

**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:
Sandra Lee Fewer for District 1 Supervisor 2016**

January 14 Through December 31, 2016

mgo

Certified
Public
Accountants

Sandra Lee Fewer 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 Sandra Lee Fewer for District 1 Supervisor Committee (Candidate Committee, or Committee) for January 14 through December 31, 2016, as follows:

Background

The Committee was formed on January 14, 2016, to support the election of Sandra Lee Fewer 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 Nicholas Persky.

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 reported 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 comply with state and city campaign finance laws.

The scope of our assessment included contributions and expenditures the Committee reported from January 14 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

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.

460s the 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 January 14 through December 31, 2016, the Committee received \$220,616 in monetary contributions, \$295 in in-kind contributions, and \$155,000 in public funds—or a total of \$375,911—and expended \$377,852.³ 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 exception is noted below:

Observation 2016-01 – The Committee did not have support for nine reported expenditures totaling \$693.

The Committee could not provide supporting documentation for nine expenditures totaling \$693, or less than 2 one-hundredths of a percent of the Committee's expenditures during the reporting period. The Treasurer explained that the person who made these purchases lost the associated receipts or invoices. Exhibit 1 details the unsupported expenditures.

Exhibit 1 Expenditures Reported Without Supporting Documentation

Bank Date	Amount	Payee
6/5/2016	\$ 14	La Promenade Café
7/9/2016	\$ 3	7-Eleven
7/17/2016	\$ 30	Ashley's Café
9/4/2016	\$ 136	House of Banquet
10/30/2016	\$ 36	All Star Donuts
11/8/2016	\$ 370	Great India
11/12/2016	\$ 57	Safeway
12/14/2016	\$ 12	Office Depot
12/21/2016	\$ 35	Office Max
Total	\$ 693	

³ In addition to monetary contributions, the Committee reported that it received \$5,491 in miscellaneous increases to cash—including refunds of previously reported expenditures, refunds of security deposits, etc.—which are not identified as contributions on Form 460.

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.

Conclusion

Notwithstanding the exception noted in observation 2016-01, 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