

**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:  
Jonathan Lyens for District 1 Supervisor 2016**

September 8, 2015, Through December 31, 2016



Certified  
Public  
Accountants



## Jonathan Lyens 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 Jonathan Lyens for District 1 Supervisor Committee (Candidate Committee, or Committee) for September 8, 2015, through December 31, 2016, as follows:

### *Background*

The Committee was formed on September 8, 2015, to support the election of Jonathan Lyens to the City and County of San Francisco (City) Board of Supervisors, to represent District 1, in the general election of November 8, 2016. During the period the assessment covered, the Committee's treasurer was Rita Copeland.

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 September 8, 2015, through December 31, 2016.<sup>1</sup> 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 460s<sup>2</sup> to deposits 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'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

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<sup>1</sup> 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.

<sup>2</sup> 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 September 8, 2015, through December 31, 2016, the Committee received \$46,217 in monetary contributions, \$53 in in-kind contributions, and \$49,035 in public funds—or a total of \$95,305—and expended \$96,696.<sup>3</sup> 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 did not pay a \$550 invoice within the required 180 days.*

The Committee incurred \$550 for treasury services in December 2016, however, as of the Committee's campaign statement filed in July 2017, had not paid this incurred cost, which violates campaign finance regulations. According to the San Francisco Campaign and Government Conduct Code, Section 1.118(a), "A candidate committee that accepts goods or services on credit shall pay for such accrued expenses in full no later than 180 calendar days after receipt of a bill or invoice and in no event later than 180 days after the last calendar day of the month in which the goods were delivered or the services were rendered, unless it is clear from the circumstances that the failure to pay is reasonably based on a good faith dispute."

On January 14, 2017, the Committee's Treasurer issued an invoice for services she performed for the Committee in December 2016. When the field work for this assessment concluded in late 2017, this invoice was still unpaid.<sup>4</sup> During the review period, the Treasurer issued 14 invoices for her services, and this is the only one that the Committee did not pay.

#### *Observation 2016-02 – The Committee recorded an expenditure of \$32 on the incorrect campaign statement.*

According to the California Government Code, Section 84211(i), "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 one hundred dollars (\$100) or more."

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<sup>3</sup> In addition to monetary contributions, the Committee reported that it has an outstanding loan balance of \$1,750, which is not identified as a contribution on Form 460.

<sup>4</sup> We confirmed this by reviewing the Committee's campaign statement filed in July 2017 and the Committee's 2017 bank statements and by interviewing the Treasurer.

The Committee paid \$32 for August 2016 bank service charges on September 12, 2016, but erroneously reported the expenditure on the campaign statement for September 25 through October 22, 2016. The expenditure should have been reported on the campaign statement for July 1 through September 24, 2016. According to the Treasurer, the Committee reported this expenditure when it did because it received the August 2016 bank statement during the later period. This appears to be an isolated incident because in all other reporting periods the Committee reported bank charges on the campaign statement covering the period in which they were paid.

*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