

**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:  
Norman Yee for District 7 Supervisor 2016**

March 5, 2015, Through December 31, 2016



Certified  
Public  
Accountants



## Norman Yee 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 Norman Yee for District 7 Supervisor Committee (Candidate Committee, or Committee) for March 5, 2015, through December 31, 2016, as follows:

### *Background*

The Committee was formed on March 5, 2015, to support the election of Norman Yee 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 the assessment covered, the Committee's treasurer was Lisa Le.

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 March 5, 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 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

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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.

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 March 5, 2015, through December 31, 2016, the Committee received \$154,330 in monetary contributions, \$968 in in-kind contributions, and \$100,060 in public funds—or a total of \$255,358—and expended \$230,930. The Committee owes the City \$3,182 in unexpended funds. 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 – For October 23 through December 31, 2016, the Committee incorrectly credited a contribution to the wrong contributor.*

According to the Treasurer, the Committee accidentally credited a \$150 contribution received on October 28, 2016, to a previous contributor. Consequently, one contributor's contribution amount is overstated by \$150 and there is no record of the contribution from the actual contributor. The Committee acknowledged that an error was made when inputting the contribution.

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 lacks support for a \$44 expenditure.*

The Committee could not provide supporting documentation for a \$44 expenditure for goods purchased from Amazon in May 2016. This expenditure represents less than 1 percent of the expenditures the Committee incurred during the reporting period.

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 expenditure listed, it cannot be determined whether the expenditure is allowable per campaign finance laws. Also, insufficient documentation increases the risk that questionable or illegal expenditures may have occurred without detection.

*Observation 2016-03 – The Committee owes the City \$3,182 in unexpended funds.*

Based on our calculations, the Committee owes the City \$3,182 in unexpended funds. Unexpended funds are calculated by taking the Committee’s bank balance on the 30<sup>th</sup> day following the date of the election and subtracting any expenditures that have not yet cleared the Committee’s bank account and any expenditures incurred by the Treasurer related to the preparing of post-election campaign statements or any expenditures incurred with this assessment. According to the Treasurer, the Committee has not returned any unexpended funds to the City. Unexpended funds must be remitted to the Ethics Commission no later than 30 days after the Ethics Commission completes its audit.

According to the San Francisco Campaign and Governmental Conduct Code, Section 1.104(cc), unexpended public funds are defined as, “...all funds remaining in the candidate committee’s account on the 30<sup>th</sup> day after the candidate controlling the committee is either elected or not elected to office, regardless of the source of the funds, but shall not exceed the amount of public funds provided to the candidate. Funds raised after this date are not unexpended funds.” Also, according to the same code, Section 1.148(c), “Any candidate who received public financing and whose committee has unexpended public funds shall pay to the City and County of San Francisco and deliver to the Ethics Commission those funds for deposit in the Election Campaign Fund no later than 30 days after the Ethics Commission completes its audit of the candidate’s committee.”

#### *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