

**San Francisco
Ethics Commission**



**25 Van Ness Avenue, Suite 220
San Francisco, CA 94102
Telephone 252-3100 Fax 252-3112**

San Francisco Charter section C3.699-11 authorizes the Ethics Commission to audit campaign statements that are filed with the Commission, along with other relevant documents, to determine whether a committee materially complied with applicable requirements of State and local laws. San Francisco Campaign & Governmental Conduct Code Section 1.150(a) requires audits of all candidates who receive public financing and authorizes other audits to be initiated of other committees irrespective of whether the committee received any public funds. As also provided in Sec. 1.150(a) at the request of the Executive Director, the Controller shall assist in conducting these audits.

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

This report was issued by the Office of the City Controller pursuant to a request by the Commission under Section 1.150. The Office of the Controller's City Services Auditor Division (CSA) conducted the assessments of candidates' compliance with state and city campaign finance laws for the 12 candidates who received public financing in connection with the November 8, 2016, general election held in the City and County of San Francisco. CSA engaged Macias Gini & O'Connell LLP to conduct these assessments.

**CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER**

**CANDIDATE COMMITTEE ASSESSMENT REPORT:
Ahsha Safai for District 11 Supervisor 2016**

July 1, 2015, Through December 31, 2016



Certified
Public
Accountants



Ahsha Safai Committee Assessment Report

Chief Audit Executive
City and County of San Francisco

Macias Gini & O'Connell LLP (MGO) presents its report concerning the assessment of the Ahsha Safai for District 11 Supervisor Committee (Candidate Committee, or Committee) for July 1, 2015, through December 31, 2016, as follows:

Background

The Committee was formed on July 1, 2015, to support the election of Ahsha Safai to the City and County of San Francisco (City) Board of Supervisors, to represent District 11, in the general election of November 8, 2016. During the period the assessment covered, the Committee's treasurer was Joe Jaber.

MGO was engaged to assess candidate committees per the City's Campaign Finance Reform Ordinance, Section 1.150(a), which requires the Ethics Commission to audit all candidate committees that have received public financing.

Objectives and Scope

The objectives of this assessment were to reasonably conclude whether the Committee:

- Accurately reported all campaign contributions and expenditures, as required by city campaign finance law.
- Supported all contributions and expenditures with sufficient documentation, as required by city campaign finance law.
- Accepted only contributions that comply with state and city campaign finance laws.
- Made only expenditures that comply with state and city campaign finance laws.

The scope of our assessment included contributions and expenditures the Committee reported from July 1, 2015, through December 31, 2016.¹ The assessment included determining whether funds remaining in the Campaign Contribution Trust Account on December 8, 2016, were subsequently remitted to the Ethics Commission, as city campaign finance law requires.

Methodology

To meet the objectives of this assessment, we tested and reconciled contributions listed on the Form 460s² to deposits listed on the bank statements and vouched them to the Committee's verified records. We also reconciled expenditures listed on the Form 460s to the bank statements and vouched them to the Committee's verified records. We performed other tests to determine whether the Committee complied with state and city campaign finance laws. We performed the following procedures: reviewed the Form 460s the Committee filed and the supporting documentation; conducted non-statistical testing of a random

¹ Although the assessment period ended December 31, 2016, we reviewed documentation that supported contributions and expenditures after this date to ensure compliance with campaign finance laws during the reporting period.

² California Form 460 – Recipient Committee Campaign Statement.

selection of contributions and expenditures to confirm that proper documentation was obtained; and verified the Committee's timeliness in submitting the Form 460s.

We conducted this assessment in accordance with the statements on standards for consulting services as issued by the American Institute of Certified Public Accountants (AICPA) and the terms of our contract agreement. Those standards require that we plan and perform the engagement to obtain sufficient, appropriate data to provide a reasonable basis for our conclusions based on our objectives. We believe that the data obtained provides a reasonable basis for our conclusions based on our assessment objectives.

Assessment Results

From July 1, 2015, through December 31, 2016, the Committee received \$218,533 in monetary contributions, \$563 in in-kind contributions, and \$145,743 in public funds—or a total of \$364,839—and expended \$364,874.³ The Committee owes no unexpended funds to the City. We found that the Committee, in general:

- Accurately and completely reported campaign contributions and expenditures.
- Supported reported contributions and expenditures with sufficient documentation.
- Accepted only contributions that comply with state and city campaign finance laws.
- Made only expenditures that comply with state and city campaign finance laws.

The exceptions are noted below:

Observation 2016-01 – The Committee could not provide support for \$370 of expenditures.

The Committee could not provide supporting documentation for expenditures totaling \$370, which represents approximately one-tenth of 1 percent of the Committee's expenditures during the reporting period. The Treasurer explained that the original purchaser lost the receipts/invoices related to these expenditures.

According to the California Government Code, Section 84104, "It shall be the duty of each candidate, treasurer, political officer, and elected officer to maintain detailed accounts, records, bills, and receipts necessary to prepare campaign statements, to establish that campaign statements were properly filed, and to otherwise comply with the provisions of this chapter." Without the supporting documentation for the expenditures listed, it cannot be determined whether the expenditures are allowable per campaign finance laws. Also, insufficient documentation increases the risk that questionable or illegal expenditures may have occurred without detection.

Observation 2016-02 – The Committee received contributions that exceeded the \$500 contribution limit per contributor.

The Committee received a total of \$3,250 from seven contributors that had already reached the individual contribution limit of \$500. The Committee remitted these excess contributions to the Ethics Commission on November 10, 2017, after we identified the seven contributors had exceeded contribution limits allowed per city campaign finance laws and we confirmed.

³ In addition to monetary contributions, the Committee reported that it received \$1,500 in miscellaneous increases to cash—including refunds of previously reported expenditures, refunds of security deposits, etc.—which are not identified as contributions on Form 460s.

According to the San Francisco Campaign and Governmental Conduct Code, Section 1.114(a)(1), “No person other than a candidate shall make, and no campaign treasurer for a candidate committee shall solicit or accept, any contribution which will cause the total amount contributed by such person to such candidate committee in an election to exceed \$500.”

Observation 2016-03 – The Committee underreported expenditures by \$995 and overstated the cash balance by \$995.

The Form 460s are formatted specifically for the purpose of tracking the Committee’s contributions, expenditures, and cash balance during the specific reporting period and for the calendar year. Due to this, a Committee’s Form 460s for the reporting period should carry forward from one reporting period to the next and the calendar year to date amounts are intended to be traceable to the previous Form 460s. However, we noted that the amounts reported on the Committee’s Form 460 for the period from October 23 through December 31, 2016, did not carry forward from the previous reporting period, September 25 through October 22, 2016. When adding the reported expenditures amount for the period of October 23 through December 31, 2016, to the calendar year total from the previous Form 460—September 25 through October 22, 2016—we noted that the reported expenditures were \$995 lower than our calculated amount. In addition, we noted that the beginning cash balance for the period of October 23 through December 31, 2016, was \$995 higher than the ending cash balance for the period of September 25 through October 22, 2016. The Treasurer explained that a \$995 expenditure that was reported on the Form 460 for the period of September 25 through October 22, 2016, was incorrectly removed by the Treasurer from the Ethics Commission’s Netfile system after the Form 460 was submitted. The Treasurer has the access controls to amend a previously submitted Form 460, however, after making any changes, the Committee should submit an amended Form 460.

Conclusion

Notwithstanding the exceptions noted in observations 2016-01, 2016-02, and 2016-03, we conclude that the Committee substantially complied with state and city campaign finance laws as outlined in the objectives and scope section of this report.

This report is intended solely for the information and use of the City, and is not intended to be and should not be used by anyone else.

Macias Gini & O’Connell LLP

Walnut Creek, California
December 28, 2017