



Report Title: Memorandum - San Francisco Arts Commission: Results of the Financial Management Review
Department: San Francisco Arts Commission
Report Date: 11/15/2011
Audit Manager: Blackwood

Recommendation	Implemented	In Process	Not Implemented	Will Not Implement ¹	Explanation for your response	Funds Recovered, Savings, or Increased Costs ²	Audit Determination ³
1. SFAC should include overhead charges as part of the regular annual budget process to ensure funds are used for their intended purposes.	X				SFAC's proposed FY13/ FY14 budget includes overhead, comprised of rent and other shared interdepartmental work order costs (e.g. DHR, IT, DT, etc.).	\$496,049 in cost recovery was budgeted for FY13, and \$495,112 in FY14.	Open
2. SFAC should follow the authorized vendor and employee reimbursement procedures from the Office of the Controller and implement payment restrictions over the use of the revenue held in Intersection for the Arts.	X				At the Controller's recommendation, all 3 accounts held at Intersection for the Arts (Gallery, WritersCorps, and ArtCare programs) have been audited by the Controller's office and closed. All remaining funds at Intersection have been returned to SFAC. Management will ensure all SFAC programs follow the authorized vendor and employee reimbursement procedures for all grant funds.	\$50,796.57 was returned to SFAC from the Intersection for the Arts accounts on June 30, 2012.	Open
3. SFAC should institute policies to better track grants received.	X				We have created a grant tracking template to be	\$350,000 is our estimated	Open

The San Francisco Arts Commission should take the following actions:

1. SFAC should include overhead charges as part of the regular annual budget process to ensure funds are used for their intended purposes.	X				SFAC's proposed FY13/ FY14 budget includes overhead, comprised of rent and other shared interdepartmental work order costs (e.g. DHR, IT, DT, etc.).	\$496,049 in cost recovery was budgeted for FY13, and \$495,112 in FY14.	Open
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²Indicate all identified funds recovered. Also indicate any savings or costs that are reflected in the department's budget.

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4. SFAC should improve program accountability by separately tracking funds used by the different programs.	X				Implemented in FY 13. The Development Director is responsible for quarterly reconciliation with the CFO. In consultation with the Controller's Office, we reorganized our budget for FY 13 and FY 14, to ensure program funds are tracked separately.	N/A	Open
5. SFAC should ensure that all programs have up-to-date program policies and procedures manuals that are in line with Arts Commission protocols and best practices.		X			Two programs have already completed detailed policy and procedure manuals. The remaining manuals are in process and will be completed by September 30, 2012.	N/A	Open

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6. SFAC should ensure that it provides training to its employees in a supervisory capacity specifically on responding to reports of misconduct and ensure that employees are informed of appropriate and safe methods of reporting misconduct.	X				Management has required all staff to read the City's Employee Handbook. In addition, the Director has focused staff meetings on how to appropriately respond to reports of misconduct and offer appropriate feedback to colleagues. All staff have been informed of the City's Whistleblower program.	N/A	Open
7. SFAC should work with the Department of Human Resources to better align actual job duties and official job classifications for its employees.		X			The SFAC's proposed FY13/FY14 budget includes 11 position substitutions/reclassifications, in order to ensure actual job duties are aligned with official classifications. Position changes also included making temporary positions permanent, and moving some off-budget positions to on budget. Upon completion of the budget	\$758,684 in increased costs, as well as \$(522,059) in savings, are included in the proposed FY 13/FY 14 budget as a result of all position changes.	Open

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8. SFAC should ensure employees receive adequate training, professional development, and evaluations. Specifically, SFAC should use uniform policies and procedures for a systematic, consistent performance review process across all programs. Further, SFAC should revise its professional development policies to ensure that all employees have equitable opportunities and resources to attend trainings. Finally, SFAC should provide its employees sufficient training on its operations.		X			process, we will work with DHR to finalize all of the position changes. We estimate completion by October 2012. All employees will receive performance evaluations by September 30, 2012. We are finalizing a performance assessment tool that will be implemented agency wide. In FY13, all employees will be allotted a specified amount of funds to use towards professional development costs. Ongoing staff training on operations has been integrated into bi-weekly staff meetings.	N/A	Open
9. SFAC management should encourage appropriate cooperation and collaboration between programs.	X				The Director leads bi-weekly Management Team meetings to ensure program leaders are in regular communication with one another. In addition, we hold bi-	N/A	Open

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10. The Cultural Equity Grants Program should cease funding and administering the four grants that are outside of its legislation.				X	<p>weekly all staff meetings, led by different staff on a rotating basis. Finally, we are embarking this year on a strategic planning process, including staff and commission retreats, to assist us in creating a more cohesive agency.</p> <p>The Cultural Equity Grants Program will uphold the legislative mandate to distribute Cultural Equity Endowment funds (Hotel Tax) as outlined in Chapter 68 of the Administrative Code. In addition, other grant categories will continue to be administered by the Cultural Equity Grants program staff and will be funded by other sources (General Fund and Grants for the Arts). Those grant categories are now budgeted and tracked separately.</p>	N/A	Open

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11. The Cultural Equity Grants Program should improve its grantee awarding process to ensure identical recipients do not receive simultaneous grants and a competitive process exists		X		X	IN PROCESS: The Cultural Equity Grants Program will ensure that all grants funded through the Cultural Equity Endowment Fund will be awarded through a competitive process. The remaining unspent funds from the one non-competitive grant named in this report have been returned to the Arts Commission. WILL NOT IMPLEMENT: Simultaneous grants will continue to be awarded in some cases because (1) some non-profits act as fiscal sponsors for multiple smaller organizations; and (2) organizations are not prohibited from competing for grant funds from different categories. Often, a high performing organization may score well in multiple categories.	\$111,480 total funds unencumbered and returned.	Open

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12. The Cultural Equity Grants Program should implement a system to adequately monitor its grants including application, selection, award, and payment details		X			The Cultural Equity Grants Program will investigate grant monitoring systems in FY13 and work with the Office of the Controller to assess what system best meets program needs and complies with this recommendation.	Increased costs TBD.	Open

Name: Tom DeCaigny

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Telephone Number: 415-252-2592

Signature: *HE. DeCaigny* Date: July 17, 2012

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