OCII
office of
COMMUNITY INVESTMENT
and INFRASTRUCTURE

107-0732017-002

Agenda Item No. **5(c)**
Meeting of June 20, 2017

MEMORANDUM

TO: Community Investment and Infrastructure Commissioners

FROM: Nadia Sesay, Interim Executive Director

SUBJECT: Authorizing the Interim Executive Director to Enter into a Memorandum of Understanding with the City and County of San Francisco Controller's Office for financial systems, accounting, and audit support, in an amount not to exceed $245,000 for Fiscal Year 2017-18

EXECUTIVE SUMMARY

The Office of Community Investment and Infrastructure as Successor Agency to the San Francisco Redevelopment Agency ("OCII") seeks to enter into a Memorandum of Understanding ("MOU") with the Controller's Office of the City and County of San Francisco in the amount of $245,000 to provide financial systems, accounting, and audit support for OCII during Fiscal Year 2017-18. The MOU services are allowable within Redevelopment Dissolution Law and the proposed amount is consistent with the approved Fiscal Year 2017-18 OCII budget, and with the administrative allowances included in the Department of Finance-approved ROPS 2017-18.

Staff recommends approval of a Memorandum of Understanding with the San Francisco Controller's Office to provide financial systems, accounting, and audit support for an amount not to exceed $245,000 for Fiscal Year 2017-18.

DISCUSSION

OCII uses the City of San Francisco's Financial Accounting and Management Information System ("FAMIS") to approve and document financial transactions. Sharing a financial information system with the City is beneficial as it eases the transfer of funds between OCII and the City and facilitates flow of information between OCII and its City partners, which include the Controller's Office, Mayor's Office of Housing and Community Development, and the Treasurer's Office.

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Under the proposed MOU, services to be provided by the Controller's Office include:

- **Financial Systems Access**. The Controller will provide OCII with access to the City's Financial Analysis and Management Information System ("FAMIS") and its replacement system ("F$P"), Executive Information System data warehouse ("EIS"), and budget system ("Budget System"), along with associated system support and maintenance services.

- **Accounting Review and Staff Support**. The Controller will provide accounting review services for selected transactions that may include journal entries, vendor set-up requests, and other entries processed through FAMIS, as determined by agreement between the Controller's Office and the OCII Deputy Executive Director for Finance and Administration. These review services are intended to ensure an additional level of fiscal control and to ensure that financial transactions are properly carried out within approved budgets and in accordance with OCII policies and procedures. OCII will be responsible for providing Controller review staff with documentation to establish the budgetary controls, policies and procedures to be applied during the review of financial transactions. The Controller will also provide staff support during high workload periods at OCII (such as year-end close) and for special and complex accounting issues such asset transfers or sales.

- **Audit Support.** The Controller will procure, concomitant with the City's procurement process, independent audit services to support completion of OCII's Comprehensive Annual Financial Audit (CAFR). Since OCII uses the City's Financial System (FAMIS) and will use the replacement system (F$P), there are significant economies of scale for OCII to use the same independent financial auditor as the City so that the testing of the financial system can be accomplished for both entities at the same time. The Controller shall work with OCII to include the scope and cost of OCII's CAFR within its contract with the independent auditor.

The cost of these proposed services is $245,000, which is $99,000 lower than the FY 2016-17 MOU between OCII and the Controller. The decrease is due to the fact that OCII will perform bond accounting in house. In prior years, the Controller provided bond accounting to OCII.

The not-to-exceed budgets in this MOU are consistent with amounts contained in the Commission approved Fiscal Year 2017-18 OCII budget, and with the administrative allowances included in Department of Finance-approved ROPS 2017-18. Implementation of the MOU is dependent upon the approval of the Fiscal Year 2017-18 OCII budget by the Board of Supervisors.

Enabling Law

The services are allowable under Redevelopment Dissolution Law pursuant to Health and Safety §34177.3(b), which authorizes successor agencies to create enforceable obligations for operations, including hiring staff, acquiring necessary professional administrative services and procuring insurance. Enforceable obligations are defined to include "[c]ontracts or agreements necessary for the administration or operation of the successor agency, in accordance with this part..." Cal. Health & Safety Code § 34171 (d)(1)(F).

California Environmental Quality Act

Approval this Memorandum of Understanding is not a "Project" subject to environmental review pursuant to the California Environmental Quality Act ("CEQA") because it is an administrative activity of government that will not result in direct or indirect physical changes in the environment, per CEQA Guidelines § 15378 (b)(5).

Requested Action

Staff seeks the Commission's authorization and approval of a Memorandum of Understanding with the San Francisco Controller's Office to provide financial systems, accounting, and audit support for an amount not to exceed $245,000 for Fiscal Year 2017-18.

(Originated by Rosa Torres, Accounting Supervisor)

Nadia Sesay
Interim Executive Director