

**San Francisco
Ethics Commission**



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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:
Joel Engardio for District 7 Supervisor 2016**

December 18, 2015, Through December 8, 2016



Certified
Public
Accountants



Joel Engardio 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 Joel Engardio for District 7 Supervisor Committee (Candidate Committee, or Committee) for December 18, 2015, through December 8, 2016, as follows:

Background

The Committee was formed on December 18, 2015, to support the election of Joel Engardio to the City and County of San Francisco (City) Board of Supervisors, to represent District 7, in the general election of November 8, 2016. During the period covered by the assessment, the Committee's treasurer was Joel Engardio and Joanne Scott was the assistant treasurer.

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 December 18, 2015, through December 8, 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 to the Committee 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

¹ Although the assessment period ended December 8, 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.

Committee filed and the supporting documentation; conducted non-statistical testing of a random 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 December 18, 2015, through December 8, 2016, the Committee received \$64,061 in monetary contributions, and \$104,364 in public funds—or a total of \$168,425—and expended \$168,425. The Committee owes no unexpended funds to the City. We found that the Committee, in general:

- Accurately and completely reported all 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 reported a \$150 contribution late and omitted the required information about the contributor.

The Committee was late in reporting a \$150 contribution it received on March 26, 2016. Instead of reporting this contribution for the period January 1 through April 23, 2016, the Committee included it in its report for May 22 through June 30, 2016. Also, the Committee failed to report the required information to identify the contributor. The Committee could not explain why it reported the contribution in the wrong period or why it did not report the required information about the contributor.

According to the California Government Code, Section 84211(f), “Each campaign statement required by this article shall contain all of the following information: If the cumulative amount of contributions (including loans) received from a person is one hundred dollars (\$100) or more and a contribution or loan has been received from that person during the period covered by the campaign statement, all of the following:

1. His or her full name.
2. His or her street address.
3. His or her occupation.
4. The name of his or her employer, or if self-employed, the name of the business.
5. The date and amount received for each contribution received during the period covered by the campaign statement and if the contribution is a loan, the interest rate for the loan.
6. The cumulative amount of contributions.”

Observation 2016-02 – The Committee did not report three expenditures totaling \$100.

The Committee made but did not report three expenditures totaling \$100 during the period reviewed. Each expenditure the Committee incurs must be reported, including any less than \$100. Two expenditures, totaling \$40, for credit card processing and monthly service fees occurred during January 1 through April 23, 2016. The third expenditure was a \$60 park reservation fee incurred during April 24 through May 21, 2016. The Committee could not explain why it did not report these expenditures.

According to the California Government Code, Section 84211(j), "Each campaign statement required by this article shall contain all of the following information: The total amount of expenditures made during the period covered by the campaign statement to persons who have received less than one hundred dollars (\$100)."

Conclusion

Notwithstanding the exceptions noted in observations 2016-01 and 2016-02, 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