administrative Code, including Section 6.62, Job Order Contracts. • The JOC Policy needs to be checked with proposed changes to ensure consistency with and compliance to Chapter 6 of the Administrative Code. • The JOC manager will check when changes to the JOC section of the Chapter 6 will be addressed, and follow through with the incorporation of the JOC Policy. 	<ul style="list-style-type: none"> • Obtained a copy of the newly developed JOC policy. • Verified from its Table of Contents, that the newly developed JOC policy's "Intent and Criteria" have been incorporated into the JOC Procedures Manual. • SFPUC is actively engaged—with DPW—in the steps required to obtain the Board of Supervisors' approval for revisions to the Administrative Code, Section 6.62. Also, SFPUC reports that it intends to have its JOC policy be consistent with the Administrative Code. • Given the above, CSA now considers the commission's approval of the departmental policy to be optional. 	<p>IMPLEMENTED</p>

Recommendation	Most Recent Status per SFPUC	CSA Field Follow-up Work	Determination
<p>2. Ensure that its JOC program adheres to the policy and criteria established per Recommendation 1 when determining which projects to authorize under JOCs to avoid undermining the program's intent.</p>	<p>The policy mentioned in Recommendation 1 was included in the JOC Procedures Manual, effective August 2013.</p>	<ul style="list-style-type: none"> • According to the JOC program manager, the Job Order Contract Task Order Agreement (form) maximizes adherence to the policy and criteria. He also notes that the form describes JOC terms and conditions, including the limit on task-order values and the prohibition on bid splitting. • CSA concurs with the assertion that the form maximizes adherence to JOC program's policy and intent. The form's effectiveness will depend on the JOC program's compliance with provisions outlined in the form; however, SFPUC has established a viable policy. 	<p>IMPLEMENTED</p>
<p>3. Ensure that major projects that are subject to the City's competitive solicitation process are not broken into multiple task orders to fall below the JOC program's dollar threshold.</p>	<p>SFPUC revised its JOC Task Order Agreement to:</p> <ul style="list-style-type: none"> • Specifically emphasize the prohibition against bid-splitting. • Require project managers to indicate approval of all terms, particularly bid-splitting. • Sign to indicate compliance. <p>The form is then reviewed by the JOC program manager, regional construction manager, and Construction Management Bureau (CMB) manager.</p>	<ul style="list-style-type: none"> • As noted in the analysis for Recommendation 2, CSA obtained the revised Job Order Contract Task Order Agreement. • No evidence of an SFPUC employee submitting a proposal to break a project into multiple task orders is available for submission to CSA because, according to the JOC program manager, the JOC office has not allowed bid-splitting. Furthermore, the JOC program manager informed CSA that, effective in April 2014, both he and the JOC staff have emphasized to project managers that all task orders—including all modifications—must be priced under the \$400,000 maximum. 	<p>IMPLEMENTED</p>

Recommendation	Most Recent Status per SFPUC	CSA Field Follow-up Work	Determination
<p>4. Establish for JOC program projects a maximum percentage that non-prepriced task costs can be of total project costs.</p>	<p>SFPUC decided not to develop a separate policy for non-prepriced items. SFPUC will continue working with its operating departments to list as many proprietary parts and pieces of equipment as possible in the Construction Task Catalogs. However, the specialized nature of SFPUC work makes it impossible to have an all-inclusive list of all parts/equipment that may be needed for future tasks. SFPUC noted that its more stringent review procedures have reduced the use of non-prepriced items.</p>	<p>Determined that this recommendation is no longer applicable because SFPUC has implemented alternative controls.</p>	<p>CLOSED (NOT APPLICABLE)</p>
<p>5. Not approve as JOC task orders projects whose proposed non-prepriced task costs exceed the maximum percentage established.</p>	<p>Same as information provided for Recommendation 4.</p>	<p>Determined that this recommendation is no longer applicable because SFPUC has implemented alternative controls.</p>	<p>CLOSED (NOT APPLICABLE)</p>
<p>6. Ensure that the JOC program does not authorize task orders for projects funded with money from the federal government under JOCs that conflict with federal funding requirements.</p>	<p>New JOC templates have been created specifically for federally funded projects. Furthermore, project managers must sign the task order agreement requiring specific notification to the JOC program if federal/state funds are involved.</p>	<ul style="list-style-type: none"> • Obtained a copy of the new specialized JOC contract template for federally funded projects. • According to the JOC program manager, there has not been a federally funded JOC project since the audit. Therefore, there is no sample notification available for CSA to see. 	<p>IMPLEMENTED</p>
<p>7. Develop procedures for assigning JOC projects to contractors.</p>	<p>The JOC office created a new Task Order Agreement to document how it makes contractor assignments. To initiate JOC projects, project managers must complete the agreement, which has check-off boxes to indicate the criteria used to select the contractor. The regional construction manager reviews the agreement before obtaining sign-off by the CMB manager.</p>	<ul style="list-style-type: none"> • Verified that SFPUC created a new Task Order Agreement for making contractor assignments. According to JOC staff, this agreement became effective in April 2013. • Obtained copy of an executed Task Order Agreement. 	<p>IMPLEMENTED</p>

Recommendation	Most Recent Status per SFPUC	CSA Field Follow-up Work	Determination
<p>8. Retain documentation on how the contractor for each JOC task order project was selected.</p>	<p>The new Task Order Agreement forms with contractor selection and signature approvals are kept in the master JOC files.</p>	<ul style="list-style-type: none"> • Obtained a copy of the Task Order Status Report and selected 14 closed task orders for detailed review of the master file. • Found that the master files do not contain the new Task Order Agreement for 14 older task orders selected for detailed testing, but the master files do contain the new Task Order Agreement for newer task orders. 	<p>IMPLEMENTED</p>
<p>9. Comply with the Administrative Code by obtaining certification of funding from the Office of the Controller before permitting the contractor to begin work, either unofficially or with an official notice to proceed.</p>	<p>Certification of funding is already an integral part of SFPUC's process for issuing Notices to Proceed as this is part of ADPICS, and funds must already be encumbered in an index code.</p>	<p>Determined that this recommendation is no longer applicable because SFPUC has adequate alternative controls.</p>	<p>CLOSED (NOT APPLICABLE)</p>
<p>10. Ensure that Contract Administration Bureau staff has access to the ProGen software, which includes unit cost information to verify invoice prices.</p>	<p>The SFPUC indicated that it will not implement this recommendation.</p>	<p>Determined that this recommendation is no longer applicable because, as SFPUC explained, Contract Administration Bureau staff is not responsible for invoice verification.</p>	<p>CLOSED (NOT APPLICABLE)</p>
<p>11. Ensure that Contract Administration Bureau staff verifies unit costs on JOC invoices using cost information in the ProGen software. This review may consist of spot checking unit costs or selecting the highest value line items or unit costs to verify.</p>	<p>The SFPUC indicated that it will not implement this recommendation.</p>	<p>Determined that this recommendation is no longer applicable because, as SFPUC explained, Contract Administration Bureau staff is not responsible for invoice verification.</p>	<p>CLOSED (NOT APPLICABLE)</p>

Recommendation	Most Recent Status per SFPUC	CSA Field Follow-up Work	Determination
<p>12. Document and maintain documentation of all decisions related to JOC payments.</p>	<p>SFPUC documents and maintains documentation related to all JOC payments. This information is stored in the master files.</p>	<ul style="list-style-type: none"> • Review of master files showed that they contain documentation of decisions related to JOC payments. (CSA focused on final payments because they require more documentation than periodic progress payments.) • The documentation for JOC payments includes, at a minimum: <ul style="list-style-type: none"> ○ Job Oder Contract Invoice Cover Sheet ○ Contractor's invoice ○ Form 7: HRC Progress Payment Form ○ Form 8: HRC Exit Report and Affidavit for LBE Subcontractor (including each lower-tier LBE subcontractor) ○ Form 9 HRC Payment Affidavit ○ Notice of Construction Completion & Warranty ○ Contractor Performance Evaluation 	<p>IMPLEMENTED</p>

Recommendation	Most Recent Status per SFPUC	CSA Field Follow-up Work	Determination
<p>13. Establish and implement procedures to ensure that SFPUC engineers or other technically trained employees evaluate the qualifications of potential JOC contractors.</p>	<p>SFPUC stated that the evaluation of contractors is not done at the contract level due to the wide and diverse range of JOC projects. However, a thorough review and evaluation of contractors is done before assigning task orders.</p>	<p>According to the JOC program manager, the following control measures exist:</p> <ul style="list-style-type: none"> • Bid documents stipulate bidder's minimum qualifications. • After receipt of bids, the lowest bidder's qualifications are checked by a CMB manager. • Written confirmation of the lowest bidder's qualifications is submitted. • The JOC manager verifies that the contractor under consideration for a particular task order project: <ul style="list-style-type: none"> ○ Possesses the appropriate contractor license for the work. ○ Has the experience to perform the work. 	<p>IMPLEMENTED</p>
<p>14. Place greater weight on qualifications than proposed adjustment factors when selecting JOC contractors.</p>	<p>Contractors must meet minimum qualifications stated in the Request for Proposal for their adjustment factor even to be considered. Hence, SFPUC places greater weight on the minimum qualifications than it does on the Award Criteria Figure. However, once bidders meet minimum qualifications, then the lowest responsive, responsible bidder wins the contract according to their Award Criteria Figure. This process is stated in the California Public Contracting Code, as well as the City's Administrative Code.</p>	<p>Determined that this recommendation is no longer applicable because SFPUC satisfactorily explained how it factors contractors' qualifications into the JOC contractor selection process.</p>	<p>CLOSED (NOT APPLICABLE)</p>

Recommendation	Most Recent Status per SFPUC	CSA Field Follow-up Work	Determination
<p>15. Ensure that qualified SFPUC staff inspects all JOC projects.</p>	<p><u>Qualifications of New Staff:</u> A Class 6318 Construction Inspector is qualified to inspect JOC construction projects. Every individual who is placed on the Class 6318 Eligible List has been deemed qualified by the Department of Human Resources to perform inspection on construction projects, including JOC projects.</p> <p><u>Inspection Reports:</u> CMB Management issued the directive to prepare JOC Inspection reports starting 7/17/13. Of the 14 Task Orders, 1 Task Order closed on 2/27/13 (before the directive was issued). Of the remaining 13, seven Task Orders did not have electronic or hardcopy reports. JOC acknowledges that it will do a better job in producing Daily Inspection Reports.</p> <p><u>Final Inspection:</u> JOC does not perform official contract close-out that is normally performed on standard construction contracts. Instead, JOC uses the "Notice of Construction Completion & Acceptance" form. This form will be modified: date of final inspection will be deleted; in place, a Daily Inspection Report that confirms work completion will be attached to the form.</p>	<ul style="list-style-type: none"> • Determined that, although the selected SFPUC staff is qualified to inspect JOC projects, SFPUC has not demonstrated that all JOC projects are being inspected. • Found that, of the 14 task orders selected for detailed review, one was closed before 7/17/13, the effective date of the SFPUC management directive that JOC inspection reports be prepared. • Of the remaining 13 task orders CSA reviewed in detail, SFPUC provided inspection reports for only 6. 	<p>OPEN (PARTIALLY IMPLEMENTED)</p>

Recommendation	Most Recent Status per SFPUC	CSA Field Follow-up Work	Determination
<p>16. Ensure that inspectors complete inspections of JOC projects in a timely manner.</p>	<p><u>Inspection Reports</u>: See comment under Recommendation 15 above.</p> <p><u>Inspection</u>: Full-time inspection is not standard because the projects are supposed to be straightforward. However, this does not mean that inspections do not take place regularly. To the contrary, JOC evaluates the inspection or coverage requirements based on the complexity of a project, and based on this, the inspection fee is established. An inspector, engineer, or City representative is assigned thereafter. Inspections take place regularly but at various degrees of coverage.</p>	<ul style="list-style-type: none"> • Found that, of the 14 task orders selected for detailed review, one was closed before 7/17/13, the effective date of the SFPUC management directive that JOC inspection reports be prepared. • Of the remaining 13 task orders CSA reviewed in detail, SFPUC provided inspection reports for only 6. 	<p>OPEN (PARTIALLY IMPLEMENTED)</p>
<p>17. Retain documentation of each inspection of JOC projects, including records of date, time and duration of visits.</p>	<p>SFPUC referred to its responses to Recommendations 15 and 16.</p>		
<p>18. Consolidate key information on timeliness and quality of work from inspections of completed projects for JOC contractors to inform future assessments of contractor qualifications when considering new JOCs.</p>	<p>SFPUC referred to its responses for recommendations 15 and 16 and acknowledged that this recommendation has not been implemented.</p>	<ul style="list-style-type: none"> • Determined that this recommendation has not yet been implemented. 	<p>OPEN (NOT IMPLEMENTED)</p>
<p>19. Ensure that project managers evaluate contractors for each JOC task order project in a timely manner.</p>	<p>The JOC office will not allow final payment unless project managers complete their contractor evaluations.</p>	<ul style="list-style-type: none"> • Examined the JOC master files for the 14 selected task orders. • Determined that they all contained evaluations of the contractors on the last page of the documentation for final payment 	<p>IMPLEMENTED</p>

ATTACHMENT B: DEPARTMENT RESPONSE



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March 10, 2015

Tonia Lediju, Audit Director
Office of the Controller, City Services Auditor Division
City Hall, Room 476
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Subject: SFPUC Acknowledgement to CSA Field Follow-Up Audit of
"SFPUC: The Job Order Contract Program Lacks Sufficient Oversight
to Ensure Program Effectiveness"

Dear Ms. Lediju,

Thank you for providing us the opportunity to respond to your field follow-up audit of your report, '*The Job Order Contract Program Lacks Sufficient Oversight to Ensure Program Effectiveness*,' as prepared by the Controller's Office, City Services Auditor.

We acknowledge that fifteen recommendations are now closed, three are partially implemented and one has not been implemented. We appreciate the time spent by your staff to review the Job Order Contract Program.

If you have any questions or need additional information, please do not hesitate to contact me at (415) 554-1600.

Sincerely,

A handwritten signature in black ink that reads "Harlan L. Kelly, Jr." with a stylized flourish at the end.

Harlan L. Kelly, Jr.
General Manager

cc: Michael Carlin, Deputy General Manager
Emilio Cruz, AGM Infrastructure
Frances Lee, Interim AGM Business Services & Chief Financial Officer
Nancy L. Hom, Assurance and Internal Controls Director

Edwin M. Lee
Mayor

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Francesca Viator
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Harlan L. Kelly, Jr.
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