



# ETHICS COMMISSION

## CITY AND COUNTY OF SAN FRANCISCO

PETER KEANE  
CHAIRPERSON

June 30, 2017

DAINA CHIU  
VICE-CHAIRPERSON

Christina Olague  
Christina Olague for Supervisor 2012, FPPC ID# 1345087  
802 Chetland Road

PAUL A. RENNE  
COMMISSIONER

San Leandro, CA 94577

QUENTIN L. KOPP  
COMMISSIONER

Re: Ethics Commission Final Audit Report

VACANT  
COMMISSIONER

Dear Ms. Olague:

LEEANN PELHAM  
EXECUTIVE DIRECTOR

Thank you for your response to the San Francisco Ethics Commission's Draft Audit Report of the Christina Olague for Supervisor 2012 committee ("the Committee"). Attached, please find the final audit report of the Committee that was undertaken as part of the Ethics Commission's required audit work for the 2012 election.

Only findings that are deemed material are included in the final audit report. As noted in the attached report, auditors concluded that there was one finding with respect to this audit.

We recognize and apologize for the significant delay of time that has passed since the conclusion of the initial audit work and the completion of this final audit report. As noted in my May 25, 2017 letter to you, we are revising our audit operations and methods for monitoring and reporting on the status of all committee audits to improve the day-to-day management of the program and to ensure such delays are not repeated going forward.

As is our standard practice, audit report containing findings are referred for enforcement review under San Francisco Charter section 3.699.11(4). Please note that Staff's delay in completing this final audit report will be considered a significant mitigating factor for the Committee in that review.

Thank you for your time and responsiveness during the course of the Commission's audit process. If you have any questions please feel free to contact me or Manisha Lal at (415) 252-3100.

Sincerely,

LeeAnn Pelham  
Executive Director

cc: Nancy Warren, Treasurer, 20 Galli Drive, Suite A, Novato, CA 94949-5731



**SAN FRANCISCO ETHICS COMMISSION  
AUDIT REPORT:  
Christina Olague for Supervisor 2012  
FPPC ID # 1345087**

**I. Introduction**

This Audit Report summarizes the audit results of the committee, Christina Olague for Supervisor 2012 ("the Committee"), for the period from January 1, 2012 through December 31, 2012. The audit was conducted to determine whether the Committee materially complied with the requirements of the Political Reform Act ("the Act") (California Government Code section 81000, *et seq.*) and San Francisco's Campaign Finance Reform Ordinance ("CFRO") (San Francisco Campaign and Governmental Conduct Code section 1.100, *et seq.*).

**II. Audit Authority**

San Francisco Charter section C3.699-11 authorizes the Ethics Commission ("the Commission") to audit campaign statements that are filed with the Commission along with other relevant documents to determine whether a committee complied with applicable requirements of State and local laws. Section 1.150(a) of the CFRO requires the Commission to audit all candidates who receive public financing.

**III. Audit Scope and Procedures**

This audit was performed in accordance with generally accepted auditing standards. It was performed in conjunction with the Controller's office pursuant to CFRO section 1.150. The audit involved a review of the Committee's records for the period covered by the audit. This audit was conducted to determine:

- A. Compliance with all disclosure requirements pertaining to contributions, expenditures, accrued expenditures, and loans, including itemization when required;
- B. Compliance with applicable filing deadlines;
- C. Compliance with restrictions on contributions, loans, and expenditures;
- D. Accuracy of total reported receipts, disbursements, and cash balances as compared to bank records;
- E. Compliance with all record-keeping requirements;
- F. Compliance with all provisions related to the Commission's public financing program; and
- G. Any unexpended public funds that must be returned to the City up to the amount of public funds received by the candidate.

The Commission posts audit reports to its web site and, in cases of apparent violations of law, forwards them to the appropriate enforcement agency.

#### **IV. Committee Information**

The Committee was formed in March 2012 to support the election of Christina Olague for District 5 Supervisor in the November 6, 2012 election. Christina Olague served as the Committee's treasurer.

#### **V. Audit Findings**

For the period covered by the audit, the Committee received \$133,456 in contributions and \$118,510 in public funds and incurred qualified campaign expenditures of \$235,228. The CFRO provides that any candidate who receives public funds must return unexpended campaign funds to the City up to the amount of public funds received by the candidate (San Francisco Campaign and Governmental Conduct Code (S.F. C&GC Code) § 1.148(d)). The Committee did not have any unexpended funds.

Auditors determined that there was one material finding with respect to the audit of the Committee.

#### **Finding:**

#### **The Committee received public funds for contributions they later refunded to donors.**

The Committee received \$1,500 in contributions from five contributors in June and August 2012 which it refunded to those donors in October and November 2012. Prior to refunding those contributions, however, the Committee requested and received public matching funds for those contributions. Because those contributions were matched at a two-to-one ratio, the amount of public funds received totaled \$3,000.

According to SF Campaign and Governmental Conduct Code Sec. 1.150(6), if any portion of public funds payments made to candidates exceeds the amount that the candidate was entitled to, then those excess public funds received are required to be returned to the City.

#### **Committee Response**

The Committee stated:

"Can you please provide the donor details for this? We are not disputing this occurred but would like to know the list of donors. There was a moment right before the election where (due to a political endorsement by Ms. Olague) donors requested refunds and they were processed. Given the refunded contributions had been received months earlier the fact that those contributions had been used to receive public funds was not realized."

The table below identifies the five contributors and the date their contributions were received and refunded.

**Contributions Used for Matching Funds and Subsequently Refunded**

Contributor		Transaction Date		Amount	
Last Name	First Name	Contribution Date	Refund Date	Contribution Amount	Refund Amount
Conway	Gayle	08/24/12	11/05/12	500	-500
Conway	Ronald	08/24/12	11/05/12	500	-500
Mori	Jeffrey	06/11/12	10/05/12	300	-300
Soo	Julie	06/30/12	10/30/12	100	-100
Torrens	James E.	06/11/12	10/11/12	100	-100