



San Francisco Ethics Commission

25 Van Ness Avenue, STE 220
San Francisco, CA 94102-6053
ethics.commission@sfgov.org
415-252-3100 | sfethics.org

August 9, 2021

To: Members of the Ethics Commission

From: LeeAnn Pelham, Executive Director
Gayathri Thaikkendiyil, Deputy Director/Chief Operating Officer

Subject: Agenda Item 11
Continued Discussion and Possible Action on Revised Draft Annual Report for FY21

Summary and Action Requested

A draft *Annual Report for FY21* was further revised for the Commission's consideration and action this month following the Commission's discussion and feedback on the draft report presented at the July 9 meeting. Staff recommends adoption of the August draft so that it may be finalized for web posting and public distribution.

Background

At the June and July Commission meetings, the Commission considered a draft Annual Report for Fiscal Year 2021 in accordance with Commission Bylaws Article IV, Section 3. Article IV, Sec. 3 provides that at the end of the Fiscal Year (FY) the Chair, along with the Executive Director, shall submit a written annual report to the Commission for approval that summarizes the activities, accomplishments, and budgetary needs of the Ethics Commission.

Following the Commission's prior discussions and feedback on the drafts presented in June and July, the report has been further revised for consideration and action by the Commission at its August meeting.

Following action by the Commission, Staff will finalize the report as adopted for public distribution.

San Francisco Ethics Commission

FISCAL YEAR 2020-21 DRAFT ANNUAL REPORT *(AUGUST 9, 2021)*

July 1, 2020 – June 30, 2021

Chair, Noreen Ambrose
Vice Chair, Yvonne Lee
Commissioner Daina Chiu
Commissioner Larry Bush
Commissioner James Bell

LeeAnn Pelham
Executive Director

Gayathri Thaikkendiyil
Deputy Director & Chief Operating Officer

San Francisco Ethics Commission
25 Van Ness Avenue, Suite 220
San Francisco, CA 94102
sfethics.org
Email: ethics.commission@sfgov.org
Telephone: (415) 252-3100

Public service that builds public trust.



Contents

Year in Review	3
Year at a Glance	5
Mandate and Mission	6
Organization Structure	6
Summary of Key Highlights	7
Strengthening Laws and Heightening Awareness.....	9
Increasing Effectiveness of Government Ethics Laws through Conflict-of-Interest Policy Project	9
Engaging in the City’s Biennial Conflict of Interest Code Review Process	10
Supporting Core Transparency and Accountability through Administration of the Annual Statement of Economic Interests (Form 700) and Ethics and Sunshine Ordinance Training Certification Filings	11
Public Disclosures Regarding Actions Taken by City Officials	12
Promoting Awareness of Ethics Laws through Training	12
Reminders to City Officers and Employees Regarding Statement of Incompatible Activities.....	13
Expansion of Electronic Filing for all Form 700 Designated Filers	13
Compliance Support and Public Engagement during November 2020 Election.....	14
Broadening Participation in City Elections through Public Financing	15
Improving Compliance and Public Disclosures for Lobbying and Permit Consultant Programs.....	16
Implementing Compliance-centric Web Tools and Business Processes	17
Oversight and Accountability in Practice	18
Promoting Accountability and Public Transparency through Audits.....	18
Enhancing Program Impact and Efficiency in Enforcement.....	19
Streamlined Administrative Resolution Program.....	20
Whistleblower Protection	20
Service Excellence in Departmental Operations.....	23
Business Continuity during COVID-19	23
Commission’s Support for the City’s Emergency Response	23
Commission Leadership and Membership Changes	23
Implementing the BLA Audit.....	24
Departmental Budget	24
Hiring Plan	26
Racial Equity Action Plan.....	26
Looking Ahead.....	27



The Ethics Commission is pleased to issue this report to provide the Mayor, the Board of Supervisors, and all San Franciscans with highlights of activities, challenges, and key accomplishments of the Ethics Commission from Fiscal Year 2020-21.

In Fiscal Year 2020-21 we witnessed the convergence of a global public health emergency and a nationwide public reckoning over longstanding systemic inequities. Both of these developments have tested the limits of our

institutions and challenged our local government. In the midst of these historic events, San Franciscans have endured a major federal corruption investigation and the indictment of a number of high-level City officials and City contractors, leading to the resignation of several department heads, and the conviction of multiple contractors. Revelations of government corruption destroy the public's trust in government and test our ability to address the pressing issues of our day. Without the trust of San Franciscans, the City will struggle to effectively protect public health, promote economic recovery, and achieve social justice. Corruption also perpetuates inequities and results in a system that fails those in need. For these reasons, public integrity must be a core value that underlies all of our work as a City.

The Ethics Commission's mission is to practice, promote, and support the highest standards of integrity in government. We work to deliver impactful programs that promote fair, transparent, and accountable government for the benefit of all San Franciscans. The majority of public employees are hardworking individuals who strive to deliver City services in an honest and effective manner. Their good efforts are undermined by those who engage in corrupt actions. The Ethics Commission is committed to impartially and vigorously pursuing administrative enforcement actions against violators. We are also committed to engaging with the public and the City's workforce to assess the weaknesses that allowed corruption to take root, and to provide training and support to ensure that a culture of ethical conduct can flourish.

To ensure that our government works only in the public interest and that the public can trust it to do so, oversight systems must be focused, effective, and sustained. In FY21, during the ongoing pandemic and an election year, the Ethics Commission remained sharply focused on its core mandates, operational excellence, and leveraging all available resources to operate efficiently in a fully remote environment. With three broad operational priorities guiding its work for the year, the Commission sought to improve program impact through **strong laws that are effective and enforceable in practice**, to **heighten awareness of the laws** using practical tools and meaningful public engagement, and **ensure service excellence** through continuous organizational improvement.

Toward that end, the Commission fully embraced all sixteen recommendations of a performance audit issued in August 2020 by the Board of Supervisors' Budget and Legislative Analyst. As an opportunity to conduct a broad internal review of key business processes, that audit informed the Commission's ongoing work to identify and implement improvements during FY21 and going forward. In response to the public corruption allegations brought to light beginning in early 2020, the Commission has continued

to prioritize work on multiple programmatic fronts to address the specific allegations those investigations have identified and to further strengthen the City's ethics framework and its effectiveness to prevent similar incidents in the future.

The past year has been an unusually challenging year for everyone. The pandemic has underscored the need for effective government and the role it plays in providing valuable services to the public to ensure their safety and well-being. It has pushed government agencies to rethink the way in which services are delivered to meet the needs of the people they serve, and to support and retain the skilled and professional employees who provide those services. At the same time, in San Francisco the corruption allegations that have unfolded over the year have shaken the public's capacity to trust its City government. At the Commission, these events have together served only to sharpen our focus, intensify our commitment, and strengthen our resolve to deliver effectively on the vital nature of our mission.

The Commission implemented operational changes over the last year to perform its business functions remotely, including enabling electronic filing, virtual trainings, remote meetings, and online tools. These measures have been well-received by the public and will continue to be a part of our regular business as we pursue our work in the coming year in a fundamentally re-shaped work environment.

Each of us at the Commission has been privileged to work in service to the public through such extraordinary times, and we are proud of the work that Commission staff have accomplished during this unusually challenging year. We particularly acknowledge and appreciate all those Commission staff who responded to the City's emergency needs by serving in Disaster Service Worker deployments. We invite all San Franciscans to engage with us in the year ahead to further advance the critical mission for which City voters established the Ethics Commission and to help advance the highest ethical standards in San Francisco government.

Filer activity and compliance support

94 percent  City officials who filed **Annual Statement of Economic Interests** (Form 700) electronically submitted their filings by April 1 deadline

47 candidates and **30 committees** primarily-formed to support/oppose a measure were assisted during the **November 2020 election**

203  **Contact Lobbyists** registered with the Ethics Commission in calendar year 2020

72  **Permit Consultants** registered with the Ethics Commission in calendar year 2020

8868  Disclosure **statements and reports** received


1361  Requests for guidance, advice, and filer **support** fulfilled


548  Unique pre and post **compliance notices** sent to filers

41  **Campaign Consultants** registered with the Ethics Commission

9  **Major Developers** filed reports regarding **9 projects** in calendar year 2020


Public financing


62 percent  16 of the 26 **supervisory candidates** who qualified to appear on the **November 2020 election** ballot were certified as eligible to receive public financing


Eligible candidates together received over **\$3.45 million**  in public financing

Candidates received an average of **\$215,949** in public funds for their 2020 election campaign

Enforcement

40  **open investigative matters resolved**, including **nine settlements** establishing liability and assessing financial penalties, in the areas of campaign finance, permit consulting, and government ethics


37  average number of **complaints** undergoing intake and **preliminary analysis** at any given time during the year


58  average number of **investigations underway** at any given time during the year

Audits

23 campaign committee audits completed from the 2018 elections that together reported over **\$31 million** in campaign expenditures 

Administrative

4.72 million  **Annual FY21 operating budget** with authority for **25 staff** positions

41  **Public Records Act/Sunshine Ordinance requests** fulfilled

The Ethics Commission has responsibility for the impartial administration and enforcement of San Francisco laws relating to the provisions of the Charter, statutes and ordinances concerning campaign finance, lobbying, and governmental ethics. Established by San Francisco voters in November 1993, the Ethics Commission serves the citizens of San Francisco, candidates for City office, and City employees, elected and appointed officials through education and compliance guidance, by independently enforcing the laws, and by serving as a repository for public disclosures to support transparency and accountability in City elections and local government decision making.

The Commission acts as filing officer for over 80 different types of public disclosure statements and reports related to governmental ethics, campaign finance, and lobbying activities that are filed by City officials, local candidates, political committees, lobbyists, permit consultants, campaign consultants, major developers and major donors; audits statements for compliance with state and local laws; investigates complaints alleging ethics and political reform law violations; raises public awareness of these laws; researches and proposes legislative changes; and provides guidance and advice about the applicability of the City’s political reform laws to City candidates, officeholders, officers, employees and the general public.

With its sworn responsibility to the public trust, members of the Ethics Commission are pledged to a high standard of excellence in government accountability. Together with its staff, the Commission works to effectively implement the laws within its jurisdiction, and to ensure those laws are strong, workable in practice, and enforceable.

Organization Structure



The following are key highlights of the Ethics Commission from fiscal year 2020-21:

Programs

- Recommended legislation to prohibit appointed City officials and high-level City employees from soliciting behested payments from persons who have business before them in response to investigative findings that emerged from the federal corruption probe.
- Certified 62 percent of the 26 supervisorial candidates who qualified to appear on the November 2020 election ballot as eligible to receive public financing – the highest rate of candidate participation in a regular election since the program’s inception in 2000 – and disbursed over \$3.45 million in public funding with an average of \$215,949 per participating candidate.
- Provided filer guidance, online trainings, and compliance resources to City officials and employees to help comply with their annual Statement of Economic Interests filing and Ethics and Sunshine training requirements by the April 1 deadline, supporting an over 94 percent on-time filing rate by the City’s 500+ filers who are required to submit their statements online with the Ethics Commission.
- Provided advice, filer support, guidance, and training to 47 local candidates running for office and 30 committees primarily-formed to support/oppose a measure in the November 3, 2020 election.
- Released a new online tool to enable the public to more easily search and visualize campaign finance data using the City’s open data portal to summarize and explore candidate and ballot measure campaign contributions in the November 3, 2020 election.
- Completed a multi-year project to implement significant enhancements to the lobbyist electronic filing application and public access portal. The project included the development of lobbyist data application programming interface (API) which will enable the Commission to provide lobbyist data to the public on the City’s open data portal, DataSF, after the systems are integrated.
- Secured necessary project resources and resumed its priority Form 700 ‘e-filing for all’ project to enable over 3,000 departmental Form 700 filers to submit their required Form 700s in an electronic format beginning in January 2022.
- Adopted an [Ethics Commission Racial Equity Action Plan](#) in December 2020 to identify specific departmental strategies that reflect the City’s comprehensive racial equity framework to promote racial equity and to create and sustain a work environment that reflects and engages the diversity of our communities.
- Began implementing the 16 work process enhancements that the Budget and Legislative Analyst (BLA) recommended in its performance audit of the Commission initiated by the Board of Supervisors.

- Collaborated with the City Attorney’s Office, the Clerk of the Board of Supervisors, and the Department of Human Resources (DHR) to coordinate the biennial Conflict of Interests Code review process designed for departments to ensure their list of positions designated to file Statement of Economic Interests (Form 700) reflects their current organizational structure and all positions that make or participate in shaping government decisions.
- Completed campaign audits of 23 committees that together reported over \$31 million in campaign expenditures in the 2018 election, including audits of 14 candidates whose committees received more than \$3.45 million in public financing and for which the Commission collaborated with the Controller’s Office to secure external auditing resources to assist in reducing the Commission’s backlog of pending audits.

Investigations and Enforcement

- Resolved 40 investigative matters including 9 enforcement cases that found violations of law with \$20,170 in total fines levied across a range of campaign finance, lobbying, permit consulting, and government ethics cases.
- Expanded its Fixed Penalty Policy and implemented a new Streamlined Administrative Resolution Program to standardize processes for resolving an expanded range of enforcement matters through use of a streamlined stipulated settlement process with the Commission. Now in operation, the program produced its first streamlined settlements in June 2021 and allows a larger share of the Commission’s investigative and enforcement resources to be focused on broader scope investigations of greater severity, complexity, and breadth.

Departmental Administration and Operations

- Continued its regular business in a fully remote environment throughout the fiscal year under City’s COVID-19 shelter-in-place public health orders to seamlessly provide its services to those served by its operations and programs.
- Initiated use of video conferencing technology that allowed the Commission to resume its regular Commission monthly meetings online in July 2020 and enabled remote public participation, in collaboration with SFGovTV.
- Obtained Mayor’s and Board of Supervisors’ approval of FY21 annual operating budget of \$4.72 million with authority for 25 staff positions.
- Directly supported the City’s COVID-19 emergency response through short-term and extended Disaster Service Work assignments, with more than one-third of the Commission’s 25 staff fulfilling emergency response duty since March 2020, and totaling over 4,500 hours or more than 570 work days of emergency DSW coverage.
- Initiated and completed its FY21 Hiring Plan as a departmental priority by filling five staff vacancies across all divisions and onboarded new staff members in April 2021 while all operations continued in a remote work environment.

Increasing Effectiveness of Government Ethics Laws through Conflict-of-Interest Policy Project

Promoting government ethics and strong and effective conflict-of-interest laws is vital to protecting the public's trust in San Francisco government and preventing unethical behavior. During FY21, the Commission prioritized a review and strengthening of the government ethics provisions of City law as its top policy project for the year.

The allegations described in the federal and local investigations signal an alarming harm to the public trust when government officials place their own self-interest above that of the public and misuse their public positions for their own private gain. In January 2020, the FBI announced a federal corruption case against Mohammed Nuru, then the Director of the Department of Public Works, and Nick Bovis, a local businessman. The City Attorney subsequently sent a report to the Mayor detailing allegations that the Director of the Department of Building Inspection, Tom Hui, also violated state and local ethics laws. Hui subsequently resigned. The FBI later charged nine additional individuals with public corruption crimes: Harlan Kelly general manager of the Public Utilities Commission; Sandra Zuniga, director of the Mayor's Office of Neighborhood Services; Walter Wong, a City contractor and permit expediter; Paul Giusti and John Porter, executives at Recology; and four additional City contractors. Some of the conduct for which these individuals have been investigated and charged include attempting to bribe a public official, giving and receiving gifts in exchange for favorable treatment by the City, and laundering gifts to disguise their source and nature.

A Comprehensive Review to Identify Needed Improvements. The Ethics Commission reviews the City's ethics rules to ensure that they are effectively serving their intended purposes and to assess whether changes to the law are required. In FY21, a comprehensive review of the City's ethics and conflict-of-interest laws was underway to evaluate whether current law adequately identifies and prohibits conduct that could give rise to a conflict of interest or undermine fair and objective governmental decision making. This review included direct **engagement with stakeholders** through interested persons meetings, initially held remotely in October 2020 -- including advocates, good government groups, members of the regulated community -- and outreach to peer ethics agencies to benchmark best practices and identify improvements in the laws.

Staff presented a [comprehensive report](#) to the Commission at the November 2020 meeting, discussing the **ethical problems associated with behested payments**, which are payments made at the behest of a government official or employee. The report directly responded to some of the most troubling allegations to emerge from the federal probe. In light of the report's findings, the Commission approved legislation that will prohibit most City officials and high-level City employees from soliciting behested payments from persons who have business before them. To assist City officials and employees in understanding the new requirements, staff also developed and disseminated a [fact sheet](#) summarizing behested payments reporting requirements in December 2020.

Because improper gifts to City officers have been an issue in the present allegations, the Commission continues to **examine the City's gift rules to identify and close any loopholes** that undermine those important laws. Two additional interested persons meetings were held remotely by Commission staff in April 2021 to seek guidance and feedback from stakeholders to strengthen San Francisco's gift laws.

Attendees included representatives of national and statewide good government groups, representatives of the regulated community, and City stakeholders.

The Controller's Office issued a series of preliminary assessments in the wake of the FBI and City Attorney's investigations stemming from alleged wrongdoing by former Public Works Director Mohammed Nuru. The Commission's **ongoing policy project and other work will reflect the Controller and City Attorney findings and recommendations** that address areas of the Commission's jurisdiction. Controller assessment reports issued to date include:

- [San Francisco Public Works Contracting \(June 29, 2020\)](#) regarding conflicts of interest and governmental ethics laws and potential vulnerabilities in the City's contracting and procurement processes;
- [Gifts to Departments Through Non-City Organizations Lack Transparency and Create "Pay-to-Play" Risk \(September 24, 2020\)](#) summarizing gifts and support benefitting city departments from city contractors and building permit applicants and holders through non-city organizations, including what are known as "Friends of" organizations; and
- [Ethical Standards for Contract Award Processes of the Airport Commission and Other Commissions and Boards \(January 11, 2021\)](#), in part recommending annual training on incompatible activities, strengthened laws against selective assistance in contracting, and codifying prohibited incompatible activities to better support consistency and visibility into those restrictions.

The Commission invited the Controller's Office to present its findings and recommendations for each report during its monthly meetings. Staff continue to be in close communication with the Controller's City Services Auditor Division to support their report assessment process through subject matter expertise and additional background about the operation of state and local ethics laws in practice, fact patterns regarding violations of those laws, weaknesses in the oversight regimes that bad actors have exploited, and information related to compliance or enforcement practices.

Engaging in the City's Biennial Conflict of Interest Code Review Process

The Statement of Economic Interests (Form 700) is a cornerstone of government accountability in the State of California. The form is used by thousands of public officials and employees statewide to fulfill the legal obligation to disclose certain personal financial interests that could be affected by government actions. By making these interests public, the Form 700 serves to deter conflicts of interest and to provide transparency to the public.

Local jurisdictions must specify in their local law which officials and employees make or participate in making government decisions under the law and therefore, are required to file a Form 700. State law requires that every two years local jurisdictions review which of their officials and employees are required to file the Form 700 and make any necessary updates based on changes in the duties associated with the positions and to add any new positions that have been created. This process took place during FY21.

The **Ethics Commission staff play a central role, collaborating with the City Attorney's Office, the Clerk of the Board of Supervisors, and the City's Department of Human Resources (DHR)** to coordinate the review. Staff inform departmental representatives and individual filers about the legal requirements and the process by which filer designations must be made. Staff also **developed a review guide** for use in

this year's biennial review process and **helped lead the meet-and-confer process** to discuss the proposed changes with affected City employee bargaining units. The process culminated in an ordinance updating City law to incorporate changes based on this year's biennial review that was approved by the Board of Supervisors and Mayor and became operative on February 21, 2021.

Supporting Core Transparency and Accountability through Administration of the Annual Statement of Economic Interests (Form 700) and Ethics and Sunshine Ordinance Training Certification Filings

Public officials and employees throughout California who make or influence government decisions are required to submit a Statement of Economic Interests (Form 700) by April 1 each year, and certain City officials also must certify completion of Annual Ethics and Sunshine Ordinance training by April 1. In 2021, of the 500+ elected officials, commissioners, board members, and department heads who were required to submit these public disclosure filings electronically with the Ethics Commission, **over 94 percent of these filers submitted their filings by the deadline**. More than 3,000 other employees designated under the City's Conflict of Interest Code were required to file their disclosure statements on paper with their departments.

Commission staff **implemented program improvements**, including initiating use of electronic forms to enable departmental filing officers to inform the Commission about the status of e-filers and when online accounts needed to be established. To help inform filers and filing officers about the annual Form 700 and applicable Ethics and Sunshine training requirements, in January 2021 staff launched [updated compliance pages](#) for filers on the Commission's website, and disseminated annual filing reminder notices to filers and departmental filing officers. Staff also expanded the online Form 700 filing officers and department head [directory](#) to include updated department contact information and a direct link to each departments' list of designated positions to make this information more accessible both to filers and the public.

Operating under the City's shelter-in-place public health order, Commission staff held four remote **information sessions** for departmental Filing Officers and filers in February and March to review the annual filing requirements. An **unprecedented number of attendees participated** and provided positive feedback, confirming that the virtual format of the sessions was effective. Staff posted recordings of the sessions on the Commission's website for those who were unable to join the live sessions. During the filing period, staff continued to provide one-on-one assistance to filers and Filing Officers as needed to support their compliance needs.

Following the April 1 annual filing deadline, to heighten public awareness of the Form 700 requirements and financial disclosure filings, Staff updated the Commission's website to direct the public to [new context and links](#) that were designed to improve understanding and access to the latest filings. On April 2nd Staff sent individual notices to the 23 City Commissioners and Board Members who appeared to have unfulfilled annual filing requirements, with copies to their appointing authorities and respective Department Heads, to inform them of their obligations and remind them that they were disqualified from participating in agenda items before their Board or Commission until their filings were complete. **As of June 30, 2021, 99 percent of all electronic filers had submitted their required filings**, with two Form 700s outstanding, and one annual Ethics and Sunshine Training Certification not yet filed. Commission staff continue to be in communication with those filers regarding their overdue filings, including any subsequent corrective action that may be warranted as provided for under the law.

Public Disclosures Regarding Actions Taken by City Officials

The Ethics Commission also administers a number of public disclosure filings that support open and fair City decision making and **transparency to the public** about actions taken by City officials.

- Certain public disclosure requirements in the law help support compliance by elected officials with **restrictions on contributions from City contractors** and help political campaigns determine who may be prohibited from contributing to candidate campaigns. City departments filed 40 Notification of Submission of Proposal (Form SFEC-126f2) reports with the Commission, and City officials filed 1,045 Notification of Contract Approval (Form SFEC-126f4) reports with the Commission from July 1, 2020 to June 30, 2021.
- Officials may be required to recuse themselves from acting on matters before them, and may be required to publicly state that recusal and the basis for it. City officials filed 43 **Notifications of Recusal** (Form SFEC-3209b) reports with the Commission from July 1, 2020 to June 30, 2021.
- Public disclosure reports are required in certain circumstances when City officials ask, or “behest,” a payment to a third party principally for legislative, governmental, or charitable purposes rather than for campaign or personal purposes. City officials filed 13 **Behested Payments by City Officials reports** (Form SFEC-3610b) with the Commission from July 1, 2020 to June 30, 2021.
- Elected City officers are required to publicly disclose certain **gifts of travel, lodging or subsistence** under specified circumstances when those gifts are paid for in part or in whole by a person other than the City and County of San Francisco. City officers filed 2 Gifts of Travel (Form SFEC-3216b) reports with the Commission from July 1, 2020 to June 30, 2021.

Promoting Awareness of Ethics Laws through Training

The Commission is committed to equipping the City’s workforce with practical tools and information necessary to constructively deal with ethical issues that emerge in their work. This outreach and support are essential to shape an organizational culture that promotes the highest standards of integrity in city government. The Commission staff advises and supports City departments and leaders to help them understand and comply with City’s laws. Commission staff provided an **introductory briefing** remotely for the City’s Digital Services team in February 2021, on the City’s framework of ethics laws and how those laws serve to uphold public service and build public trust. Pursuant to the City’s contract with the Municipal Executives Association (MEA), which represents City managers, an in-person ethics **information session for MEA members** is required to be provided at least once a year. Staff conducted an online information session in March 2021 for MEA members in collaboration with the Deputy City Attorney. The session raised awareness of key provisions of the law and highlighted resources and tools to promote their compliance with applicable ethics provisions.

Commission staff developed a new [Ethics Training Plan](#) to identify the scope and types of ethics training it envisions as essential for City officials, employees, and contractors, consistent with the recommendation in the August 2020 Budget and Legislative Analyst Performance Audit of the Ethics

Commission. The plan specifies training goals, stakeholder engagement and the time horizon given available resources, training topics, training methods, and how to track and evaluate progress. The plan is designed to be an evolving one that can be adapted as needed, including findings that may be reported in future public integrity review reports issued by the Controller's Office, in collaboration with Commission staff. The Ethics Commission believes this work is of vital importance that continue to be **an essential priority in the year ahead** to help build a citywide culture of integrity and public trust.

Reminders to City Officers and Employees Regarding Statement of Incompatible Activities

Departmental Statements of Incompatible Activities (SIA) are essential tools that inform all City officers and employees about activities that the City deems incompatible with their public duties. Statements identify the kinds of outside activities, including self-employment, that are incompatible with the mission of their department and are therefore restricted. These activities can include those that conflict with official duties, have excessive time demands, or are subject to the review of the department. SIA prohibitions can apply to these activities whether they are compensated or uncompensated. To ensure all officials and employees are familiar with their department's Statement of Incompatible Activities, City law requires SIAs to be distributed to all employees each year by April 1. The Commission provided the 2021 [annual Statement of Incompatibility reminder notice](#) on March 4 to all City departments to facilitate distribution of departmental SIAs to their officers and employees.

Expansion of Electronic Filing for all Form 700 Designated Filers

With key staffing vacancies filled during this fiscal year, the Commission was able to resume priority work early in 2021 on the Commission's Form 700 'e-filing for all' project. This project will enable the City's over 3,000 designated departmental filers to submit their Form 700 in an electronic format **beginning in January 2022**. Electronic filing will require City employees to cease filing Form 700s on paper with their department's filing officer and instead use the same electronic system used by elected officials, board and commission members, and department heads. The electronic filing of these forms **will support improved transparency for the public**. Commission staff will work with departmental filing officers, who will be using the e-filing system to create new filer accounts and will assign and monitor filing requirements for their department's employees.

In April 2021, Commission staff onboarded and trained new staff members who will support the implementation and roll-out of this project. Staff also identified key deliverables and milestones, formalized the project timeline, and developed **a training and outreach plan to support departmental filing officers and filers with this transition**. This plan will help ensure that filers and filing officers have the time and resources to successfully commence electronic filing and minimize difficulties during the transitional process. In June 2021, the Commission initiated its departmental communications plan for this project with an [outreach to department heads](#). The communication included an [overview fact sheet](#) of the role departments will play in the transition to electronic filing and information about the work the Commission will be doing to support them throughout the project.

In addition, as recommended in the Controller's June 2020 preliminary assessment, [San Francisco Public Works Contracting](#), the Commission has identified conducting an annual compliance review of these filings as an operational priority. After designated City employees file electronically using the Commission's filing system, staff will have access to proactively monitor compliance and strengthen the

oversight of economic interest filings. This work is critical to enable systemic reviews that promote transparency and accountability to prevent the very issues that are being surfaced through the ongoing corruption allegations. **Development of a Form 700 post-filing compliance review process** will occur in parallel to the expansion of e-filing for all designated filers slated for launch in January 2022 and is identified as a priority project for the Audit Division's FY22 workplan.

Compliance Support and Public Engagement during November 2020 Election

The City's Campaign Finance Reform Ordinance regulates local candidate and ballot measure campaigns, general purpose committees, and major donors and incorporates state campaign finance laws and imposes additional reporting requirements and limitations. Commission staff provided **filer support and compliance guidance to 47 local candidates running for office** on the November 3, 2020 election ballot and to 30 ballot measure committees active in that election, **in a fully remote environment** under the shelter-in-place public health order. Staff also reviewed changes to state laws and updated compliance materials and web content to ensure that campaigns have the information they need to comply with disclosure laws. Staff provided compliance assistance in response to over 369 requests from campaign committees and reviewed over 1,943 filed campaign statements. Staff also conducted a **live virtual training** for candidates and committee treasurers to inform them about campaign finance rules and regulations. The session was recorded and posted to the Commission's website for those who were unable to join the live, instructor-led session.

In the lead up to the November 3, 2020 election, Commission staff also collaborated with colleagues at DataSF to release a **new campaign finance search and data visualization tool** that is integrated into the City's open data portal. This tool allowed the public to visually explore contributions to candidate and ballot measure campaigns in San Francisco using an intuitive and easy to use interface. Via the internet, anyone could use the tool to search candidate and ballot measure names and see aggregated contributions, top contributors, fundraising totals, a map view of contribution locations, a graph of fundraising totals over time, and public financing data. This new application was made possible because the Commission maintains campaign finance disclosure records as open data on the City's open data portal.

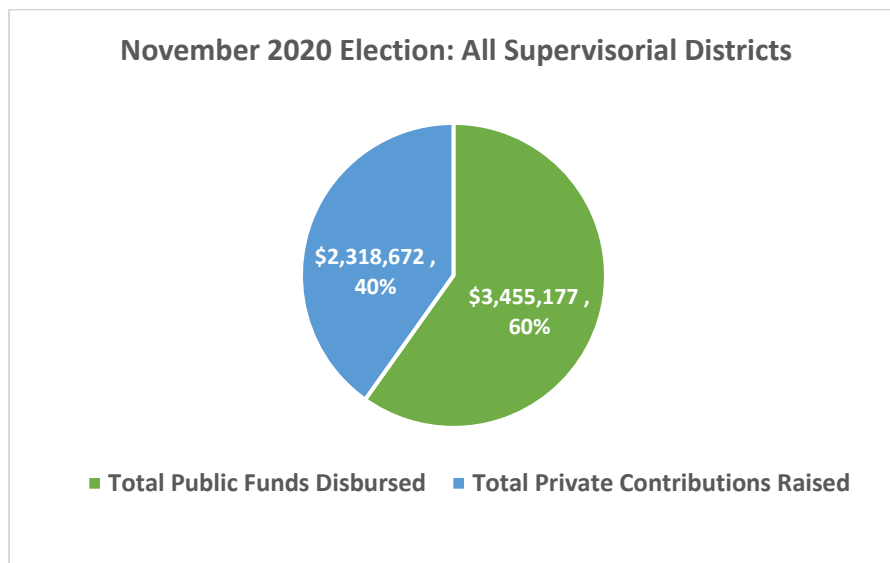
During the election period, staff also assisted members of the press to ensure that they were able to access and understand campaign disclosures, dashboards, and other information available on the Commission's website to provide effective reporting to the public.

In other areas of campaign activities regulated by the Commission, **41 campaign consultants were registered with the Ethics Commission** during the year, of which 16 were new registrants. A campaign consultant is a person or entity that receives or is promised \$1,000 or more in a calendar year for providing either campaign management services or campaign strategy services. Campaign consultants are required to submit quarterly reports with the Commission in which they must disclose details of their activity including client payments, campaign contributions, gifts to City officeholders, payments to or from vendors, the names of clients who are City officeholders or employees, and City contracts obtained by the consultant that are approved by an officeholder client.

Broadening Participation in City Elections through Public Financing

The City’s public campaign financing program seeks to ensure that candidates with a demonstrated level of community support have the **resources to mount a viable campaign**. In doing so, public financing reduces candidates’ dependence on large private contributions, which lessens the potential for and appearance of undue influence by contributors. Public financing helps candidates spend **less time fundraising and more time interacting with voters and engaging in discussions on important issues**. By supporting candidates who have community support, public financing can also lead to more competitive races, which is important in ensuring quality representation of constituents.

In the November 2020 general election, all odd-numbered supervisorial districts appeared on the ballot, and candidates running in those races could apply to receive public funds. Sixteen of the 26 supervisorial candidates who qualified to appear on the ballot (roughly 62 percent) applied for public financing by filing a qualifying request and were certified as eligible to receive public financing – the **highest rate of candidate participation in a regular election since the program’s inception in 2000**. Together, those candidates received over \$3.45 million under the program with an average of \$215,949 per participating candidate. The chart below provides a comparison of the public funds disbursed relative to private contributions raised. Of the 16 candidates certified as eligible to receive public funds, eight (50 percent) qualified to receive the maximum amount of public financing allowed. On average, candidates qualified to receive approximately 85 percent of the maximum amount of public financing allowed.



From 2018 to 2019, the Ethics Commission did a **comprehensive review** of the public financing program. Through a year-long review process, staff examined all aspects of the program to strengthen its impact while also reducing unnecessary administrative burdens for participating candidates. The Commission adopted two ordinances together with the Board of Supervisors, and three sets of regulation amendments followed, along with various improvements to the Commission’s written compliance materials regarding public financing. The project also improved the candidate application process. The **November 2020 election was the first election in which all of the changes instituted by the project were in place**.

Following each election cycle in which public financing is used by candidates, the Ethics Commission is required to present a report on the program for the Mayor and Board of Supervisors. The report provides important details about the program that allow the public and policymakers to evaluate its increasingly important role in San Francisco elections. This [public financing report for the November 2020 election](#) was presented at the May 2021 Commission meeting.

Improving Compliance and Public Disclosures for Lobbying and Permit Consultant Programs

The City's Lobbyist Ordinance requires persons defined as lobbyists under the law to register and file public reports disclosing their lobbying activities. In calendar year 2020, 203 **contact lobbyists** were registered with the Ethics Commission, of which 22 were new registrants. These contact lobbyists **represented 1,148 clients**. There were 12 **expenditure lobbyists** registered in calendar year 2020. As of June 30, 2021, 189 contact lobbyists were registered with the Commission, while just four expenditure lobbyists were registered. City laws also impose registration and reporting requirements on permit consultants, who are paid to contact the Department of Building Inspection, the Entertainment Commission, the Planning Department, or the Department of Public Works to facilitate the approval of certain City permits. These **permit consultants** have been required to register and file quarterly reports with the Commission since 2015 disclosing client information, compensation, City officers and employees contacted, the relevant permits, and certain contribution information. In calendar year 2020, 72 permit consultants disclosed reportable activity with the Ethics Commission, of which one was a new registrant. These **permit consultants represented 459 clients**. As of June 3, 2021, 62 permit consultants had registered with the Ethics Commission.

Throughout the year staff assisted these filers to timely complete their registration requirements and file required disclosure reports. Staff provided **compliance support** by addressing filers' questions, managing filer accounts in the e-filing system, sending out reminder notices to filers with pending requirements, providing technical assistance to filers to submit their reports, tracking registration fee payments, and terminating inactive filers. This year staff also designed and launched a **brand new [Permit Consultants Dashboard](#)** on the Commission's website which provides an easy and user-friendly way for the public to search for information regarding payments promised to permit consultants by their clients and the campaign contributions made by permit consultants and their employees.

Staff also **completed a multi-year project to implement significant enhancements to the lobbyist electronic filing application and public access portal**. In addition, the project to develop a lobbyist data application programming interface (API) that will enable the Commission to provide lobbyist data to the public on the City's open data portal, DataSF, is complete. Staff is in the process of integrating the API with the DataSF portal.

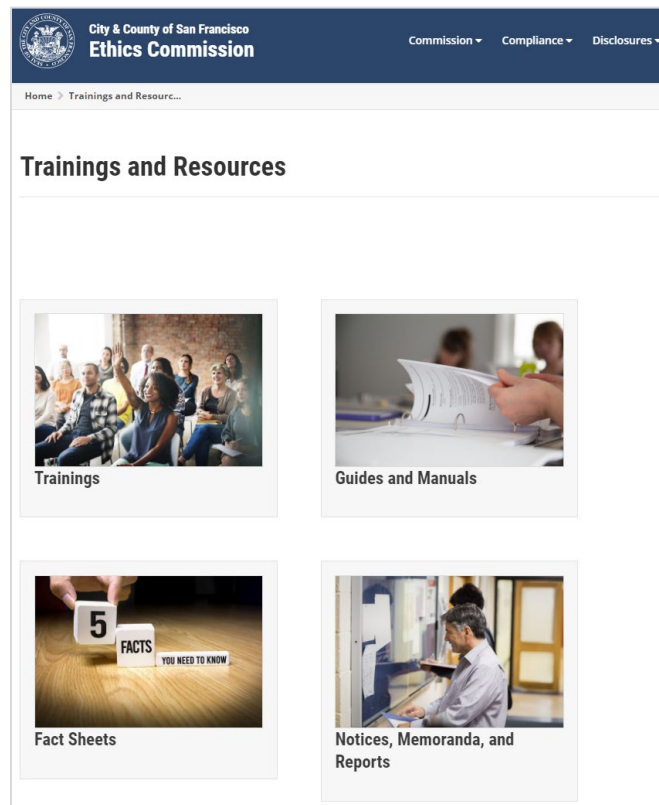
As also discussed in this report section on Audits, as the fiscal year came to a close, steps to implement recommendations of the BLA audit to conduct a lobbying audit were being operationalized, including development of lobbying audit workplans and Audit Division procedures, as staffing levels resume to their prior full capacity in FY22.

Implementing Compliance-centric Web Tools and Business Processes

Commission staff continued to identify and implement several **improvements to online resources and internal business processes** during the year to strengthen the Commission’s compliance support and post-compliance procedures. This included revising the information on the [‘Get Guidance’ quick-access webpage](#) on the Commission’s website to present the Commission’s most sought-after services and information such that they are easily accessible to filers and the public. New [‘Training & Resources’ webpages](#) have also been developed to enhance the visibility and accessibility to Commission’s trainings, educational and guidance materials, reports, and notices and memoranda. In addition, staff is in the process of building a new interactive search tool to enable filers to easily locate disclosure forms they need to meet their specific filing requirements. These changes have been identified based on the feedback from filers and will help improve their ability to find compliance information on the Commission’s website.

Staff also formalized post-compliance business processes across all program areas to establish a **consistent framework for notifying late filers** using standardized communication templates and trackers to enable timely follow up with those who have filings and amendments pending with the Commission. Staff maintains a protocol to refer non-responsive filers to the Enforcement Division for further follow up. These changes help ensure that filers are informed of their filing requirements and provided the **tools to fulfill their compliance obligations**. Implementing consistent business processes also aids in achieving operational efficiencies and supports organizational benchmarking activities for continuous improvement.

Training and Resources Page on Commission’s Website



Promoting Accountability and Public Transparency through Audits

The Commission serves as the filing officer for campaign statements filed by San Francisco candidates and other committees that support or oppose local ballot measures or candidates. The Commission is required to conduct **mandatory audits of all publicly funded candidates** and can select other candidate and non-candidate controlled committees for **discretionary audits using objective standards**, to determine whether a committee materially complied with applicable requirements of state and local laws. The Commission's Audit Division is responsible for the campaign audit program, as well as for lobbying audits as provided for in the City's lobbying ordinance.

During FY21, the Audit Division faced significant staff resource constraints with the Audit and Compliance Review Manager position under recruitment, the extended deployment of one of the Commission's three Auditors for Disaster Service Work duty following the onset of the COVID-19 public health emergency through mid-June 2021, and a vacancy in another Audit position in early Spring 2021. At the same time, during the November 2020 election, the division was responsible for conducting candidate qualification and disbursement reviews as part of the Commission's administration of the City's public campaign financing program, which saw a record level of candidate participation in the 2020 election and public funding disbursements totaling more than \$3.45 million.

Against this backdrop, the Audit Program **concluded its work on campaign audits from the November 2018 election cycle**, issuing a total of 23 campaign audits by May 2021. Fourteen of the audits were mandatory audits of publicly financed candidates from the 2018 election, while another nine were of non-candidate committees that had been selected in May 2019 for discretionary campaign audits according to an objective criteria standard from a pool of roughly 180 committees that also were active in the 2018 election.

Audits of the publicly financed candidates from the 2018 cycle were conducted with support from the Controller's Office and engaged external auditors to perform those audits. Another nine audits of ballot measure and general purpose committees were completed by Audit Division staff. Two other non-candidate committees originally selected in May 2019 for discretionary audits were administratively closed by the Executive Director in May 2021 owing to ongoing resource constraints noted above. Together, the **23 completed audits from the 2018 cycle accounted for over \$31 million in reported campaign expenditures**, or roughly 56 percent of the \$56.4 million in overall reported campaign expenditures for the 2018 election.

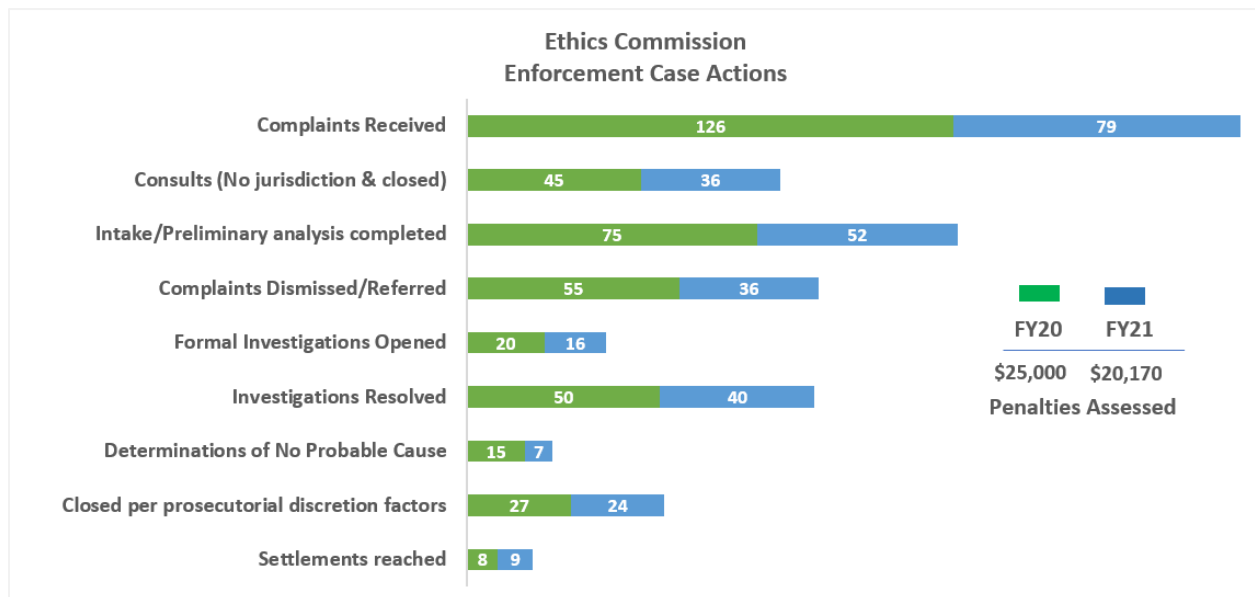
In mid-April, the Commission **completed hiring of an Audit and Compliance Review Manager to lead the Audit Division**, and in June the Commission began circulating the job announcement for the vacant Auditor position. With the Division Manager position filled as the fiscal year came to a close, audit process reviews had been initiated and steps to implement BLA program enhancement recommendations were being operationalized, including development of a lobbying audit workplan and Form 700 post-compliance review process as top operational prioritization as Auditor staffing levels resume to their prior full capacity in FY22.

Enhancing Program Impact and Efficiency in Enforcement

During FY21, the Commission continued to make headway on core program and business process improvements in the Enforcement Division. Like the Audit Division, the Enforcement Division also faced significant staff resource constraints during the year, as one of its investigator positions was requisitioned for extended Disaster Service Worker deployment throughout the fiscal year and through the time the position then became vacant in February 2021. With another investigator position also vacant since the beginning of the fiscal year and filled in April 2021, the Division operated at roughly half-capacity for much of the fiscal year.

The Enforcement Division continued operationalization of the **discretionary factors** that the Commission adopted in August 2019 that govern the Enforcement Division’s review of complaints and **prioritization of investigative resources**. Also, as recommended in the BLA Audit, the Division adopted an [FY21 Case Closure Plan](#) in December 2020. That Plan identifies the Division’s processes and considerations to (a) increase the Division’s case closure rate relative to the number of investigations opened, (b) resolve investigations that are more than two years old, and (c) establish goals for resolving whistleblower protection matters.

Overall, during FY21, the Commission closed 40 investigations and initiated 16. That trend is consistent with practices established during the prior fiscal year, during which the Commission resolved 50 investigative matters and initiated 20 new investigations. As of June 30, 2021, 19 matters were undergoing preliminary review to determine whether they should be converted into formal investigations, referred to another agency’s jurisdiction, or otherwise be dismissed. Another 44 matters remained at various stages of formal investigation. The Enforcement Division tracks various metrics in evaluating its efforts to fulfill the Commission’s enforcement mandate. Some of those metrics for FY21 are provided in the chart below, along with a comparison to those same data from the prior fiscal year.



To help deepen the Division's investigative capacity, Division staff participated in the following live **Investigator trainings** that were offered remotely with a variety of providers:

- Money Laundering Investigations (Fair Political Practices Commission)
- Money Laundering Overview and Methods (U.S. Department of Justice, Money Laundering and Asset Recovery Section)
- Election Crimes (National Association of Attorneys General Training & Research Institute)
- Evidence Collection for Auditors (Controller's Office)
- Effective Communication for Fraud Investigation Reporting (Controller's Office)
- Whistleblower Program Department Liaison Training: Jurisdictional Considerations and Investigative Best Practices (Controller's Office, City Attorney's Office, and Ethics Commission)

Streamlined Administrative Resolution Program

To provide improved accountability for various common violations of City law while reducing the amount of time and resources necessary to resolve those matters, in February 2021 the Ethics Commission unanimously adopted a significantly expanded version of its existing Fixed Penalty Policy as part of a new Streamlined Administrative Resolution Program. The [Revised Fixed Penalty and Streamlined Administrative Resolution Program](#) will operate initially as a pilot program and staff will subsequently report on the program's experience and any proposed enhancements.

By establishing standardized methods, timeframes, and penalty formulas for resolving an expanded range of matters within the Commission's jurisdiction, the new Streamlined Resolution Program enables **more routine violations to be resolved quicker** while requiring fewer investigative resources. This approach **reserves a larger share of investigative resources for broader scope investigations** of greater severity, complexity, and breadth. As with all Stipulated Settlements considered by the Ethics Commission, those issued under the Streamlined Resolution Program also require action by the Commission in a publicly noticed meeting and an acknowledgment of responsibility by the Respondent for the violations identified. As FY21 ended, the Enforcement Division had 18 matters actively underway in the Streamlined Administrative Resolution Program.

Whistleblower Protection

Article IV of the San Francisco Campaign & Governmental Conduct Code assigns responsibility to both the Controller's Office and the Ethics Commission in administering the City's Whistleblower Protection Ordinance. The Ordinance charges the Controller's Office with administering a whistleblower program for citizens and employees to report the misuse of City funds, improper government activities by City officers and employees, deficiencies in the quality and delivery of government services, and wasteful and inefficient City government practices. The Ordinance charges the Ethics Commission with investigating complaints of retaliation against a whistleblower for having engaged in protected whistleblowing activity.

Over the course of the past fiscal year, the Commission received seven complaints alleging retaliation, nearly one in every six complaints the Enforcement Division added to its docket in FY21, and resolved 15 complaints alleging retaliation. As of June 30, 2021, the Enforcement Division had five retaliation matters under preliminary review and two matters under formal investigation.

Of the 15 matters resolved in FY21, four were closed after investigation and 11 were dismissed (with two referred to the City's Human Resource Department). Three of the closures followed the Commission's ratification of findings that probable cause did not exist to establish liability, while the fourth investigation was closed on the basis of administrative discretion. Based on these findings, the Commission imposed no administrative penalties in retaliation matters during FY21. Given that the Commission's investigations did not substantiate retaliation in FY21, information about disciplinary actions that may have been taken by the departments as a result of those complaints was not solicited.

During FY21, the adverse employment actions employees who identified themselves as whistleblowers alleged were taken against them by an employer included the following:

- Employer declined to award the employee leave time under the Family Medical Leave Act (FMLA);
- Employer caused or acquiesced to a hostile work environment, sexual harassment, and other adverse conduct affecting the employee;
- Employer indicated intention to change an employee's schedule;
- Employer medically separated employee;
- Employer issued negative feedback to and engaged in unprofessional communication with employee;
- Employer micromanaged employee and created a hostile work environment;
- Employer issued a written reprimand to employee.

The **most common basis for a whistleblower case dismissal during FY21 was that the complainant had not engaged in protected activity** as defined by the Whistleblower Protection Ordinance. Most commonly the underlying complaint alleged workplace discrimination or other personnel management issues, in which cases the Ethics Commission must refer the matter to the jurisdiction of the Equal Employment Opportunity (EEO) division of DHR. Similarly, the Ordinance does not treat communications with the media as whistleblowing, even though a complainant may have a civil cause of action for adverse employment actions taken in retaliation of their First Amendment activity.

The **most common basis for closing a retaliation investigation without a finding of liability is that substantial evidence demonstrated good cause**, meaning the evidence demonstrated that performance issues or conduct issues pre-dated the complainant's whistleblowing activity and persisted after that whistleblowing activity.

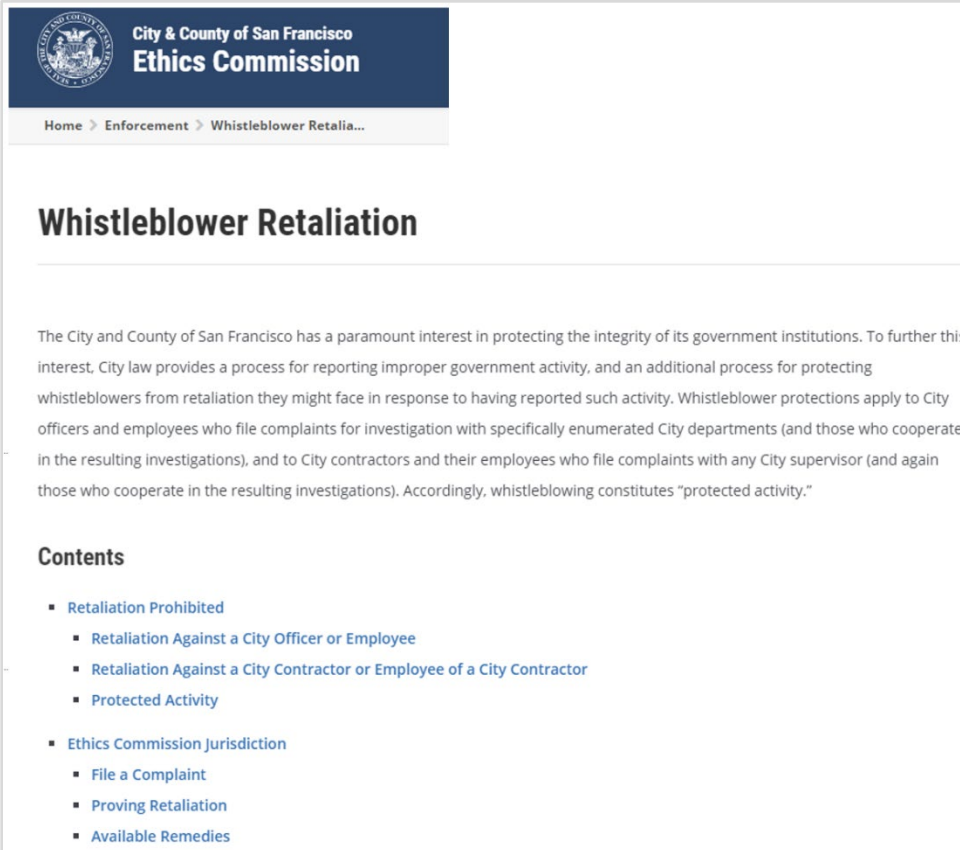
Over the past four fiscal years, of the 42 retaliation complaints received by the Commission, nearly 40 percent involved the Department of Public Health (DPH), 20 percent involved the Municipal Transportation Agency (MTA), and the remaining 40 percent involved 12 other departments.

Under a new requirement of the Ordinance that took effect in January 2020, **all departmental supervisors must take a web-based training in whistleblower protection awareness** developed in 2019 through the collaboration of the Controller, Department of Human Resources (DHR), and the Ethics Commission. That training highlights the duty that supervisors have under the law to retain the confidentiality of retaliation complaints and to refer retaliation complainants to the Ethics Commission. Supervisors access the training through DHR's employee learning management system, SF Learning Portal.

DHR data reflects that while some 11,500 City officers and employees were required in 2021 to take this training, as of the end of the fiscal year, just over half of those – around 6,000, or approximately 52 percent – had completed the training. The Whistleblower Protection Ordinance provides that an appointing authority may impose discipline on a supervisor who fails to maintain confidentiality or to assist an employee in filing a retaliation complaint, however the current Ordinance does not identify penalties for failure to complete the required training.

Additional collaboration with DHR in FY22 will be necessary to help ensure the importance of departmental supervisors’ whistleblower training is broadly conveyed, so that full compliance with that training requirement can be achieved in 2022 as envisioned by the Ordinance and that whistleblower retaliation matters are fully and timely investigated and resolved.

Whistleblower Retaliation Page on Commission’s Website



The screenshot shows the top navigation bar of the City & County of San Francisco Ethics Commission website. The header includes the City & County of San Francisco logo and the text "City & County of San Francisco Ethics Commission". Below the header is a breadcrumb trail: "Home > Enforcement > Whistleblower Retalia...". The main heading is "Whistleblower Retaliation". The body text states: "The City and County of San Francisco has a paramount interest in protecting the integrity of its government institutions. To further this interest, City law provides a process for reporting improper government activity, and an additional process for protecting whistleblowers from retaliation they might face in response to having reported such activity. Whistleblower protections apply to City officers and employees who file complaints for investigation with specifically enumerated City departments (and those who cooperate in the resulting investigations), and to City contractors and their employees who file complaints with any City supervisor (and again those who cooperate in the resulting investigations). Accordingly, whistleblowing constitutes "protected activity."". Below the text is a "Contents" section with a bulleted list of links: "Retaliation Prohibited", "Ethics Commission Jurisdiction", and "Available Remedies".

**City & County of San Francisco
Ethics Commission**

Home > Enforcement > Whistleblower Retalia...

Whistleblower Retaliation

The City and County of San Francisco has a paramount interest in protecting the integrity of its government institutions. To further this interest, City law provides a process for reporting improper government activity, and an additional process for protecting whistleblowers from retaliation they might face in response to having reported such activity. Whistleblower protections apply to City officers and employees who file complaints for investigation with specifically enumerated City departments (and those who cooperate in the resulting investigations), and to City contractors and their employees who file complaints with any City supervisor (and again those who cooperate in the resulting investigations). Accordingly, whistleblowing constitutes "protected activity."

Contents

- [Retaliation Prohibited](#)
 - [Retaliation Against a City Officer or Employee](#)
 - [Retaliation Against a City Contractor or Employee of a City Contractor](#)
 - [Protected Activity](#)
- [Ethics Commission Jurisdiction](#)
 - [File a Complaint](#)
 - [Proving Retaliation](#)
 - [Available Remedies](#)

Business Continuity during COVID-19

During FY21, the ongoing COVID-19 public health crisis continued to have an unprecedented impact on the operations of government at all levels. Ensuring the continuity of government services and operations was paramount. The Ethics Commission was **able to pivot immediately to fully remote operations** and continued its regular daily business operations following the announcement of the first COVID-19 shelter-in-place public health order. As additional remote technology became available to City Boards and Commissions, the Commission **resumed its regular monthly meetings in July 2020**. The Commission and staff were able to work seamlessly, and during an election year, in a remote environment through its **automated filing systems and online filing requirements, and by continuing to enhance its web site content and functionality** throughout the year to better enable the public to access Commission services.

The Commission also used **remote meeting technology to conduct interested persons meetings** to gather public feedback on policy proposals, conduct and participate in online training sessions, and ensure the continuity of required trainings for candidates, committees, City officials, and employees. As a part of enhancing the Commission's operational infrastructure, staff also implemented new remote telephone service, computer management and software deployment, and cybersecurity improvements during the year.

Commission's Support for the City's Emergency Response

Ethics Commission staff members continued to be requisitioned for services under the City's emergency response to COVID-19 through the Disaster Service Worker (DSW) program throughout FY21. DSW assignments are a responsibility of public service with the City and County of San Francisco and help ensure the City has the capacity it needs to address the impacts of a local emergency. All DSW needs are identified through a centralized City emergency operations center and requests are coordinated through DHR. Since the start of the shelter-in-place public health order in March 2020, **more than one-third of the Ethics Commission's 25-member staff fulfilled DSW duty**. These individuals collectively provided more than 570 days of emergency response coverage, or **over 4,500 hours**, including three employees deployed on extended assignments in FY21.

Commission Leadership and Membership Changes

In February 2020, Members of the Ethics Commission elected Chair Noreen Ambrose to a second term as chair of the Commission and Vice-Chair Yvonne Lee to a second term as the vice-chair. The Commission welcomed Commissioner Larry Bush to his first meeting in July 2020, which also was the Commission's first remote meeting held after the City's shelter-in-place public health order was announced in March 2020. The Commission also welcomed its newest Commissioner, James Bell, who was appointed by the District Attorney on February 1 to fill the seat vacated on February 1 by Commissioner Fern Smith.

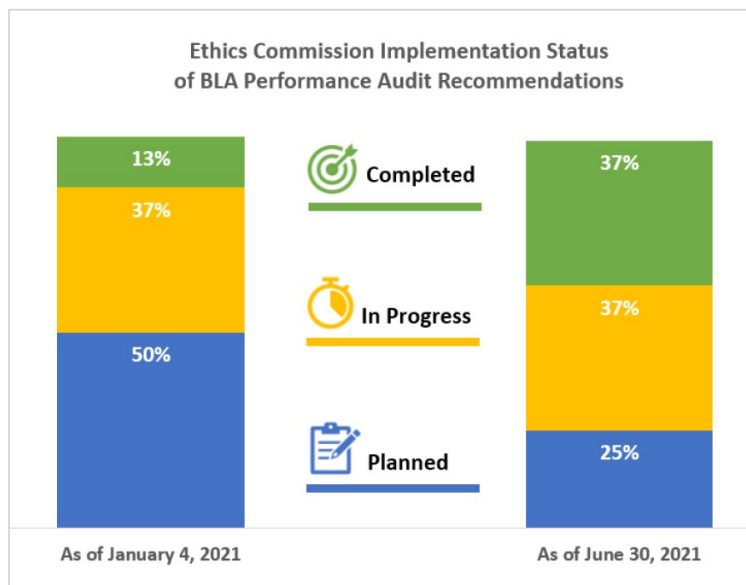
Following the June 30 end of the fiscal year and prior to the publication of this report, Vice-Chair Yvonne Lee assumed the role of acting Chair following the resignation of Commissioner Ambrose in July. The

appointing authority to fill the resulting vacancy for a term ending February 1, 2026 is the City Attorney. At the time this report was published a replacement had not yet been named.

Implementing the BLA Audit

The Budget and Legislative Analyst (BLA) conducted a performance audit of the Ethics Commission at the request of the Board of Supervisors that was completed in August 2020. The audit assessed a range of Commission functions for the effectiveness and efficiency of those operations. The **Department fully agreed with the report's 16 recommendations** and noted in its response to the August 10, 2020 final audit report that it had taken steps to begin implementing work process enhancements informed by the audit's findings. The Commission reviewed and discussed the report and its recommendations in its August 14 meeting as [Agenda Item 6](#). The Board of Supervisors' Government Audit and Oversight Committee discussed the audit on November 19, 2020 under Committee Agenda Item 10 ([BOS File No. 201158](#)) and filed the report without taking further action. In January 2021, [Commission Staff reported to the Commission](#) that two of the 16 recommendations had been completed; six others were underway, and eight were planned for further action in the coming months.

The **Commission continues to prioritize the implementation of these recommendations** to deepen the impact of its programs. At the end of Fiscal Year 2021, Staff provided a [status report](#) on the implementation of the BLA recommendations at the Commission's July 2021 meeting. That report showed that **as of June 30, 2021, six recommendations in total had been completed**, another **six remained in progress**, and **four were planned for further action in the new fiscal year** beginning July 1, 2021.



Departmental Budget

In 2020, the emergence of the COVID-19 pandemic introduced significant uncertainty into the City's budgeting process due to the ongoing healthcare and financial impacts in the City, delaying final approval until October 2020.

The Ethics Commission's budget is comprised of two main components - an operating budget, and the Election Campaign Fund. The Commission's annual approved operating budget for FY21 was \$4.72 million with authority for 25 staff positions. The **FY21 budget provided the Commission the authority to fill all vacant positions and add a new position to support the Form 700 e-filing project** as part of its priority FY21 Hiring Plan. It also included funds to support a work order with DHR to enable expedited recruitment for all vacant positions and a work order with the Controller's Office to support the department's procurement functions. The Election Campaign Fund is established in the City's Campaign Finance Reform Ordinance Sec. 1.138 and provides a dedicated source of funding for use in providing qualified candidates for the offices of Mayor or Board of Supervisors with a limited amount of public financing for their election campaigns.

Departmental budget submissions for the FY22 were due to the Mayor's Office on February 22, 2021. As part of a City Ordinance that took effect in 2020, departments are required to hold **two public meetings** concerning departmental budget priorities at which members of the public may provide input prior to the department finalizing a proposed budget. The Commission held its first public hearing at a special meeting of the Commission on January 21, 2021 and its second hearing at its regular meeting on February 12, 2021.

In developing its FY22 budget, **the Commission's proposals prioritized core services aligned with its strategic goals and those necessary to implement recommendations of the Controller's Office public integrity reports, and BLA's performance audit** report of the Ethics Commission. Those independent assessments underscore the critical significance of the Commission's mission, the importance of investing fully in its mandate, and the urgent nature of its critical work. On February 22, 2021, the Commission submitted its [FY22 Ethics Commission Budget request](#) to the Mayor's Office, which called for a 28 percent increase in the Commission's operating budget to strengthen enforcement and institute practical ethics training for city employees and contractors. The Commission also issued a [Statement](#) on the proposed FY22 budget. On June 1, 2021, the [proposed FY22 City budget issued by the Mayor recommended funding for the full set of proposals put forward by the Ethics Commission](#). These include:

- Retention of its existing organizational capacity without targeted cuts that were requested in the Mayor's FY22 budget instructions;
- Funding for Ethics@Work program as proposed which includes four new positions to establish a dedicated ethics training and outreach team;
- Funding for three new investigator positions and an enforcement case management system as proposed to help reduce case resolution times and increase the number, proportion, and severity of cases investigated; and
- Funding for one new Program Performance and Reporting Analyst as proposed for the development and implementation of core performance reporting.

The City's FY22 budget was considered by the Board of Supervisors in July and on July 29, the Mayor signed into law a \$13.1 billion City budget for Fiscal Year 2022. **As adopted, the total FY22 operating budget for the Ethics Commission is \$6.55 million, which funds the full set of programmatic and staffing requests proposed by the Commission in its FY22 Budget request.** The Commission's budget proposals and related documents are available on its [website](#).

Hiring Plan

With the approval from the Mayor's office to proceed filling FY21 staff vacancies, and recruitment support from DHR through a work order, the Ethics Commission **completed its FY21 Hiring Plan** as a departmental priority in mid-April. Due to remote operations, staff had to adapt the Commission's hiring processes to enable remote interviews and support fully online recruitment procedures. In April 2021, the Commission welcomed five new staff members across all divisions. Two staff vacancies also arose in February and March, 2021, and recruitments to fill those positions – a Senior Investigative and Legal Analyst in the Enforcement Division, and an Auditor in the Audit Division - were initiated with job postings beginning in May in collaboration with DHR.

As a part of these recruitment efforts, the Commission is **participating in the City's pilot program** to launch its new hiring platform, *SmartRecruiters*, which is more user-friendly and expected to be more effective in attracting a wider pool of candidates for job postings than the City's existing job application system.

Racial Equity Action Plan

With the 2019 creation of the City's Office of Racial Equity (ORE) in response to the City's growing racial disparities and as a means to address the history of structural and institutional racism in San Francisco's delivery of services to the public and its own internal practices and systems, each City Department was required to develop a Racial Equity Action Plan to specify the steps it would take in a shared citywide commitment to ensuring equitable and inclusive outcomes in San Francisco. This plan is designed to provide **a blueprint for advancing racial equity in all aspects of the department's work** over three years and were required to be submitted to ORE by December 30, 2020.

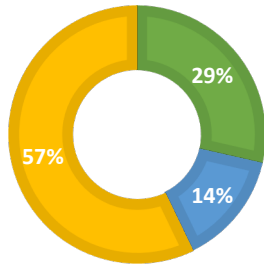
Like its programs that promote fair and equitable participation in governmental processes broadly, as a department of City government the Ethics Commission honors and values diversity, inclusion, and engagement in its own operations. The Commission is committed to promoting racial equity and to creating and sustaining a work environment that reflects and engages the diversity of our communities, and in December 2020, it unanimously adopted an [Ethics Commission Racial Equity Action Plan](#) and submitted it to ORE pursuant to [Ordinance No 188-19](#).

The Commission's Plan **highlights specific departmental strategies** that reflect the City's comprehensive racial equity framework to "build a culture, space, and workplace that is accessible and welcoming to all current and future employees, and to actively build an environment in which all people, regardless of background, identity, or ability, can be equal participants." Staff continue to participate in monthly convenings for City departments conducted by ORE to engage in discussions regarding racial equity as the Commission continues to work on its departmental strategies. The Commission anticipates that its Plan will be **a living document that expands and evolves** to reflect the full breadth of its commitments, experiences, aspirations, and practices as a Commission and staff team.

With a commitment to developing a diverse and equitable leadership team that will foster a culture of inclusion and belonging, the Commission in its Racial Equity Action Plan identified an action to incorporate its senior leadership's demographics in the department's annual report. In alignment with that goal, the current demographic information is provided in the charts below.

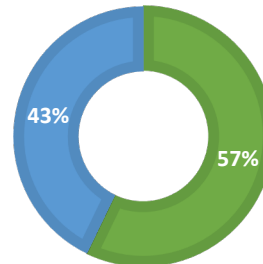
**ETHICS COMMISSION
SENIOR LEADERSHIP ETHNICITY**

■ Asian ■ Black ■ White



**ETHICS COMMISSION
SENIOR LEADERSHIP GENDER**

■ Female ■ Male



The closure of a fiscal year is good time to review the past accomplishments and challenges and consider opportunities and set priorities for the year ahead. Fiscal Year 2021 proved to be an extraordinarily challenging year, and the Commission acknowledges and appreciates the Executive Director and staff for their dedication, and adaptability, as they worked hard to continue to provide essential services and further the Commission's mission. As the fiscal year came to a close, a growing sense of optimism was emerging as the City began to re-open, and as City departments began to define and transition to a new "normal" operationally based on public health guidance and policy directives updated as COVID-19 case numbers declined.

As the City has faced devastating criminal indictments, and ongoing corruption investigations over the past year, the Mayor and Board appropriated new resources to the Ethics Commission beginning in FY22 to aid in promoting and sustaining a culture of ethical conduct within San Francisco government. That is the most pressing challenge, and there is no quick fix. We must engage the public, our stakeholders, City leadership and our entire City workforce to identify root causes; support, educate, and protect ethical public servants; implement corrective action when necessary; and vigorously investigate wrongdoing and enforce our ethics laws.

To that end, the Commission remains focused on three core strategic priorities for the year ahead, while it also draws on new insights and experiences from the past year and creatively leverages its critical new resources in the coming year. Through this, the Commission will seek to further advance:

- **Program Impact:** Strong laws, well implemented, with timely and effective oversight will enhance the impact of core Commission programs. Organization-wide focus on essential outreach, oversight, and accountability, and by designing and implementing program and business process improvements, the Commission can better achieve and deepen the impact of its mandates in practice.
- **Broadened Understanding:** Heighten awareness of the laws, including through broadly accessible public disclosure to foster meaningful public engagement. Develop and promote use of practical tools and information for City officials and others that enhance both understanding of the laws and compliance. Creatively meet the information and engagement needs of stakeholders and the public, including by continuing to leverage effective remote technologies.
- **Service Excellence:** Strive for excellence through continuous improvement, transparency, and accountability for our work. As San Francisco begins to emerge from the pandemic and the City continues to evolve re-opening plans for departments and the public, the Commission will re-assess and re-calibrate its services as may be needed to maximize the continuity and effectiveness of its business process improvements and embed those organizational insights into its daily operations going forward.

These priorities provide a lens through which the allocation of departmental resources will be prioritized and managed to further advance San Francisco's mandates for the Ethics Commission. The Commission remains committed to leveraging all resources invested in its vital mission with focus, flexibility, and creativity as it continues its public service to help build and maintain public trust.