

ATTACHMENT A

Performance Audit of Citywide Management of Conflicts of Interest

Prepared for the

**Board of Supervisors
of the City and County of San Francisco**

by the

San Francisco Budget and Legislative Analyst

March 24, 2025

CITY AND COUNTY OF SAN FRANCISCO
BOARD OF SUPERVISORS
BUDGET AND LEGISLATIVE ANALYST

1390 Market Street, Suite 1150, San Francisco, CA 94102 | (415) 552-9292

March 24, 2025

Supervisor Jackie Fielder, Chair, Government Audit and Oversight Committee
and Members of the San Francisco Board of Supervisors
Room 244, City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Dear Supervisor Fielder and Members of the Board of Supervisors:

The Budget and Legislative Analyst is pleased to submit this *Performance Audit of Citywide Management of Conflicts of Interest*. In response to a motion adopted by the Board of Supervisors in November 2022 (Motion M22-185), the Budget and Legislative Analyst conducted this performance audit, pursuant to the Board of Supervisors powers of inquiry as defined in Charter Section 16.114 and in accordance with U.S. Government Accountability Office (GAO) standards, as detailed in the Introduction to the report.

The performance audit contains four findings, 14 recommendations, and two surveys (one of City departments and one of peer jurisdictions). Of these recommendations, nine are directed to the Ethics Commission, three are directed to the Board of Supervisors, one is directed to the Office of Contract Administration, and one is directed to the Department of Human Resources. The Executive Summary, which follows this transmittal letter, summarizes the Budget and Legislative Analyst's findings and recommendations. The recommendations are designed to improve the oversight over, and reduce the risk of, conflicts of interest in the provision of City services.

The Ethics Commission and the Office of Contract Administration have provided written responses to our performance audit, which are attached to this report on page A-1. Both departments either agree or partially agree with the recommendations directed to them. We provided the Department of Human Resources with an opportunity to review the recommendation directed to them, but did not receive written response from that department.

Supervisor Fielder and Members of the Board of Supervisors

March 24, 2025

Page 2

We would like to thank the staff at the Ethics Commission, City Attorney's Office, and the Department of Human Resources for the assistance they provided during the audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Dan Goncher". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dan Goncher
Principal

cc: President Mandelman
Supervisor Chan
Supervisor Chen
Supervisor Dorsey
Supervisor Engardio
Supervisor Mahmood
Supervisor Melgar
Supervisor Sauter
Supervisor Sherrill
Supervisor Walton

Mayor Lurie
Executive Director, Ethics Commission
Director, Office of Contract Administration
Human Resources Director
Clerk of the Board
City Attorney's Office
Mayor's Budget Director
Controller

TABLE OF CONTENTS

Executive Summary.....i

Introduction 1

1. Reviews of Annual Conflict Declarations 12

2. Conflict of Interest Controls in City Contracting..... 17

3. Incompatible Activities and Secondary Employment 29

4. Training and Communication..... 40

5. Survey of City Departments and Peer Jurisdictions..... 48

Appendices:

A. Written Responses from the Ethics Commission and Office of Contract
AdministrationA-1

B. Department Practices Regarding Attestation Forms B-1

C. Department Survey Results C-1

D. Peer Jurisdictions Survey Results.....D-1

Executive Summary

The Board of Supervisors directed the Budget and Legislative Analyst's Office to conduct a performance audit of how conflicts of interest are managed citywide through a motion (M22-185) passed on November 29, 2022. The scope of this performance audit includes an assessment of the City's approach to minimizing conflicts of interest among public officials, staff, and contractors, with a review of citywide training and communications, department controls around contracting, practices for filing and reviewing statements of economic interests (Form 700), a review of departments' statements of incompatible activities including oversight of secondary employment, and surveys of both City departments and other jurisdictions. The period of review for this audit was originally July 1, 2019 through June 30, 2022, but was extended to October 31, 2024 due to significant developments related to revisions to the City's Ethics Code, changes to the City's approach to incompatible activities and secondary employment, and efforts undertaken by the Ethics Commission on its audit backlog and other initiatives.

Section 1: Reviews of Annual Financial Disclosures

The City does not have a process or control in place to ensure annual compliance reviews are conducted of financial disclosures (Statements of Economic Interests also known as Form 700s) for most designated filers four years after such reviews were recommended by the Controller's Office. Approximately 90 percent of designated filers citywide fall under the purview of department filing officers rather than the Ethics Commission, which recently instituted such reviews for the designated filers under its purview. Annual reviews of Form 700s are required by the state's Fair Political Practices Commission regulations. Such reviews help ensure City staff who file with departmental officers fill them out correctly and do not make decisions on items in which they have a financial interest.

The Ethics Commission's Audit Division was assigned by the previous Executive Director with exploring the initiation of investigative reviews of annual financial disclosures, which go beyond state requirements, to proactively review the data for evidence of potential violations such as conflicts of interest and City officers contracting with the City or engaging in compensated advocacy on behalf of private clients. The Audit Division never launched such reviews due in part to a years long audit backlog. The Audit Division has been restructured with reclassified positions,

its audit backlog has been cleared, and investigative reviews have instead been initiated by the Enforcement Division.

Recommendations

The Executive Director of the Ethics Commission should:

- 1.1 Reassess whether the Audit Division can assist with investigatory reviews of Form 700 disclosures after the reclassified audit positions have completed sufficient work to make this determination, or by January 2026.

The Engagement and Compliance Manager of the Ethics Commission should:

- 1.2 Develop a process to verify that departmental filing officers are annually reviewing the forms of designated filers in their departments and provide sufficient guidance to departmental filing officers to conduct such reviews no later than October 31, 2025.

Section 2: Conflict-of-Interest Controls in City Contracting

When City departments use a selection panel as part of a competitive award process, they do not consistently require panelists to complete a conflict-of-interest/confidentiality form. For 16 of the 37 contracts we reviewed for which a selection panel was convened (43 percent), departments could not provide completed panelist attestation forms, although for eight of these, staff cited record-keeping issues. When panels are convened, departments generally only require *panelists* to complete attestation forms; few extend this requirement to staff who draft solicitations or perform initial bid screening. Further, our review of 68 contract awards across 12 key departments found that departments rarely utilize conflict-of-interest attestations when making awards without a selection panel, such as contracts awarded through sole-source waivers, or “low bid” awards made to the lowest bidder that meets minimum qualifications. Departments also use several attestation forms, which vary in their content. In addition, few departments screen for potential conflicts on the Form 700 financial disclosures submitted by individuals being assigned to a contract award process. Within our contract sample, a small number of Form 700s included items that could present at least the appearance of a conflict of interest. These included a City official reporting income from an organization supporting an event for which the official approved a grant.

Although City Code requires that contracts be awarded on an impartial basis, it has no requirements related to attestation forms or review of financial disclosures. While attestation forms are not designed to detect staff members who intentionally conceal conflicts, they can help well-meaning staff avoid participating in awards when they have a potential conflict of

interest and/or inadvertently assisting proposing parties. Creating a process for screening the Form 700s completed by potential panelists and/or contracting staff prior to an award would provide an additional internal control to help prevent such incidents. By amending the Campaign and Governmental Conduct Code to require these practices, the Board of Supervisors can demonstrate City leadership’s commitment to integrity, which is often referred to as the “Tone at the Top.”

Recommendations

The Board of Supervisors should consider adopting a modification to Campaign and Governmental Conduct Code Section 3.206:

- 2.1 Requiring selection panelists and staff involved in all phases of the contracting process to complete the Impartiality/Confidentiality Statement developed by the Office of Contract Administration, or subsequent versions approved by the City Administrator, and requiring all City departments retain completed attestations on file for a specified period of time.
- 2.2 Requiring all City departments create processes to screen Form 700s for potential conflicts of interest prior to selecting staff and panelists for a contract award process.

The Director and Purchaser of the Office of Contract Administration should:

- 2.3 In consultation with the Controller, add language to the Office of Contract Administration’s Impartiality/Confidentiality Statement about the City’s Whistleblower Program and upload the updated version to OCA’s website.

Section 3: Incompatible Activities and Secondary Employment

In accordance with San Francisco’s Campaign and Governmental Conduct Code Section 3.218, all City departments—up until October 2024—had to submit to the Ethics Commission a statement of incompatible activities (SIA) defining those outside activities that are inconsistent, incompatible, or in conflict with the duties of the officers and employees of that department, board, commission, or agency. These SIAs required approval by the Ethics Commission, whose staff posted all submitted and approved SIAs on its website. During our fieldwork we found that the SIAs for 57 City agencies and/or commissions were posted on the Ethics Commission website, 42 (74 percent) of which had not been updated in at least 15 years. As part of Proposition D, the March 5, 2024 ballot measure, the rules contained in the SIAs have been codified in the City Code and applied universally to all City officials. As noted in an October 2024 email to all City staff from the Human Resources Director, some City departments may have additional policies. We

recommend that the Executive Director of the Ethics Commission work with the Director of Human Resources to ensure that staff at both agencies are providing consistent direction to City staff seeking additional guidance regarding specific departmental policies on incompatible activities.

The revelation in late 2022 of previously undisclosed secondary employment by approximately 300 Department of Public Health (DPH) staff and our review of a sample of 68 contracts awarded by 12 key City departments indicate that controls over secondary employment need improvement. While DPH staff indicated to our audit team that a new process has been set up to review secondary employment requests, our review of a sample of 68 contracts found that the Fire Department had one agreement from October 2020 to December 2021 with a contractor for training services that lists at least one current employee (as of November 2024) as an instructor on their website. However, that employee had not requested or received prior approval from the City for such secondary employment, which is a violation of Civil Service Rules. The same contractor also lists a former employee on its website who participated in the procurement of the contract and served as the contract liaison. This relationship at least presents an *appearance* of a conflict of interest.

Recommendations

The Executive Director of the Ethics Commission should:

- 3.1 Work with the Director of Human Resources to ensure that staff at both agencies provide consistent direction to City staff seeking additional guidance regarding specific departmental policies on incompatible activities.
- 3.2 Ensure that City officials and staff are trained annually and that the Ethics Commission and/or the Department of Human Resources send out a summary to all City officials and staff at least annually to inform and remind them about the City's universal rules regulating incompatible activities and that their department may have additional policies that they must follow.

The Ethics Commission Policy Manager and Engagement and Compliance Manager should:

- 3.3 Work with the Director of Human Resources to identify ways to communicate and integrate the respective roles of the Department of Human Resources and the Ethics Commission concerning secondary employment.

The Director of Human Resources should:

- 3.4 Provide an update to the Board of Supervisors on the status of the online tool for additional employment requests no later than October 1, 2025.

The Board of Supervisors should:

- 3.5 Consider an ordinance that would revise Campaign and Governmental Conduct Code Section 3.234 (a)(3) to expand the prohibition of employment with parties that contract with the City to within one year of the *expiration* of a contract with the City if employees participate in awarding or overseeing such contract(s).

Section 4: Training and Communication

Although multiple training opportunities exist on ethics rules, the requirements for participation in these trainings for City employees have historically been communicated inconsistently and City staff have indicated confusion. Responsibility for providing training on ethics rules is spread across three departments: the Ethics Commission, City Attorney's Office, and Department of Human Resources. The primary trainings opportunities offered include: (1) during initial onboarding for new employees; (2) annual virtual ("AB 1234") trainings mandated for certain employees and officials; (3) access to the Good Government Guide, on the City Attorney's website and information provided on the Ethics Commission website; and (4) annual in-person trainings for Municipal Employee Association (MEA) members. Even for the mandated trainings, public information regarding which and how frequently employees must complete the AB 1234 training conflicted until recently, and the City has not consistently provided the MEA training in recent years. With the recent passage of Proposition D in March 2024, annual ethics training requirements now apply to all City officers and employees who participate in making government decisions, which includes all Form 700 filers.

Recommendations

The Manager of the Engagement and Compliance Division of the Ethics Commission should:

- 4.1 Annually confirm that all references to training requirements for City staff and commissioners are consistent across relevant City websites (including Ethics Commission, City Attorney and Department of Human Resources).
- 4.2 Enhance the Ethics Commission's existing process for monitoring the completion of AB 1234 training certificates, including procedures to notify officials and employees who are

non-compliant in alignment with the practice for late Form 700 notifications, with Engagement & Compliance staff following up directly with late training certificate filers at 1, 30, and 60 days after the April 1 deadline for training completion.

- 4.3 Continue to maintain the database of all ethics training filings, and post clearly on the Ethics Commission website an annual list of officials and staff who are required to file training certificates, but fail to file, no later than October 1 each year.
- 4.4 Ensure that all mandated trainings are provided in accordance with their respective mandates, including the annual two-hour trainings to the Municipal Employees Association members.

Section 5: Surveys of City Departments and Peer Jurisdictions

To understand how conflicts of interest are managed citywide in San Francisco and compare those practices to other large cities, we designed and distributed online surveys to both City departments and peer jurisdictions.

47 departments responded to our citywide survey, representing the vast majority of City departments. Topics covered include existence of written policies and procedures; maintenance and communication of departmental policies; training provided to staff; topics that staff most frequently need assistance with and who is available to provide advice; the existence of internal controls to prevent conflicts of interest; the biggest challenges that departments face when managing and preventing conflicts of interest; and, what recommendations do departments have for improving their controls.

To compare conflicts of interest management practices in San Francisco to other large cities, we issued a peer survey to 11 jurisdictions, from which we received 10 complete responses. Survey respondents included jurisdictions from California as well as other states. Six respondents (60 percent) are major cities in California, including: Oakland, San Jose, Los Angeles, San Diego, Long Beach, and Sacramento. The remaining four respondents (40 percent) are jurisdictions who are comparable to San Francisco because of shared similarities (e.g., cities who operate an airport, a port, a transit system, etc.) and/or those who we identified as leaders or good models in government ethics: Seattle, Chicago, Denver, and Phoenix. Criteria we used to identify leaders in government ethics include an easily navigable website, general guidance and advisory opinions, published website materials for different audiences (e.g., elected officials, Board and Commission members, and employees), and searchable and downloadable public disclosures. We also consulted with the Ethics Commission Acting Policy and Legislative Affairs Manager in February

2023 to obtain input on appropriate peer jurisdictions to survey. This resulted in the addition of the City of Chicago to the list of surveyed peer jurisdictions.

It is important to recognize the limitations of surveys, which rely on self-reported data from respondents and may not accurately represent current management practices for conflicts of interest in San Francisco and other cities.

Introduction

The Board of Supervisors directed the Budget and Legislative Analyst's Office to conduct a performance audit of how conflicts of interest are managed citywide through a motion (M22-185) passed on November 29, 2022.

Scope

The scope of this performance audit includes an assessment of the City's approach to minimizing conflicts of interest among public officials, staff, and contractors, with a review of citywide training and communications, department controls around contracting, practices for filing and reviewing statements of economic interests (Form 700), a review of departments' statements of incompatible activities including oversight of secondary employment, and surveys of both City departments and other jurisdictions. The period of review for this audit was originally July 1, 2019 through June 30, 2022, but was extended to October 31, 2024 due to significant developments related to revisions to the City's Ethics Code, changes to the City's approach to incompatible activities and secondary employment, and efforts undertaken by the Ethics Commission on its audit backlog and other initiatives.

Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), 2018 Revision, issued by the Comptroller General of the United States, U.S. Government Accountability Office. In accordance with these requirements and standard performance audit practices, we performed the following performance audit procedures:

- Conducted interviews with management and staff at the Ethics Commission, Department of Human Resources, and City Attorney's Office;
- Reviewed prior reports, including the Controller's Public Integrity Review, the Ethics Commission's Conflicts of Interest Policy Project, and the Performance Audit of the Ethics Commission released by our office in 2020;
- Conducted interviews with and reviewed a random sample of contracts approved by the Airport, City Administrator's Office, Department of Building Inspection, Department of Public Health, Department of Public Works, Fire Department, Department of Homelessness and Supportive Housing, Human Services Agency, Mayor's Office, San Francisco Municipal Transportation Agency, Police Department, and the San Francisco

Public Utilities Commission. For these contracts, we also reviewed the statement of economic interests on file for staff and management involved in contract review and approval, and where applicable, reviewed the conflict of interest forms for panelists involved in reviewing and recommending a contract provider;

- Reviewed the relevant laws, provisions, and other statutes that guide the City's conflict of interest rules;
- Reviewed the Ethics Commission's statement of economic interest (Form 700) database and reports on late filers and non-filers;
- Analyzed the Ethics Commission's data on Board and Commission member recusals;
- Analyzed the Statements of Incompatible Activities prepared by City departments;
- Reviewed the training and communications to City employees and officials regarding conflict of interest rules;
- Surveyed peer jurisdictions on their practices for minimizing and preventing potential conflicts of interest;
- Surveyed City departments on their internal controls, training, and communication practices regarding conflicts of interest;
- Submitted a draft report with findings and recommendations to the Ethics Commission and City Attorney's Office on November 14, 2024 (individual sections were provided as relevant to the City Administrator, Controller's Office, Department of Public Health, Fire Department, and Department of Human Resources) and conducted an exit conference with the Ethics Commission and City Attorney's Office on December 19, 2024;
- Submitted the final report, incorporating comments and information provided at the exit conference, to the Ethics Commission and City Attorney's Office on January 31, 2025;
- Submitted Section 2 of the final report to the Office of Contract Administration on February 7, 2025; and
- Submitted Section 3 of the final report to the Department of Human Resources on January 31, 2025.

Recent Conflict of Interest Violations

Since January 2020, there has been a heightened focus on public integrity in San Francisco City and County government following a federal investigation that uncovered a series of bribes, kickbacks, and improper gifts between City officials and City contractors and prospective contractors.

The seriousness and extent of unethical and unlawful behavior came to light with the initial arrest in January 2020 of the City's Director of Public Works, Mohammed Nuru, who was charged with

honest services fraud in public office by engaging in a scheme that included bribes and kickbacks that had extended for at least 12 years during his time with the City. Nuru pleaded guilty to honest services fraud and was sentenced to seven years in prison. The federal public corruption investigation found that Nuru's relationship with the contractor Walter Wong involved improperly assisting him with securing City contracts through structuring Requests for Proposals that would favor Wong, as well as providing Wong with confidential information on the bids of other competitors. In addition, the investigation led to the former head of the San Francisco Public Utilities Commission, Harlan Kelly, being found guilty of honest services wire fraud, conspiracy to commit honest services wire fraud, and bank fraud. Kelly was sentenced to four years in prison in March 2024. The federal public corruption investigation has led to more than a dozen individuals, including Nuru and Kelly, as well as other City contractors and parties being charged in connection with these bribery and corruption schemes.

The San Francisco City Attorney, Controller's Office, and Ethics Commission have responded to the federal investigation with their own investigation, audits, and policy research that has looked at the systems and practices that resulted in such widespread public corruption. The Controller's Office, with support from the City Attorney, conducted a public integrity review of the City's contracts, purchase orders, permits and grants that looked at possible process failures.

Overview of San Francisco's Conflict of Interest Rules

There are several state and local laws that shape San Francisco's conflict of interest rules and prohibit City staff, commissioners, and elected officials from making decisions on items in which they have a financial interest.

California State Laws

The primary law governing conflicts of interest in California is the Political Reform Act (California Government Code Section 87100, et seq.), passed by voters in 1974. The Political Reform Act established regulations that made possible greater transparency and accountability of local officials in order to prevent corruption. Under this law, all public officials who make or participate in making governmental decisions that could affect their personal financial interests are required¹ to file financial disclosure forms. These forms are called "statements of economic interests" or "Form 700s," and they are meant to inform the public about the official's financial interests and potential conflicts of interest to ensure that officials make decisions in the best interest of the public. The primary agency responsible for the interpretation and enforcement of

¹ California Government Code Sections 87200 and 87302

the Political Reform Act is the Fair Political Practices Commission (FPPC). Locally, the process for identifying City officials required to file Form 700s is set forth in the City's Campaign and Government Conduct Code, as discussed below.

California Government Code Section 53235 (also known as "AB 1234") requires that certain local agency officials receive at least two hours of training in general ethics principles and relevant ethics laws every two years. This law also requires that local providers of training courses furnish participants with proof of participation to meet the training requirement. In San Francisco, the Ethics Commission provides certificates of training participation and maintains a public dashboard of completed certificates on its website, as discussed below.

San Francisco Laws and Regulations

In 1993, San Francisco voters approved the creation of the Ethics Commission to administer the City's campaign contribution, conflict of interest, lobbying, and whistleblower laws, and to investigate violations of these laws. Article XV of the City Charter sets forth the composition and requirements of the Ethics Commission, which are discussed further below.

The San Francisco Campaign and Governmental Conduct Code sets forth specific restrictions governing election campaign, lobbying, conduct of City officials and employees, and the protection of whistleblowers. The Campaign and Government Conduct Code establishes that City officers and employees must be independent, impartial, and responsible to the public, and that public office and employment may not be used for personal gain.

In accordance with the Political Reform Act,² the City's Conflict of Interest Code (as set forth in Article III, Chapter 1 of the Campaign and Government Conduct Code) lists the employees and officers who make or participate in the making of governmental decisions on behalf of the City. Within Article III of this Code, the City establishes specific restrictions and regulations on the following:

- Financial disclosures: this section details how City officials must comply with the Political Reform Act by determining Form 700 filing requirements and establishing financial disclosure categories, based on the nature and scope of duties, for required filers. Disclosure categories describe the types of financial interests an individual must disclose. Positions with a broader scope of duties typically require more disclosure than those with less authority;

² California Government Code Sections 87300 and 87302 (a)

- Conflicts of Interest: includes rules on nominations and appointments to City office; recusal procedures for Board and Commission members with a conflict of interest in a public matter; disclosure of personal, professional and business relationships; gifts; incompatible activities; prohibitions on political activities; and restrictions on future employment. These regulations are detailed in San Francisco Government Ethics Ordinance Section 3.200;
- Ethics Commission duties;
- Permit Application Processing;
- Developer Disclosures; and
- Behested Payment Reporting: in 2022, local behested payments rules were amended through Ordinance 220539 which prohibits officers and designated employees from directly or indirectly soliciting behested payments. These requirements are further defined in the Ethics Regulations to San Francisco Campaign and Governmental Conduct Code – Campaign Finance and Conflict of Interest Section 3.600.

In accordance with state requirements set forth in AB 1234, San Francisco Campaign and Government Code Section 3.205(a) requires all City officials and employees who are required to file annual Form 700s to complete ethics training and certify completion of ethics training annually.

Ethics Commission Regulation 3.1-100 provides more detailed filing instructions to support the implementation of Campaign and Government Code Section 3.1-100 on financial disclosures.

Oversight and Enforcement of Conflicts of Interest Rules

As noted above, this performance audit looks at *citywide* oversight and enforcement of conflicts of interest rules. We highlight below the roles of the three departments that have key oversight functions—Ethics Commission, City Attorney, and the Department of Human Resources—and note further the responsibilities of individual City departments.

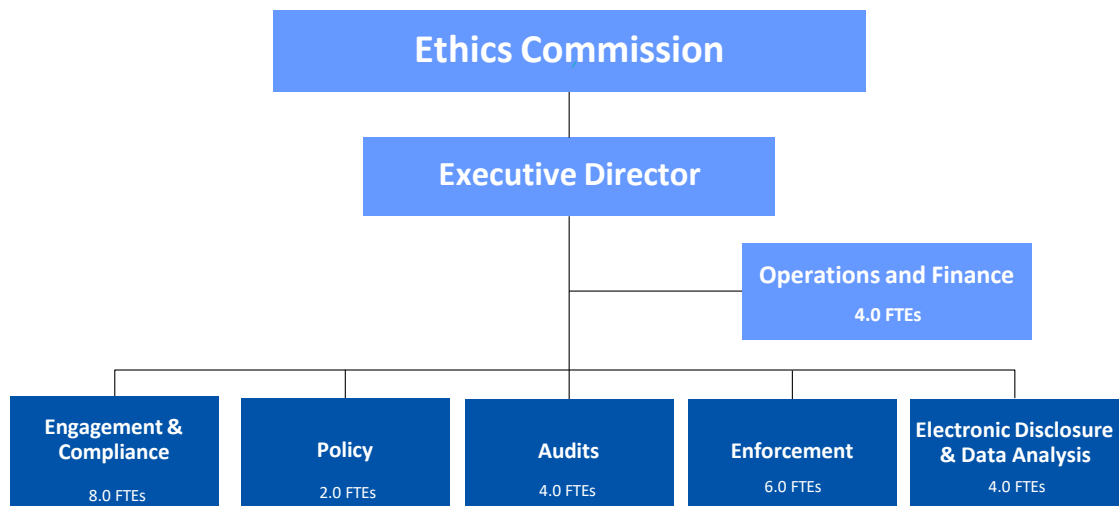
Ethics Commission

While it is not the only City department with official oversight functions regarding the conflicts of interest rules and enforcement, the Ethics Commission bears significant responsibility. According to the Ethics Commission website, it is “responsible for the independent and impartial administration and enforcement of laws related to campaign finance, public financing of candidates, governmental ethics, conflicts of interests, and registration and reporting by lobbyists, campaign consultants, permit consultants, and major developers.”

As defined in the City Charter, the responsibilities of the Ethics Commission that relate specifically to conflicts of interest include:

- Advising City officials and employees on conflicts of interest laws;
- Maintaining a whistleblower hotline to receive reports of violations;
- Conducting investigations of alleged violations of conflicts of interest;
- Assisting departments in the development and maintenance of their conflict of interest codes as required by state law;
- Developing and distributing educational materials on conflicts of interest laws, including trainings and manuals;
- Sending reminders to Form 700 financial disclosure filing officers throughout the City regarding the annual Form 700 deadline;
- Sending reminders to department heads and commissioners regarding the annual ethics and sunshine training deadline;
- Maintaining an online database tracking the completion of Form 700s; and
- Maintaining an online database of completed ethics training certificates.

The Department's organizational structure during FY 2024-25 is shown in Exhibit I.1 below. As shown, the Ethics Commission has five divisions, including (1) Engagement and Compliance, (2) Policy, (3) Audits, (4) Enforcement, and (5) Electronic Disclosure and Data Analysis. In prior fiscal years, and during the course of our fieldwork, the Ethics Commission consisted of six divisions. However, the Education and Training division, also known as Ethics @ Work, was consolidated with Engagement and Compliance after the former manager left the position during FY 2024-25. The Ethics @ Work program is discussed in more detail in Section 4 of this report on Training and Communication.

Exhibit I.1: Ethics Commission Organization Chart³

Source: Ethics Commission response to BLA request

Campaign Finance Audits

The Ethics Commission is responsible for conducting campaign finance audits of City candidates and committees. [San Francisco Charter Section C3.699-11\(4\)](#), adopted by voters in November 1993, authorizes the Ethics Commission to audit campaign statements filed with the Commission to ensure compliance with laws and regulations. Candidate committees that do not receive public funds may still be selected for audit at the discretion of the Executive Director. Commission audits determine the committees' degree of compliance with applicable state and local laws and produce written audit reports for the committee and public to detail any material audit findings. The Ethics Commission is also charged with auditing at least one lobbyist each year. Additionally, during election season, the Ethics Commission administers the City's public financing program. The Commission conducts eligibility checks for candidates running for Board of Supervisors and Mayor, and coordinates disbursements of public funds accordingly.

Policy and Legislative Work

Through its Policy Division, the Ethics Commission analyzes the effectiveness of current laws and programs in achieving their intended purposes, and formulates new regulatory and legislative approaches to ensure the City's political reform laws are strong, workable, and enforceable.

³ As of December 2024, the Commission had 26 filled positions of the 29 funded positions shown here.

Related duties assigned to the Policy Division include media relations to ensure accurate reporting on ethics matters, interpreting and advising on the law to other divisions and City departments, stakeholder outreach and engagement, and administration of the Commission's opinion and waiver programs.

Form 700 Post-Filing Compliance Review

In addition to conducting mandatory and discretionary campaign and lobbying audits, the Ethics Commission has accepted responsibility for developing and implementing an annual post-filing compliance review program for Statements of Economic Interests, also known as Form 700s. This, in addition to an electronic process for filing Form 700s, was a recommendation from the Controller Office's public integrity reports in 2020, which are discussed in more detail in Section 1 of this report: *Compliance Reviews of Annual Conflict Declarations*. The Commission conducts two types of reviews: (1) filing officer reviews, as required under state law, and (2) an investigatory review for conflicts of interest using Form 700 data.

Investigations

The Ethics Commission's Enforcement Division investigates complaints that are filed by members of the public and receives referrals from other oversight departments, particularly from the Controller's Whistleblower Program. These investigations include potential violations of the law. Additionally, Enforcement Division staff may initiate an investigation without receiving a complaint if a staff member becomes aware of a potential violation—for example, by reviewing public disclosure filings. The Enforcement Division also pursues penalties and other remedies for violations, negotiates and secures settlements, and conducts administrative hearing processes.

Information and Guidance

As part of its duty to promote governmental accountability, the Ethics Commission provides information, guidance and training to City officers and employees, candidates for public office, the public, and others to help them understand and comply with their responsibilities under the law. The Engagement & Compliance Division also administers the Commission's seven disclosure programs and creates educational materials related to the laws administered by the Commission.

City Attorney

The City Attorney's Office has several roles in overseeing compliance with conflicts of interest rules. Within the Office, there is a dedicated team that works with the Ethics Commission, and this team provides advice both to Ethics Commission staff, and to all City employees or officials seeking advice on ethics questions. This team also updates and maintains the Good Government

Guide, which was first produced by the City Attorney’s Office in 1998⁴ to provide an accessible and comprehensive overview of the primary laws governing conflicts of interest and financial disclosures for City officials. The City Attorney’s Office also created an online ethics training course, in accordance with California Assembly Bill 1234 (discussed in more detail in Section 4 of this report). With the implementation of Proposition D in 2024, this training course is now created and maintained by the Ethics Commission.

While the Ethics Commission plays the primary role in managing citywide compliance with Form 700 disclosures filings, the City Attorney’s Office advises City departments who have questions regarding setting the disclosure category for staff, and officially files updates to the City Code to reflect any changes in departmental Form 700 disclosure filing requirements.

In addition, the City Attorney’s Office supports the Ethics Commission in the production of training materials on conflicts of interest rules and provides training presentations to the San Francisco Municipal Employees Association (MEA), in accordance with requirements set forth in the Memorandum of Understanding, and other City departments upon request.

Department of Human Resources

The Department of Human Resources plays two key roles in overseeing citywide compliance with conflicts of interest rules: (1) providing training materials to new City employees through the initial onboarding process, and (2) reviewing and approving all requests for secondary employment. The Department of Human Resources’ role regarding secondary employment requests is codified in the City’s Civil Service Commission Rules (118, 218, and 318), and discussed in more detail in Section 3 of this report.

City Departments

Departments themselves bear certain oversight and implementation roles related to conflicts of interest rules. As mentioned above, departments must identify departmental employees required to file Form 700s and must also determine the financial disclosure category for each employee. Departments should identify a Form 700 Filing Officer within the department, who notifies employees of their responsibilities and follows up with any employee who misses the filing deadline. Departmental filing officers must also maintain accurate lists of their department’s filers in NetFile and complete the filing officer reviews required under state law.

⁴ The original 1998 guide was much shorter and called “An Overview of the Laws Governing the Conduct of Public Officials”. It was expanded and renamed the “Good Government Guide” in 2004.

Department heads must also receive and review requests for additional employment, and if approved, must work with the Department of Human Resources to facilitate the review and approval of these requests.

As discussed in Section 3 of this report, prior to the implementation of Proposition D in October 2024, City departments produced and submitted a Statement of Incompatible Activities (SIA) to the Ethics Commission for review and posting on its website. Since October 12, 2024, there are universal rules regulating incompatible activities citywide, codified in Campaign and Governmental Conduct Code Section 3.128.

March 2024 Ballot Measure

In response to the 2020 corruption allegations brought by the U.S. Department of Justice, the Ethics Commission directed staff to conduct a three-phased review of existing conflicts of interest laws and regulations. The first phase focused on behested payments, the second phase focused on gifts to individuals and gifts made through City departments, and the final phase addressed basic ethics provisions and programs in the City.

As a result of these reviews, the Ethics Commission prepared a ballot measure—Proposition D—that appeared on the March 2024 ballot, which was approved by the voters. Proposition D offers solutions to the weaknesses that Ethics Commission staff identified during their work on this three-phased project. The key elements to the ballot measure include:

1. Strengthen San Francisco’s bribery rule by incorporating elements of the federal bribery rule.
2. Create a penalty for failure to comply with the existing requirement that officials disclose any personal, professional, or business relationship with persons involved in a government decision the official will make.
3. Extend the annual ethics training requirement to all Form 700 filers.
4. Elevate the rules contained in departmental Statements of Incompatible Activities into the Code. Discontinue departmental Statements of Incompatible Activities.
5. Strengthen chapters of the Code by harmonizing and improving basic provisions.
6. Strengthen the Restricted Source Rule to remove exemptions that exist in State gift reporting rules, such as gifts given in the restricted source’s home.
7. Mandate monthly reporting of gifts received by City departments, requiring departments to disclose information about donors, including any financial interests they have with the City.

Acknowledgements

We would like to thank the staff at the Ethics Commission, the City Attorney's Office, and the Department of Human Resources for their assistance throughout this project. We would also like to thank staff at all of the City departments who participated in our survey, and in particular those departments whose contracts were included in our sample review: the Airport, City Administrator's Office, Department of Building Inspection, Department of Public Health, Department of Public Works, Fire Department, Homelessness and Supportive Housing, Human Services Agency, Mayor's Office, Municipal Transportation Agency, Police Department, and the Public Utilities Commission. Finally, we would like to thank the staff from peer jurisdictions who participated in our survey, including the cities of Chicago, Denver, Long Beach, Los Angeles, Oakland, Phoenix, Sacramento, San Diego, San Jose, and Seattle.

1. Reviews of Annual Financial Disclosures

The City does not have a process or control in place to ensure that annual compliance reviews of financial disclosures, known as Statements of Economic Interests or Form 700s, are taking place for the vast majority of designated filers who fall under the purview of departmental filing officers rather than with the Ethics Commission. This absence exists more than four years after the Controller's Office recommended compliance reviews of Form 700s to the Ethics Commission in its June 2020 public integrity review report. Annual reviews of Form 700s are required by the state's Fair Political Practices Commission regulations. Such reviews help ensure City staff who file with departmental officers fill them out correctly and do not make decisions on items in which they have a financial interest. We recommend that the Ethics Commission Engagement and Compliance Division Manager develop a process to verify that departmental filing officers annually review an appropriate number of Form 700s under their purview and provide necessary guidance to the filing officers to assist them in these reviews no later than October 31, 2025.

The Ethics Commission's Audit Division was assigned by the previous Executive Director with exploring the initiation of investigative reviews of annual financial disclosures, which go beyond state requirements, to proactively review the data for evidence of potential violations such as conflicts of interest and City officers contracting with the City or engaging in compensated advocacy on behalf of private clients. The Audit Division never launched such reviews due in part to a years long audit backlog. The Audit Division has been restructured with reclassified positions, its audit backlog has been cleared, and investigative reviews have instead been initiated by the Enforcement Division. We recommend that the Executive Director of the Ethics Commission assess whether the Audit Division can assist with future annual post-filing investigatory reviews once reclassified positions have had sufficient time in their positions, or by January 2026.

State Regulations for Annual Financial Disclosures

As discussed in the Introduction to this report, California's Political Reform Act, passed in 1974, requires all public officials who make or participate in making governmental decisions that could affect their personal financial interests to file financial disclosure forms, called "statements of economic interests" or "Form 700s."

Jurisdictions must select Form 700 "filing officers" who provide statements of economic interest to designated filers, answer questions about the forms, notify late filers, and report violations. In San Francisco, the Ethics Commission acts as the filing officer for City officers, including elected

officials, Ethics Commission staff, department heads, and commission and board members designated in San Francisco Campaign and Governmental Code section [3.1-103 \(a\) and \(b\)](#), and positions under code section [3.1-510](#). For other “designated filers,” as identified in the Code, filing officers may be the head of the respective City department (or their designee).

Under state regulations, filing officers must conduct reviews of at least 20 percent of statements filed under their purview to ensure completeness and accuracy (at least half of which must be selected randomly) and all late statements.¹ Under California Fair Political Practices Commission Regulation 18115(a)(2), filing officers are required to, “determine whether the proper statements have been filed and whether they conform on their face with the Act’s requirements,” as part of these reviews. As the designated filing officer for elected officials, commissioners, department heads, and Ethics Commission staff, the Ethics Commission is responsible for reviewing the forms of these approximately 500 City officials, which is about 10 percent of filers citywide. Departmental filing officers are responsible for reviewing the forms of the remaining approximately 4,500 designated filers.

2020 Recommendation from Controller’s Office on Form 700 Oversight

In 2020, the San Francisco Controller’s Office and City Attorney’s Office jointly launched an independent investigation into the allegations surrounding the arrest of the former Director of Public Works in January 2020 on charges of public corruption. The City Attorney’s Office focused on holding public officials and City vendors accountable. At the same time, the Controller’s Office conducted a public integrity review of contracts, purchase orders, and grants to identify process failures and issued nine public integrity reports with 64 recommendations. These recommendations included that the “Ethics Commission should expeditiously enable and require that all Form 700s be filed electronically by all required filers and conduct annual compliance reviews of these filings.”

Challenges to Implementation of 2020 Controller Recommendation

Although the Ethics Commission has made significant progress in addressing the Controller’s Office recommendation related to oversight of Form 700 filings, more should be done to ensure greater compliance citywide. The Ethics Commission implemented electronic filing of Form 700s in January 2022 and an annual review of Form 700s under their purview (declarations filed by

¹ California Code of Regulations § 18115 requires that this review determine whether the summary page is completed correctly, and all schedules applicable to the filer are either attached or checked “no reportable interests”; the attached schedules include all required descriptive information for each financial interest; and information on one schedule suggests that required information is omitted on either that schedule or another schedule.

elected officials, commissioners, department heads, and Ethics Commission staff) as defined by state regulations in June 2024. Additionally, in July 2022, the Enforcement Division began conducting *investigative* reviews of the City's Form 700 data, which go beyond, and are a separate review from, what is required by state regulations, to check for potential violations or conflicts of interest. These investigative reviews resulted in 14 settled cases concerning Form 700 compliance (seven for failure to file; six for failure to disclose an interest; and four conflicts of interest). However, there is no process in place to ensure that the annual compliance reviews required by regulations of the Fair Political Practice Commission are conducted for the vast majority of designated filers who fall under the purview of departmental filing officers rather than with the Ethics Commission, as described below.

For the Form 700 compliance reviews required by state regulations under its purview, as noted above, the Ethics Commission did not start these reviews until June 2024—four years following the Controller's Office recommendation. Although it's not clear why state-required compliance reviews were not completed in previous years, it may have been partially due to management turnover. Regarding the investigative reviews that go beyond state requirements, the previous Executive Director of the Ethics Commission tasked the Audit Division with exploring beginning investigative reviews that could potentially have been conducted by that division after the Division worked through a multi-year backlog of campaign finance audits. During our audit fieldwork, there were as many as 18 outstanding mandatory campaign finance audits that needed to be completed: 13 from the 2020 election cycle and another five from the 2022 election cycle. However, after contracting with an outside audit firm to complete 15 of the outstanding audits, the Division cleared out the audit backlog in FY 2023-24.

To address the inefficiencies and improve outcomes of the audit program, during the FY 2024-25 budget process all audit staff positions were reclassified, as follows:

- One 1824 Principal Administrative Analyst (Audit Manager) to 1686 Auditor III
- Three 1822 Auditor Administrative Analyst (Auditor) to 1684 Auditor II

According to the Ethics Commission's budget request for FY 2024-25, the inefficiencies in the Audit Division were due in part to a structural deficiency related to job classifications. The request noted that the Audit Division has been unable to complete audits timely despite being fully staffed since November 2021 and asserted that higher, more specialized classifications were needed to support timely completion of audits and comply with the Board of Supervisors' resolution to develop a long-term, sustainable, and timely auditing function. The request for a reclassification of Audit Division positions was approved by the Mayor and Board of Supervisors during the FY 2024-25 budget process. As of December 2024, all four reclassified positions in the

Audit Division have been filled.² The Audit Division may therefore be a resource that could assist other divisions with either compliance and/or investigatory reviews of annual financial disclosures. We recommend that the Executive Director of the Ethics Commission reassess whether the Audit Division can assist with post-filing reviews of Form 700 disclosures after the reclassified audit positions have completed enough audits to make this determination, or by January 2026.

Financial Disclosure Reviews Under the Purview of City Departments

The Commission's new Executive Director has asserted to our audit team that the state required Form 700 compliance reviews under the Ethics Commission's purview are the responsibility of the Engagement and Compliance Division, which conducted the first annual review in June 2024. As noted previously, this review only covers the approximately 500 City officials and staff for which the Ethics Commission acts as the Form 700 filing officer. Departmental filing officers are responsible for the reviews of the remaining 90 percent of designated filers, which total approximately 4,500 citywide. However, there is no citywide process or documented assurance that these reviews are being completed. The failure to conduct such reviews would be a violation of regulations of the Fair Political Practices Commission and contrary to the Controller's Office's recommendation from its 2020 Public Integrity Review. We recommend that the Ethics Commission's Engagement and Compliance Division Manager develop a process to verify that departmental filing officers are annually reviewing an appropriate number of Form 700s in their departments and provide necessary guidance to the filing officers to conduct such reviews no later than October 31, 2025.

Conclusion

The City does not have a process or control in place to ensure annual compliance reviews are conducted of financial disclosures (Statements of Economic Interests also known as Form 700s) for most designated filers four years after such reviews were recommended by the Controller's Office. Approximately 90 percent of designated filers citywide fall under the purview of department filing officers rather than the Ethics Commission, which recently instituted such reviews for the designated filers under its purview. Annual reviews of Form 700s are required by the state's Fair Political Practices Commission regulations. Such reviews help ensure City staff who file with departmental officers fill them out correctly and do not make decisions on items in which they have a financial interest.

² The 1686 Audit Manager was filled on November 12, 2024 and a 1684 Auditor position was filled on December 16, 2024.

The Ethics Commission's Audit Division was assigned by the previous Executive Director with exploring the initiation of investigative reviews of annual financial disclosures, which go beyond state requirements, to proactively review the data for evidence of potential violations such as conflicts of interest and City officers contracting with the City or engaging in compensated advocacy on behalf of private clients. The Audit Division never launched such reviews due in part to a years long backlog. The Audit Division has been restructured with reclassified positions, its audit backlog has been cleared, and investigative reviews have instead been initiated by the Enforcement Division. We recommend that the Executive Director of the Ethics Commission assess whether the Audits Division can assist with future annual post-filing investigatory reviews once reclassified positions have had sufficient time in their positions, or by January 2026.

Recommendations

The Executive Director of the Ethics Commission should:

- 1.1 Reassess whether the Audit Division can assist with investigatory reviews of Form 700 disclosures after the reclassified audit positions have completed sufficient work to make this determination, or by January 2026.

The Engagement and Compliance Manager of the Ethics Commission should:

- 1.2 Develop a process to verify that departmental filing officers are annually reviewing the forms of designated filers in their departments and provide sufficient guidance to departmental filing officers to conduct such reviews no later than October 31, 2025.

Benefits and Costs

Implementation of the proposed recommendations would improve the City's ability to more proactively minimize the risk of conflict of interests. Developing a formal process to ensure all designated filers are subject to annual post-filing compliance reviews, not just those who are required to file with the Ethics Commission, would improve the City's ability to identify potential conflicts of interests and violations, enforce conflicts of interest rules, and take corrective action when necessary. Reassessing whether the Audit Division can assist with annual Form 700 investigatory reviews after the new, reclassified audit positions have completed sufficient work will help the Ethics Commission optimize staff resources. The annual compliance reviews can be conducted with existing resources as they would require a short-term time commitment once per year from filing officers and limited support to be provided by Ethics Commission Engagement and Compliance staff.

2. Conflict-of-Interest Controls in City Contracting

When City departments use a selection panel as part of a competitive award process, they do not consistently require panelists to complete a conflict-of-interest/confidentiality form. For 16 of the 37 contracts we reviewed for which a selection panel was convened (43 percent), departments could not provide completed panelist attestation forms, although for eight of these, staff cited record-keeping issues. When panels are convened, departments generally only require *panelists* to complete attestation forms; few extend this requirement to staff who draft solicitations or perform initial bid screening. Further, our review of 68 contract awards across 12 key departments found that departments rarely utilize conflict-of-interest attestations when making awards without a selection panel, such as contracts awarded through sole-source waivers, or “low bid” awards made to the lowest bidder that meets minimum qualifications. Departments also use several attestation forms, which vary in their content. In addition, few departments screen for potential conflicts on the Form 700 financial disclosures submitted by individuals being assigned to a contract award process. Within our contract sample, a small number of Form 700s included items that could present at least the appearance of a conflict of interest. These included a City official reporting income from an organization supporting an event for which the official approved a grant.

Although City Code requires that contracts be awarded on an impartial basis, it has no requirements related to attestation forms or review of financial disclosures. While attestation forms are not designed to detect staff members who intentionally conceal conflicts, they can help well-meaning staff avoid participating in awards when they have a potential conflict of interest and/or inadvertently assisting proposing parties. Creating a process for screening the Form 700s completed by potential panelists and/or contracting staff prior to an award would provide an additional internal control to help prevent such incidents. By amending the Campaign and Governmental Conduct Code to require these practices, the Board of Supervisors can demonstrate City leadership’s commitment to integrity, which is often referred to as the “Tone at the Top.”

Existing Internal Controls for Preventing Conflicts of Interest

According to the San Francisco Campaign and Governmental Conduct Code, “City and County contracts should be, and should appear to be, awarded on a fair and impartial basis.”¹ For professional services contracts with a value of more than \$200,000, the Administrative Code

¹ S.F. Administrative Code, Sec 3.200(d)

requires department heads to “ensure that all panel members are impartial and that all respondents are treated fairly.”² California state law also prohibits government employees from participating in contract award processes in which they have “a financial interest.” Individuals who violate this statute face civil and/or criminal penalties, depending on whether the conduct was intentional.³ Contracts awarded in violation of this law are also considered void.⁴

To comply with provisions such as these and promote integrity in contracting, many cities and departments have implemented internal controls specific to the contract award process. Three of 11 cities surveyed by our audit team (Long Beach, Sacramento and Denver) ask individuals involved in contracting decisions to sign forms attesting that they have no disqualifying conflicts of interest.⁵ Three additional surveyed cities (San Jose, Chicago and Phoenix) have a process for reviewing financial disclosures submitted by staff responsible for awarding contracts.

In response to a separate survey that we conducted of City departments, 40 out of 46 responding departments (87 percent) reported using internal controls to prevent conflicts of interest in contracting. Attestation forms were the most common control noted, as shown below in Exhibit 2.1.

Exhibit 2.1: Department Responses About Use Conflict-of-Interest Forms

Response	Respondents (%)	Respondents
Attestation from staff involved in the award/review	43.5%	20
Other	30.4%	14
All of the above	19.6%	9
We have no such controls	13.0%	6
Review of financial disclosures for staff involved in the award/review prior to award	8.7%	4
Total Respondents		46

Source: BLA survey of departments

Note: Respondents could select multiple responses.

Contract Sample

To better understand how departments manage conflicts of interest in the contract award process, we selected a sample of 68 contracts from 12 key departments, each with a start date

² S.F. Administrative Code, Sec 6.40

³ See California Government Code Section 1090.

⁴ [Quick Guide to Section 1090 \(ca.gov\)](#)

⁵ Peer survey results, Question 15

between July 1, 2019 and June 30, 2022. For each contract, the audit team asked responsible departments to provide a copy of the executed contract; the names of staff, panelists and Board or Commission members (if applicable) involved in approving the award; Form 700s for staff and panelists involved in approving the award;⁶ and any conflict of interest attestations or declarations completed by staff or panelists as part of the contract award process. We reviewed a proportionate number of contracts per department, relative to the department's share of all contracts among these 12 departments.⁷ Exhibit 2.2 below shows the number of contracts in our sample and the associated department.

Exhibit 2.2: Contract Sample Analyzed by Audit Team

Department	Number of Contracts in Sample
Mayor's Office of Housing and Community Development	12
City Administrator's Office	11
Public Utilities Commission	10
Airport	8
Department of Public Works	8
Department of Public Health	6
Human Services Agency	4
Department of Homelessness and Supportive Housing	2
Department of Building Inspection	2
Municipal Transportation Agency	2
Police Department	2
Fire Department	1
Total	68

Source: BLA contract sample

Attestations Not Consistently Utilized for Contract Awards

We found from our sampling of contracts across 12 key departments that conflict of interest attestations are not consistently used in the award of contracts across the City. A review of conflict-of-interest forms from our contract sample found that departments had such forms available for only 21 of 66 applicable contracts (32 percent), as shown in Exhibit 2.3 below.⁸

⁶ This applied only to contracts approved prior to January 2022.

⁷ We made adjustments to increase the number of contracts sampled for larger departments, departments determined to be higher risk, or departments with less than 1% of contracts in the pool from which the sample was drawn.

⁸ Departments provided responses about 68 contract IDs; departments described two of these purchasing transactions, not contract awards; we have omitted these two from the results described above.

Exhibit 2.3: Conflict-of-Interest Forms in Sample of Awarded Contracts

Completed Attestations Provided	Number of Contracts	Percentage of Contracts
No	45	68%
Yes	21	32%
Total Contracts in Sample	66	100%

Source: BLA analysis of contract sample

Although conflict-of-interest attestations are generally required by departments for panelists when a formal selection panel is convened, our sampling found that departments were unable to provide attestation forms for 16 of 37 contracts (43 percent) that were awarded with such panels. Two of these 16 contracts were awarded by the Department of Public Health (DPH). DPH staff asserted to us that their department does not require attestation forms for Request for Qualifications processes.⁹ For eight of the 16 contracts that lacked attestation documentation, departments responded that they lacked documentation due either to litigation with a content management company or staff turnover. For the remaining six contracts awarded through a selection panel without conflict-of-interest attestation documentation, no explanation was provided by departments for the absence of such documentation. Separately, San Francisco Public Utilities Commission (SFPUC) staff noted that during the time covered by our contract sample, two types of selection panels used by the department – those convened by a specific division, and separately those awarding “low-bid” contracts – were not required to complete attestation forms.

Departments appear to rarely utilize conflict-of-interest attestations when awarding sole source, informal, or low bid awards. Among the 45 contracts for which departments did not provide completed attestation forms, 29 (64 percent) were awarded without the use of a selection panel, as shown in Exhibit 2.4 below.

Exhibit 2.4: Contracts for Which No Conflict-of-Interest Forms Were Provided

Description	Number of Contracts
No Panel Assembled	29
Record-Keeping Issue Cited	8
Other	8
Total	45

Source: BLA analysis of contract sample

⁹ Requests for qualifications processes are generally used to select a pool of qualified vendors for a set period of time who would then be eligible to subsequently compete for project work through a simplified process.

Departments did not provide completed attestation forms for any of the 29 contracts in the sample that were awarded without a selection panel, as shown in Exhibit 2.5 below. These contracts included:

- One contract resulting from a solicitation that received only one bid;
- Four “low bid” contracts determined on bid price only;
- Two contracts awarded through a sole-source exception and/or waiver;
- Four purchases made under procedures authorized by Proposition Q, a San Francisco Charter amendment that exempts certain purchases from competitive bidding;¹⁰
- One contract a department awarded as an “informal solicitation” because its total amount was less than \$100,000;¹¹
- One contract related to the Covid-19 emergency;
- Four grants; and,
- Three contracts resulting from Requests for Qualifications

Exhibit 2.5: Contracts for Which No Selection Panel Was Assembled

Completed Attestations Provided	Number of Contracts
No	29
Yes	0
Total	29

Source: BLA analysis of contract sample

Bid Design and Screening Staff Not Consistently Required to Complete Attestations

Many City departments do not require staff who are responsible for drafting solicitations or reviewing initial bid documentation to complete conflict-of-interest/confidentiality attestations even though there is a risk that staff in these roles could unfairly alter the solicitation process in their own interest for or against a bidder.

When departments provided completed attestation forms in response to our sample requests, they generally provided forms completed only by bid evaluation panelists and did not provide

¹⁰ Under Proposition Q, approved in 1993, departments can complete qualifying purchases under a certain amount (currently \$10,000) without undergoing competitive bidding.

¹¹ According to email correspondence shared by the department, staff searched online for alternatives to the City’s existing supplier and determined that competing suppliers were national brands that were “not compliant” for unspecified reasons and had higher prices.

forms completed by other individuals involved in the awards process, such as staff involved in drafting a solicitation, assessing proposals' minimum qualifications, and assessing proposals' responsiveness to the relevant solicitation. To better understand department practices, we asked follow-up questions about which individuals are required to complete conflict-of-interest attestations. Responses to these questions show that most departments do not require staff involved in the contract solicitation process in a non-panelist role to complete attestations forms, or only require staff to complete attestations in certain situations, as shown in Exhibit 2.6 below.

Exhibit 2.6: Departmental Attestation Form Requirements for Non-Panelists

	Attestations Required for Staff Who Draft Solicitations	Attestations Required for Staff Who Assess Minimum Qualifications	Attestations Required for Staff Who Assess Proposals' Responsiveness to a Solicitation
Always	0	1	4
Never	8	9	6
Sometimes	4	2	2
Total	12	12	12

Source: Department responses to BLA follow-up questions.

Note: See Appendix A for a breakdown of individual department practices.

Based on additional responses from departments, there seems to be growing interest in requiring non-panelists to complete attestation forms. Staff from three departments – the San Francisco Public Utilities Commission, the Department of Public Health, and the City Administrator's Office stated to our audit team that they have since updated or are in the process of updating their practices in this area. We recommend that the Board of Supervisors revise Section 3.206 of the Campaign and Governmental Conduct Code to stipulate that all City departments require attestation forms be completed by all individuals involved in drafting or reviewing solicitations, assessing minimum qualifications, and determining whether proposals are responsive to a solicitation.

Inconsistencies in Attestations Forms Across Departments

In November 2020, the Office of Contract Administration published an attestation template titled Impartiality/Confidentiality Statement (I/CS) online. The template describes potential conflicts of interest, asks signatories to attest that they have none, and asks signatories to attest that they will discuss the solicitation only with the other individuals involved in the review process until vendor selection is complete. So that signers can screen for potential conflicts, the template includes a space for departments to list the firms that have submitted

proposals for the relevant solicitation. The form replaced a prior attestation template developed by the Controller's Office.¹²

There is no requirement that departments use the I/CS form, and in practice, many departments use their own attestation forms. Of the 12 departments in our contract sample, 10 used their own attestation forms.¹³ These cover similar themes, and in many cases include sections with identical or nearly identical language. However, the attestation forms also vary in certain respects, including but not limited to those shown below:

- Whether past income should be considered only within the past year;
- Whether signers must attest that they will disclose any new conflicts that arise;
- Whether the form lists serving as a board member as an example of a potential conflict;
- Whether signers must attest that they have never had a business relationship, legal dispute or financial dispute with any proposer;
- Whether signers must attest that they do not intend to seek employment or income from one of the bidders/proposers;
- If signers must attest that they do not intend to seek employment, whether this is limited to a specific upcoming time period; and
- Whether ownership through mutual funds is described as an exception to prohibited ownership interests.

Attestation forms also varied between departments in what, if anything, signers were required to attest regarding confidentiality. Of the 11 attestation forms we reviewed, nine included provisions about confidentiality requirements, while two did not.¹⁴ These nine forms had variations between them as well: only five of the nine forms, for instance, required signers to attest to they had not already discussed the solicitation process with anyone except for permitted individuals involved in the award review process.¹⁵ A sixth form required signers to

¹² "The San Francisco Public Utilities Commission Spent Revenue Bond Funds for Allowable Purposes but Should Strengthen Its Compliance and Monitoring Controls." *San Francisco Office of the Controller City Services Auditor*. August 30, 2023. [Link](#).

¹³ The attestation form used by one office appears to be the prior version of the I/CS form. The totals above consider this department as one of the two departments that use the I/CS form.

¹⁴ The audit team's information request did not specifically request confidentiality attestations, so it was not clear from these responses whether the remaining two departments have separate confidentiality forms that are not part of their conflict-of-interest attestations.

attest that they had not shared any written proposals but did not mention other forms of communication that could be problematic to the objective review of proposals/bids.

No Process for Reviewing Form 700s for Potential Conflicts

Of the 12 departments in our contract sample, none identified a position or division responsible for reviewing Form 700 financial interest disclosures for potential conflicts, or appearances of a conflict, among the individuals selected to participate in contracting processes. To gain insight into how frequently Form 700s show the potential for a conflict of interest, we reviewed completed forms submitted by more than 150 individuals involved in, or approving, the 68 awards in our contract sample. In most cases, these forms did not suggest any potential conflicts. However, a small number of forms included items that could present the appearance of a conflict of interest. These included:

- A City official reporting income from an organization supporting an event for which the official was responsible for approving a grant;
- Two commissioners reporting more than \$100,000 in salary from development (i.e. fundraising) positions outside City government, which could in theory be subject to influence from interested parties;
- A commissioner reporting more than \$100,000 in salary from a consulting position related to public policy, this commissioner later resigned after a fine from the Ethics Commission over actions in years prior to the year covered by the Form 700 we reviewed;
- A City official reporting an ownership interest in a business in a field related to the official's City position; and
- A commissioner reporting income from a firm in the same field (or a closely related field) to the subject of a contract the commissioner approved.

Most of the Form 700s we reviewed covered the year that the contracts were awarded, meaning they were completed following that calendar year. As such, they would not have been available to managers determining which staff should participate in the awards processes we reviewed. Nonetheless, the disclosures described above show as a general matter that Form 700s can, in rare cases, show the appearance of a possible conflict of interest.

Limitations of Self-Reporting

Attestation forms and financial disclosure forms are imperfect methods of preventing conflicts of interest because they rely on self-reporting. Additional controls are needed to detect and

prevent intentional acts made for individual financial gain to better reduce the risk of fraud and corruption.

Our contract review was not designed to identify whether any individuals involved in the award process violated bribery laws and/or omitted conflicts of interest on attestation forms or Form 700s. Nonetheless, our review underscored the potential for the appearance of conflicts of interest to affect confidence in the City's contracting process. Among the more than 150 individuals involved in awarding or approving the contracts in our sample, two City officials and one Commission member have faced criminal charges or Ethics Commission penalties over alleged conflicts of interest:

- A department head ultimately convicted on bribery on other charges;
- A program director placed on leave after being arrested on bribery and other charges;¹⁶ and
- A City commission member who resigned after being fined by the Ethics Commission for violating ethics and lobbying laws.

Of these individuals, only one (listed third above) reported on their Form 700 an interest that we identified as a potential conflict (and included in the list above). The other individuals, who were both ultimately charged with crimes related to their official positions, disclosed no reportable interests on the Form 700s we reviewed.

The limitations of attestation forms and financial disclosures do not make them unnecessary. However, they demonstrate that these controls are not by themselves sufficient to prevent conflicts of interest from affecting the contract award process. At least one additional control already exists that can help deter and detect instances of intentional deception: the Whistleblower Program, a program of the Controller's Office that investigates reports of improper conduct by City staff and contractors. To further strengthen the control environment for contracting, the City should include information about the Whistleblower Program on conflict of interest/confidentiality attestation forms. Including this information could serve as a deterrent to deception and a reminder of City leadership's commitment to integrity in contracting. It could also lead to increased detection of instances of criminal conduct by City staff and/or contractors.

¹⁶ One of the contracts in our sample was a grant made through the Community Challenge Grant program that prosecutors alleged this individual leveraged for financial gain.

Conclusion

Although City Code requires that contracts be awarded on an impartial basis, it includes no requirements related to attestation forms or review of financial disclosures. In the absence of such requirements, departments have created their own practices.

In our review of 68 contracts across 12 key City departments, we found that where departments utilize selection panels, they typically, but not consistently, require panelists to complete forms attesting that they have no conflicts of interest. However, nearly half of the contracts in the sample were awarded without the convening of a selection panel. For such contracts, departments rarely, if ever require such attestation forms. Departments also rarely, if ever, require attestation form completion by individuals involved in contracting who are not panelists, such as staff preparing solicitation documents or reviewing whether proposals meet minimum qualifications. Our review also found that when attestation forms are used, the language on the forms often vary between departments. We also found that few, if any, departments review for potential conflicts on Form 700s completed by individuals involved in contract award processes.

For some contract types awarded without a selection panel, such as low-dollar awards and awards determined on bid price only, departments may view the risk of fraud as lower than for awards made using broader criteria and/or a selection panel. Cumulatively, however, these contracts account for a significant amount of the City's contracting activity. Therefore, we believe the benefit of requiring attestation forms for all contracts outweigh the minimal compliance burden this would create. Similarly, while some non-panelists involved in contracting have limited discretion, others – such as staff drafting a solicitation – can significantly influence a contracting outcome, even in an award where there are panelists involved. Therefore, we also recommend ensuring that all contracting staff complete attestation forms, including when a selection panel is used.

Attestation forms rely on self-reporting and therefore they cannot prevent individuals willing to use deception from inappropriately or illegally influencing a contract award. Additional controls, such as including information about the City's Whistleblower Program on attestation forms, are therefore needed to detect and prevent such acts. Further, by providing specific examples of disqualifying conflicts and prohibited communication, attestation forms help well-meaning staff avoid participating in awards in which they have an appearance of or actual conflict of interest. Similarly, confidentiality attestations inform participants of their obligations and help them avoid inadvertently assisting proposing parties.

Creating a process for screening the Form 700s completed by potential panelists and/or staff prior to an award process can provide an additional internal control to identify potential conflicts of interest and further reinforce City management's commitment to integrity, often referred to as "Tone at the Top" in the procurement process.

Recommendations

The Board of Supervisors should consider adopting a modification to Campaign and Governmental Conduct Code Section 3.206:

- 2.1 Requiring selection panelists and staff involved in all phases of the contracting process to complete the Impartiality/Confidentiality Statement developed by the Office of Contract Administration, or subsequent versions approved by the City Administrator, and requiring all City departments retain completed attestations on file for a specified period of time.
- 2.2 Requiring all City departments create processes to screen Form 700s for potential conflicts of interest prior to selecting staff and panelists for a contract award process.

The Director and Purchaser of the Office of Contract Administration should:

- 2.3 In consultation with the Controller, add language to the Office of Contract Administration's Impartiality/Confidentiality Statement about the City's Whistleblower Program and upload the updated version to OCA's website.

Benefits and Costs

Conflict-of-interest attestation forms can help well-meaning staff avoid participating in awards in which they have an appearance or actual existence of a conflict of interest, and confidentiality attestations can help them avoid inadvertently assisting proposing parties. Requiring that these forms be consistently completed by all individuals involved in the contracting process, and requiring that they contain consistent terms, can strengthen the City's control environment regarding contracting. Creating a process for screening the Form 700s completed by potential panelists and/or contracting staff prior to an award can provide an additional internal control. By amending the Campaign and Governmental Conduct Code to require these practices, the Board of Supervisors can demonstrate City leadership's commitment to integrity, which is often referred to as the "Tone at the Top."

Implementing these recommendations will require one-time staff effort to develop an Campaign and Governmental Conduct Code amendment, with input from department leaders. Implementing Recommendation 2.2 will also require departments to create new protocols and will require that staff dedicate effort to this new procedure. The processes needed to review Form 700s will vary by department, based on the volume and complexity of the department's contracting activity, but should not require a significant amount of staff time. Implementing Recommendation 2.3 would require limited one-time staff effort to develop language about the City's Whistleblower Program for the Impartiality/Confidentiality Statement and to upload the updated document.

3. Incompatible Activities and Secondary Employment

In accordance with San Francisco’s Campaign and Governmental Conduct Code Section 3.218, all City departments—up until October 2024—had to submit to the Ethics Commission a statement of incompatible activities (SIA) defining those outside activities that are inconsistent, incompatible, or in conflict with the duties of the officers and employees of that department, board, commission, or agency. These SIAs required approval by the Ethics Commission, whose staff posted all submitted and approved SIAs on its website. During our fieldwork we found that the SIAs for 57 City agencies and/or commissions were posted on the Ethics Commission website, 42 (74 percent) of which had not been updated in at least 15 years. As part of Proposition D, the March 5, 2024 ballot measure, the rules contained in the SIAs have been codified in the City Code and applied universally to all City officials. As noted in an October 2024 email to all City staff from the Human Resources Director, some City departments may have additional policies. We recommend that the Executive Director of the Ethics Commission work with the Director of Human Resources to ensure that staff at both agencies are providing consistent direction to City staff seeking additional guidance regarding specific departmental policies on incompatible activities.

The revelation in late 2022 of previously undisclosed secondary employment by approximately 300 Department of Public Health (DPH) staff and our review of a sample of 68 contracts awarded by 12 key City departments indicate that controls over secondary employment need improvement. While DPH staff indicated to our audit team that a new process has been set up to review secondary employment requests, our review of a sample of 68 contracts found that the Fire Department had one agreement from October 2020 to December 2021 with a contractor for training services that lists at least one current employee (as of November 2024) as an instructor on their website. However, that employee had not requested or received prior approval from the City for such secondary employment, which is a violation of Civil Service Rules. The same contractor also lists a former employee on its website who participated in the procurement of the contract and served as the contract liaison. This relationship at least presents an *appearance* of a conflict of interest. We recommend that the Board of Supervisors consider an ordinance to strengthen controls against inappropriate employment with parties that contract with the City and that the Human Resources Director report to the Board of Supervisors on the status of a new online tool for additional employment requests.

Inadequate City Department SIAs Prior to 2024 Code Revision

In the period prior to the revision of Campaign and Governmental Conduct Code Section 3.218 in October 2024, which codified a universal statement of incompatible activities (SIA) for all City officials and staff, departmental SIAs were not universally posted as required, very few were tailored to the functions of their departments, and most were not periodically updated.

As of August 2023, of the 64 city agencies identified in the Mayor’s FY 2023-25 Budget Book, 57 agency SIAs (89 percent) were posted on the Ethics Commission website. The agencies without posted SIAs included the Academy of Sciences, County Transportation Authority, Film Commission, Sheriff’s Department of Accountability, and Superior Court, as well as the San Francisco Unified School District and the San Francisco Community College District.

To facilitate the development of the SIAs, the Ethics Commission prepared and distributed a template for departments to customize, while ensuring the inclusion of required restrictions. Our review of the posted SIAs found that most of the submitting departments put minimal effort into developing their SIAs. Only 14 (or slightly over one-third) of submitting departments made the effort to put the SIA on department letterhead – which was clearly indicated on the template provided by the Ethics Commission. Most reflect no customized language or guidance specific to that department.

As shown in Exhibit 3.1 below, of the 57 SIAs on file with the Ethics Commission as of August 2023, 42 (or 73.7 percent) of them have not been updated in at least 15 years.

Exhibit 3.1: Year of Most Recent SIA Update for City Departments

Year of Most Recent SIA	# of Departments
2007	29
2008	13
2011	1
2012	1
2015	1
2016	1
2017	1
2018	1
2019	2
2020	2
2021	2
2022	1
2023	2
Total	57

Source: Ethics Commission Website

Further, some department SIAs did not reflect the updated composition of the department. For example, the SIA on file for the General Services Agency (GSA) noted that the SIA “includes ... the Office of Public Finance,” but the Office of Public Finance was transferred to the Controller’s Office in FY 2007-08, or more than 15 years prior to the time of our review.

Code Requirements on Incompatible Activities have Improved

As of the start of our audit fieldwork, San Francisco Campaign and Governmental Conduct Code Section 3.200 required all City departments to submit to the Ethics Commission a statement of incompatible activities (SIA) listing those outside activities that are inconsistent, incompatible, or in conflict with the duties of the officers and employees of that department, board, commission, or agency. All SIAs as well as any amendments to previously adopted statements had to be approved in accordance with this regulation. These SIAs had to be approved by the Ethics Commission, whose staff posted all submitted and approved SIAs on its website.

As of the start of our audit fieldwork Section 3.218 of the Code stated:

The initial statement must be submitted within six months of the creation of the department, unless the Ethics Commission extends the time for good cause. Amendments to a statement previously approved may be submitted at any time.

At the start of our audit fieldwork Section 3.218 of the Code further established baseline language that had to be included in all SIAs:

This list shall include, but need not be limited to, activities that involve: (1) the use of the time, facilities, equipment and supplies of the City and County; or the badge, uniform, prestige, or influence of the City and County officer or employee's position for private gain or advantage; (2) the receipt or acceptance by an officer or employee of the City and County of any money or other thing of value from anyone other than the City and County for the performance of an act that the officer or employee would be required or expected to render in the regular course of his or her service or employment with the City and County; (3) the performance of an act in a capacity other than as an officer or employee of the City and County that may later be subject directly or indirectly to the control, inspection, review, audit or enforcement of the City and County officer or employee's department, board, commission or agency; and (4) time demands that would render performance of the City and County officer or employee's duties less efficient.

These statements were meant to identify any employment, activity, or enterprise that conflicts with or compromise the official duties of employees.

By April 1 of each year, every department had to provide a copy of its SIA to all employees and officers, by posting the SIA on the department's web page, posting the SIA within the office with other required legal notices, and providing either an electronic or paper copy to all employees.

Ethics Commission Staff Recommendations Incorporated into New SIA Rules

As part of a three-phase project to review existing requirements and processes for managing conflicts of interest in the City, Ethics Commission staff reviewed procedures for Statements of Incompatible Activities. Reporting on the results of this phase of the project in December 2021 to the Ethics Commission, staff noted:¹

Each City department must adopt a Statement of Incompatible Activities that is intended to be a useful tool to inform City officials about non-City activities that are incompatible with their City duties. However, the statements have not fulfilled the goals they were established to achieve. The statements have led to a fractured and confusing set of rules that varies between departments. They are not useful for compliance purposes

¹ <https://sfethics.org/wp-content/uploads/2021/12/2021.12.10-Agenda-Item-7-Phase-III-Report-Measure-and-Regs-FINAL.pdf>

and instead serve to complicate education efforts. The rules contained in the statements should be codified in the Code and should apply universally to all City officials so that department-specific statements are no longer necessary. A better written compliance resource should be developed that can be used in practice by every City official.

Staff further recommended in this December 2021 report to the Ethics Commission the discontinuation of the existing departmental SIAs and process, and the incorporation of Statement of Incompatible Activities rules into the City Code to promote consistency and compliance. Ethics Commission staff have identified the following incompatible activities that should be prohibited:

- Activities Subject to the Department's Jurisdiction
- Selective Assistance to Persons Seeking to Do Business with a City Department (including contractors and applicants for a license, permit, or other entitlement for use)
- Use of City Resources
- Use of Prestige of Office
- Use of City Work Product
- Acting as an Unauthorized City Representative
- Compensation for City Duties or Advice
- Lobbying Other Officials within the Department
- Excessive Time Demands and Regular Disqualifications

As discussed in the Introduction to this report, these recommendations were reflected in the ballot measure (Proposition D) that was approved by voters in March 2024. There are now universal rules regulating incompatible activities citywide, which are codified in Campaign and Governmental Conduct Code Section 3.128 and went into effect on October 12, 2024. As noted in an Ethics Commission *Summary of Changes to City Ethics Rules (Proposition D, March 2024)* sent to all City officials and staff by the City's Human Resources Director on October 9th 2024, "because rules on incompatible activities will be moved to City law, departmental SIAs will no longer exist starting October 12, 2024." The summary also outlines the new rules, which cover all the activities listed in the bullet point list above.

The Ethics Commission *Summary of Changes to City Ethics Rules (Proposition D, March 2024)* sent by the City's Human Resources Director in October 2024 noted that "your department may have additional policies that you must know and follow," but did not provide any guidance on how City officials and staff could determine if their department has additional policies. We recommend that the Ethics Commission Executive Director work with the Director of Human Resources to

ensure that staff at both agencies are providing consistent direction to City staff seeking additional guidance regarding specific departmental policies on incompatible activities.

City Department Survey Indicates Continued Opportunities for Improvement on Incompatible Activities

As noted in the Introduction and Section 5 of this report, we conducted a survey of all City departments on their internal controls, training, and communication practices regarding conflicts of interest. The survey included four questions that either directly or indirectly asked about SIA processes and communications. This survey took place before Proposition D (March 2024) went into effect in October 2024.

In Question 9, City departments were asked to “please specify what information and/or materials employees in your department receive when they are promoted or hired into a new position that has enhanced rules.” Of the 39 departments that responded to this question, only 19 (or 49 percent) specifically noted Statements of Incompatible Activities.

About one-third of respondents to our survey of City departments indicated that they do not require staff to complete training related to incompatible activities. In Question 13, we asked City departments: “Are employees in your department required to complete training on any of the following topics related to conflicts of interest?” We provided 10 topics to possibly select, including “incompatible activities,” as well as “all of the above,” “none of the above,” and “other.” Of the 47 respondents, 13 (or 27.7 percent) selected “all of the above” and 18 (or 38.3 percent) selected “incompatible activities.” (A total of 31 respondents (66 percent) affirmatively stated that they provide training on incompatible activities to their staff.)

Question 14 asked City departments to identify the topics with which their staff most frequently need assistance or guidance. 27 (or 57.5 percent) of the 47 respondents selected “incompatible activities.”

In response to Question 17 which asked, “What conflicts of interest areas or topics would your department like more information or training on?” 22 (or 46.8 percent) of the 47 respondents selected “incompatible activities.”

We recommend that the Ethics Commission Executive Director ensure that City officials and staff are trained annually and that the Ethics Commission and/or the Department of Human Resources send out a summary to all City officials and staff at least annually to inform and remind them about the City’s universal rules regulating incompatible activities and that their department may have additional policies that they must follow.

Controls over Secondary Employment

The rules defining allowable secondary employment for City staff are governed by:

- Campaign and Government Code Section 3.206(a), which incorporates California Government Code Section 87100 that prohibits City officers from making government decisions about financial interest (secondary employment would likely be considered a financial interest),
- Campaign and Government Code Section 3.206(c), which prohibits City officers and employees from making any government decision affecting an entity with which the officer or employee is discussing future employment,
- Campaign and Governmental Conduct Code Section 3.218 (as discussed above), and
- Civil Service Commission rules 118.2 (for miscellaneous employees), 218.2 (for sworn Police staff), 318.2 (for sworn Fire staff), and 418.2 (for SFMTA service-critical staff).

The Civil Service Commission rules referenced above require City staff to obtain approval by the Human Resources Director or their designee before engaging in any employment that is secondary to their position with the City. In addition, Campaign and Governmental Conduct Code Section 3.234 (a)(3) restricts all current and former City officer and employees from being employed or otherwise receiving compensation from a person or entity that entered into a contract with the City within the preceding 12 months where the officer or employee personally and substantially participated in the award of the contract.

In addition to the Department of Human Resources' role in approving additional employment requests, the Ethics Commission has a role in enforcing and providing advice regarding the laws listed above, which are related to secondary employment.

Gaps in Citywide Secondary Employment Controls Became Evident in Late 2022

In October 2022, multiple local news outlets reported that the Director of the Department of Public Health's (DPH's) Jail Health Services had secondary employment with a nonprofit DPH contractor since 2016 without approval from the Department of Human Resources. These outlets also reported that the Jail Health Services Director had not reported the income from this secondary employment on their annual Statements of Economic Interests forms (Form 700s) from 2016 to 2019. Following this development, in a December 2022 letter, the Director of Human Resources and the Director of Public Health informed Supervisor Safai that the Department of Human Resources (DHR) was working to improve the citywide process for reviewing and approving additional employment requests. This letter also noted that after a

“focused communication campaign regarding additional employment, DPH received approximately 298 additional employment submissions from full-time and part-time DPH employees.” Our audit team requested an update in April 2024 on the status of these 298 additional employment requests from DHR staff. Upon review of our initial draft report in November 2024, DPH staff informed us that a total of 336 additional employment requests were submitted between October 21 and December 15, 2022. As shown below in Exhibit 3.2, 168 requests (50 percent) were approved by DHR, 91 (27 percent) were withdrawn due to failure to follow established procedure, 76 (23 percent) were not approved for various reasons, and one was denied by DPH management.

**Exhibit 3.2: Summary of Additional Employment Requests (AERs)
Received by DPH between October 21, 2022 and December 15, 2022**

Number of AERs	Percent of Total	Status as of 11/19/24
168	50%	DHR Approved
91	27%	Withdrew by not resubmitting requests into Docusign ^a
76	23%	Not approved for certain reasons ^b
1	<1%	DPH Denied
336	100%	Total

Source: DPH email to BLA audit team on 11/19/24

a: Employees received multiple memos from DPH HR notifying them that their AER will be closed out unless they resubmit from paper into Docusign and follow the new process set up by DPH management.

b: The reasons these AERs were denied include (1) employee did not respond to HR with corrections needed on their AER form in Docusign (HR supported employee with email directions on how to rectify their form), (2) employee submitted multiple duplicate submissions, and (3) employee withdrew AER

Given the enforcement and advisement roles of the Ethics Commission regarding the laws that regulate secondary employment, DHR’s role in approving additional employment requests, and the process breakdowns that came to light in 2022, we recommend that the Ethics Commission Policy Manager and Enforcement and Compliance Manager work with the Director of Human Resources to identify ways to communicate and integrate the respective roles of the Department of Human Resources and the Ethics Commission concerning secondary employment.

In April 2023, the City Services Auditor initiated an audit of DPH’s policies and procedures for secondary employment requests, which includes evaluating process changes made by DPH in the winter of 2022 and collecting survey feedback from DPH’s workforce on their views and experience with the process. In April 2024, DHR's Director for Finance and Technology informed our audit team that DHR is in the process of centralizing the additional employment request

forms into an online tool hosted on the City's Employee Portal. City Services Auditor staff have reported to our audit team that they will consider the updated citywide process when making audit recommendations and that they anticipate completing their audit by the summer of 2025. We recommend that the Director of Human Resources provide an update to the Board of Supervisors on the status of the online tool for additional employment requests no later than October 1, 2025.

Additional Control Weaknesses over Secondary Employment Found at the Fire Department

Our review of a sample of 68 contracts awarded by 12 key City departments found control weaknesses over secondary employment at the Fire Department. Specifically, our review found that the Fire Department had one agreement from October 1, 2020 to December 31, 2021 with a contractor for training services that lists at least one current Fire Department employee (as of November 2024) as an instructor on their website. However, that employee had not requested nor received prior approval from the City for such secondary employment, which is a violation of Civil Service Commission Rule 318.2 governing secondary employment for Fire Department employees. This process breakdown happened despite Fire Department staff assertions that they send out regular reminders to staff on the need to get secondary employment approved by the City and that the Department's Human Resources Division confirms if there is an approval if a case of secondary employment is brought to their attention. Department staff noted that it is not feasible to proactively look for secondary employment of staff.

The same Fire Department contractor also lists (as of November 2024) a former employee on its website who participated in the procurement of the contract on behalf of the Fire Department and who was the contract liaison. The former employee retired from the City in December 2021 and it is not known when the contractor began compensating them, but Fire Department staff has asserted that the former employee became a contractor after their retirement. It is therefore unlikely that this relationship violated Campaign and Governmental Conduct Code Section 3.234 (a)(3), which prohibits employment with parties that contract with the City within one year of when the entity entered into a contract with the City. However, this relationship at least presents an *appearance* of a conflict of interest. This finding suggests that the current Campaign and Government Code allows current and former City employees to be compensated by a contractor that entered into a contract with the City where the officer or employee personally and substantially participated in the award of the contract as long as the contract was executed more than 12 months prior. We recommend that the Board of Supervisors consider an ordinance that would revise Campaign and Governmental Conduct Code Section 3.234 (a)(3) to expand the prohibition of employment with parties that contract with the City to within one year of the

expiration of a contract with the City if employees participate in the award or oversight of such contract(s). This would help strengthen controls against inappropriate employment with parties that contract with the City.

Conclusion

In accordance with San Francisco’s Campaign and Governmental Conduct Code Section 3.218, all City departments—up until October 2024—had to submit to the Ethics Commission a statement of incompatible activities (SIA) defining those outside activities that are inconsistent, incompatible, or in conflict with the duties of the officers and employees of that department, board, commission, or agency. These SIAs required approval by the Ethics Commission, whose staff posted all submitted and approved SIAs on its website. During our fieldwork we found that the SIAs for 57 City agencies and/or commissions were posted on the Ethics Commission website, 42 (74 percent) of which had not been updated in at least 15 years. As part of Proposition D, the March 5, 2024 ballot measure, the rules contained in the SIAs have been codified in the City Code and applied universally to all City officials. As noted in an October 2024 email to all City staff from the Human Resources Director, some City departments may have additional policies.

The revelation in late 2022 of previously undisclosed secondary employment by approximately 300 Department of Public Health staff and our review of a sample of 68 contracts awarded by 12 key City departments indicate that controls over secondary employment need improvement. While DPH staff indicated to our audit team that a new process has been set up to review secondary employment requests, our review of a sample of 68 contracts found that the Fire Department had one agreement from October 1, 2020 to December 31, 2021 with a contractor for training services that lists at least one current Fire Department employee (as of November 2024) as an instructor on their website. However, that employee had not requested or received prior approval from the City for such secondary employment, which is a violation of Civil Service Rules. The same contractor also lists a former employee on its website who participated in the procurement of the contract on behalf of the Fire Department and served as the contract liaison. This relationship at least presents an *appearance* of a conflict of interest.

Recommendations

The Executive Director of the Ethics Commission should:

- 3.1 Work with the Director of Human Resources to ensure that staff at both agencies provide consistent direction to City staff seeking additional guidance regarding specific departmental policies on incompatible activities.
- 3.2 Ensure that City officials and staff are trained annually and that the Ethics Commission and/or the Department of Human Resources send out a summary to all City officials and staff at least annually to inform and remind them about the City's universal rules regulating incompatible activities and that their department may have additional policies that they must follow.

The Ethics Commission Policy Manager and Engagement and Compliance Manager should:

- 3.3 Work with the Director of Human Resources to identify ways to communicate and integrate the respective roles of the Department of Human Resources and the Ethics Commission concerning secondary employment.

The Director of Human Resources should:

- 3.4 Provide an update to the Board of Supervisors on the status of the online tool for additional employment requests no later than October 1, 2025.

The Board of Supervisors should:

- 3.5 Consider an ordinance that would revise Campaign and Governmental Conduct Code Section 3.234 (a)(3) to expand the prohibition of employment with parties that contract with the City to within one year of the *expiration* of a contract with the City if employees participate in awarding or overseeing such contract(s).

Benefits and Costs

Implementation of the proposed recommendations would enhance controls and support greater awareness and understanding of incompatible activities and secondary employment rules across the City, reducing the likelihood of City employees and officials breaking these rules or accepting compensation for work that would provide a conflict of interest. Implementation would require a minimal amount of time from staff in the Ethics Commission, Department of Human Resources, Department of Public Health, and Board of Supervisors.

4. Training and Communication

Although multiple training opportunities exist on ethics rules, the requirements for participation in these trainings for City employees have historically been communicated inconsistently and City staff have indicated confusion. Responsibility for providing training on ethics rules is spread across three departments: the Ethics Commission, City Attorney's Office, and Department of Human Resources. The primary trainings opportunities offered include: (1) during initial onboarding for new employees; (2) annual virtual ("AB 1234") trainings mandated for certain employees and officials; (3) access to the Good Government Guide, on the City Attorney's website and information provided on the Ethics Commission website; and (4) annual in-person trainings for Municipal Employee Association (MEA) members. Even for the mandated trainings, public information regarding which and how frequently employees must complete the AB 1234 training conflicted until recently, and the City has not consistently provided the MEA training in recent years. With the recent passage of Proposition D in March 2024, annual ethics training requirements now apply to all City officers and employees who participate in making government decisions, which includes all Form 700 filers. We recommend that the Ethics Commission Engagement and Compliance Manager annually confirm that all references to ethics training requirements are consistent across relevant City websites, ensure consistent provision of annual MEA trainings, and enhance the existing process for monitoring the completion of AB 1234 training certificates to ensure compliance, including a public list of officials who fail to file training certificates as required on its website.

Ethics Training Requirements for City Employees Have Been Unclear

Although multiple training opportunities exist on ethics rules, the requirements for ethics training for City employees have been confusing and unclear for some City staff. As of August 2024, City employees can receive training in multiple ways. The primary training opportunities currently offered include: (1) during initial onboarding for new employees; (2) annual virtual ("AB 1234") trainings mandated for certain employees and officials; and (3) access to the Good Government Guide on the City Attorney's website and information provided on the Ethics Commission website; and, (4) annual in-person trainings for Municipal Employee Association (MEA) members. The Department of Human Resources (DHR) also disseminates a virtual training module to new employees during the onboarding process. Although DHR officials noted in an email to our audit team that, "As part of any new employee's orientation and onboarding, they are required to take a series of trainings created by DHR," the results from our citywide survey of departmental officials

with ethics responsibilities indicate that these trainings might not always be completed. As noted below, eight survey respondents (17 percent) stated that no employees in their departments received information and/or materials on conflicts of interest rules at the time of hire or promotion. Similarly, in response to another question, nine respondents (19 percent) reported that their employees do not receive any training about conflicts of interest rules and requirements.

State Mandated “AB 1234” Ethics Training

As noted above, the City provides comprehensive training resources for state-mandated AB 1234 training; however, historically (until October 2024) information regarding which and how frequently employees must complete such training has been conflicting. State law requires that agency officials receive at least two hours of ethics training every two years. Per California Government Code Section 53235 (implemented by AB 1234), (b) “Each local agency official shall receive at least two hours of training in general ethics principles and ethics laws relevant to the official’s public service every two years.” This training has commonly been referred to as “AB 1234 training,” and in San Francisco, it has been provided through an interactive training module, hosted on NetFile.

As discussed below, the Ethics Commission is currently updating the training module as of September 2024, but our review of the existing training module found it to be comprehensive and comprehensible, and a useful tool to communicate the rules around conflicts of interest for City employees. Although the Ethics Commission and the Department of Human Resources updated their websites in October 2024 to reflect consistent requirements, per the implementation of Proposition D, historically these City websites provided conflicting information regarding AB 1234 training requirements,

Until October 2024, the Ethics Commission website offered confusing guidance on the required frequency of ethics trainings. The website cited annual training requirements for “City officials” but just beneath that reference, it cited “every two years” as the required training frequency for City employees mandated “pursuant to the Department of Human Resources (DHR) policy.” In its “Employee Online Training Requirements for 2024 (updated July 2024)” memo, as posted on the “Employee Online Trainings” page on its website, DHR also identified the training requirement as every other calendar year. As discussed in the Introduction to this report, Proposition D (a ballot measure that San Francisco residents voted to approve in March 2024) includes new rules on ethics training for City employees. Specifically, Proposition D extends annual ethics training requirements to all City officers and employees who participate in making government decisions, which includes all Form 700 filers. In addition, through Proposition D, City departments must now distribute a summary of ethics laws to all employees on an annual basis. We recommend that the Manager of the Engagement and Compliance Division of the Ethics Commission annually

confirm that all references to ethics training requirements are consistent across relevant City websites, including the Ethics Commission, City Attorney's Office, and Department of Human Resources.

Inadequate Enforcement of Training Compliance

The City does not have sufficient controls in place to enforce compliance with ethics training requirements. Although the Ethics Commission maintains an online dashboard that tracks annual training certificate filers, late filers, and non-filers, there does not appear to be an enforcement mechanism. According to Ethics Commission officials, "the Engagement & Compliance Division typically reviews these certificates and sends reminders to those who have not completed this requirement by the deadline." As of September 2024, the dashboard showed 26 training certificate non-filers and 53 training certificate late filers. Commission staff report that there were two settlements in FY 2023-24 for penalties related to failure to file an annual certificate of Ethics Training, but in general the approach is not to penalize but to encourage response and compliance. .

As noted above, the AB 1234 training provides relevant information and scenarios to help City employees understand how to avoid conflicts of interest violations, and with the passage of Proposition D, more City employees will be required to complete this training annually. To maximize the effectiveness of this training tool, we recommend that the Ethics Commission Engagement and Compliance Manager enhance its existing process for monitoring the completion of AB 1234 training certificates, including procedures to notify employees who are non-compliant in alignment with the practice for late Form 700 notifications, with Engagement & Compliance staff following up directly with late training certificate filers at 1, 30, and 60 days after the April 1 deadline for training completion. We recommend that the Ethics Commission Manager of Engagement and Compliance continue to maintain the database of all ethics training filings, and post clearly on the Ethics Commission website an annual list of training certificate non-filers no later than October 1 each year.

Municipal Employees Union Training Requirements

In addition, the City has not consistently fulfilled its obligations related to ethics training for MEA members. In accordance with Section 118, Article II: Employment Conditions of the Memorandum of Understanding between the City and the Management Employees Association, "The City will provide employees training on their ethics obligations during work time, including an instructor-led training at least annually."

According to the City officials, this training was not offered in 2022, although it was offered in the three years prior and two years after. We recommend that the Engagement and Compliance Manager ensure that all mandated trainings are provided in accordance with their respective mandates, including the annual two-hour trainings to the Municipal Employees Association members.

Citywide Survey Shows Need for Additional Training and Clarified Communication

As noted in the Introduction and Section 5 of this report, our office conducted a survey of all City departments on their internal controls, training, and communication practices regarding conflicts of interest. Over half (16 out of 29, or 55.2 percent) of the survey questions that either directly or indirectly asked about training and communication related to conflicts of interest. Some of these questions (Questions 4, 7, 12, 28, and 29) focused on internal departmental responsibilities for providing information to employees on ethics rules. Overall, the survey results show a need for additional training and clarified communication for City staff on ethics-related issues.

In Question 5, we asked who within and/or outside their department is responsible for developing and maintaining guidelines and/or other materials related to conflicts of interest rules. The responses, shown in detail in Section 5 of this report, indicate that City employees rely on varying resources for guidance and information on ethics rules—from internal department staff only, to combinations of Ethics Commission, City Attorney, Department of Human Resources, and/or internal department staff guidance.

In Questions 8 and 9, departments shared whether and what information employees receive when newly hired or promoted. Eight respondents (17 percent) stated that no employees in their departments received information and/or materials on conflicts of interest rules at the time of hire or promotion. Similarly, in Question 10, nine respondents (19 percent) reported that their employees do not receive any training about conflicts of interest rules and requirements.

Question 13 asked which topics employees in respective departments are required to complete training on, with options including: ethics rules, Form 700 filings, behested payments, reporting gifts, recusals for Board members, political contributions, contracts and grants, lobbyists, incompatible activities, and outside employment. 13 respondents (27 percent) indicated that their employees are required to complete training in “all of the above,” while six respondents (13 percent) indicated that their employees are required to complete training in “none of the above.”

Ethics@Work Program Never Fully Implemented

In response to a prior recommendation from our office, the Ethics Commission created a program in 2022 called Ethics@Work, intended to enhance ethics training and awareness for City employees. In 2020, the Budget and Legislative Analyst's Office published a performance audit of the Ethics Commission, in which we recommended that, "the Department formalize and document its approach to providing training on ethics laws to City employees and officials to ensure City employees receive targeted training and Department outreach resources are maximized based on perceived risk of non-compliance."

In its July 2020 written response to the audit, the Department wrote:

with regard to ethics training recommendation, the Commission's February 2020 budget submission included a plan to provide training on ethics laws to City employees and officials. Proposed as a three year limited term project with a total projected cost of \$835,000, the Commission's Ethics@Work initiative proposed a team of training staff dedicated specifically for the purpose of heightening awareness of ethics laws among leaders at all levels of City government and supporting their ability to effectively navigate ethical issues that arise in their City service. The preliminary plan addressed the assessment of training needs, training goals, and the need to track progress and evaluate the program's effectiveness. The Commission does not have existing staffing resources that can be dedicated to training or the ability to absorb that work within existing funding levels, and no funding has been included for this purpose in the Mayor's proposed FY21-22 budget. Further development and implementation of ethics education and outreach will likely remain on hold pending the identification of sufficient funding for those purposes.

The Mayor subsequently proposed funding for the Ethics@Work program in the FY 2021-22 budget. As stated in the Mayor's FY 2021-23 Budget Book, which was released in June 2021:

The Mayor's proposed budget for FY 2021-22 and FY 2022-23 includes funding for the Ethics Commission to establish an ethics training and outreach team. The Ethics@Work initiative ensures City employees and contractors throughout the city government can be equipped with the tools to navigate ethical issues in public service effectively and actively contribute to a citywide culture of integrity. There is funding for four training specialists to pursue core anti-corruption work with departments citywide. Equipping the city's workforce with practical tools and information to constructively deal with ethical issues that can emerge in their work

is also essential to sustain and support the highest standard of integrity in city government. The ethics training project will invest in training designed and delivered with a specific focus to help ensure the tools and information are relevant and impactful. Development of training components would consider and assess unique areas of risk given the nature of the department's work, and Ethics@Work modules will be regularly evaluated to ensure the training is effective.

Although it launched in 2022, the Ethics@Work program was slow to start and was never fully implemented. Due to recruitment delays, the Ethics@Work Division was not fully staffed until January 2023, and immediately following, the manager of the Ethics@Work Division took on an additional role as the Interim Supervisor of the Engagement and Compliance Division. Because of significant turnover in the Engagement and Compliance Division, at least half of the Ethics@Work team were reassigned to fill in to support those operational needs. As a result, as of August 2024, the program's training materials remained in draft form, and feedback from City departments based on initial outreach had not been fully collected or incorporated. Those draft materials included an outline of a "final brochure," which identified nine issue areas and 38 topics, as well as six corresponding "one-pagers" on those selected issue areas. However, before these materials were finalized and disseminated, the Ethics@Work Director left the position in August 2024, and the Executive Director reassigned the three remaining program staff to the Engagement and Compliance Division. To support the implementation of Proposition D, as discussed in the Introduction to this report, the former Ethics@Work staff are finalizing the update to the AB1234 training module. While the Executive Director reports that this new module incorporates the work of the Ethics@Work initiative, the draft module reviewed by our audit team showed minimal enhancements. In addition to creating this new module, according to Department staff, these new positions have also supported urgent organizational needs, including the creation of online advice portals, the delivery of multiple live trainings to City officials, the standardization of how City officials disclose personal relationships, and the standardization of disclosure of gifts received by City departments. The cost to the City's General Fund for the Ethics@Work initiative included personnel cost for one Principal Administrative Analyst (1824), two Senior Administrative Analysts (1823), and one Instruction Designer (1230)—a budgeted total of \$1.5 million for two years of implementation, with actual expenditures slightly over \$500,000, due to the hiring delays discussed above.

As reported in our survey of peer jurisdictions and discussed in Section 5 of this report, San Francisco's Ethics Commission is relatively well-resourced with staff, and the recent reassignment of former Ethics@Work staff to the Engagement and Compliance Division should ensure more

effective training and monitoring of compliance with the ethics requirements set forth in the City Code.

Conclusion

Multiple City agencies play a role in training and communicating with City employees about conflicts of interest rules and regulations, and requirements for employees have not historically, and until October 2024, been clearly stated. Certain training materials, including the AB 1234 module and the Good Government Guide, offer comprehensive information on ethics rules which should be more broadly distributed. With the recent passage of Proposition D in March 2024, ethics trainings requirements have been clarified by the Ethics Commission to apply to all Form 700 filers. The Ethics Commission should ensure compliance with these guidelines and report publicly on City officials and staff who fail to complete annual training requirements.

Recommendations

The Manager of the Engagement and Compliance Division of the Ethics Commission should:

- 4.1 Annually confirm that all references to training requirements for City staff and commissioners are consistent across relevant City websites (including Ethics Commission, City Attorney and Department of Human Resources).
- 4.2 Enhance the Ethics Commission's existing process for monitoring the completion of AB 1234 training certificates, including procedures to notify officials and employees who are non-compliant in alignment with the practice for late Form 700 notifications, with Engagement & Compliance staff following up directly with late training certificate filers at 1, 30, and 60 days after the April 1 deadline for training completion.
- 4.3 Continue to maintain the database of all ethics training filings, and post clearly on the Ethics Commission website an annual list of officials and staff who are required to file training certificates, but fail to file, no later than October 1 each year.
- 4.4 Ensure that all mandated trainings are provided in accordance with their respective mandates, including the annual two-hour trainings to the Municipal Employees Association members.

Benefits and Costs

Implementation of the proposed recommendations would not require additional financial costs to the City and would potentially offer cost-savings through more efficient resource allocation.

5. Surveys of City Departments and Peer Jurisdictions

To understand how conflicts of interest are managed citywide in San Francisco and compare those practices to other large cities, we designed and distributed an online survey to both City departments and peer jurisdictions. The online surveys were available in English and administered through SurveyMonkey from May 1, 2023 to December 21, 2023. City departments were contacted through an email list of Human Resource representatives and officers provided by the Human Resources Department, and peer jurisdictions were contracted through email or phone numbers found through internet searches. The department and peer surveys received a total of 47 and 10 completed responses, respectively. It is important to recognize the limitations of surveys, which rely on self-reported data from respondents and may not accurately represent current management practices for conflicts of interest in San Francisco and other cities.

The peer survey responses are summarized beginning on page 59.

Appendix C provides detailed response results for the survey of City Departments.

Appendix D provides detailed response results for the survey of peer jurisdictions.

Department Survey Respondents

Survey respondents, totaling 47 City departments, represent the vast majority of City departments. A total of seven departments were excluded from the survey. Three of these departments – The City Attorney’s Office, the Department of Human Resources, and the Ethics Commission – were not included because they each play a vital role in managing conflicts of interest and, therefore, do not have typical departmental responsibilities regarding conflicts of interest. Three of the remaining four departments that were excluded, were done so because they are separate entities independent of the City and County of San Francisco. These include the San Francisco Community College District, the Trial Courts (Superior Court), and the San Francisco Unified School District. The Sheriff’s Department Oversight Board/Office of the Inspector General was also excluded from the survey because the Department consisted of only one employee and was not fully functional at the time we were conducting our survey.

Department Survey Findings

The survey findings have been organized to address the following questions:

- To what extent do City departments have written policies and procedures related to conflicts of interest rules and who is responsible for maintaining and communicating them to employees?
- What conflict of interest topic(s) do employees receive training on and who provides it?
- What conflict of interest topics do staff most frequently need assistance with and who do staff seek advice from?
- What internal controls are in place at the department level to prevent potential conflicts of interest, and how effective are they?
- What are the biggest challenges that departments face when it comes to managing and preventing conflicts of interest?
- What recommendations do departments have for improving department controls for managing and preventing conflicts of interest?

Rules, Policies, Procedures, and Communications

The majority of respondents (89.3 percent) reported having written policies and/or procedures related to conflicts of interest. When asked who is responsible for developing and maintaining departmental policies and procedures, the most common response was human resources personnel.

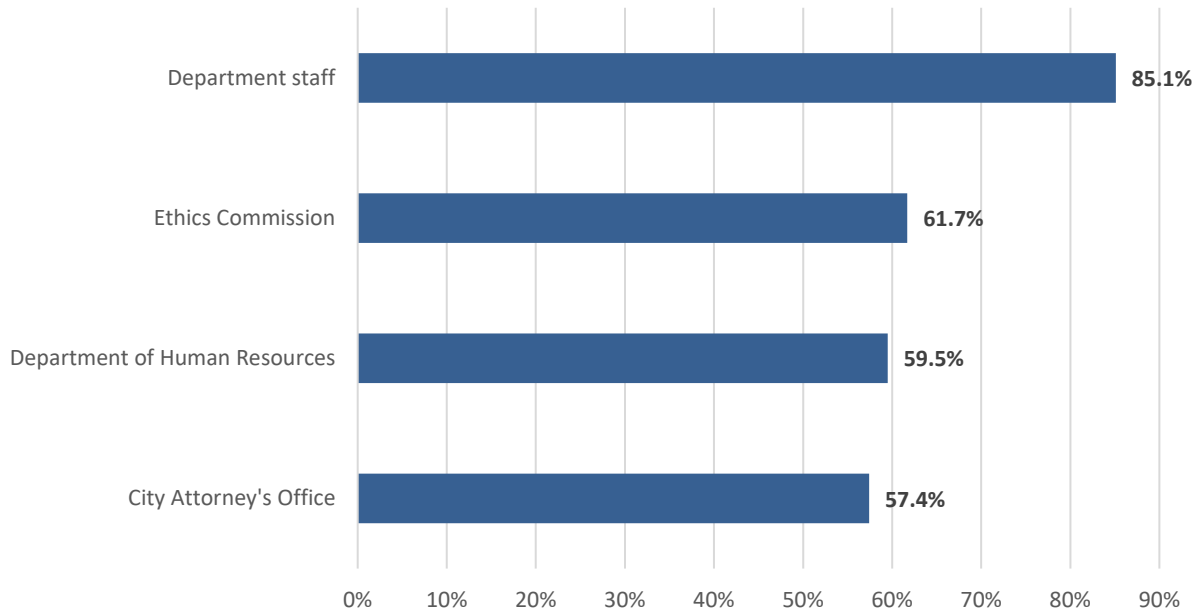
All respondents indicated that they provide employees with general guidance and other communications and engagement materials related to conflict of interest rules. The most commonly reported entity responsible for developing and maintaining these guidelines and other materials related to conflict of interest rules was human resources personnel – a mix of internal human resources and Department of Human Resources staff (51.1 percent),¹ followed by the Ethics Commission (38.3 percent) and the City Attorney (23.4 percent).

Responsibility for informing department employees about conflict of interest rules, including any changes or updates to these rules, varies widely across departments. As shown in Exhibit 5.1 below, over three quarters (85.1 percent) of respondents rely on department staff, mainly departmental human resources personnel and upper management or senior leadership. However, over half also responded that the Ethics Commission (61.7 percent), the Department

¹ This figure includes the following responses: “HR,” “Human Resources,” “DHR,” and “Department of Human Resources.”

of Human Resources (59.5 percent), and the City Attorney's Office (57.4 percent) are responsible for keeping employees in their department informed.

Exhibit 5.1 Who's Responsible for Informing City Employees About the Rules? (n=47)



Source: BLA Survey Results

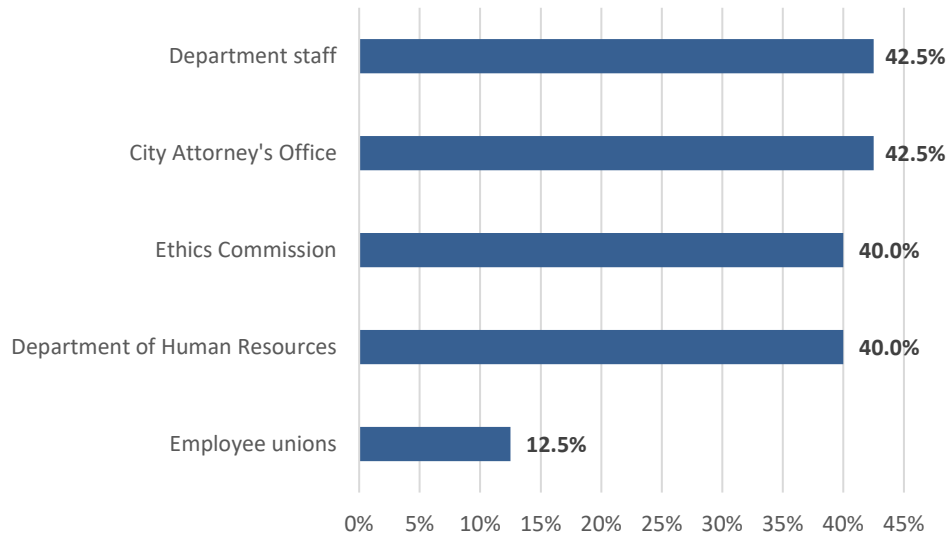
Most but not all departments (82.9 percent) provide employees with information or materials on conflict of interest rules when they are promoted or hired into a new position that has enhanced ethics rules. This includes statements of incompatible activities, information on Statements of Economic Interests (Form 700), and training.

Conflicts of Interest Training

According to the survey, staff from most departments (85.1 percent) receive some kind of training about conflict of interest rules and requirements. Prior to the passage of Proposition D in 2024, no single entity provided trainings about conflict of interest rules and requirements to employees across the City. As shown in Exhibit 5.2 below, almost half of respondents reported that either department staff (42.5 percent), the Ethics Commission (40 percent), the City Attorney's Office (42.5 percent), or the Department of Human Resources (40 percent) provides training to their employees. Department staff previously responsible for providing training to employees about conflict of interest rules and requirements include departmental filing officers, human resources personnel, and senior leadership. In addition, 12.5 percent of respondents reported that employee unions provide training to employees. However, effective October 2024,

the Ethics Commission is now solely responsible for creating, administering, and maintaining the City's ethics training module required annually for all Form 700 filers Citywide.

Exhibit 5.2 Who Provides Conflict of Interest Training to City Employees? (n=40)

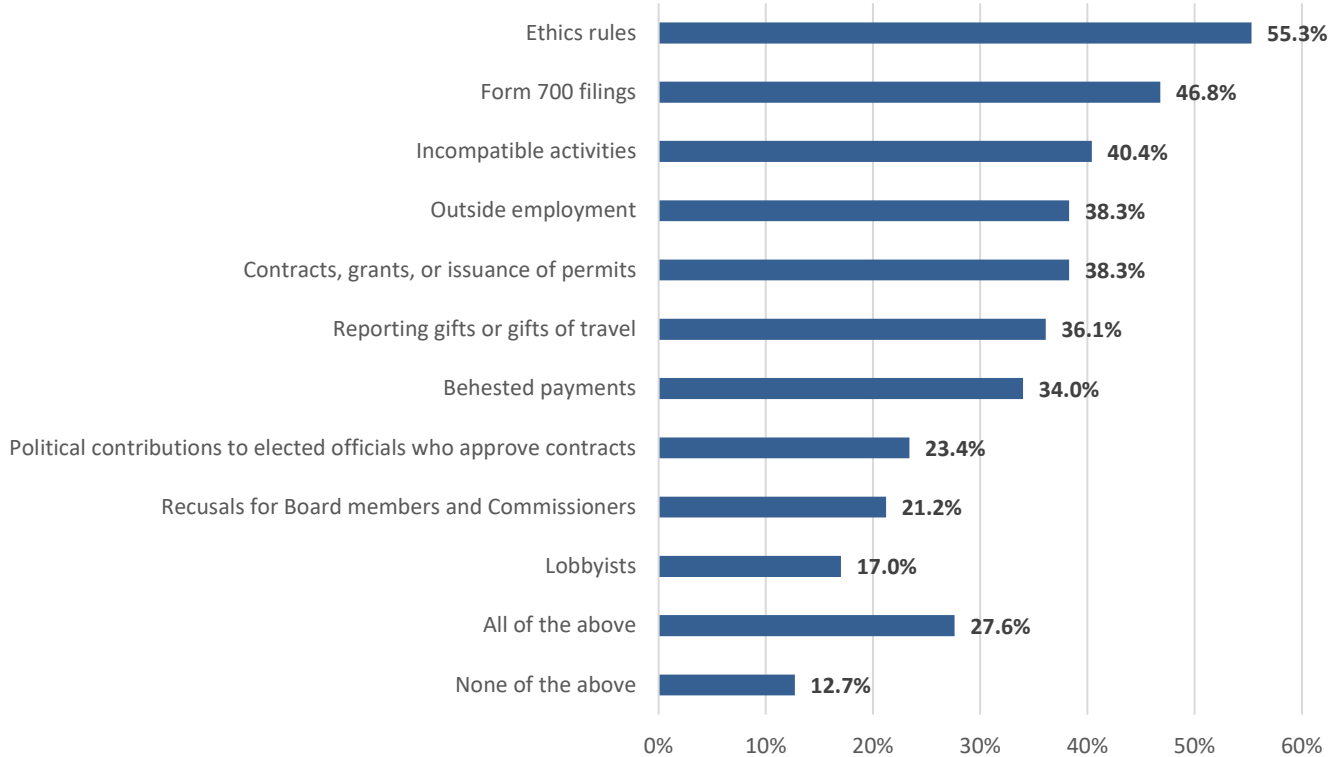


Source: BLA Survey Results

At the time of the survey, and prior to the passage of Proposition D, required ethics trainings varied by topical area from department to department. As shown in Exhibit 5.3 below, over half of departments require employees to complete training on ethics rules (55.3 percent). Less than half require training on Form 700 filings and incompatible activities (46.8 and 40.4 percent, respectively). A little over a third of respondents require training on contracts, grants, or issuance of permits (38.3 percent), outside employment (38.3 percent), reporting gifts or gifts of travel (36.1 percent), and behested payments² (34 percent). Under one quarter also require training regarding political contributions to elected officials who approve contracts (23.4 percent), recusals for Board members and Commissioners (21.2 percent), and lobbyists (17 percent). Finally, six departments (12.7 percent) do not require employees to complete any training related to the above conflict of interest topics and 13 (27.6 percent) require all of the above training topics. However, this has changed under Proposition D. That is, required training topics no longer vary by department. Effective October 2024, all Form 700 filers across the City are required to complete the training module created and maintained by the Ethics Commission which covers all the topics listed in Exhibit 5.3.

² i.e., payments to third parties at the behest of a public official

Exhibit 5.3 Required Conflicts of Interest Training Topics (n=47)

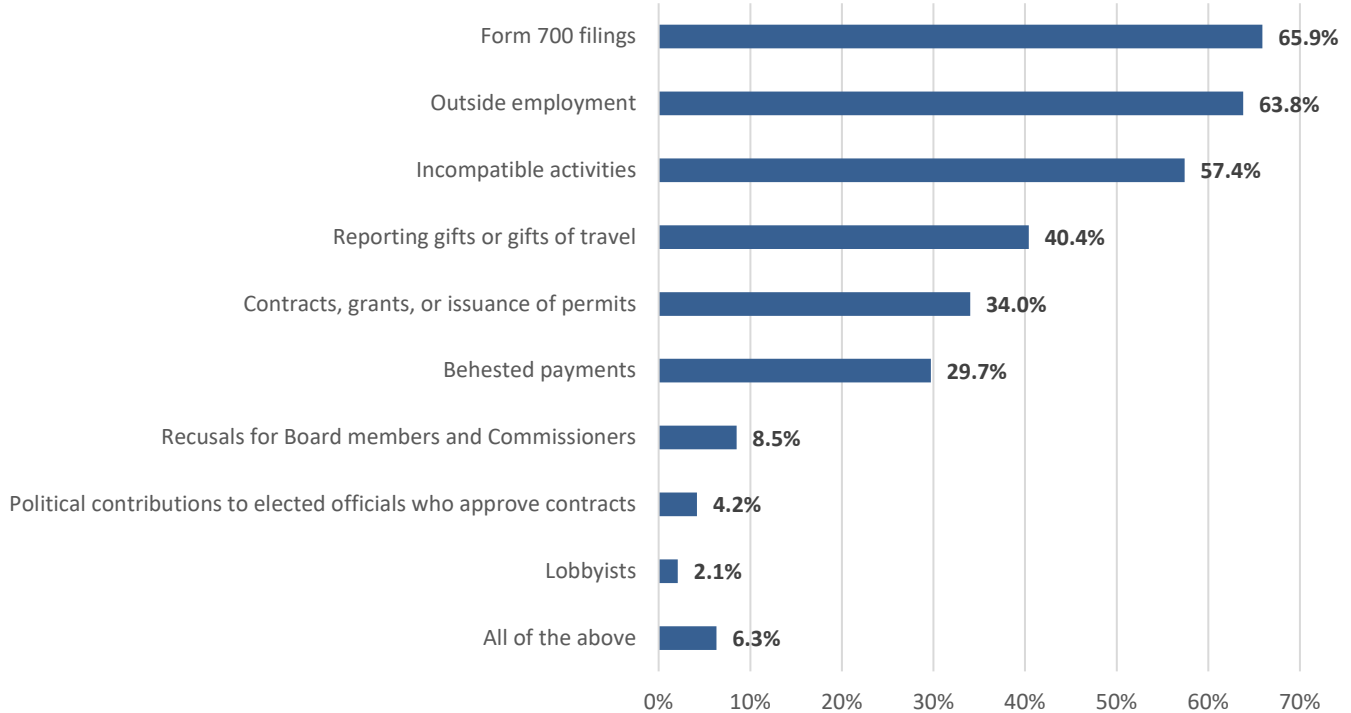


Source: BLA Survey Results

Seeking Advice or Assistance

As shown in Exhibit 5.4 below, the conflicts of interest areas or topics departments cited as most frequently needing assistance or guidance with are Form 700 filings (65.9 percent), outside employment (63.8 percent), and incompatible activities (57.4 percent). At least one third of respondents also indicated that reporting gifts or gifts of travel (40.4 percent) and contracts, grants, or issuance of permits (34 percent) are areas where employees tend to need assistance. Behested payments (29.7 percent), recusals for Board members and Commissioners (8.5 percent), political contributions to elected officials (4.2 percent), and lobbyists (2.1 percent) make up the smallest share of respondents. Further, three departments (6.3 percent) reported that employees need guidance in all of the above conflict of interest areas.

Exhibit 5.4 Topics Staff Most Frequently Need Assistance or Guidance With (n=47)

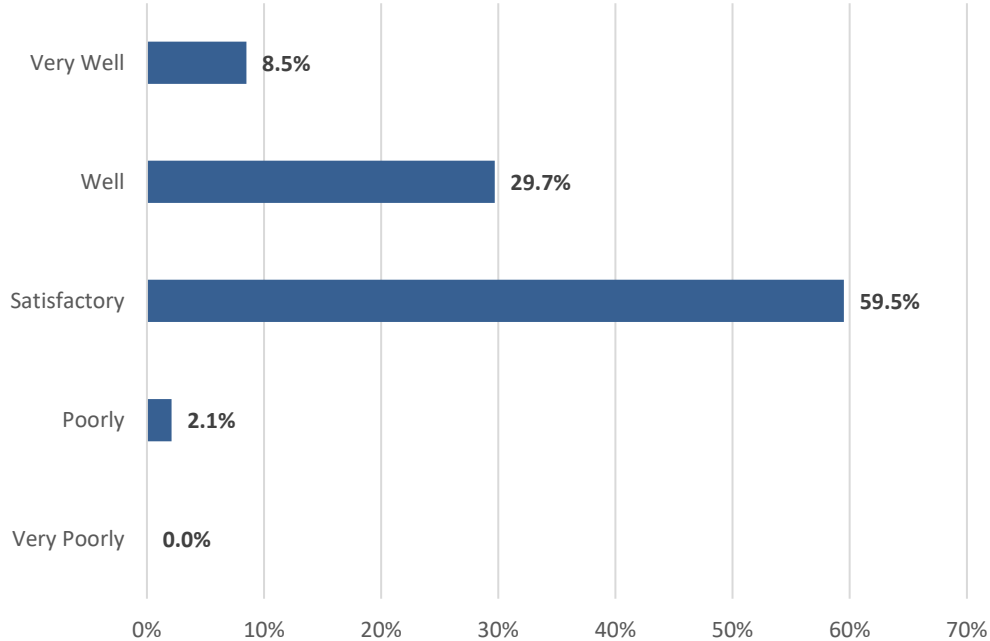


Source: BLA Survey Results

All respondents reported that staff in their departments typically seek advice from a combination of the Ethics Commission, the City Attorney's Office, Form 700 filing officer(s) within their department, or employee unions when they have a question about conflicts of interest rules or when they encounter scenarios where they need advice.

As shown in Exhibit 5.5 below, on a scale of 1 to 5, most departments (59.5 percent) rated staff's understanding and knowledge of how to apply the City's conflicts of interest rules as "Satisfactory." Almost one third (29.7 percent) responded "Well," only four (8.5 percent) responded "Very Well," and one department (2.1 percent) rated staff understanding of rules as "Poorly."

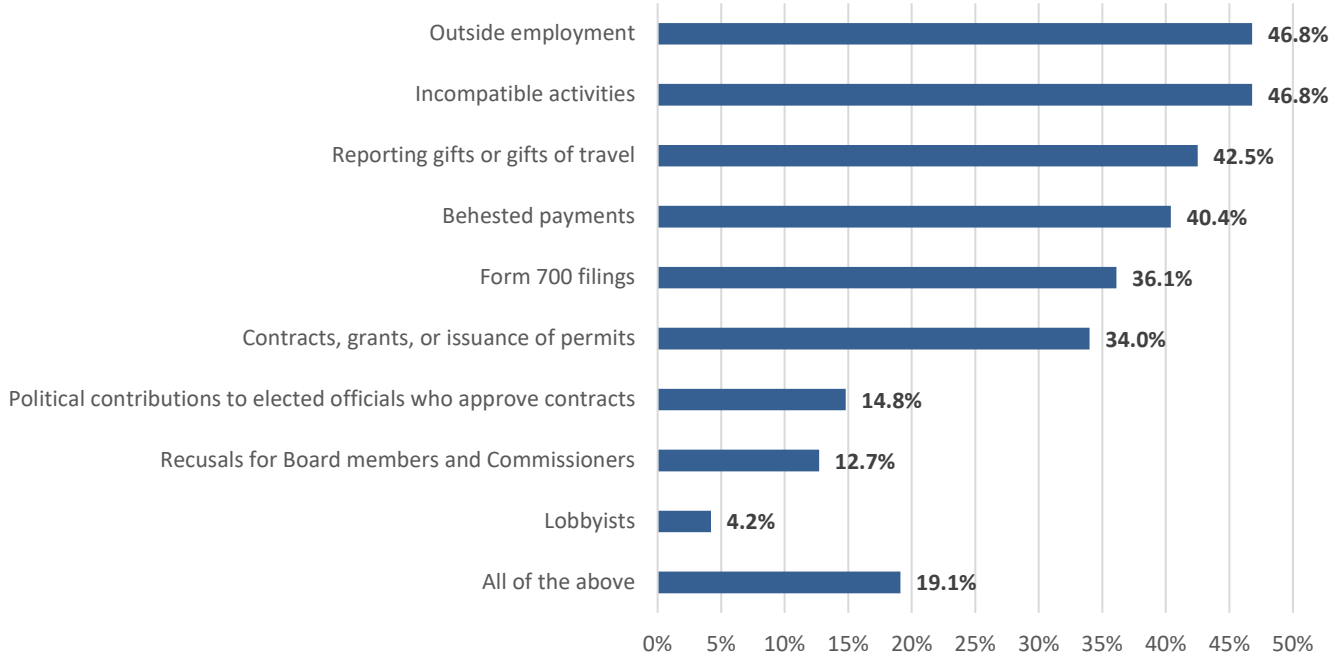
Exhibit 5.5 Staff's Understanding and Knowledge of the Rules (n=47)



Source: BLA Survey Results

When asked what conflicts of interest areas or topics departments would like more information or training on, the most common topics, as shown in Exhibit 5.6 below, were incompatible activities and outside employment (46.8 percent), reporting gifts (42.5 percent), behested payments (40.4 percent), Form 700 filings (36.1 percent), and contracts, grants, or permits (34 percent). Under one fifth of respondents indicated that staff would like more information or training on political contributions (14.8 percent), recusals for Board members and Commissioners (12.7 percent), and lobbyists (4.2 percent). Finally, almost one fifth (19.1 percent) of departments indicated that staff would like additional training and information on all of the above topics.

Exhibit 5.6 Topics Departments Would like More Information or Training on (n=47)



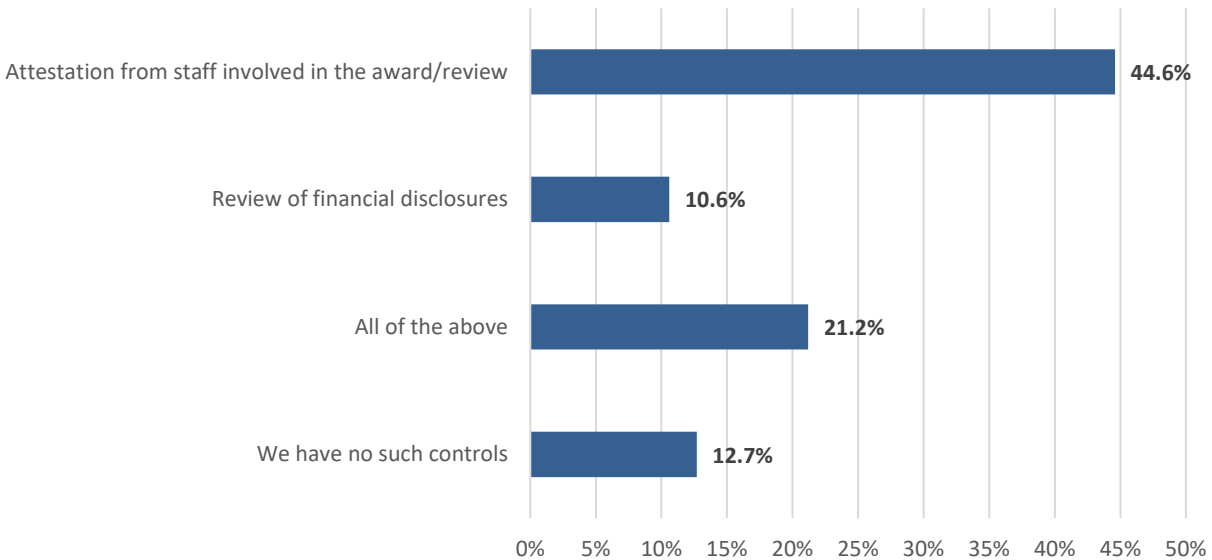
Source: BLA Survey Results

Internal Controls to Prevent Potential Conflicts of Interest

The vast majority (93.6 percent) of respondents reported that Form 700 filings are monitored by management or staff in their department to identify late or non-filers who are notified that they are out of compliance and required to file.

Respondents were asked what internal controls are in place in their department to prevent potential conflicts of interest involving staff responsible for awarding contracts, grants, or permits. As shown in Exhibit 5.7 below, almost half (44.6 percent) said they require attestations from staff involved in the award or review, five (10.6 percent) said they review financial disclosures for staff involved in the award or review prior to the award, and almost one quarter (21.2 percent) reported having both of these internal controls in place. Over one tenth (12.7 percent) have no such controls. Other reported controls include requiring staff involved in the contracting, permit, or grants process to review the statement of incompatible activities or sign a form affirming that they will be impartial and follow citywide procurement processes and procedures. Importantly, some departments award very few contracts, grants, or permits or none at all.

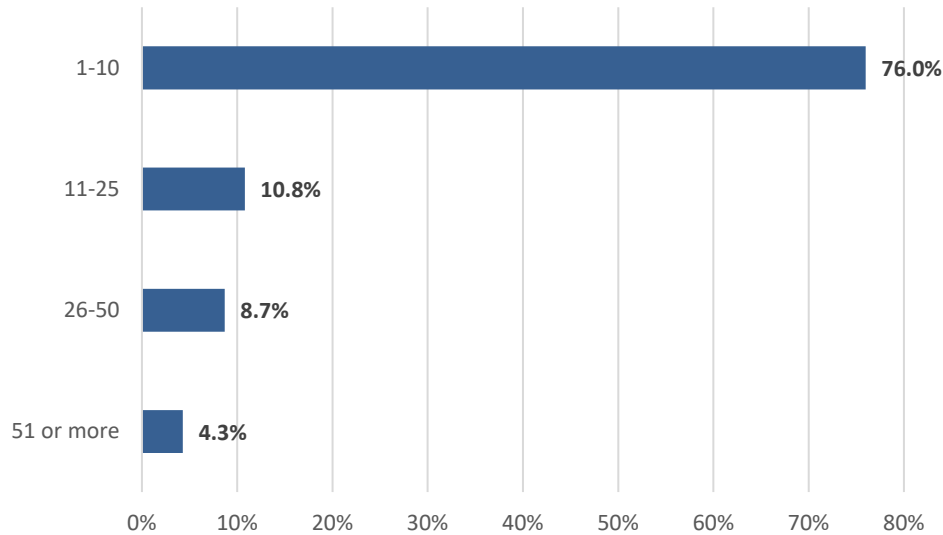
Exhibit 5.7 Internal Controls to Prevent Conflicts of Interest Involving Staff Responsible for Awarding Contracts, Grants, or Permits (n=47)



Source: BLA Survey Results

As shown in Exhibit 5.8 below, most departments (76 percent) only receive an average of 10 or fewer requests for additional employment approval per year. However, two departments (4.3 percent) – the Human Services Agency and the Department of Public Health – receive over 50 secondary employment requests annually on average. Under one fifth (19.5 percent) reported receiving between 11 and 50 per year. The staff within departments who are responsible for reviewing these additional employment requests varies widely but some common responses were those in director or leadership positions and human resources personnel. Half (50 percent) of respondents think the City’s process for reviewing and approving additional employment requests is satisfactory and one quarter (26 percent) rated it as “Well.” When asked what would help improve the process for reviewing additional employment requests, common themes included having a standardized form, better tracking, streamlined or expedited processing, and regular communications to all employees to ensure they understand the process.

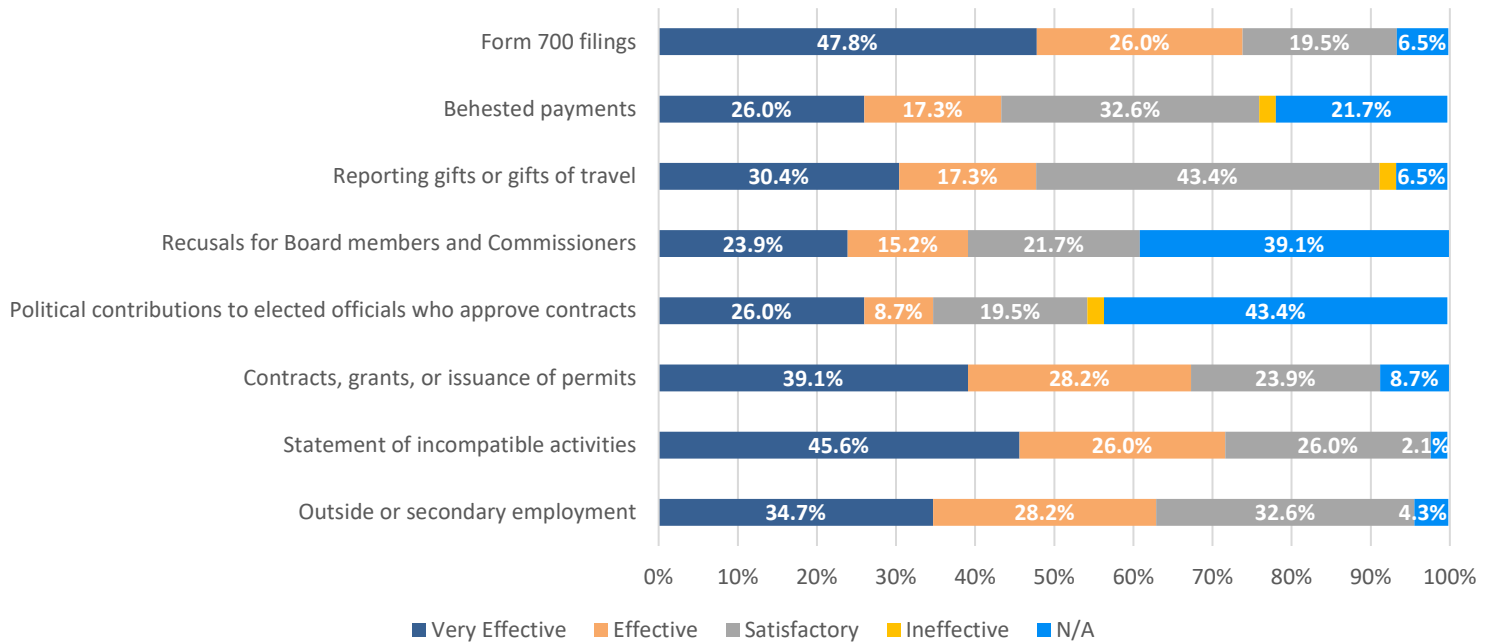
Exhibit 5.8 Requests for Additional Employment Approval Per Year (n=46)



Source: BLA Survey Results

Respondents were asked to rate how effective they think their department’s internal controls are at managing the various conflict of interest areas, most of which responded “satisfactory,” “effective,” or “very effective” as shown in Exhibit 5.9 below. The majority thought internal controls for Form 700 filings were “effective” (26 percent) or “very effective” (47.8 percent). Controls for behested payments received mixed responses, with most (32.6 percent) rating them as “satisfactory,” followed by “very effective” (26 percent) and “effective” (17.3 percent). Almost half (43.4 percent) of respondents rated controls for reporting gifts as “satisfactory” and almost half (47.7 percent) thought they were “effective” or “very effective.” Controls for recusals were rated as “satisfactory” (21.7 percent), “effective” (15.2 percent), or “very effective” (23.9 percent), however, over one third (39.1 percent) indicated that this area is not applicable to them (“N/A”). Similarly, almost half (43.4 percent) of departments also responded “N/A” to controls for political contributions to elected officials who approve contracts; one quarter (26 percent) rated controls for political contributions as “very effective” and almost one fifth (19.5 percent) believed they were “satisfactory.” Over one third (39.1 percent) rated controls for contracts, grants, or permits as “very effective,” and approximately one quarter believed they were “effective” (28.2 percent) or “satisfactory” (23.9 percent). Nearly half (45.6 percent) rated controls related to statements of incompatible activities as “very effective,” and over half rated it as “satisfactory” (26 percent) or “effective” (26 percent). Finally, roughly one third of respondents rated controls around outside or secondary employment as “satisfactory” (32.6 percent), “effective” (28.2 percent), or “very effective” (34.7 percent).

Exhibit 5.9 Effectiveness of Departments' Internal Controls for Managing Conflicts of Interest (n=46)



Source: BLA Survey Results

Challenges of Managing and Preventing Conflicts of Interest

Respondents were asked to share the biggest challenges their departments experience when it comes to managing and preventing conflicts of interest and some common themes emerged from the open-ended responses. The two most prominent common themes to emerge from this open-ended inquiry were the issues of training and lack of awareness or knowledge of new and complex rules.

Over one fifth (22 percent) of respondents commented on training. Specifically, completion of required and ongoing trainings and trainings specifically tailored to departments' functional areas that provide applicable examples. Respondents also noted that there is no single centralized source for training. In addition, some commented that managing training and notice requirements is a challenge. The time and training resources required to educate staff about conflicts of interest rules increases workloads for departments.

Another common theme was lack of awareness or knowledge of conflicts of interest topics and the complexity of the rules, especially when there are new changes. Employees are oftentimes confused about what constitutes a conflict of interest and some departments find it difficult to

keep track of all the varying requirements for the different job classifications. Similar to training, there is no perceived single centralized source for explaining conflict of interest rules.

Representative comments from respondents included:

- *Lack of knowledge on the topic.*
- *Staying current with changes in requirements.*
- *Completion of Conflicts of Interest Training by all staff.*
- *Getting employees to disclose potential conflicts.*
- *Knowing what constitutes a conflict of interest in the first place.*
- *The lack of staffing and the resources needed to manage daily operations, the complexity of the rules.*
- *Situations where employees are unsure if they must report an activity, such as being a volunteer (i.e., participating on their children's PTA) or in roles where there is no compensation (i.e., helping a parent with their business).*
- *Hard to know that all employees at all levels of the organization understand the same thing, given different classifications, backgrounds, language proficiency, type of post-secondary education attained (if any). How do you monitor every single thing every single employee in every single classification engages in?*
- *The conflict of interest policies, rules, etc., rely on employees to self-report and we assume employees are acting in good faith and meeting their obligations. There are many sources for the rules (BOS, CSC, City Attorney, Ethics Commission, etc.) and no single centralized source for the rules or training. There is also limited guidance from promulgating bodies on some of the rules.*

Recommendations for Improving Controls

Respondents were asked to offer open-ended recommendations on how to improve departmental controls for managing and preventing conflicts of interest. Many respondents stressed the need for ongoing training and education. This underscores the importance of communications and engagement efforts to ensure City employees understand and are able to properly apply current conflicts of interest rules. Prevalent recommendations included the following:

- **Additional training and communication.** Many respondents recommended additional or more frequent trainings and reminders of conflicts of interest rules. One respondent stated that having training on how to handle situations that could be considered a conflict of interest would be valuable for staff. Another noted that real-world examples applicable to departments versus general examples meant for the City as a whole would be helpful.

- **Centralize management duties.** A few respondents noted that conflicts of interest are currently managed by different departments depending on the topic area. It would be more efficient and streamlined if these duties were centralized with the Ethics Commission, according to these respondents, particularly since the Ethics Commission already maintains the Form 700 e-filing system and develops notices and guidance around rules and regulations.
- **Develop a tracking system for additional employment requests.** One respondent recommended having a system to track requests for secondary employment, and they look forward to using the new process that the Department of Human Resources is developing.
- **Annual reviews of rules and requirements.** A few respondents suggested regular reviews of conflicts of interest requirements and the City's policies and procedures.

Peer Survey Participants and Characteristics

To compare conflicts of interest management practices in San Francisco to other large cities, we issued a peer survey to 11 jurisdictions, from which we received 10 complete responses as shown in Exhibit 5.10 below. Survey respondents included jurisdictions from California as well as other states. Six respondents (60 percent) are major cities in California, including: Oakland, San Jose, Los Angeles, San Diego, Long Beach, and Sacramento. The remaining four respondents (40 percent) are jurisdictions who are comparable to San Francisco because of shared similarities (e.g., cities who operate an airport, a port, a transit system, etc.) and/or those who we identified as leaders or good models in government ethics: Seattle, Chicago, Denver, and Phoenix. Criteria we used to identify leaders in government ethics include an easily navigable website, general guidance and advisory opinions, published website materials for different audiences (e.g., elected officials, Board and Commission members, and employees), and searchable and downloadable public disclosures. We also consulted with the Ethics Commission Acting Policy and Legislative Affairs Manager in February 2023 to obtain input on appropriate peer jurisdictions to survey. This resulted in the addition of the City of Chicago to the list of peer jurisdictions. The City of Philadelphia's Mayor's Office of the Chief Integrity Officer responded to our inquiry and received the link to the survey but was unable to complete it without assistance from the City's Board of Ethics who were unresponsive.

Exhibit 5.10 Peer Survey Respondents

Jurisdiction	Department/Agency
Los Angeles	Ethics Commission
Oakland	Public Ethics Commission
San Jose	City Clerk
Sacramento	City Clerk
Long Beach	Office of Ethics and Transparency
San Diego	Ethics Commission
Seattle, WA	Ethics and Elections Commission
Denver, CO (City and County)	Board of Ethics
Chicago, IL	Board of Ethics
Phoenix, AZ	City Manager's Office

Source: BLA Survey Results

Two additional jurisdictions who we attempted to contact ultimately did not participate in the survey. Orange County, California was identified as a good model for controls to prevent conflicts of interest in contracting, however, they did not respond to our inquiries. Additionally, the City of New York responded but declined to participate.

Although half (50 percent) of the jurisdictions included in the survey have larger populations than San Francisco, the vast majority of respondents have smaller total annual budgets and less employees relative to San Francisco as shown in Exhibit 5.11 below. Only one jurisdiction – the City of Chicago – had a larger total budget in Fiscal Year 2022-23. Additionally, all jurisdictions except Los Angeles and Chicago have far fewer employees than San Francisco.

Exhibit 5.11 Annual Budget, Population, and Employees FY 2022-23

Jurisdiction	Annual Budget (in billions)	Population	Employees
Chicago, IL	\$16.4	2,697,000	34,742
<i>San Francisco</i>	<i>\$14.0</i>	<i>815,201</i>	<i>34,336</i>
Los Angeles	\$13.2	3,849,000	62,489
Seattle, WA	\$7.4	733,919	12,096
San Jose	\$5.9	983,489	6,884
Phoenix, AZ	\$5.9	1,625,000	15,237
San Diego	\$5.1	1,382,000	12,777
Denver, CO	\$3.8	711,463	13,216
Long Beach	\$3.2	456,062	6000
Oakland	\$1.9	433,823	4,526
Sacramento	\$1.5	525,041	4,992

Source: Respective Jurisdictions' Websites and Budget Documents

Peer Survey Findings

The survey findings have been organized to address the following questions:

- How do other large jurisdictions compare to San Francisco in terms of funding and staffing resources dedicated to managing conflicts of interest?
- To what extent do other jurisdictions have conflicts of interest rules and who is responsible for informing employees and managing compliance?
- What conflict of interest topic(s) do other jurisdictions provide or require training on, who receives it, and who provides it?
- What conflict of interest topic(s) do staff in other jurisdictions most frequently need assistance with and who do staff seek advice from?
- How are statements of incompatible activities and requests for additional employment managed in other jurisdictions?
- What internal controls do other jurisdictions have in place to ensure public disclosure filings are submitted by designated filers and to prevent potential conflicts of interest involving staff responsible for awarding contracts, grants, or permits?
- What are the biggest challenges that other jurisdictions face when it comes to managing and preventing conflicts of interest?
- What recommendations do other jurisdictions have to improve internal controls for managing and preventing conflicts of interest?

Resources Dedicated to Ethics

Survey respondents' annual budgets dedicated to ethics issues, including managing conflicts of interest, in Fiscal Year 2022-23 ranged between approximately \$200,000 and \$8 million. San Francisco has a higher annual budget dedicated to ethics issues than all but one jurisdiction (10 percent) – Seattle. However, the Executive Director of the City of Seattle's Ethics and Elections Commission reported to us that funding specifically dedicated to ethics is difficult to isolate and is less than the commission's \$8 million total budget. Additionally, the number of full-time equivalent (FTE) staff positions in the office or agency that manages ethics in other jurisdictions ranged from two to 37. Similar to funding, only one respondent (10 percent) – the City of Los Angeles – has a greater number of full time equivalent (FTE) positions dedicated to ethics than San Francisco. One respondent, the City of San Jose, reported that staff from both the City Clerk and City Attorney are involved but no City staff manage conflicts of interest full-time. In Sacramento, the Office of the City Clerk is responsible for managing ethics but only three or four people deal with conflicts of interest specifically and only a portion of the City Clerk's total budget is dedicated to ethics and compliance. Notably, the City of Los Angeles' Ethics Commission consisted of 37 FTEs in Fiscal Year 2022-23³ and Los Angeles is the only respondent with more than 10 staff dedicated to ethics. For comparison, the San Francisco Ethics Commission's total budget and employees in Fiscal Year 2022-23 was \$7.4 million and 31 FTE positions. However, the comparatively higher levels of ethics funding and staffing in San Francisco are likely driven by differences in cost of living and salary costs which are relatively higher in San Francisco, the wide range of programs and services administered by the San Francisco Ethics Commission compared to other jurisdictions, and the fact that San Francisco has increased responsibilities as both a City and a County. Ethics funding per capita and per total City FTE staff as well as ethics funding per City population, total FTE staff, and total budget are shown in Exhibit 5.12 and 5.13 below.

³ The Ethics Commission of the City of Los Angeles has 45 full-time equivalent positions (FTE) as of October 2023, eight of which (three auditor positions and five investigator positions) were added in Fiscal Year 2023-24.

Exhibit 5.12 Ethics Funding Per Capita and Per Total City FTE FY 2022-23⁴

Jurisdiction	Ethics Funding	Ethics Funding Per Capita	Ethics Funding Per Total City FTE
Seattle, WA	\$8,011,393	\$10.92	\$230.60
<i>San Francisco</i>	<i>\$7,400,000</i>	<i>\$9.08</i>	<i>\$215.52</i>
Los Angeles	\$4,422,084	\$1.15	\$70.77
Oakland	\$1,786,115	\$4.12	\$394.63
San Diego	\$1,470,894	\$1.06	\$115.12
Chicago, IL	\$916,559	\$0.34	\$26.38
Denver, CO	\$325,623	\$0.46	\$24.64
Sacramento	\$187,795	\$0.36	\$37.62
San Jose	-	-	-
Long Beach	-	-	-
Phoenix, AZ	-	-	-

Source: BLA Survey Results and Other Jurisdictions' Websites and Budget Documents

⁴ We were unable to determine funding dedicated specifically to ethics for the cities of San Jose, Long Beach, and Phoenix. The San Jose Board of Fair Campaign and Political Practices and Phoenix Ethics Commission are both under the City Clerk and the Long Beach Office of Ethics & Transparency is under the Office of the City Manager. However, it is difficult to isolate or parse out ethics funding from the rest of the department's budget.

Exhibit 5.13 Ethics FTE Per City Population, Total FTE, and Total Budget FY 2022-23⁵

Jurisdiction	Ethics FTE	Ethics FTE Per 100,000 Residents	Ethics FTE Per Total City FTE	Ethics FTE Per City Budget (in billions)
Los Angeles	37.0	1.0	0.0006	2.81
San Francisco	31.0	3.8	0.0009	2.21
Chicago, IL	8.0	0.3	0.0002	0.49
Oakland	7.0	1.6	0.0015	3.63
Phoenix, AZ	7.0	0.4	0.0005	1.19
San Diego	6.0	0.4	0.0005	1.18
Sacramento	4.0	0.8	0.0008	2.67
Seattle, WA	2.8	0.4	0.0002	0.38
Long Beach	2.0	0.4	0.0003	0.63
Denver, CO	2.0	0.3	0.0002	0.53
San Jose	-	-	-	-

Source: BLA Survey Results and Other Jurisdictions' Websites and Budget Documents

Rules, Requirements, and Communications

Respondents were asked whether their jurisdictions have rules that employees and/or elected officials must comply with for a number of conflicts of interest topics, and who is responsible for managing compliance in these areas. As shown in Exhibit 5.14 below, all respondents (100 percent) have rules for reporting gifts or gifts of travel and outside employment. All except one respondent (90 percent) have rules about financial disclosure filings, also known as Form 700 in California, and rules concerning lobbyists. Eight jurisdictions included in the survey (80 percent) have rules governing recusals for Board members and Commissioners. Three fifths of respondents (60 percent) have rules related to behested payments to third parties and approval of contracts, grants, or permits. And only half (50 percent) have rules for political contributions to elected officials who approve contracts and incompatible activities. Three respondents who selected "other" – Chicago, Oakland, and Los Angeles – reported also having rules related to nepotism, influencing prospective employment, and bidders, contractors, and developers. Compliance with rules for these various topics is managed by the jurisdictions' Ethics Commission, the Office of the City Clerk, the City Attorney, or a combination. In the City of Long

⁵ The City of San Jose stated in their response to the survey that the number of ethics FTE positions is complicated because it would cover City Clerk staff and City Attorney staff, but no one manages it full-time. The San Francisco Ethics Commission's total adopted budget in FY 2024-25 is approximately \$5.7 million and the Department consists of 27.61 FTE.

Beach, each official tracks and reports their own behested payments and gifts. In San Francisco, all of the above topics are managed by the Ethics Commission. The Office of Contract Administration has some shared responsibility with regard to approval of contracts, grants, or permits in San Francisco and the Department of Human Resources is involved in outside employment requests.

Exhibit 5.14 Rules by Conflicts of Interest Topic (n=10)

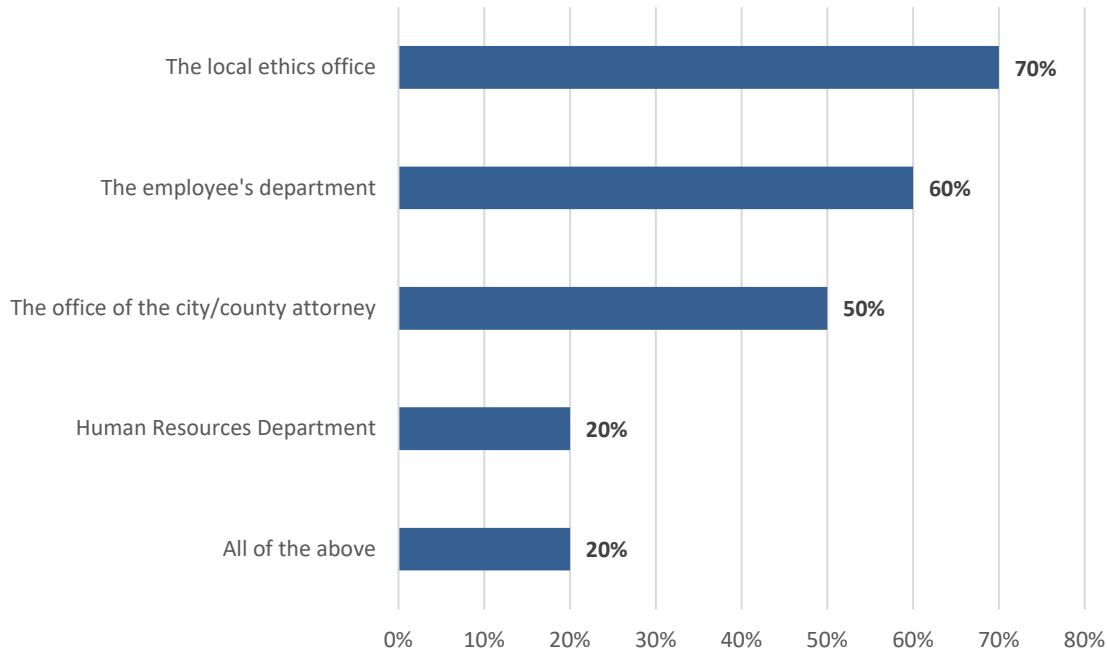


Source: BLA Survey Results

All respondents (100 percent) reported that they provide general guidance or other communications and engagement materials related to conflicts of interest to employees, board members and commissioners, and elected officials. One respondent – the City of Chicago – reported that they also provide information about conflicts of interest requirements to lobbyists and contractors.

As shown in Exhibit 5.15 below, the most common response to who is responsible for informing employees about conflicts of interest rules, including any changes or updates to these rules, was the local ethics office (70 percent), followed by the employee's department (60 percent), the office of the city/county attorney (50 percent), and the human resources department (20 percent). Two respondents (20 percent), Long Beach and Denver, indicated that all of the above entities are responsible for keeping employees informed about the rules. The cities of San Jose and Sacramento reported that the City Clerk also has some shared responsibility.

Exhibit 5.15 Who's Responsible for Informing Employees About the Rules? (n=10)



Source: BLA Survey Results

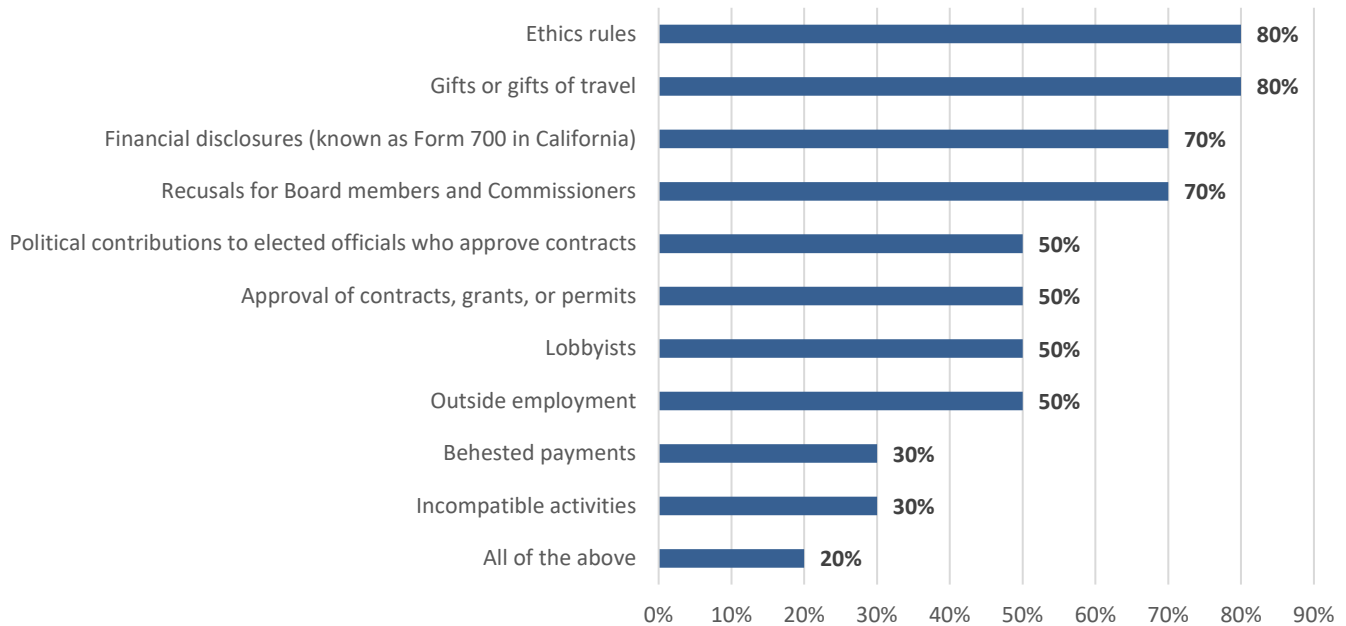
Conflicts of Interest Training

All except one respondent (90 percent) provide training about conflicts of interest rules and requirements to employees, board and commission members, and elected officials. The City of San Jose provides conflicts of interest training to board and commission members and elected officials but not to city employees. The City of Chicago also provides training to lobbyists.

As shown in Exhibit 5.16 below, the two most common topics related to conflicts of interest that survey respondents offer training for is ethics rules and reporting gifts or gifts of travel (80 percent). Almost three quarters of respondents (70 percent) offer training on financial disclosure filings, known as Form 700 in California, and recusals for board members and commissioners. Half of respondents (50 percent) indicated that training is also available on political contributions to elected officials who approve contracts; approval of contracts, grants, or permits; lobbyists; and outside employment. Only three respondents (30 percent) offer training related to behested payments (i.e., payments to third-parties at the behest of a public official) and incompatible activities. Additionally, one fifth of respondents (20 percent) reported that their jurisdiction offers training in all of the above conflicts of interest topics. The City of Chicago also offers training on nepotism and revolving door and the City of Oakland offers training on its ticket distribution policy for those who distribute or receive City-issued event tickets. Chicago's

revolving door restrictions are designed to prevent former government personnel from improperly profiting from their government connections or “inside” knowledge.

Exhibit 5.16 Offered Conflicts of Interest Training Topics (n=10)



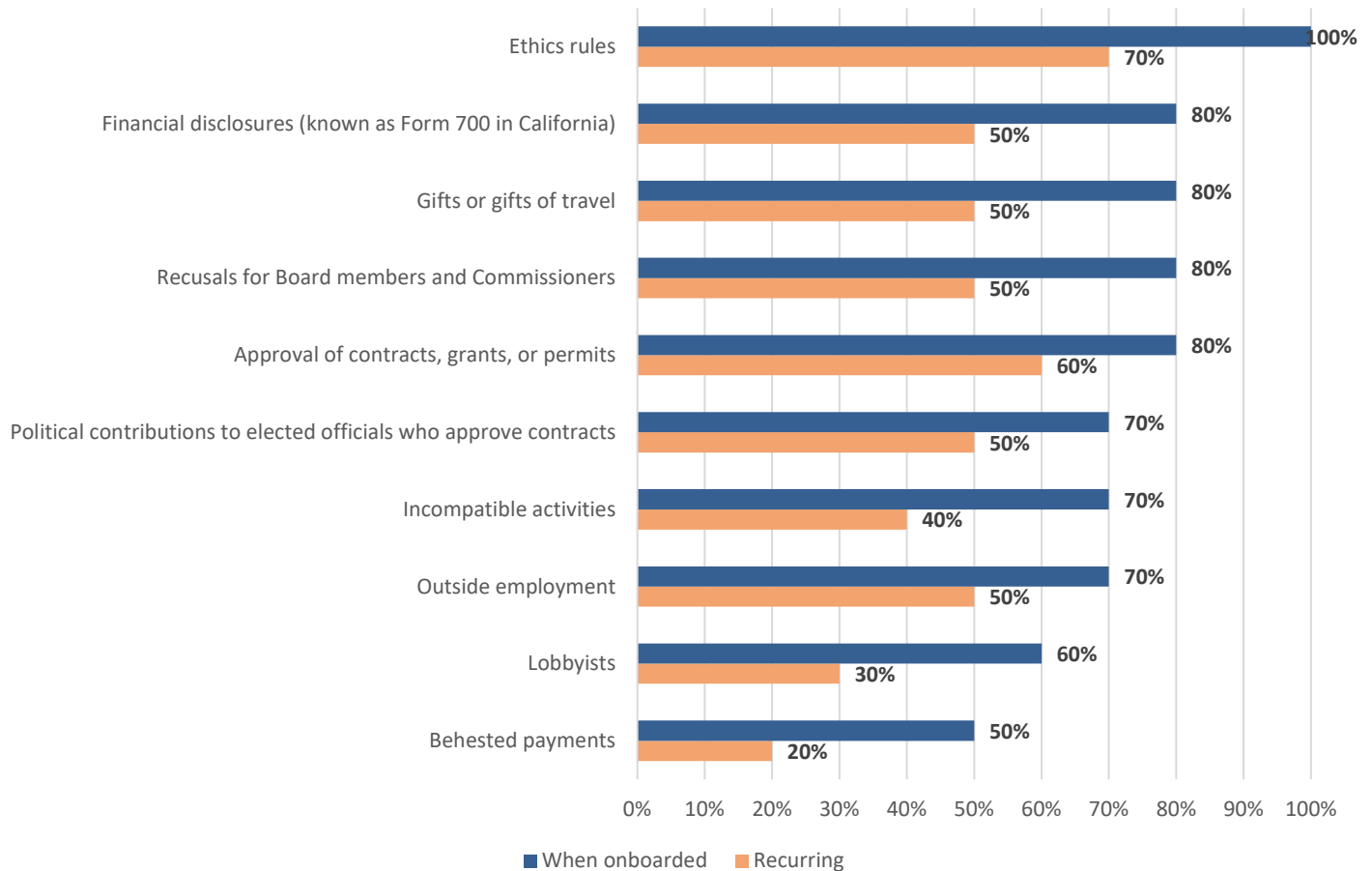
Source: BLA Survey Results

Training for some topics related to conflicts of interest is required when new staff are onboarded, on a recurring basis, or both, and some topics are not required at all. As shown in Exhibit 5.17 below, all survey respondents (100 percent) require ethics rules training when staff are onboarded. Four fifths (80 percent) also require training on financial disclosure filings, reporting gifts, recusals, and approval of contracts, grants, or permits during the onboarding process. Seven (70 percent) reported that training on political contributions to elected officials, incompatible activities, and outside employment are also required during onboarding. Just over half (60 percent) mandate training about lobbyists during onboarding, and half (50 percent) require behested payments training.

All survey respondents require training on a recurring basis in at least one conflicts of interest topic. Almost three quarters (70 percent) of respondents require general ethics rules training on a recurring basis. Over half (60 percent) reported that training on approval of contracts, grants, or permits is required on a recurring basis too. Half of respondents (50 percent) require periodic training on financial disclosure filings, reporting gifts, recusals, political contributions, and outside employment. And less than half of respondents require training on incompatible activities (40 percent), lobbyists (30 percent), and behested payments (20 percent) on a recurring basis.

Not all training topics related to conflicts of interest are required by peer jurisdictions. Over half of respondents (60 percent) do not require training on behested payments. Half (50 percent) do not require training related to lobbyists. Two fifths of respondents (40 percent) do not require training on political contributions and incompatible activities. Almost one third (30 percent) also do not require training on reporting gifts, recusals for Board and Commission members, approval of contracts, and outside employment. Lastly, one fifth of respondents (20 percent) do not require training for financial disclosure filings.

Exhibit 5.17 Required Conflicts of Interest Training Topics (n=10)



Source: BLA Survey Results

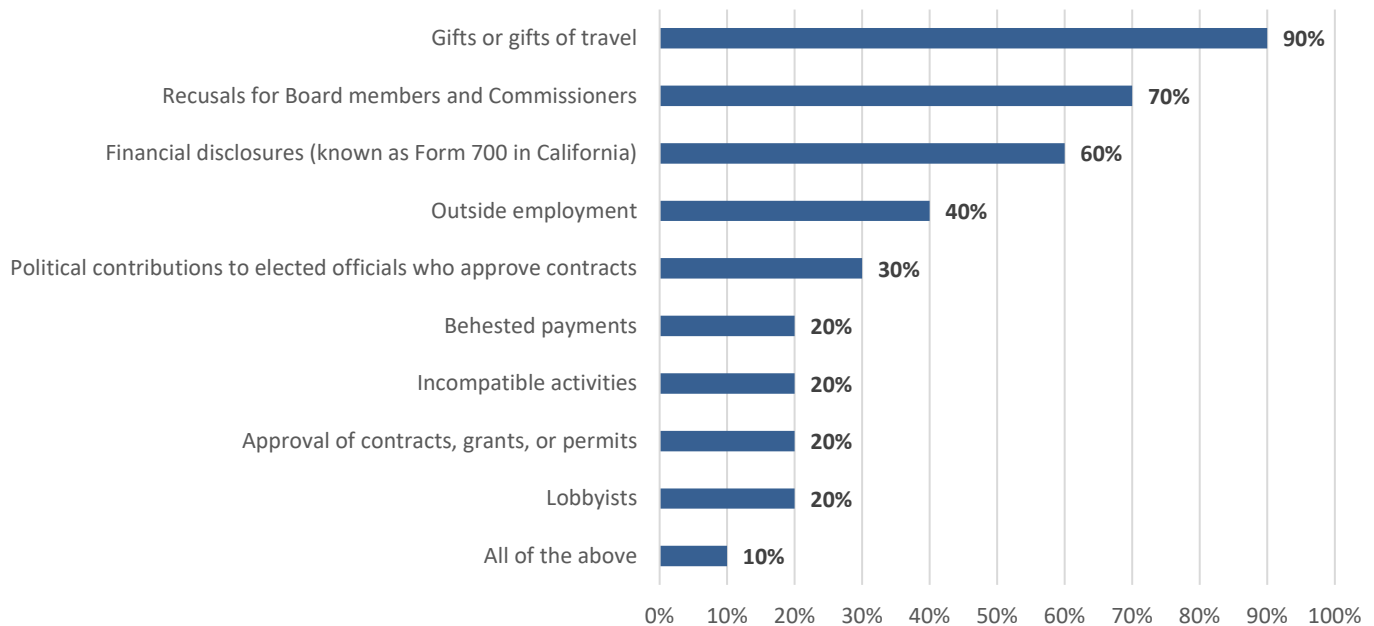
Seeking Advice or Assistance

As shown in Exhibit 5.18 below, when asked what conflicts of interest areas or topics staff most frequently need assistance or guidance with, the most common response was reporting gifts or gifts of travel (90 percent), followed by recusals for Board members and Commissioners (70 percent), financial disclosure filings (60 percent), and outside employment (40 percent). Less than

Budget and Legislative Analyst

one third (30 percent) selected political contributions to elected officials who approve contracts as the topic where staff need the most guidance. One fifth of respondents (20 percent) reported that behested payments, incompatible activities, approval of contracts, and lobbyist filings are also topics staff need assistance with. Only one respondent (10 percent) – San Diego – indicated that staff need guidance in all of the above conflicts of interest areas.

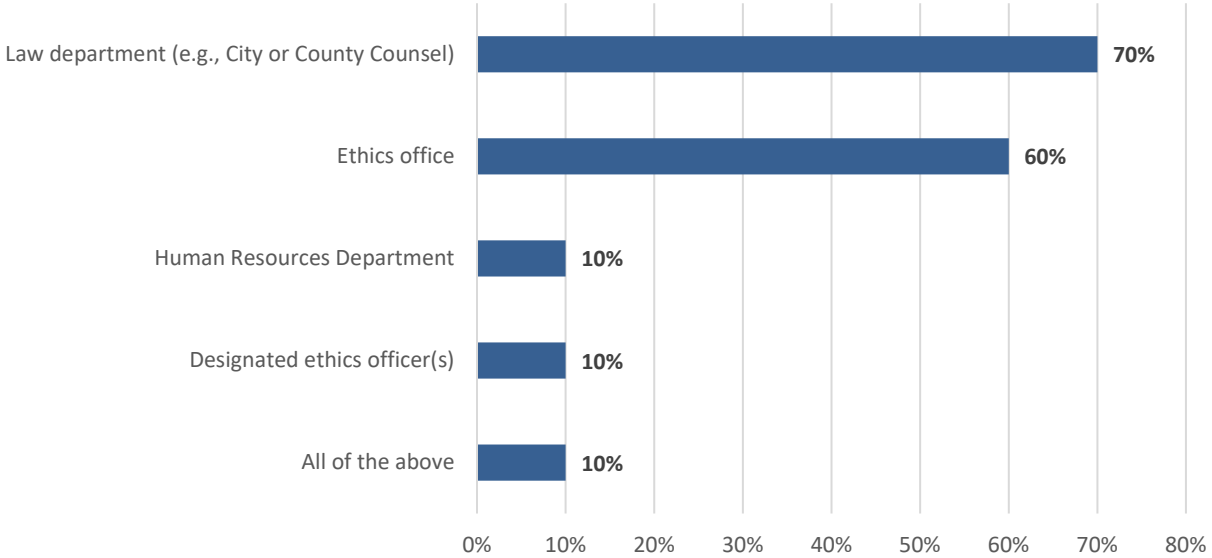
Exhibit 5.18 Topics Staff Most Frequently Need Assistance or Guidance With (n=10)



Source: BLA Survey Results

As shown in Exhibit 5.19 below, almost three quarters (70 percent) of respondents reported that staff typically seek advice from the law department (e.g., the City Attorney or County Counsel) when they have a question about a conflicts of interest issue or encounter scenarios where they need advice regarding conflicts of interest. Over half (60 percent) reported that staff turn to the ethics office for guidance, and only one respondent (10 percent) indicated that staff go to the human resources department or the designated ethics officer within a department. Only one jurisdiction (10 percent), Long Beach, reported that staff seek advice from all four entities: the law department, the ethics office, the Human Resources Department, and designated departmental ethics officers. Further, the City of Sacramento also reported that staff typically seek advice related to conflicts of interest from the Office of the City Clerk since it is responsible for managing ethics.

Exhibit 5.19 Who Staff Typically Seek Advice From (n=10)



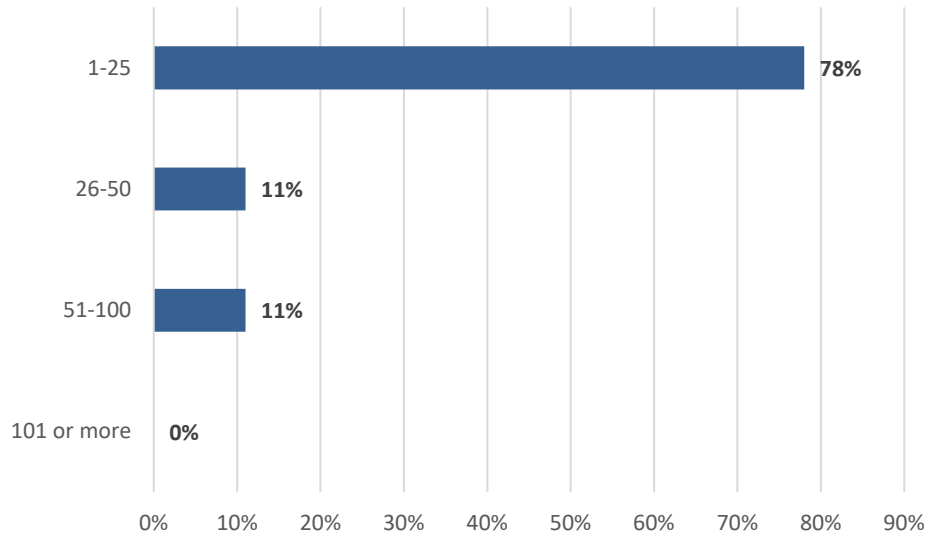
Source: BLA Survey Results

Statements of Incompatible Activities and Outside Employment

The majority of respondents (70 percent) do not have a statement of incompatible activities. Conversely, roughly one third (30 percent) have one or more statement of incompatible activities. For the three respondents who do have one, one reported that each department creates their own individual statement, one has a citywide or countywide statement for all departments that is updated annually, and the City of San Diego reported that it is a combination of both. That city's Municipal Code law defines incompatible activities for all who fall within the Ethics Ordinance and there are additional, department-specific statements as well.

The vast majority (90 percent) of respondents have a process for reviewing requests for outside employment to ensure there is no conflict of interest related to the secondary employment. Respondents most commonly reported that the supervisor of the requesting employee (33.3 percent) or department heads (33.3 percent) are responsible for reviewing additional employment requests. Other responses include human resources personnel, the City Attorney, and the ethics office. As shown in Exhibit 5.20 below, seven of the nine respondents who have a process for reviewing requests for outside employment (78 percent) receive up to 25 requests per year on average, one (11 percent) receives between 26 and 50 annually, and one (11 percent) receives between 51 and 100. The City and County of San Francisco receives, on average, 101 or more requests for additional employment approval per year.

Exhibit 5.20 Requests for Additional Employment Approval Per Year (n=9)

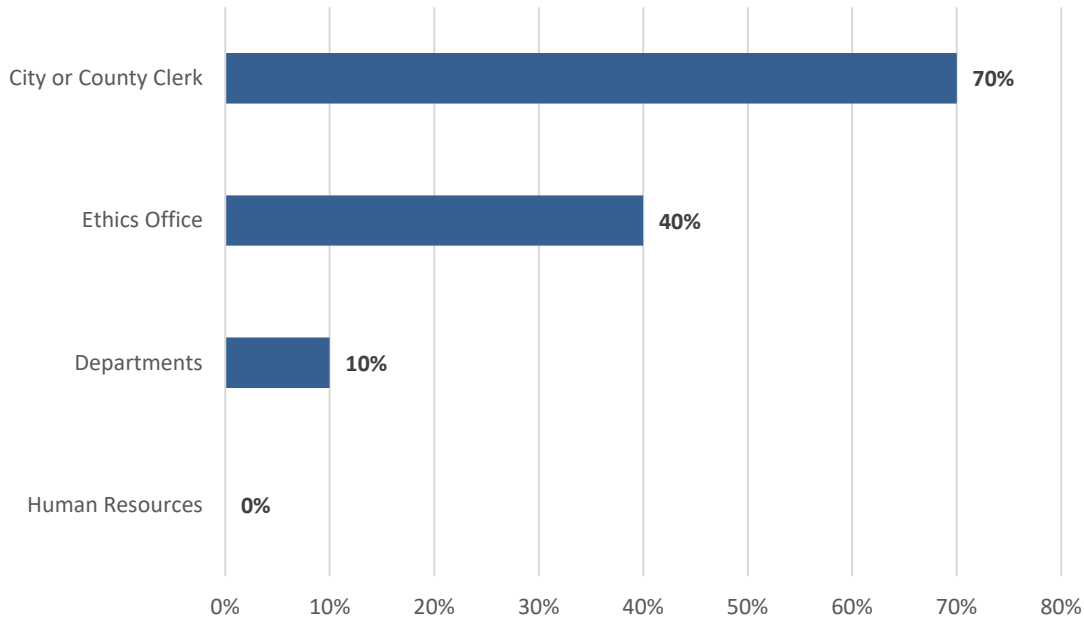


Source: BLA Survey Results

Internal Controls to Prevent Potential Conflicts of Interest

As shown in Exhibit 5.21 below, when asked which entity is responsible for managing financial disclosure filings, the majority of respondents (70 percent) reported the City or County Clerk. Almost half (40 percent) indicated that the ethics office is responsible for managing financial disclosure filings, and one respondent (10 percent) requires the disclosures to be managed at the department level. In the City of San Diego, the Office of the City Clerk handles the filings themselves but the Ethics Commission is responsible for enforcement.

Exhibit 5.21 Who is Responsible for Managing Financial Disclosure Filings? (n=10)

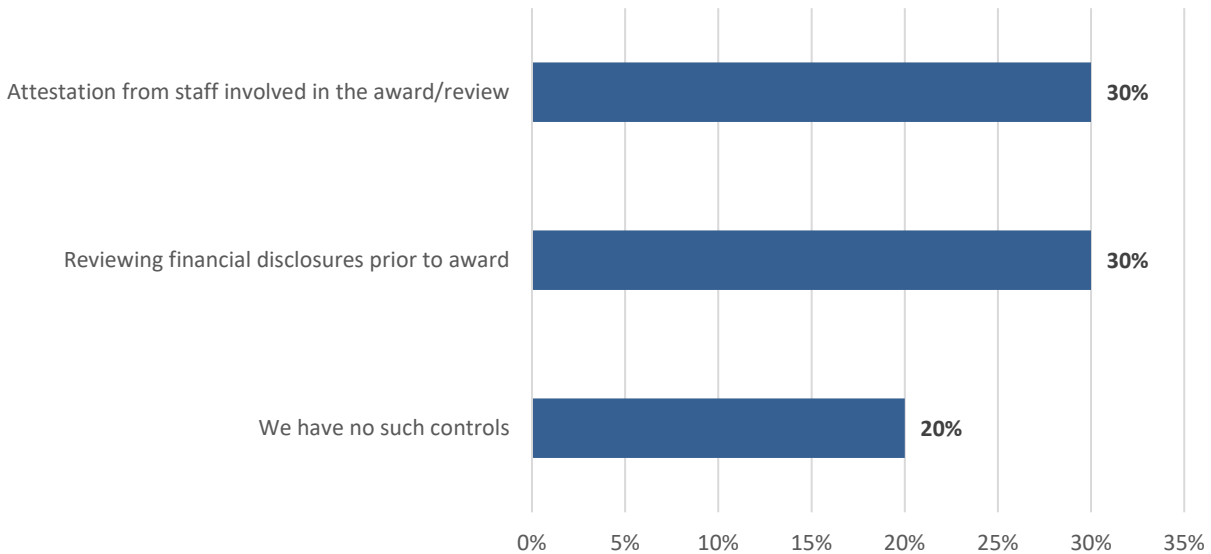


Source: BLA Survey Results

All survey respondents (100 percent) monitor financial disclosure filings and notify late or non-filers that they're out of compliance and required to file. In addition, disclosure statements are filed electronically in all jurisdictions (100 percent) included in the survey.

Respondents were also asked what internal controls are in place, if any, to prevent potential conflicts of interest involving staff responsible for awarding contracts, grants, or permits. As shown in Exhibit 5.22 below, almost two thirds (60 percent) of respondents require either an attestation from staff involved in the award or review of a contract *or* reviewing financial disclosures prior to the award. One fifth of respondents (20 percent) reported that they have no such controls. The City of Los Angeles reported that internal controls to prevent conflicts of interest in contracting are department specific.

Exhibit 5.22 Internal Controls to Prevent Conflicts of Interest Involving Staff Responsible for Awarding Contracts, Grants, or Permits (n=10)



Source: BLA Survey Results

All respondents (100 percent) have a process for others to anonymously report potential conflicts of interest, such as a whistleblower hotline.

Two fifths of respondents (40 percent) are considering strengthening internal controls for preventing and/or managing conflicts of interest. Changes under consideration include updating policies, procedures, and training; centralizing the location of governmental ethics resources; implementing a recusal form for elected officials; creating an office of compliance; and increasing training and advisory services. Only two respondents (20 percent) – Denver and Chicago – reported that rules and/or enforcement practices in their jurisdiction have changed since Fiscal Year 2019-20. Denver has made changes related to investigations initiated by anonymous complaints and Chicago created a new section in its municipal code on Board-initiated enforcement actions and penalties for failure to comply.

Challenges of Managing and Preventing Conflicts of Interest

Respondents were asked to share the biggest challenges their jurisdiction experience when it comes to managing and preventing conflicts of interest. Respondents' responses and common themes included:

- The number of city employees that require oversight.

- Effective education, training, and outreach to ensure people are aware of potential conflicts of interest and are empowered to know and understand the laws they must follow.
- Distinguishing between a legal conflict of interest and the appearance of a conflict.
- Having an accurate list of all Form 700 filers in the city (ongoing project).
- Knowing what reportable interests individuals have at any given point.
- Relying on the employee to self-report their conflict and being dependent on each department to proactively look at the Form 700.
- Ensuring completion of attestations from staff involved in the review/award of contracts, grants, and permits as well as statement of incompatible activities.

Recommendations for Improving Internal Controls

Respondents were asked to offer open-ended recommendations on how to improve internal controls for managing and preventing conflicts of interest. The most common theme was education and awareness.

Respondents' recommendations included the following:

- Additional staffing resources.
- Increased collaboration between the Office of the City Clerk and the Ethics Commission.
- Continuous education and training so people understand the rules and are encouraged to self-report potential conflicts of interest. Education and training also help the organization identify ethics priorities and requirements and the staff that are here to help.
- Robust training and education and continually looking for new ways to do outreach to ensure people understand the laws that govern them.
- An accurate list of all Form 700 filers in the city.
- Policies to ensure completion of attestations from staff involved in the review/award of contracts, grants, and permits as well as statement of incompatible activities.

Appendix A: Written Responses from Ethics Commission & Office of Contract Administration



San Francisco Ethics Commission

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

February 21, 2025

Dan Goncher, Principal
Budget and Legislative Analyst's Office
San Francisco Board of Supervisors

Dear Mr. Goncher:

The Ethics Commission supports the goals of the Budget and Legislative Analyst's report on the prevention of conflicts of interest and appreciates the information and recommendations contained in it. Thank you for sharing a draft of the report and meeting with our office to discuss it.

Below, I am providing the Ethics Commission's responses to the recommendations contained in the report. In general, the Ethics Commission supports the recommendations and would like to implement those that apply to our department and work closely with other departments to assist them in implementing the remainder. The responses below provide analysis to help make these recommendations workable and effective in practice.

The Commission's ability to take on new projects and types of work is constrained at this time by the City's financial situation and the Mayor's hiring freeze and budget instructions. The budget instructions indicate that work related to new programs should be paused and extension to existing programs may proceed only if there is no budgetary impact. Pursuant to those instructions, we are not currently initiating any significant new projects. To the contrary, we are identifying projects and processes for elimination if the Commission's budget is reduced and we are required to decrease our staffing. I raise this so that the Board of Supervisors is aware that, while we support the ideas presented in this report, we may have to balance their implementation against other existing programs and statutory requirements during a time of contraction in the department. We will only know for certain whether we will be able to implement some of the recommendations in the report once the Board and Mayor have approved the Commission's FY26-FY27 budget. For that reason, the Commission's response does not commit at this time to implement recommendations 2.1 (impartiality attestations), 2.2 (conflict screening), and 3.5 (expanding post-employment restrictions), as those recommendations would involve in-depth policymaking processes. We look forward to the Board's upcoming budget process and discussing how these and other important ethics initiatives can be supported.

For reference, the Commission's response also discusses initiatives that the Commission has undertaken to improve Citywide tracking and prevention of conflicts of interest. It also provides additional information about the report's analysis of the Commission's staffing levels.



San Francisco Ethics Commission

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

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick Ford".

Patrick Ford

Executive Director

San Francisco Ethics Commission



I. Responses to Recommendations

Section 1: Reviews of Annual Financial Disclosures

Recommendation 1.1: The Executive Director of the Ethics Commission should reassess whether the Audit Division can assist with annual investigatory reviews of Form 700 disclosures after the reclassified audit positions have completed sufficient work to make this determination, or by January 2026.

- The Ethics Commission will consider at a future time whether auditors will assist with investigatory reviews of financial interests disclosed in the Form 700. The auditors hired into the newly reclassified auditor positions have specialized auditing skills that could benefit the investigatory review process. However, any such involvement in the Form 700 investigatory review process will take place only after the Audits Division has completed its core Charter mandates, which are audits of all publicly financed candidates, discretionary campaign finance audits, and lobbyist audits.
- The Commission will make all decisions regarding how work is assigned to its staff based on current workloads, staffing and vacancies, skills and training, operational needs, and budget availability. Additionally, if the FY26-FY27 budget involves a significant cut to the Ethics Commission's budget, many aspects of the Commission's staffing and operations will be changed and the allocation of work between staff divisions may be different than it is now.

Recommendation 1.2: The Engagement and Compliance Manager of the Ethics Commission should develop a formal process to verify that departmental filing officers are annually reviewing the forms of designated filers in their departments and provide sufficient guidance to departmental filing officers to conduct such reviews no later than March 31, 2025.

- The report is correct that it is important for departmental filings officers to complete the limited facial reviews required under state law. The Ethics Commission is currently deploying a new training process to ensure that filing officers are adequately trained and instructed on these reviews and that follow up is conducted to help ensure completion of the reviews. Those efforts are described more fully below. However, it is important to keep in mind that these facial reviews are very limited in scope and do not identify omitted financial interests or conflicts of interest. The facial reviews required under state law are limited to only three aspects of a filed form:
 - Confirming that the summary page is completed correctly, and all schedules applicable to the filer are either attached or checked "no reportable interests." NetFile, the electronic filing system used by 100% of City filers, automatically completes this review for all filers. A filing cannot be submitted electronically without a complete summary page. This review is only relevant to jurisdictions that still utilize paper filing processes.
 - Confirming that any attached schedules include all required descriptive information for each financial interest. This review is to confirm that when a filer discloses a financial



San Francisco Ethics Commission

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

interest, they do not omit required information about that interest. Again, NetFile does not allow a Form 700 to be submitted if required fields are not completed. There are only a few instances in which a filer could report an interest that lacks required information, primarily (1) a rental property for which the tenants names are not listed, and (2) income from a business entity for which the major clients/customers are not listed. These cases are infrequent.

- Checking whether information on one schedule suggests that required information is omitted on either that schedule or another schedule. This issue would primarily arise in situations where a particular financial interest must be disclosed on two separate schedules of the form. For example, a commissioner who owns a business might need to disclose their ownership interest in the business on schedule A-2 and their income from the business on schedule C. In the Commission's 2024 filing officer reviews of 122 Form 700s filed by City officers, 22 issues on 21 separate forms were noted, with common issues being rental properties missing tenant names on Schedule B and no listing of individual stocks, bonds, warrants, and options from investments held through brokerage firm accounts or in IRAs on Schedule A-1.
- The Ethics Commission conducted trainings for departmental filing officers on February 4 and 6. These trainings provided instruction regarding how to create NetFile accounts for Form 700 filers, how to assist filers in submitting their filings, and how to monitor compliance. In addition, the Commission will host a second round of filing officer trainings on April 8 and 10 to instruct filing officers in how to complete the facial reviews, and will provide resources to help filing officers complete their reviews. The Commission will then conduct periodic follow-up with the filing officers to track their completion of the reviews.

Section 2: Conflict-of-Interest Controls in City Contracting

Recommendation 2.1: The Board of Supervisors should consider adopting a modification to Campaign and Governmental Conduct Code Section 3.206 requiring selection panelists and staff involved in all phases of the contracting process to complete the Impartiality/Confidentiality Statement developed by the Office of Contract Administration, or subsequent versions approved by the City Administrator, and requiring all City departments retain completed attestations on file for a specified period of time.

- The Ethics Commission agrees that requiring a signed attestation by each employee involved in making a City contract could be a helpful step toward preventing conflicts of interest or related ethics issues. However, it would be important to combine this approach with proper conflict screening and information about ethics rules.
- The Commission would collaborate with the Board of Supervisors if the Board desires to make such attestations a requirement under the Campaign and Governmental Conduct Code. This collaboration would depend on the Commission having adequate staffing capacity to review and analyze policy changes and work with departments to properly implement the requirement.



San Francisco Ethics Commission

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

Some of the details that would need to be settled in order for the requirement to work in practice would include:

- Who is required to complete an attestation form and in what circumstances.
- What is the deadline for the form to be completed.
- Who will receive the form, what will be the filing format/platform, and where will completed forms be stored.
- Who is ultimately responsible for the forms being completed (employees or departments) and will there be a penalty for failure to complete the form. Filing requirements that have no penalty and no clear responsible party have not been successful in the past. These include previous laws requiring the disclosure of personal relationships and the disclosure of gifts to City departments. These laws have since been improved to identify a responsible party and/or create penalties for non-compliance.
- How can the Office of Contract Administration, the City Administrator's Office, and the Ethics Commission best coordinate to ensure that the standard attestation form properly addresses the relevant ethics rules that apply to contracting.
- Some City departments already have attestation forms that seek to address conflicts and confidentiality matters. These existing forms should be carefully reviewed to determine what an effective Citywide form and processes should be. City departments would also need to be engaged to determine how such a Citywide attestation form would be integrated into their contracting workflows.
- What information about ethics rules will be contained in the attestation form to ensure that employees are attesting to compliance with the correct set of ethics rules.
- Depending on the details of the legislation, it may require meet and confer with affected employee bargaining units.

Recommendation 2.2: The Board of Supervisors should consider adopting a modification to Campaign and Governmental Conduct Code Section 3.206 requiring all City departments to create processes to screen Form 700s for potential conflicts of interest prior to selecting staff and panelists for a contract award process.

- The Ethics Commission fully supports conflict screening using Form 700 filings becoming a standard Citywide practice. Thanks to the Commission's implementation of universal electronic filing of the Form 700 in 2022, Form 700 filings by all City filers is readily available in a single online source. City departments can now use DataSF to easily search the filings of their officers and employees, making it easy to see if any departmental officials have disclosed having a financial interest in a potential bidder or contractor. Prior to 2022, this review would have been done manually using paper forms.
- The recommendation urges "departments to create processes to screen Form 700s for potential conflicts of interest...." To properly support departments in implementing this type of process and to ensure the uniformity and effectiveness of conflict screening, conflict screening should be addressed in a single Citywide policy, rather than many separate processes created by individual departments. Each department would need to implement the policy to match their particular operations. But having a Citywide policy as a starting point would increase the likelihood that departments will effectively conduct the screening.



San Francisco Ethics Commission

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

- The Ethics Commission recently collaborated with the City Administrator's Office, Mayor's Office, and City Attorney's Office to craft a new model policy for City departments regarding City grantmaking processes. This ["Recusal and Confidentiality Policy for Public Grantmaking"](#) policy was shared publicly on November 1, 2024. This project might serve as a model for how to create Citywide policies that operationalize ethics rules.
- It is noteworthy that recent state legislation (AB 1170) has made changes to how the City's elected officials and certain appointed officials file the Form 700. Through AB 1170, the state has implemented a policy that high level officials statewide file the Form 700 with the State of California and *not* with their own city or county. This bill and any similar future changes in state policy that reduce cities' access and control over their officials' Form 700 filings have the potential to undermine the City's ability to effectively screen for conflicts using Form 700 data. The Ethics Commission will continue to advocate for San Francisco to have full access to electronically filed Form 700 disclosures made by its top officials and will look to partner with the Board of Supervisors and other City leaders to ensure this access is maintained. Aside from screening for conflicts in contracting, Form 700 data is also used for basic compliance processes, implementing the new ethics training requirement, and conducting investigatory reviews, as discussed in Section 1 of this report.
- If Form 700 screening were to be a requirement under the Campaign and Governmental Conduct Code, many of the same details described under Recommendation 2.1 would need to be resolved, including who is responsible for conducting the screening, when it must occur, how it is documented (if at all), and whether failure to perform the screening is punishable and penalty (and who would be penalized). The Commission's capacity to properly support this Citywide undertaking will be determined by the FY26-FY27 budget process.
- Depending on the details of this requirement, it may require meet and confer with affected employee bargaining units, which could significantly delay the City's ability to make this change.

Section 3: Incompatible Activities and Secondary Employment

Recommendation 3.1: The Executive Director of the Ethics Commission should work with the Director of Human Resources to ensure that staff at both agencies are providing consistent direction to City staff seeking additional guidance regarding specific departmental policies on incompatible activities.

- The Ethics Commission agrees with and is already implementing this recommendation. Commission staff are currently working to more closely integrate DHR's additional employment process into existing information about incompatible activities and secondary employment. Staff have been in communication with DHR regarding their additional employment form and are working to have it include a clear reference to the Commission's website (to a page discussing additional employment and how to get advice). Likewise, the Commission's webpage concerning incompatible activities and secondary employment will also direct to DHR's additional employment form. Although secondary employment and incompatible activities are two distinct



San Francisco Ethics Commission

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

sets of rules and processes, the Ethics and DHR are engaged in streamlining and integrating the compliance with both of them.

- If officers or employees have questions about the rules the Ethics Commission administers, including regarding incompatible activities or secondary employment, they should ask Commission staff for advice directly. That should be done through the advice portal on the Ethics Commission website. This is a single point of contact for questions about Citywide rules regarding incompatible activity or secondary employment. This point of contact is communicated through the Commission's website, the annual ethics training module, the summary of ethics rules that will be distributed annually pursuant to Prop D, and other channels.

Recommendation 3.2: The Executive Director of the Ethics Commission should ensure that City officials and staff are trained annually and that the Ethics Commission and/or the Department of Human Resources send out a summary to all City officials and staff at least annually to inform and remind them about the City's universal rules regarding incompatible activities and that their department may have additional policies that they must follow.

- Following the approval of Prop D in March 2024, City law now requires all Form 700 filers to complete annual ethics training administered by the Ethics Commission. This training covers the rules regarding incompatible activities. The training is now live and available through NetFile, the Commission's online filing and training portal. All Form 700 filers are required to complete this training by April 1st.
- If the Board of Supervisors is interested in exploring universal mandatory annual ethics training for 100% of City officers and employees, that expansion of the rule would require legislation. The Commission would be open to working with the Board to study this concept.
- The Commission is finalizing the text of a summary of major ethics rules that will be shared with all City departments to be distributed to all officers and employees. Prop D amended City law to require that this summary be created by the Commission and distributed Citywide each year in conjunction with the Form 700 and ethics training deadline of April 1st. The Commission plans to circulate the summary to departments in March so that departments can distribute it by April 1st.

Recommendation 3.3: The Ethics Commission Policy Manager and Engagement and Compliance Manager should work with the Director of Human Resources to identify ways to communicate and integrate the respective roles of the Department of Human Resources and the Ethics Commission concerning secondary employment.

- The Ethics Commission agrees with and is already implementing this recommendation. As noted in the response to Recommendation 3.1 above, Commission staff are currently working to more closely integrate DHR's additional employment process into existing information about incompatible activities and secondary employment. Staff have been in communication with DHR regarding their additional employment form and are working to have it include a clear reference to the Commission's website (to a page discussing additional employment and how to get advice). Likewise, the Commission's webpage concerning incompatible activities and secondary



San Francisco Ethics Commission

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

employment will also direct to DHR's additional employment form. Although these are two distinct sets of rules and processes, the departments are engaged in streamlining and integrating compliance with both of them.

Recommendation 3.5: The Board of Supervisors should consider an ordinance that would revise Campaign and Governmental Conduct Code Section 3.234 (a)(3) to expand the prohibition of employment with parties that contract with the City to within one year of the *expiration* of a contract with the City if employees participate in awarding or overseeing such contract(s).

- The Ethics Commission is open to exploring this policy change. However, as noted above, the Commission's ability to study, recommend, and implement new ethics laws may potentially be limited by staffing reductions as part of the FY26-FY27 budget.
- This recommendation would likely require meet and confer with affected employee bargaining units, which could significantly delay the City's ability to enact such a change.

Section 4: Training and Communication

Recommendation 4.1: The Manager of the Engagement and Compliance Division of the Ethics Commission should annually confirm that all references to training requirements for City staff and commissioners are consistent across relevant City websites (including Ethics Commission, City Attorney and Department of Human Resources).

- The Commission agrees with this recommendation and is in the process of implementing it in collaboration with the City Attorney's Office and DHR.

Recommendation 4.2: The Manager of the Engagement and Compliance Division of the Ethics Commission should enhance the Ethics Commission's existing process for monitoring the completion of AB 1234 training certificates, including procedures to notify officials and employees who are non-compliant in alignment with the practice for late Form 700 notifications, with Engagement & Compliance staff following up directly with late training certificate filers at 1, 30, and 60 days after the April 1 deadline for training completion.

- This process is already in place. NetFile will track the completion of the training requirement for all Form 700 filers now that the training has been integrated into NetFile. This was already being done for Ethics Commission filers (City officers) in previous years.
 - The Commission's non-filing notification schedule is 1, 15, and 30 days after the deadline. We believe that this accelerated schedule is more effective at quickly securing compliance. This was done for the 2024 filing season and was shown to be effective.
- Officer who are required to undergo training under AB 1234 represent a small segment of the total set of City officer and employees who are required to complete annual ethics training. There



San Francisco Ethics Commission

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

are 23 positions in the City that fall under AB 1234. There are roughly 6,000 total Form 700 filers required to complete ethics training under City law.

Recommendation 4.3: The Manager of the Engagement and Compliance Division of the Ethics Commission should continue to maintain the database of all ethics training filings, and post clearly on the Ethics Commission website an annual list of officials and staff who are required to file training certificates, but fail to file, no later than October 1 each year.

- This process is already in place. The Commission will continue this practice.

Recommendation 4.4: The Manager of the Engagement and Compliance Division of the Ethics Commission should ensure that all mandated trainings are provided in accordance with their respective mandates, including the annual two-hour trainings to the Municipal Employees Association members.

- The Commission currently provides this training and will continue to do so. Staff were unable to provide the 2022 training due to the work involved with the launch of universal Form 700 e-filing and limited staff resources at that time. Ethics has provided this training to MEA each year since then, and the next trainings are scheduled for March 12 and 18.

II. Initiatives that the Ethics Commission has undertaken to prevent and detect conflicts of interest.

The following are some of the major initiatives undertaken by the Ethics Commission to prevent and detect conflicts of interest. They are in line with industry best practices, and in many cases exceed industry best practices and are industry leading. Many of these initiatives are also in response to feedback from departments and needs that have been identified through the Commission's own research over multiple years. Many of these initiatives directly address the goals and survey findings identified in the draft report.

- **Instituted universal electronic filing of the Form 700 and provided the disclosures in open data format.** San Francisco leads California (and much of the country) in providing unparalleled transparency and accessibility for Form 700 filings. While many jurisdictions, including the Fair Political Practices Commission, only post redacted copies of Form 700 filings online in PDF format for some of the positions that file with the agency, the Ethics Commission makes the data from the thousands of Form 700 filings from all City departments available in one online portal and provides substantially more powerful tools for the public and investigators to research potential conflicts of interest.



San Francisco Ethics Commission

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

- The Commission not only publishes the names of filers who comply with Form 700 filing requirements but also identifies those who fail to meet their filing obligations, ensuring full transparency; this is made possible only by universal e-filing. In other jurisdictions, the public is often required to make records requests to view Form 700 filings, which can result in delays and create additional burdens for those seeking access to this information.
 - In addition, an advanced search capability is available on the Commission's public access portal to search for specific disclosed financial interests across all filings stored in the system. The Commission parses all the Form 700 filing data into machine readable datasets on the City's open data portal, DataSF, to facilitate more advanced searches and research. Redacted data is made available on the portal, while unredacted data is provided internally to staff or to the public upon request.
- **Instituted mandatory annual ethics training for all Form 700 filers.** This new requirement (October 2024) expanded the number of officials who must take ethics training by approximately 1,100% (from roughly 500 to 6,000 individuals). Creating a solid baseline of education and awareness is a key element to ensuring that officials can recognize potential conflicts and understand where to go for guidance. The training makes it clear that guidance is provided by the Ethics Commission (or the City Attorney's Office).
- **Created an updated, more intuitive and user-friendly ethics training module that is now housed in NetFile.** The new training module was designed to be a more useful educational resource. The Ethics Commission also integrated it into NetFile (as opposed to SF Learning), which provides a single online location for officials to file the Form 700 and undergo training. This single system approach also provides for advanced compliance monitoring.
- **Created online advice portals to provide a single, streamlined place for all City officers and employees to seek guidance about ethics and conflicts of interest.** This [portal](#) supports a ticketing system that allows detailed tracking of advice matters and helps ensure fast and consistent responses. The portal fully launched in August 2024, and since then staff have resolved 185 different requests submitted by officers and employees. A single source for quick and efficient advice is a key element to preventing conflicts.
- **Instituted investigatory reviews of Form 700 disclosures.** This consists of comparing all disclosed interests to various public data and other information to identify potential conflicts of interest or other ethics violations. This process recently discovered that a City commissioner had unlawfully entered City contracts while he was a City officer, resulting in the further discovery that he had omitted several sources of income from his Form 700. This case was significant and resulted in a penalty of \$24,200 (Case 23-506 Frank Fung).
- **Added staff resources to enhance ethics compliance work.** While in prior years the Commission only had one junior staff position dedicated to provide compliance assistance, resources, and training for ethics, the department requested and secured funding through a multi-year effort for four additional positions (originally hired as the Ethics@Work Division) in FY22 to strengthen the



San Francisco Ethics Commission

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

Commission's ethics outreach and training programs. Three of these positions continue to perform this work within the Engagement and Compliance Division.

- **Successfully completed the Government Ethics and Conflicts of Interest Review Project, including the passage and implementation of Proposition D.** This project resulted in several important improvements to City ethics laws, as discussed in the report.
- **Assumed a more active role in the biennial update of the City's list of designated Form 700 filers.** Commission staff have begun to actively review the proposed changes to departmental lists of Form 700 filers and directly support departments that are proposing the changes. This work helps ensure that the correct City officers and employees (those who participate in government decisions) are required to file the Form 700.
- **Collaborated with the City Administrator's Office, City Attorney's Office, and Mayor's Office to establish a model policy for City departments that establishes how to prevent conflicts in City grantmaking processes.** This is an important step to ensuring that departments are properly informed about conflict rules and given concrete, actionable steps to prevent conflicts of interest.

Additionally, there is an initiative that the Commission would like to undertake, but is unable to because of current state laws, that would simplify and improve an existing conflict management process. Elected officials are required to file the Form 803 to report payments made at their behest for legislative, governmental, or charitable purposes. State law requires that officials file the Form 803 with their department, and that the department then forward the filed form to the Ethics Commission. These forms are filed in paper form, which makes this disclosure the only ethics filing still made in paper format. Also, the complex, two-step filing process is unnecessarily lengthy and creates greater opportunity for a filing to not reach the Ethics Commission.

- The City should seek an amendment to state law that would allow the City to establish electronic filing of the Form 803. This would modernize and simplify an important ethics disclosure and make the information more readily available to the public. This disclosure is especially important in San Francisco because of the City law prohibiting officers from soliciting behested payments from interested parties. Electronic filing would allow for better administration, in both compliance and enforcement, of this core ethics rule.

III. Information Regarding Ethics Commission Staffing

Section 5 of the report discusses the Ethics Commission's funding and staffing levels relative to similar agencies in other jurisdictions. However, the analysis contains inaccuracies and omissions that misrepresent the Commission's staffing and operational framework.

Miscounting of Full-Time Equivalents (FTEs) – The report incorrectly compares the number of staff dedicated to ethics work in other jurisdictions with the *total* number of staff at the San Francisco Ethics Commission, including those whose responsibilities extend beyond ethics laws. It does not account for the



San Francisco Ethics Commission

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

fact that only a subset of the Commission's staff is assigned to ethics and conflicts-of-interest work, while others work on campaign finance, lobbying, and other regulatory functions.

For example, Exhibit 5.13 states that the Seattle Ethics and Elections Commission has 2.8 "ethics FTEs," while the San Francisco Ethics Commission purportedly has 31. The report acknowledges that the Seattle Ethics and Elections Commission's total staff is significantly larger than 2.8 FTEs and that this number only represents the employees that are specifically dedicated to ethics work. However, the report applies an inconsistent methodology by listing all 31 FTEs of the San Francisco Ethics Commission as dedicated to ethics work, without distinguishing staff responsibilities.

In reality, the Ethics Commission has never had 31 filled positions, and only a minority of the staff are assigned to administer ethics laws. This flawed comparison misleadingly suggests that San Francisco has over *ten times* the number of staff working on ethics laws as Seattle, when in fact, the report itself states that Seattle has higher overall funding for its ethics commission, higher per capita funding, and higher funding per city employee (Exhibit 5.12).

The report's methodology distorts the scope and distribution of the Ethics Commission's responsibilities, leading to inflated perceptions of staffing resources. Because the Commission administers multiple program areas such as campaign finance, lobbying, permit expeditors, whistleblower retaliation, trustee elections, and campaign consultants, staff must work across functions to meet operational mandates. Work assignments also fluctuate based on cyclical events, such as elections and Form 700 filing deadlines. A reasonable estimate is that, on average, approximately 4-5 FTE equivalent work hours are dedicated to ethics advice, training, and Form 700 investigative reviews. This number is significantly lower than the 31 FTEs inaccurately cited in the report.

Failure to Account for the Scope of Functions – The report also overlooks the fact that the Ethics Commission performs functions that, in other jurisdictions, are often handled by separate agencies aside from an ethics commission.

For instance, in some jurisdictions, responsibilities such as filing officer duties for administering public disclosure programs (e.g. Form 700 filings) fall under the City Clerk's Office rather than the ethics commission. In San Diego, financial disclosure filings and electronic filing systems are managed entirely by the City Clerk's office, likely requiring significant staff resources that are unaccounted for in the report's survey responses. In contrast, the San Francisco Ethics Commission is responsible for this work, consolidating multiple functions within a single agency.

Additionally, some jurisdictions allocate ethics-related work to their city attorney or human resources offices, which some respondents noted make it impossible to determine the full cost of an ethics program. The report acknowledges this fragmentation but proceeds to make comparisons as if all jurisdictions operate under equivalent frameworks. As a result, it creates the misleading impression that



San Francisco Ethics Commission

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

other cities allocate fewer resources on ethics oversight when, in reality, the funding may be distributed differently across multiple departments.

Lack of Consideration for Program Quality and Effectiveness – The report does not assess the quality or impact of the ethics programs in the surveyed jurisdictions, a critical factor in evaluating appropriate funding and staffing levels.

Several of the jurisdictions referenced in the draft report are widely regarded as having underfunded, ineffective ethics commissions and woefully inadequate administration and enforcement functions. Those very jurisdictions often point to San Francisco as a model for a well-funded and effective ethics commission. It would be counterproductive to scale back San Francisco's ethics program based on jurisdictions that struggle to meet best practices.

For example, the Ethics Commission's advanced work in data transparency is not recognized in the report's comparison of jurisdictions. Unlike many peer jurisdictions, the Commission provides robust online public access to disclosures, offering advanced search capabilities, parsed data formats, and APIs that enhance compliance and transparency. These advanced services, which significantly improve government accountability, are not considered in the report's jurisdictional comparisons. Likewise, the report did not analyze the speed or effectiveness of the other jurisdictions' enforcement programs.

The peer jurisdictions were selected based on characteristics such as population size and whether the jurisdiction operates an airport, port, or transit system. Additionally, the report identifies some jurisdictions as "leaders" in government ethics based largely on website design and content rather than the substantive effectiveness and breath of their laws and the services rendered by the respective government agencies. While strong website design is valuable, it is not a meaningful indicator of an ethics program's overall success.

Flawed Sampling and Survey Design – The report's methodology for selecting and comparing jurisdictions is not robust enough to draw definitive conclusions about appropriate funding and staffing levels for the Ethics Commission.

The BLA's survey relies heavily on self-reported data from peer jurisdictions, introducing inconsistencies, subjectivity, and variations in the interpretation of questions. For example, when responding to the BLA's survey, Ethics Commission staff interpreted the question "How many staff (budgeted full time equivalent positions in FY2022-23) comprise the entity that manages ethics in your jurisdiction" as referring to the entire department's FTE count. Consequently, the Ethics Commission provided its total department headcount rather than isolating FTEs dedicated exclusively to ethics or conflict-of-interest work.

Additionally, the survey's small sample size—collecting only 10 responses from peer jurisdictions—is insufficient for a robust analysis. Notably, the report fails to include a response from New York City, which operates two separate agencies for ethics and campaign finance; in San Francisco, both functions are



San Francisco Ethics Commission

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

covered by one ethics commission. The New York Campaign Finance Board alone has approximately 150 employees. The limited and inconsistent sample size significantly undermines the report's conclusions about appropriate staffing levels and conflict-of-interest management practices across jurisdictions.

City and County of San Francisco
Daniel Lurie, Mayor



Office of the City Administrator
Carmen Chu, City Administrator
Sailaja Kurella, Director
Office of Contract Administration/Purchasing

February 19, 2025

Adam Sege
San Francisco Board of Supervisors
Budget and Legislative Analyst's Office

RE: Budget and Legislative Analyst's Office (BLA) Audit of Conflicts of Interest in Contracting

Dear Mr. Sege,

Thank you for the opportunity to review the BLA's draft audit of conflicts of interest in contracting and to provide feedback on the report's recommendations.

The Office of Contract Administration agrees with Recommendation 2.3 of the audit, specifically:

The Director and Purchaser of the Office of Contract Administration should:

2.3 *In consultation with the Controller, add language to the Office of Contract Administration's Impartiality/Confidentiality Statement about the City's Whistleblower Program and upload the updated version to OCA's website.*

We appreciate the time your staff dedicated to this audit and commit to incorporating this recommendation in support of increased transparency in the contracting process.

Should you have any questions, please do not hesitate to contact me at 415-554-6701.

Sincerely,

Sailaja Kurella
Director

Appendix B: Department Practices Regarding Attestation Forms

Appendix B: Department Practices Regarding Attestation Forms

Department Name	Are conflict-of-interest/confidentiality attestations required for staff preparing solicitations?	Are conflict-of-interest/confidentiality attestations required for staff assessing minimum qualifications of proposals?	Are conflict-of-interest/confidentiality attestations required for staff assessing proposals' responsiveness to the relevant solicitation?
ADM	Sometimes	Sometimes	Sometimes
AIR	Sometimes	No	No
DBI	No	No	No
DPH	Sometimes	No	Yes
DPW	No	No	No
FIR	No	No	Yes
HSA	No	No	No
HSH	No	No	No
MOHCD	No	Yes	Yes
POL	No	No	Yes
PUC	Sometimes	Sometimes	Sometimes
SFMTA	No	No	No

Notes: Some departments did not provide a “Yes” or “No” response and instead provided a sentence in response to the question. The audit team reviewed all responses and determined whether a “Yes,” “No,” or “Sometimes” response was more accurate for the purpose of creating the chart above. “Yes” and “No” correspond to “Always” and “Never” in Exhibit 2.6, respectively.

Appendix B: Department Practices Regarding Attestation Forms

Department Name	Are conflict-of-interest/confidentiality attestations required for staff preparing solicitations?	Are conflict-of-interest/confidentiality attestations required for staff assessing minimum qualifications of proposals?	Are conflict-of-interest/confidentiality attestations required for staff assessing proposals' responsiveness to the relevant solicitation?
ADM	Sometimes	Sometimes	Sometimes
AIR	Sometimes	No	No
DBI	No	No	No
DPH	Sometimes	No	Yes
DPW	No	No	No
FIR	No	No	Yes
HSA	No	No	No
HSH	No	No	No
MOHCD	No	Yes	Yes
POL	No	No	Yes
PUC	Sometimes	Sometimes	Sometimes
SFMTA	No	No	No

Notes: Some departments did not provide a “Yes” or “No” response and instead provided a sentence in response to the question. The audit team reviewed all responses and determined whether a “Yes,” “No,” or “Sometimes” response was more accurate for the purpose of creating the chart above. “Yes” and “No” correspond to “Always” and “Never” in Exhibit 2.6, respectively.

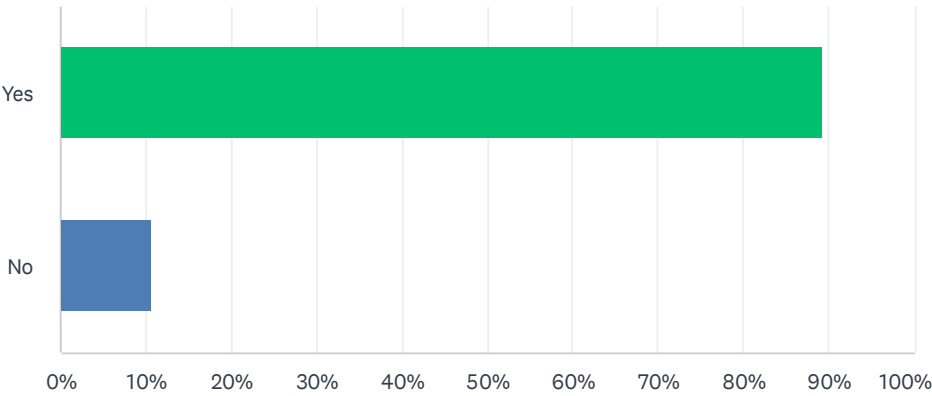
Appendix C: City Department Survey Results

Q1 What is the name of your department?

Answered: 47 Skipped: 0

Q2 Does your department have written policies and/or procedures related to conflict of interest rules?

Answered: 47 Skipped: 0



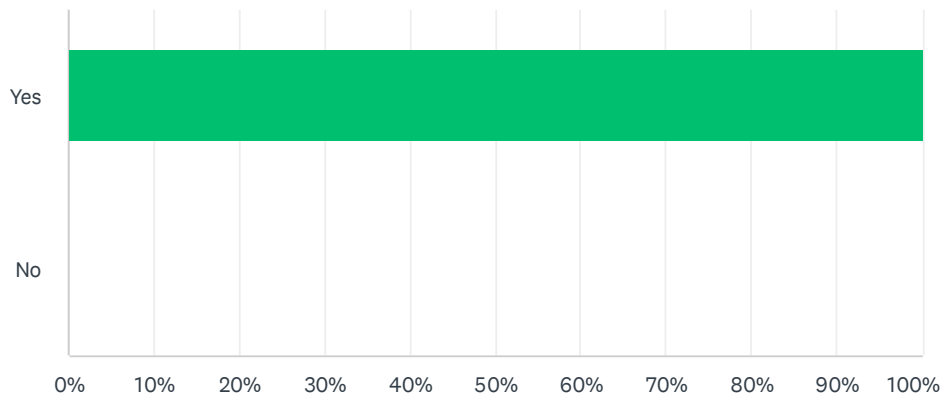
ANSWER CHOICES	RESPONSES	
Yes	89.36%	42
No	10.64%	5
TOTAL		47

Q3 Who is responsible for developing and maintaining your department's written policies and/or procedures related to conflicts of interest rules?

Answered: 43 Skipped: 4

Q4 Does your department provide employees with general guidance and/or other communications and engagement materials related to conflict of interest rules?

Answered: 47 Skipped: 0



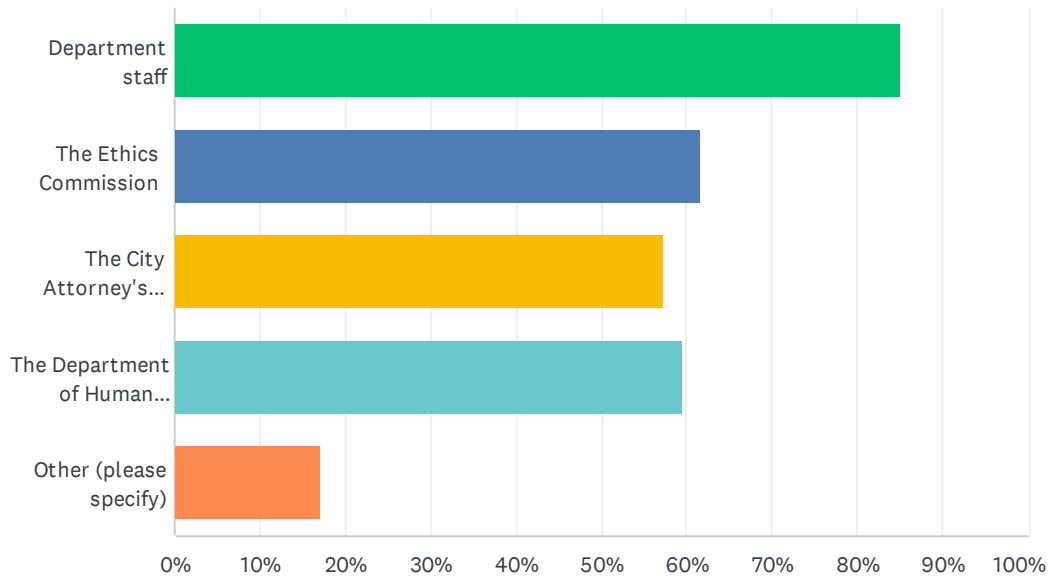
ANSWER CHOICES	RESPONSES	
Yes	100.00%	47
No	0.00%	0
TOTAL		47

Q5 Who within and/or outside your department is responsible for developing and maintaining these guidelines and/or other materials related to conflict of interest rules?

Answered: 47 Skipped: 0

**Q6 Who is responsible for informing employees in your department about conflict of interest rules, including any changes or updates to these rules?
Select all that apply.**

Answered: 47 Skipped: 0



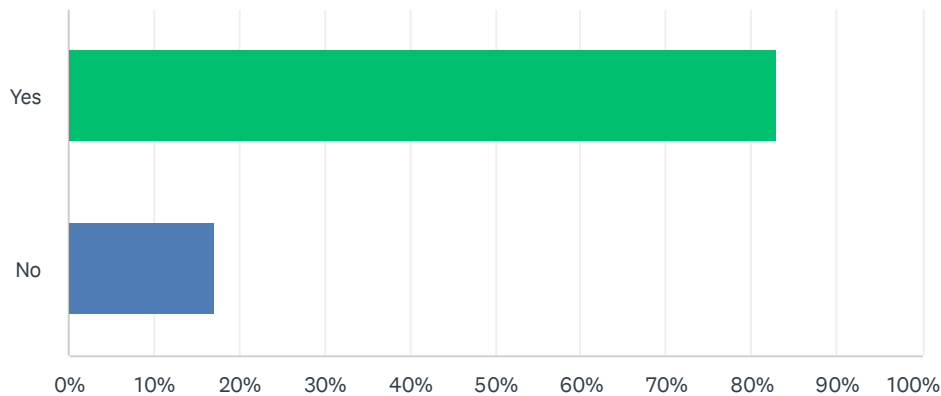
ANSWER CHOICES	RESPONSES	
Department staff	85.11%	40
The Ethics Commission	61.70%	29
The City Attorney's Office	57.45%	27
The Department of Human Resources	59.57%	28
Other (please specify)	17.02%	8
Total Respondents: 47		

Q7 Please specify which department staff are responsible for informing employees in your department about conflict of interest rules, including any changes or updates to these rules.

Answered: 40 Skipped: 7

Q8 Do employees in your department receive information and/or materials on conflict of interest rules when they are promoted or hired into a new position that has enhanced ethics rules?

Answered: 47 Skipped: 0



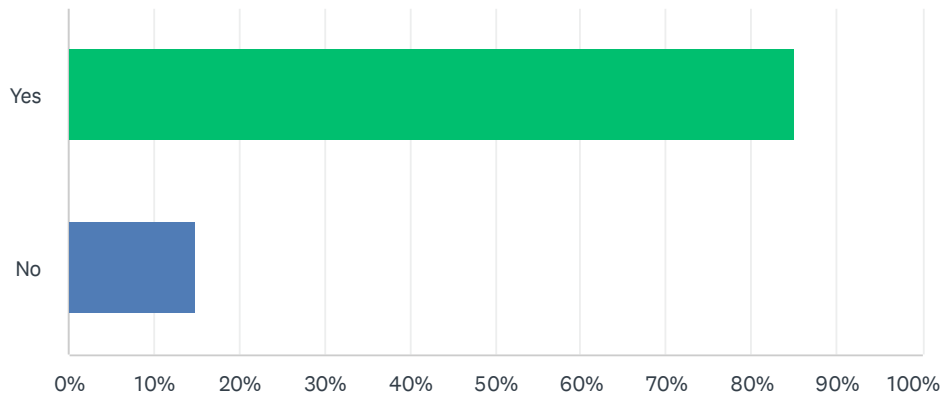
ANSWER CHOICES		RESPONSES
Yes		82.98%39
No		17.02%8
TOTAL		47

Q9 Please specify what information and/or materials employees in your department receive when they are promoted or hired into a new position that has enhanced ethics rules.

Answered: 39 Skipped: 8

Q10 Do employees in your department receive any training about conflict of interest rules and requirements?

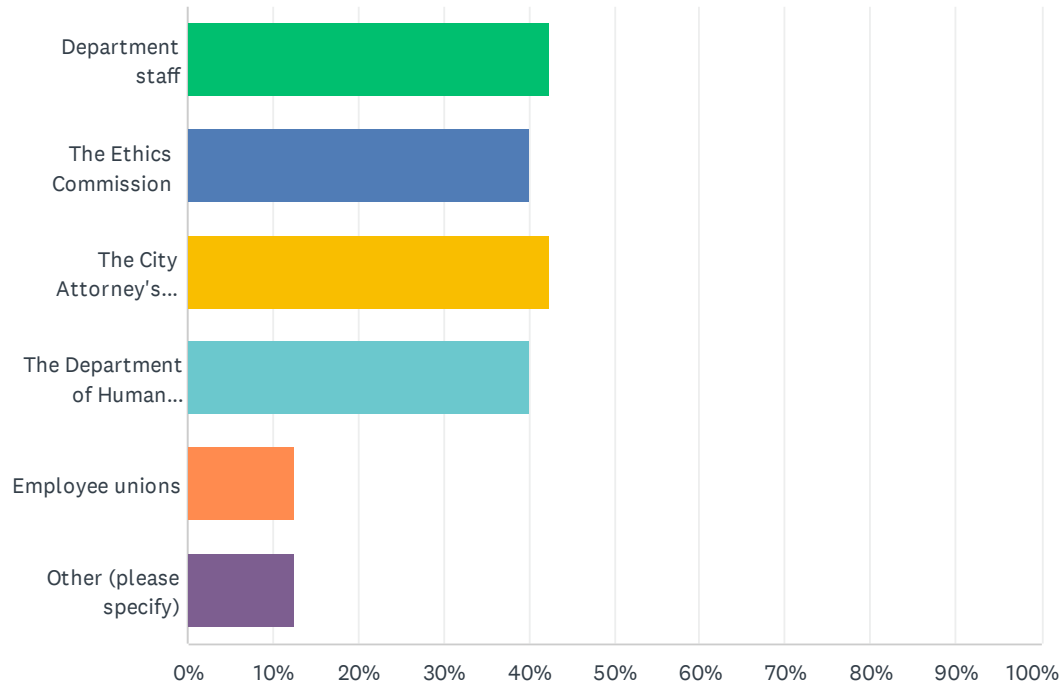
Answered: 47 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	85.11%	40
No	14.89%	7
TOTAL		47

Q11 Who provides trainings about conflict of interest rules and requirements to employees in your department? Select all that apply.

Answered: 40 Skipped: 7



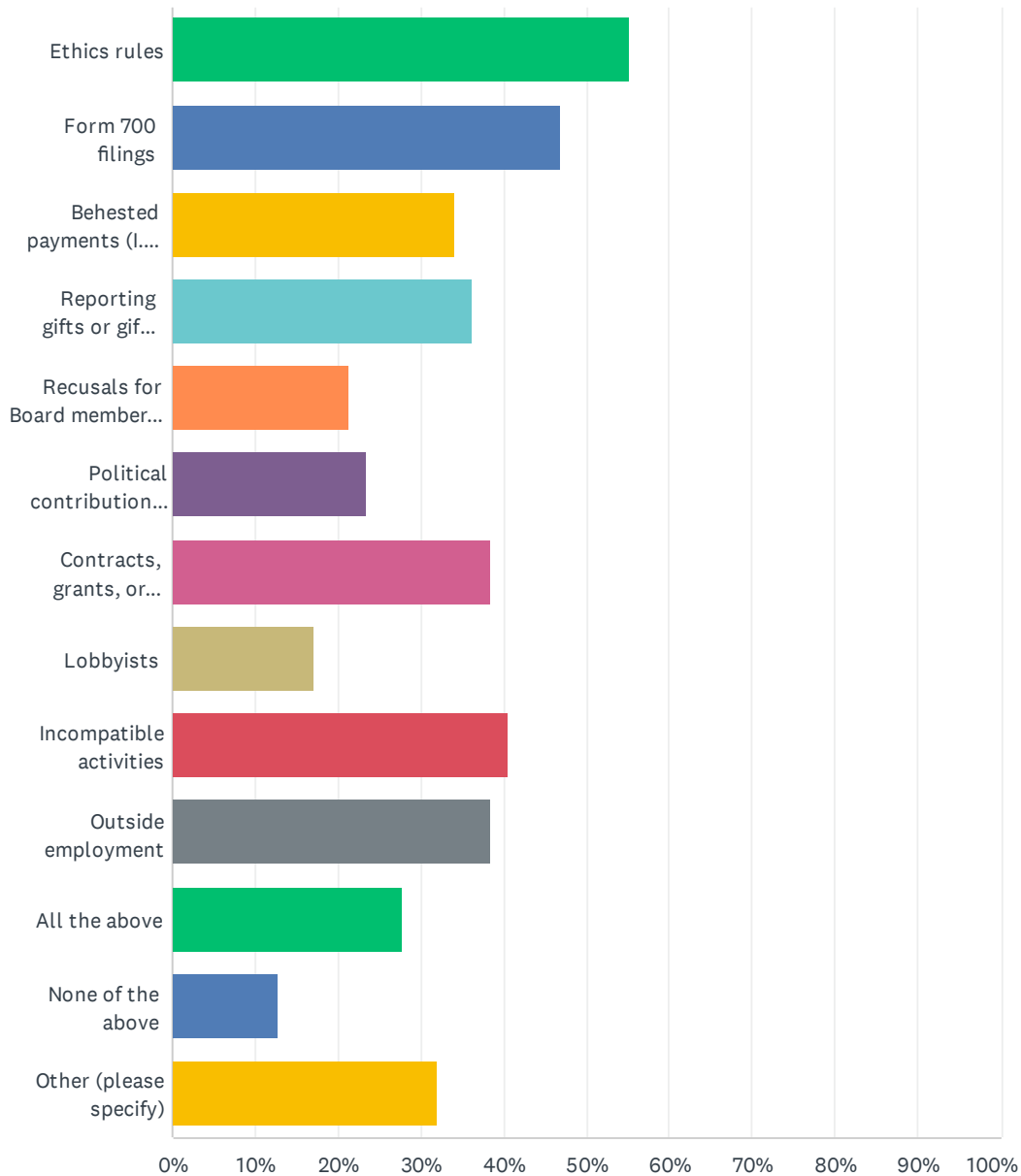
ANSWER CHOICES	RESPONSES	
Department staff	42.50%	17
The Ethics Commission	40.00%	16
The City Attorney's Office	42.50%	17
The Department of Human Resources	40.00%	16
Employee unions	12.50%	5
Other (please specify)	12.50%	5
Total Respondents: 40		

Q12 Please specify which department staff are responsible for providing training about conflict of interest rules and requirements to employees in your department.

Answered: 17 Skipped: 30

Q13 Are employees in your department required to complete training on any of the following topics related to conflicts of interest? Select all that apply.

Answered: 47 Skipped: 0

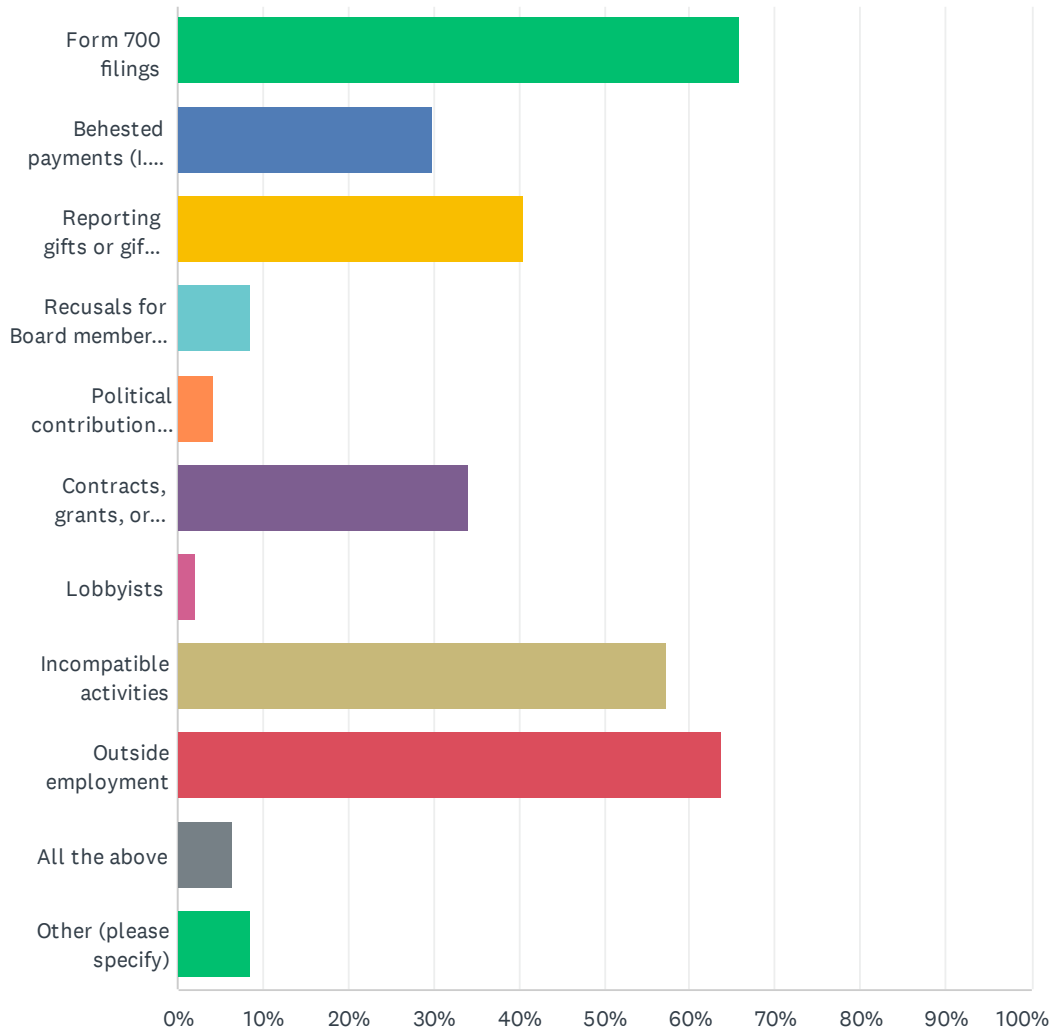


Management of Conflicts of Interest Department Survey

ANSWER CHOICES	RESPONSES	
Ethics rules	55.32%	26
Form 700 filings	46.81%	22
Behested payments (I.e., payments to third parties at the behest of a public official)	34.04%	16
Reporting gifts or gifts of travel	36.17%	17
Recusals for Board members and Commissioners	21.28%	10
Political contributions to elected officials who approve contracts	23.40%	11
Contracts, grants, or issuance of permits	38.30%	18
Lobbyists	17.02%	8
Incompatible activities	40.43%	19
Outside employment	38.30%	18
All the above	27.66%	13
None of the above	12.77%	6
Other (please specify)	31.91%	15
Total Respondents: 47		

Q14 What conflicts of interest areas or topics do staff in your department most frequently need assistance or guidance with? Select all that apply.

Answered: 47 Skipped: 0



Management of Conflicts of Interest Department Survey

ANSWER CHOICES	RESPONSES	
Form 700 filings	65.96%	31
Behested payments (I.e., payments to third parties at the behest of a public official)	29.79%	14
Reporting gifts or gifts of travel	40.43%	19
Recusals for Board members and Commissioners	8.51%	4
Political contributions to elected officials who approve contracts	4.26%	2
Contracts, grants, or issuance of permits	34.04%	16
Lobbyists	2.13%	1
Incompatible activities	57.45%	27
Outside employment	63.83%	30
All the above	6.38%	3
Other (please specify)	8.51%	4
Total Respondents: 47		

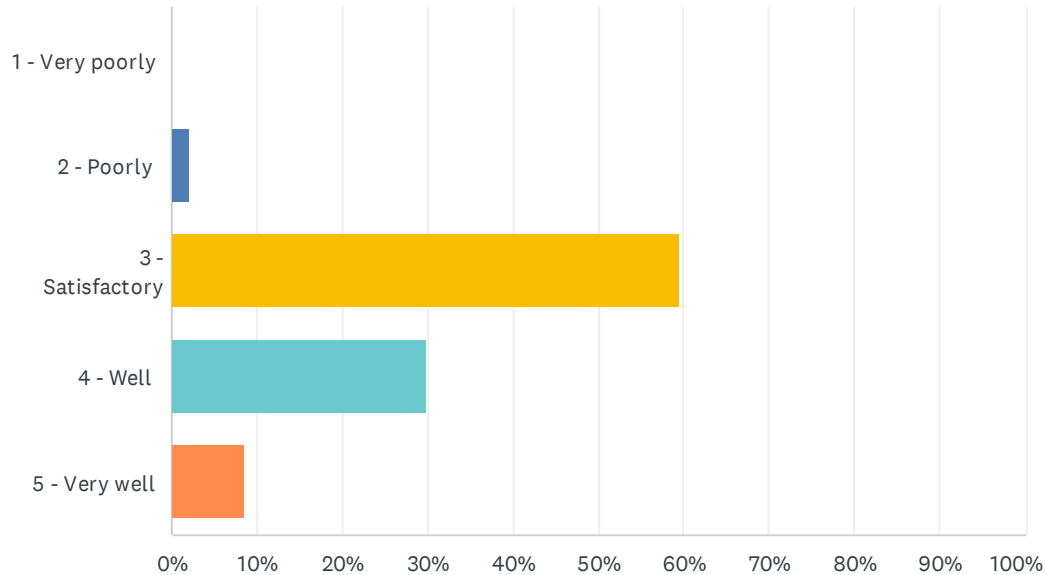
Q15 Who do staff in your department typically seek advice from when they have a question about conflicts of interest rules or when they encounter scenarios where they need advice? Please list the primary point of contact for questions about conflicts of interest rules for each entity. If staff in your department do not typically seek advice related to conflicts of interest rules from the listed entity, write "N/A".

Answered: 47 Skipped: 0

ANSWER CHOICES	RESPONSES	
The Ethics Commission	100.00%	47
The City Attorney's Office	100.00%	47
Form 700 filing officer(s) within their department	100.00%	47
Employee unions	100.00%	47
Other (please specify)	100.00%	47

Q16 On a scale of 1 to 5, how well do you think your department's staff understand and know how to apply the City's conflicts of interest rules?

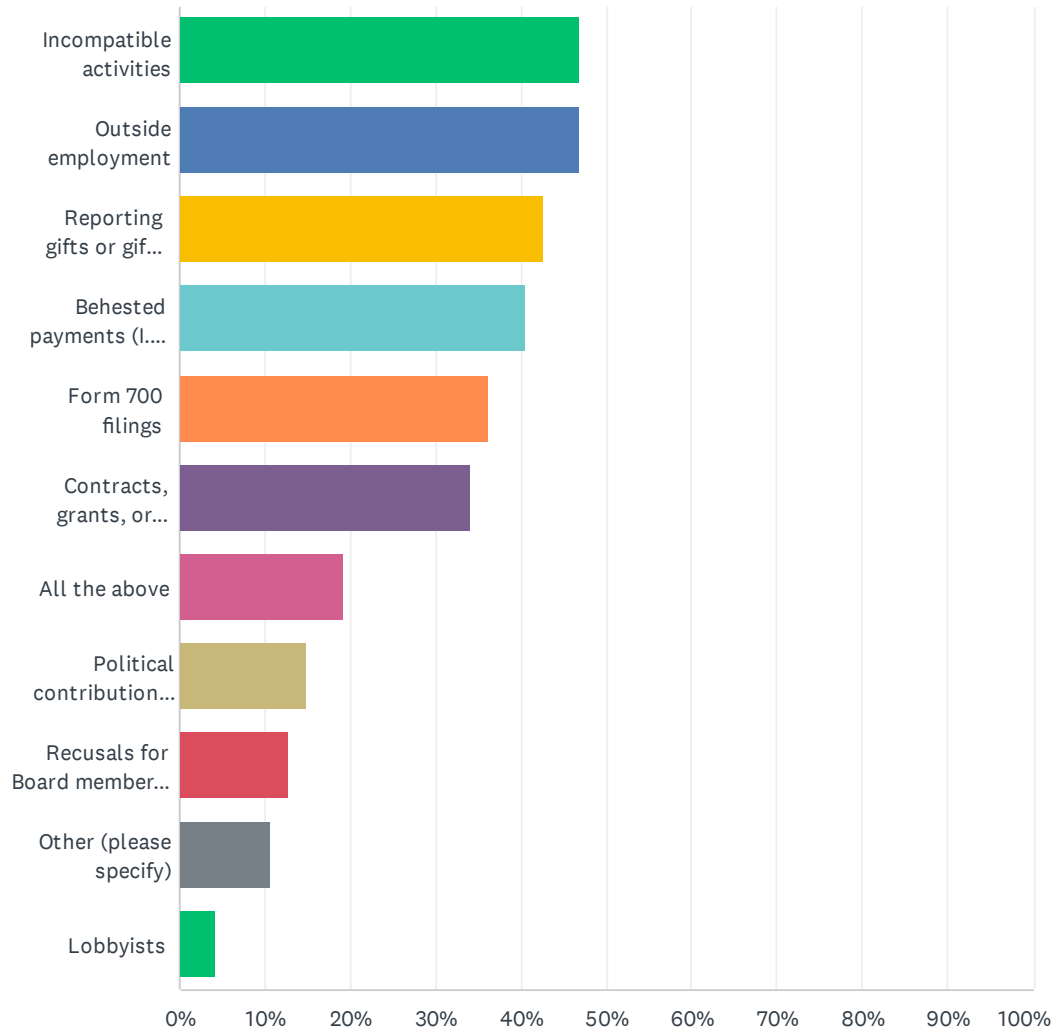
Answered: 47 Skipped: 0



ANSWER CHOICES	RESPONSES	
1 - Very poorly	0.00%	0
2 - Poorly	2.13%	1
3 - Satisfactory	59.57%	28
4 - Well	29.79%	14
5 - Very well	8.51%	4
TOTAL		47

Q17 What conflicts of interest areas or topics would your department like more information or training on? Select all that apply.

Answered: 47 Skipped: 0

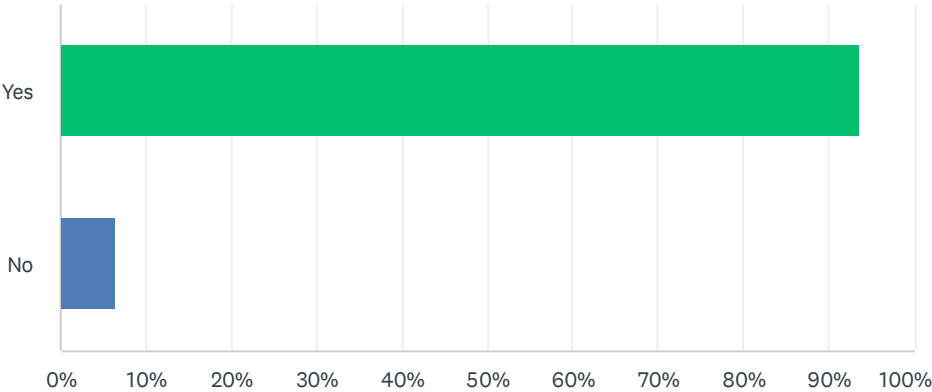


Management of Conflicts of Interest Department Survey

ANSWER CHOICES	RESPONSES	
Incompatible activities	46.81%	22
Outside employment	46.81%	22
Reporting gifts or gifts of travel	42.55%	20
Behested payments (I.e., payments to third parties at the behest of a public official)	40.43%	19
Form 700 filings	36.17%	17
Contracts, grants, or issuance of permits	34.04%	16
All the above	19.15%	9
Political contributions to elected officials who approve contracts	14.89%	7
Recusals for Board members and Commissioners	12.77%	6
Other (please specify)	10.64%	5
Lobbyists	4.26%	2
Total Respondents: 47		

Q18 Are Form 700 filings monitored by management or staff in your department to identify late or non-filers?

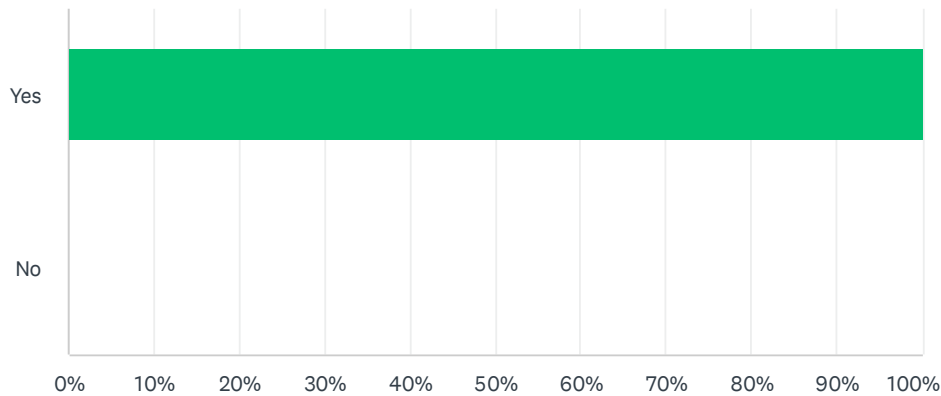
Answered: 47 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	93.62%	44
No	6.38%	3
TOTAL		47

Q19 Are late or non-filers in your department notified that they are out of compliance and required to file?

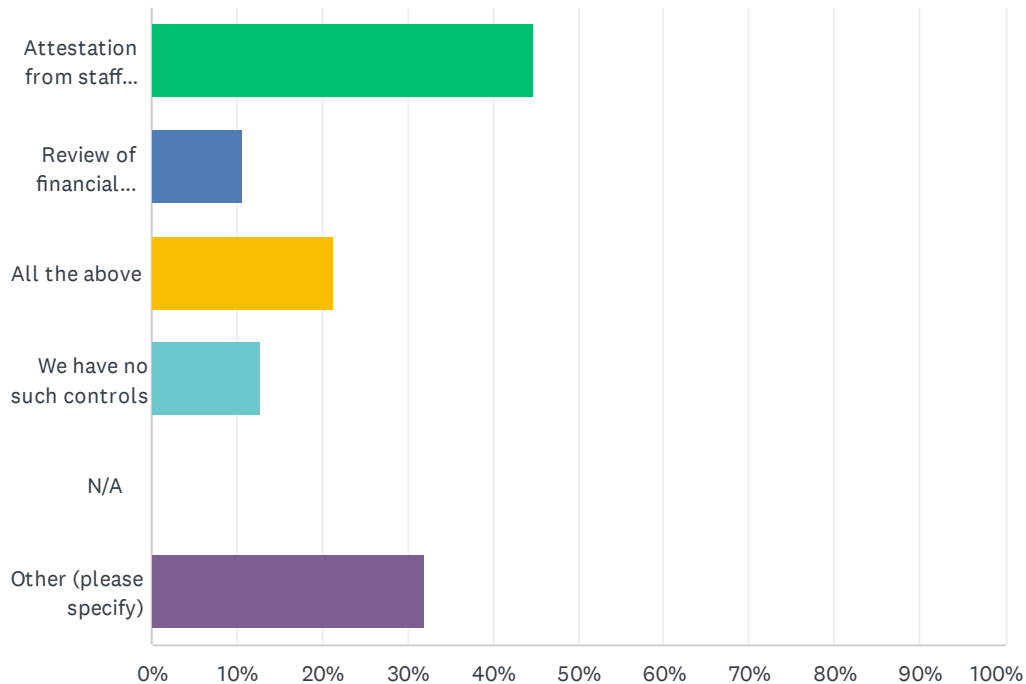
Answered: 44 Skipped: 3



ANSWER CHOICES		RESPONSES	
Yes		100.00%	44
No		0.00%	0
TOTAL			44

Q20 What internal controls does your department have in place to prevent potential conflicts of interest involving staff responsible for awarding contracts, grants, or permits? Select all that apply.

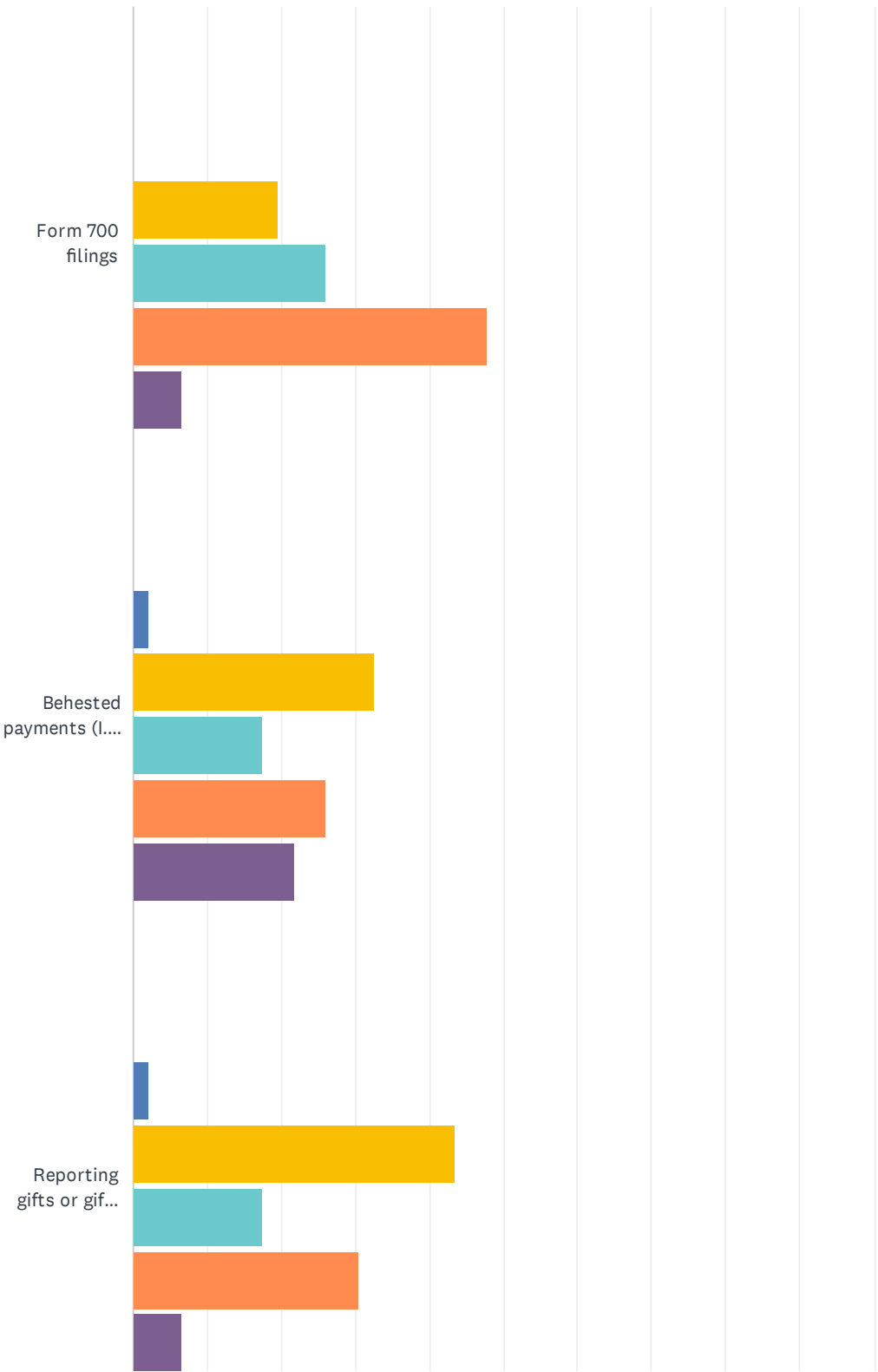
Answered: 47 Skipped: 0



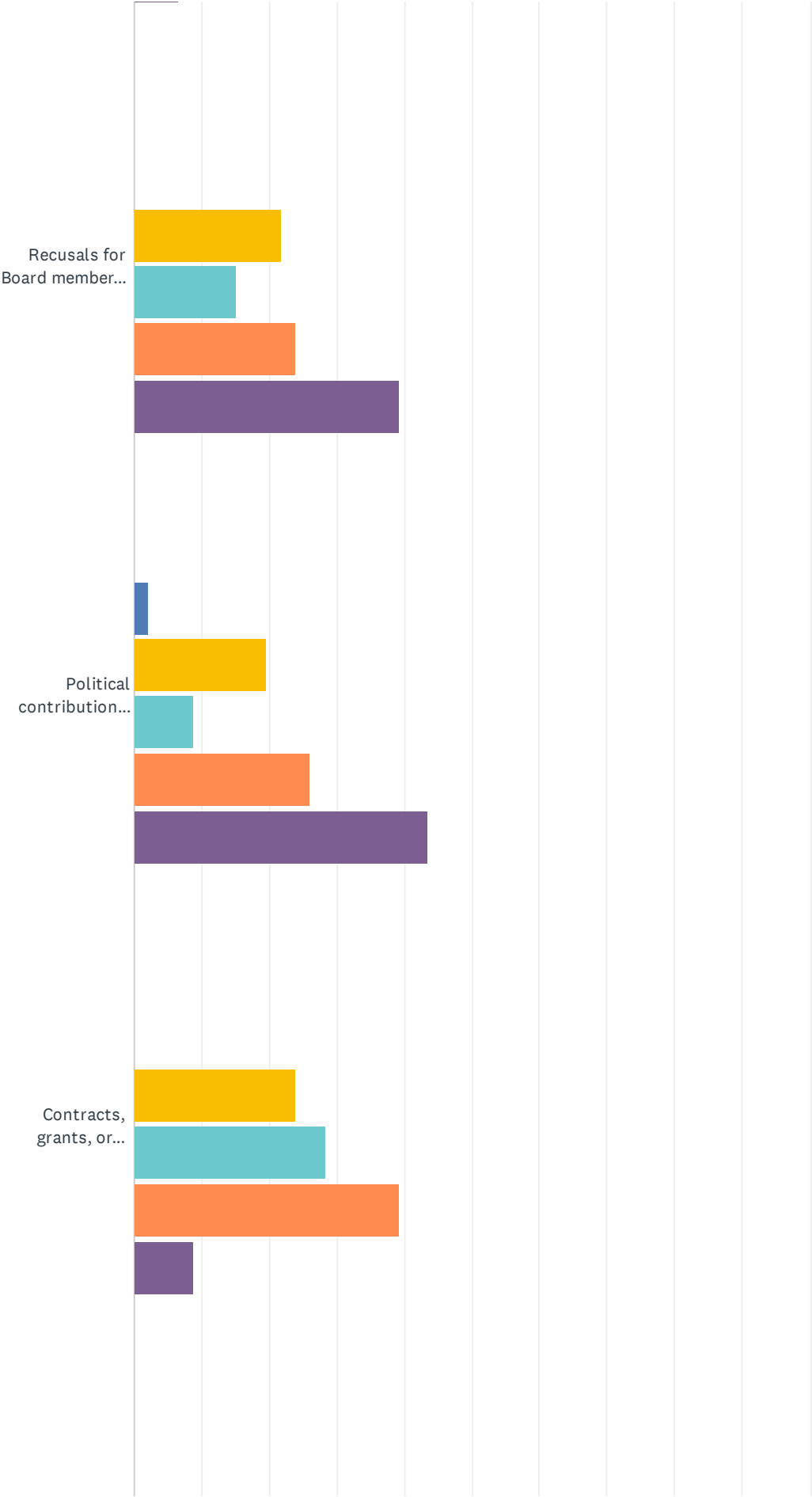
ANSWER CHOICES	RESPONSES	
Attestation from staff involved in the award/review	44.68%	21
Review of financial disclosures for staff involved in the award/review prior to award	10.64%	5
All the above	21.28%	10
We have no such controls	12.77%	6
N/A	0.00%	0
Other (please specify)	31.91%	15
Total Respondents: 47		

Q21 On a scale of 1 to 5 (or N/A), how effective do you think your department’s internal controls are at managing the following conflict of interest areas:

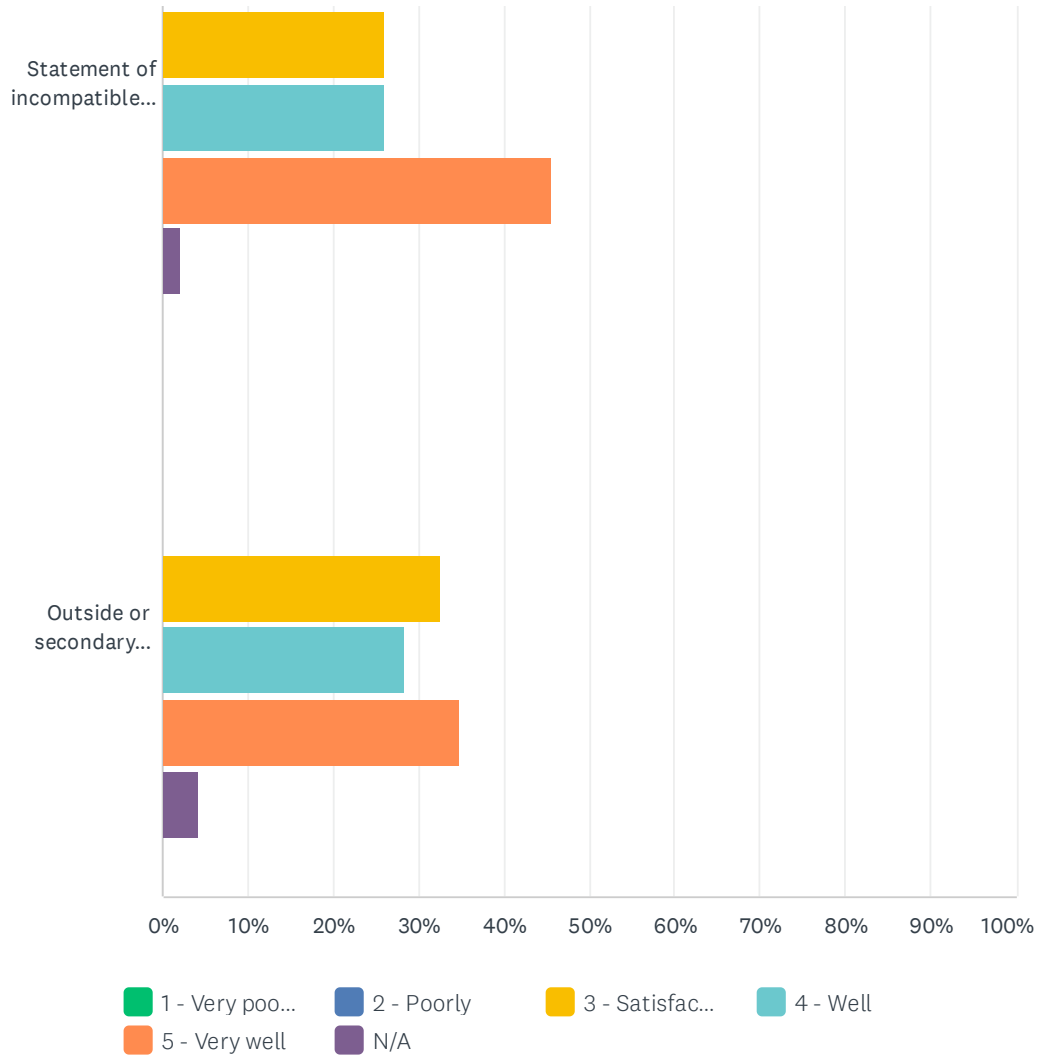
Answered: 46 Skipped: 1



Management of Conflicts of Interest Department Survey



Management of Conflicts of Interest Department Survey



	1 - VERY POORLY	2 - POORLY	3 - SATISFACTORY	4 - WELL	5 - VERY WELL	N/A	TOTAL
Form 700 filings	0.00% 0	0.00% 0	19.57% 9	26.09% 12	47.83% 22	6.52% 3	46
Behested payments (i.e., payments to third parties at the behest of a public official)	0.00% 0	2.17% 1	32.61% 15	17.39% 8	26.09% 12	21.74% 10	46
Reporting gifts or gifts of travel	0.00% 0	2.17% 1	43.48% 20	17.39% 8	30.43% 14	6.52% 3	46
Recusals for Board members and Commissioners	0.00% 0	0.00% 0	21.74% 10	15.22% 7	23.91% 11	39.13% 18	46
Political contributions to elected officials who approve contracts	0.00% 0	2.17% 1	19.57% 9	8.70% 4	26.09% 12	43.48% 20	46
Contracts, grants, or issuance of permits	0.00% 0	0.00% 0	23.91% 11	28.26% 13	39.13% 18	8.70% 4	46
Statement of incompatible activities	0.00% 0	0.00% 0	26.09% 12	26.09% 12	45.65% 21	2.17% 1	46
Outside or secondary employment	0.00% 0	0.00% 0	32.61% 15	28.26% 13	34.78% 16	4.35% 2	46

Q22 How does your department ensure that staff are familiar with the statement of incompatible activities?

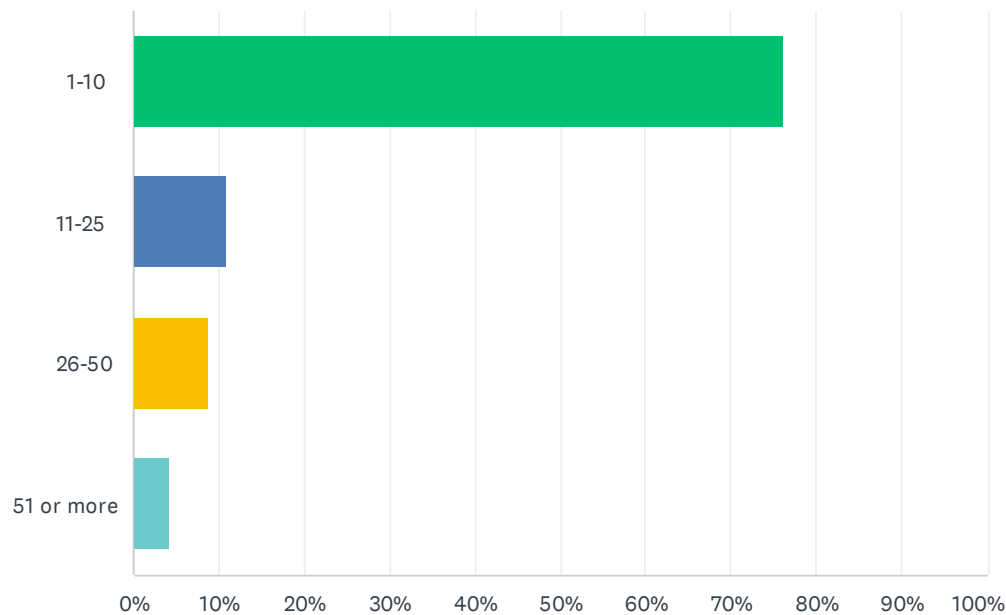
Answered: 46 Skipped: 1

Q23 Who in your department is responsible for reviewing additional employment requests?

Answered: 46 Skipped: 1

Q24 How many requests for additional employment approval does your department receive per year, on average?

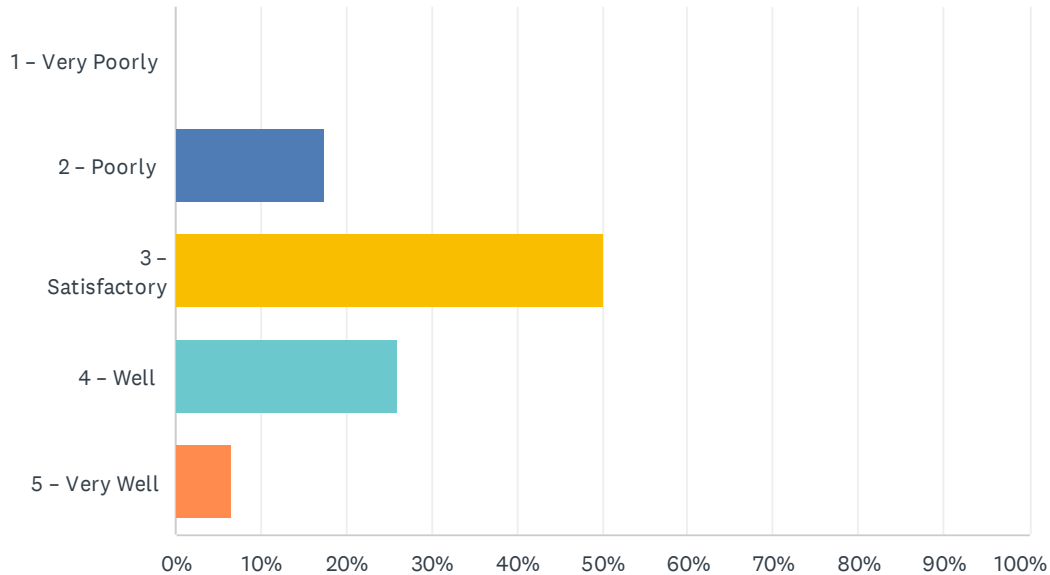
Answered: 46 Skipped: 1



ANSWER CHOICES	RESPONSES	
1-10	76.09%	35
11-25	10.87%	5
26-50	8.70%	4
51 or more	4.35%	2
TOTAL		46

Q25 On a scale of 1 to 5, how well do you think the City's process for reviewing and approving additional employment works?

Answered: 46 Skipped: 1



ANSWER CHOICES	RESPONSES	
1 – Very Poorly	0.00%	0
2 – Poorly	17.39%	8
3 – Satisfactory	50.00%	23
4 – Well	26.09%	12
5 – Very Well	6.52%	3
TOTAL		46

Q26 What, if anything, would help improve the process for reviewing additional employment requests?

Answered: 46 Skipped: 1

Q27 How many violations of conflict of interest rules have been cited by the Ethics Commission in your department in the last three fiscal years?

Answered: 46 Skipped: 1

Q28 What are some of the biggest challenges your department experiences when it comes to managing and preventing conflicts of interest?

Answered: 41 Skipped: 6

Q29 What improvements, if any, do you think are needed to your department's controls for managing and preventing conflicts of interest?

Answered: 38 Skipped: 9

Appendix D: Peer Jurisdictions Survey Results

Q1 What is the name of your city or county?

Answered: 11 Skipped: 0

Q2 How many staff (budgeted full time equivalent positions in FY 2022-23) comprise the entity that manages ethics in your jurisdiction?

Answered: 11 Skipped: 0

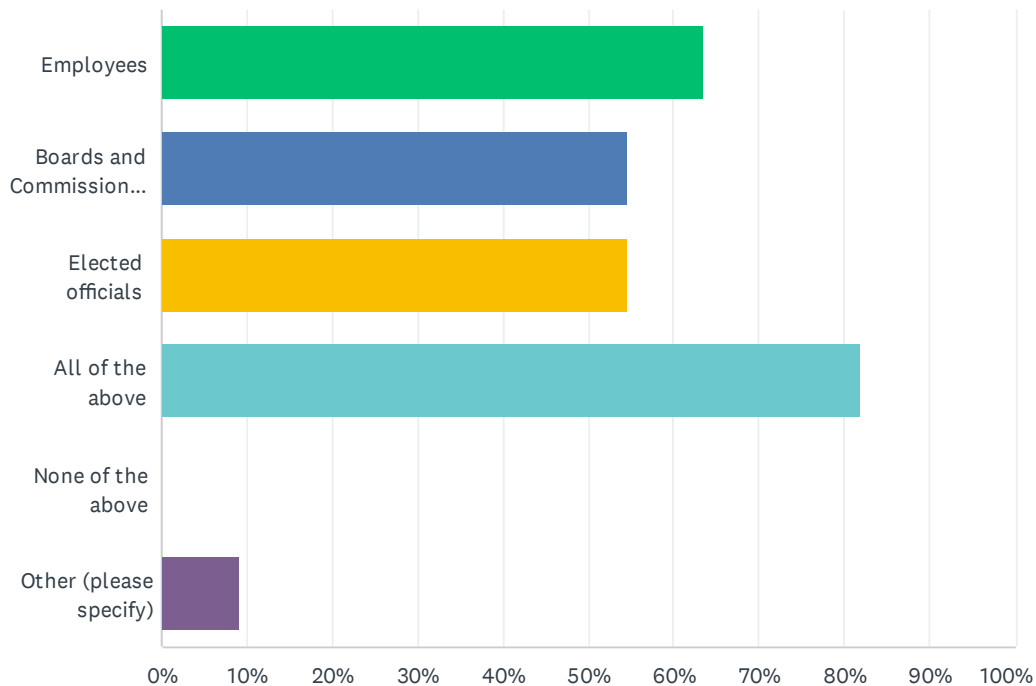
Q3 Does your jurisdiction have conflicts of interest rules that employees and/or elected officials must comply with for any of the following topics? If so, who is responsible for managing compliance with each topic? If your jurisdiction does not have rules for the topic, write "N/A".

Answered: 11 Skipped: 0

ANSWER CHOICES	RESPONSES	
Financial disclosure filings (known as Form 700 in California)	100.00%	11
Behested payments (i.e., payments to third-parties at the behest of a public official)	100.00%	11
Gifts or gifts of travel	100.00%	11
Recusals for Board members and Commissioners	100.00%	11
Political contributions to elected officials who approve contracts	100.00%	11
Approval of contracts, grants, or permits	100.00%	11
Lobbyists	100.00%	11
Incompatible activities	100.00%	11
Outside employment	100.00%	11
Other (please specify)	100.00%	11

Q4 Does your jurisdiction provide general guidance and/or other communications and engagement materials related to conflicts of interest to any the following? Select all that apply.

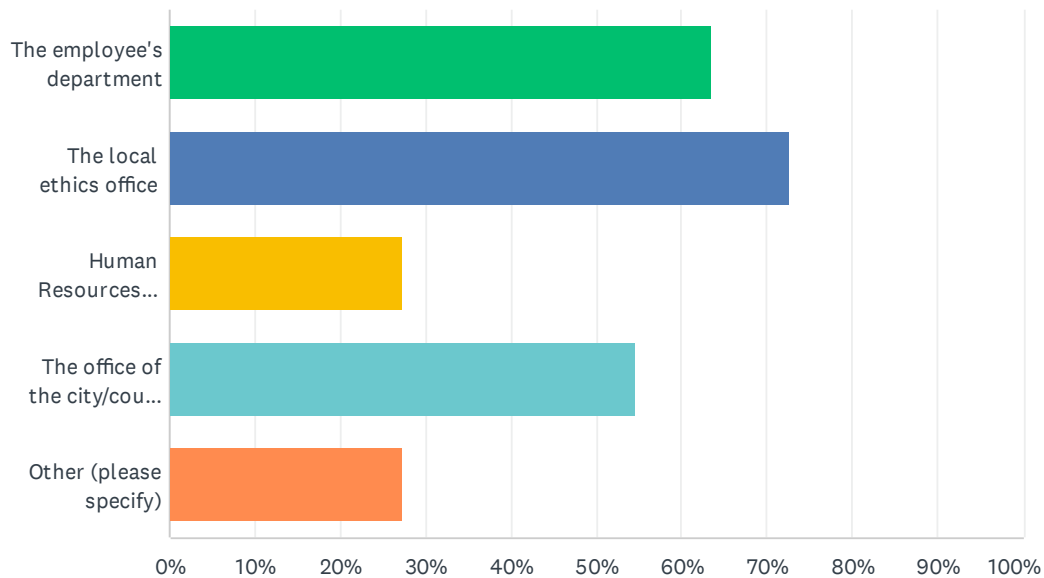
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Employees	63.64%	7
Boards and Commission members	54.55%	6
Elected officials	54.55%	6
All of the above	81.82%	9
None of the above	0.00%	0
Other (please specify)	9.09%	1
Total Respondents: 11		

Q5 Who is responsible for informing employees about conflicts of interest rules, including any changes or updates to these rules? Select all that apply.

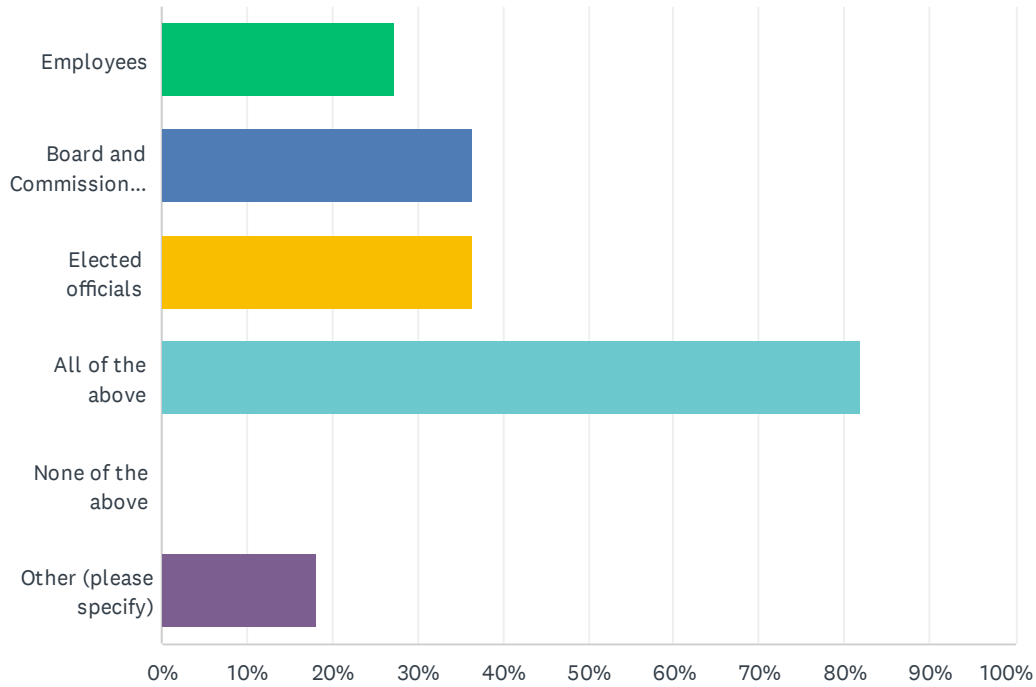
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
The employee's department	63.64%	7
The local ethics office	72.73%	8
Human Resources Department	27.27%	3
The office of the city/county attorney	54.55%	6
Other (please specify)	27.27%	3
Total Respondents: 11		

Q6 Does your jurisdiction provide training about conflicts of interest rules and requirements to any of the following? Select all that apply.

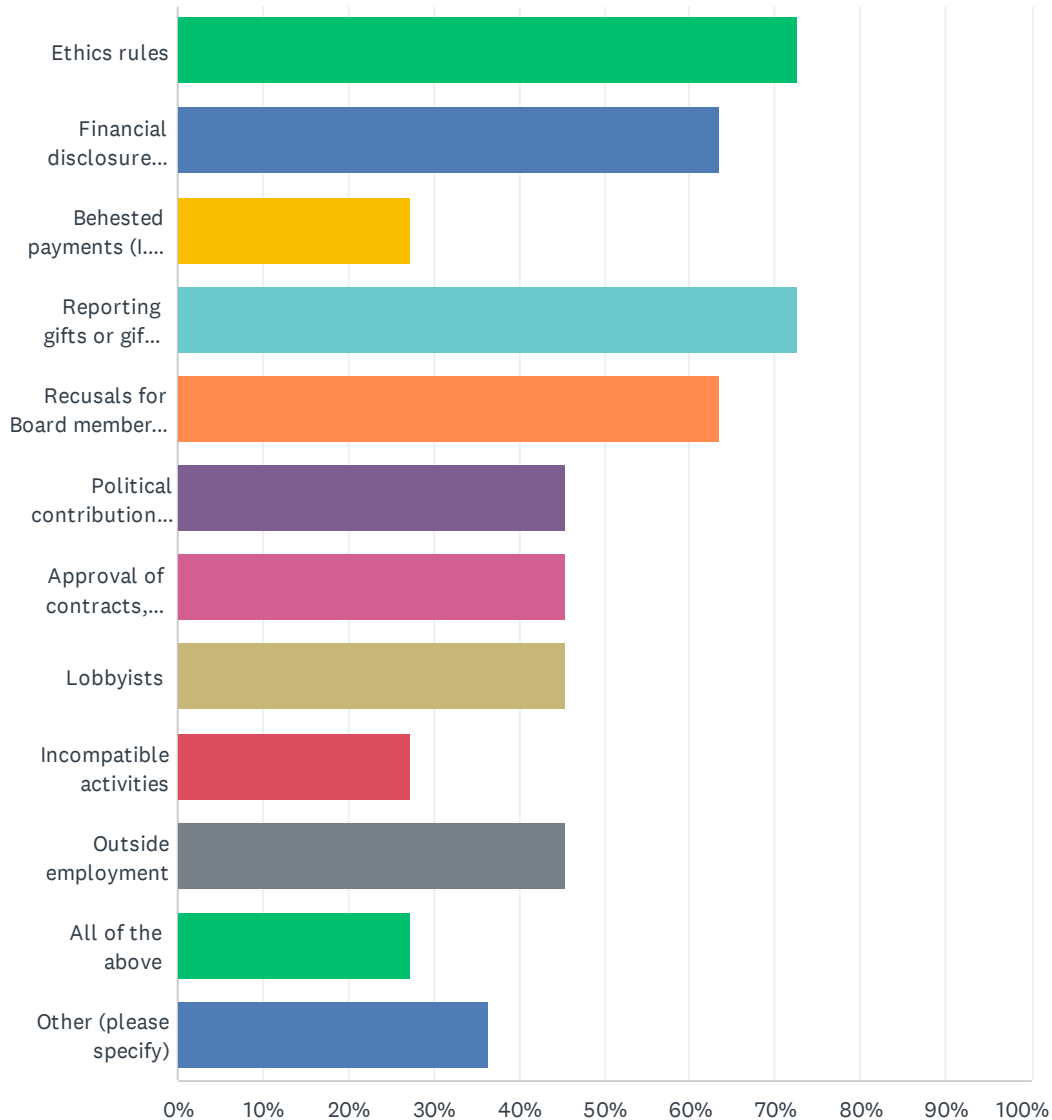
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Employees	27.27%	3
Board and Commission members	36.36%	4
Elected officials	36.36%	4
All of the above	81.82%	9
None of the above	0.00%	0
Other (please specify)	18.18%	2
Total Respondents: 11		

Q7 Are any of the following training topics related to conflicts of interest offered in your jurisdiction? Select all that apply.

Answered: 11 Skipped: 0

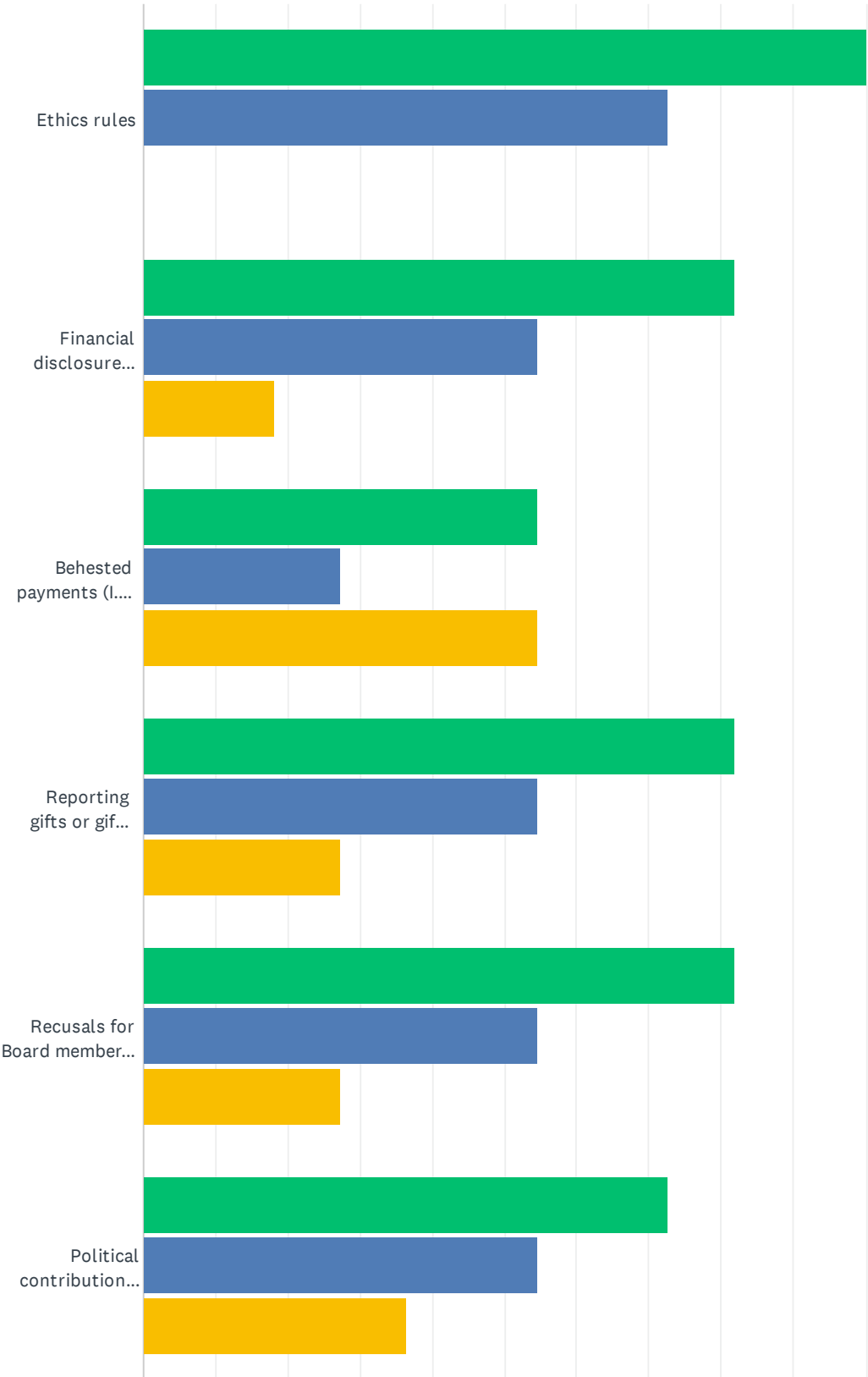


Management of Conflicts of Interest Peer Survey

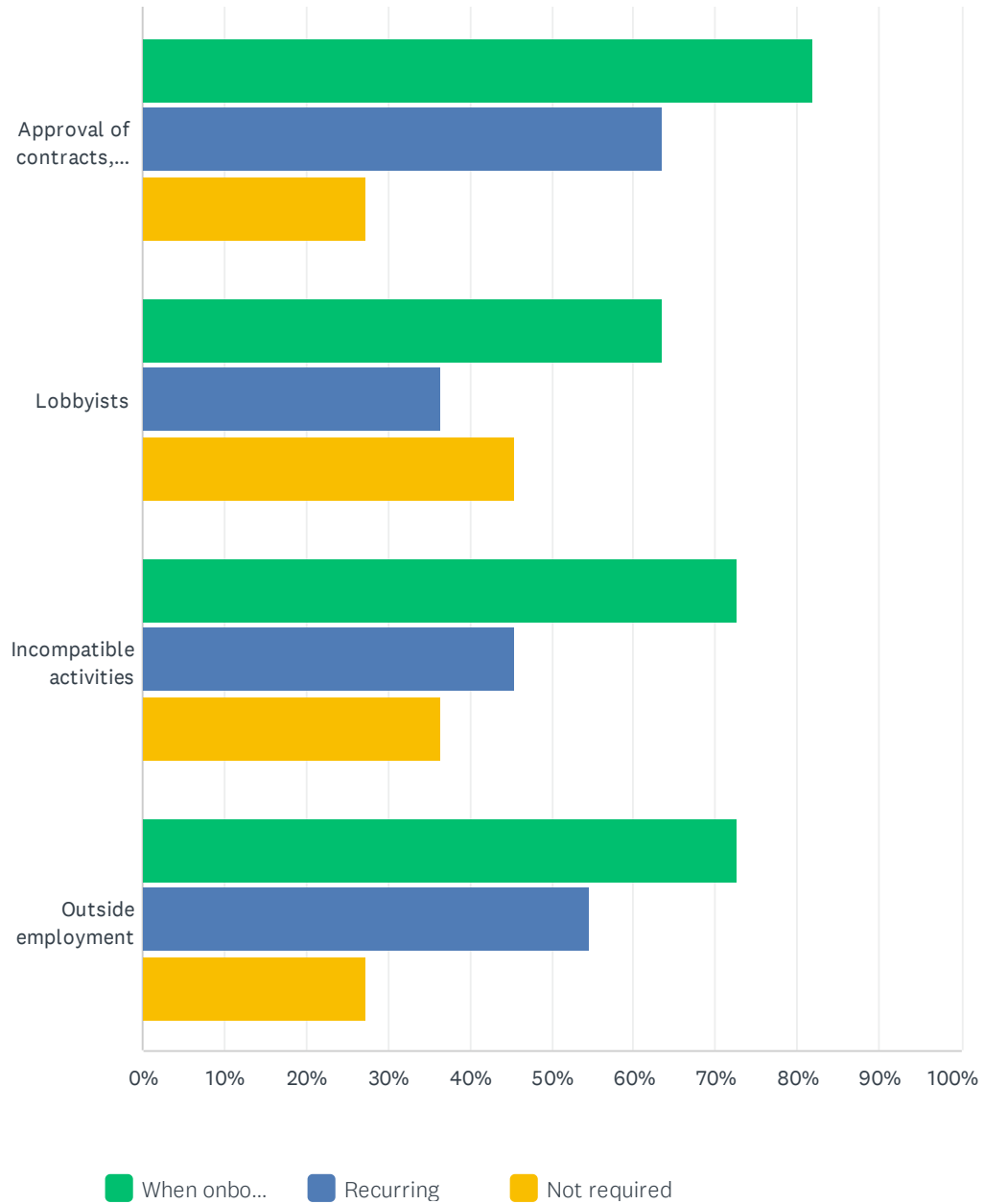
ANSWER CHOICES	RESPONSES	
Ethics rules	72.73%	8
Financial disclosure filings (known as Form 700 in California)	63.64%	7
Behested payments (I.e., payments to third-parties at the behest of a public official)	27.27%	3
Reporting gifts or gifts of travel	72.73%	8
Recusals for Board members and Commissioners	63.64%	7
Political contributions to elected officials who approve contracts	45.45%	5
Approval of contracts, grants, or permits	45.45%	5
Lobbyists	45.45%	5
Incompatible activities	27.27%	3
Outside employment	45.45%	5
All of the above	27.27%	3
Other (please specify)	36.36%	4
Total Respondents: 11		

Q8 How often are the following training topics related to conflicts of interest required in your jurisdiction? Select all that apply.

Answered: 11 Skipped: 0



Management of Conflicts of Interest Peer Survey

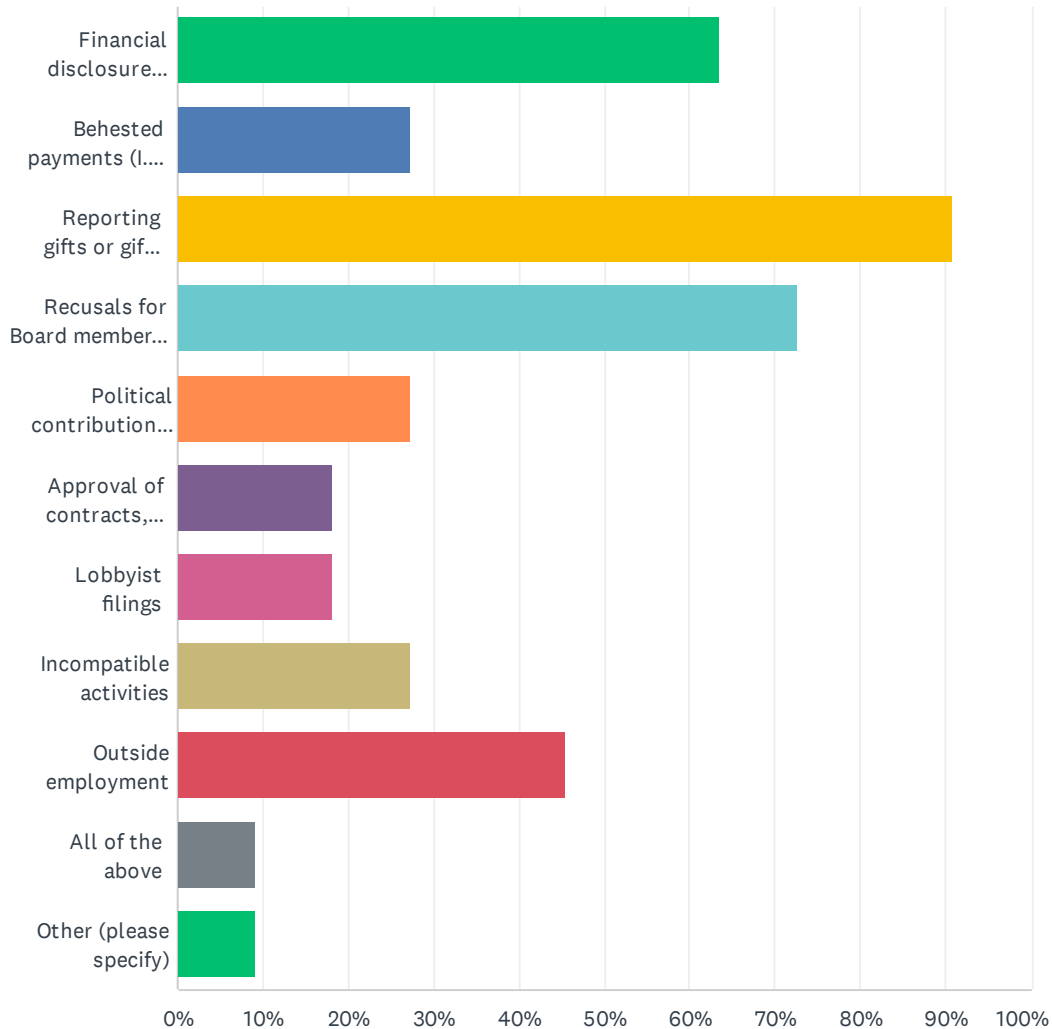


Management of Conflicts of Interest Peer Survey

	WHEN ONBOARDED	RECURRING	NOT REQUIRED	TOTAL RESPONDENTS
Ethics rules	100.00% 11	72.73% 8	0.00% 0	11
Financial disclosure filings (known as Form 700 in California)	81.82% 9	54.55% 6	18.18% 2	11
Behested payments (i.e., payments to third-parties at the behest of a public official)	54.55% 6	27.27% 3	54.55% 6	11
Reporting gifts or gifts of travel	81.82% 9	54.55% 6	27.27% 3	11
Recusals for Board members and Commissioners	81.82% 9	54.55% 6	27.27% 3	11
Political contributions to elected officials who approve contracts	72.73% 8	54.55% 6	36.36% 4	11
Approval of contracts, grants, or permits	81.82% 9	63.64% 7	27.27% 3	11
Lobbyists	63.64% 7	36.36% 4	45.45% 5	11
Incompatible activities	72.73% 8	45.45% 5	36.36% 4	11
Outside employment	72.73% 8	54.55% 6	27.27% 3	11

Q9 What conflicts of interest areas or topics do staff most frequently need assistance or guidance with in your jurisdiction? Select all that apply.

Answered: 11 Skipped: 0

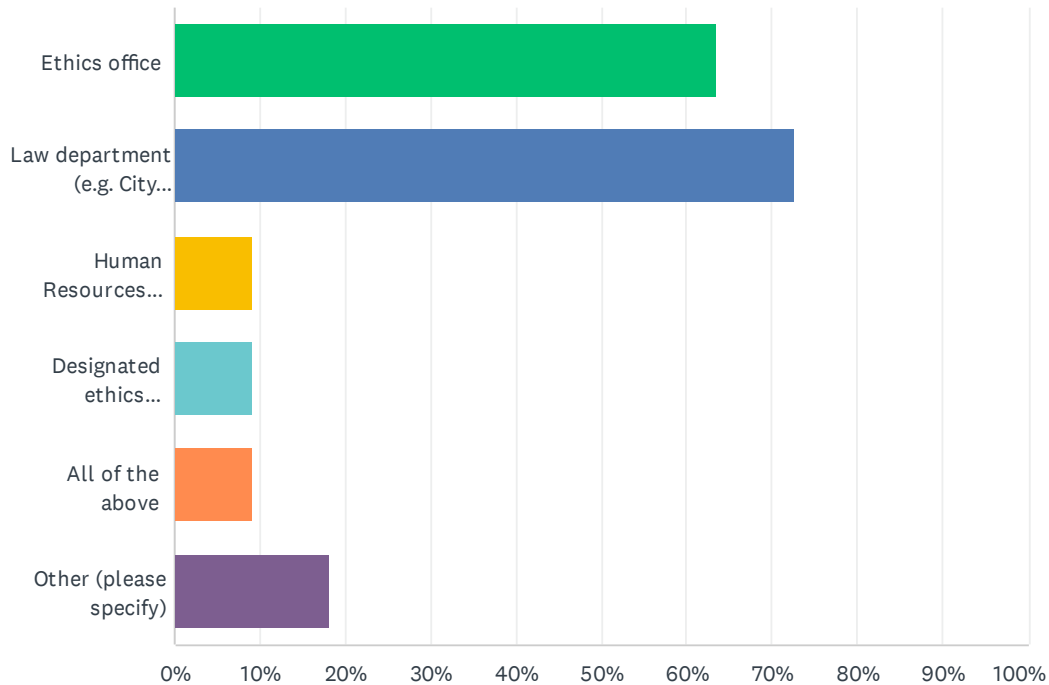


Management of Conflicts of Interest Peer Survey

ANSWER CHOICES	RESPONSES	
Financial disclosure filings (known as Form 700 in California)	63.64%	7
Behested payments (I.e., payments to third-parties at the behest of a public official)	27.27%	3
Reporting gifts or gifts of travel	90.91%	10
Recusals for Board members and Commissioners	72.73%	8
Political contributions to elected officials who approve contracts	27.27%	3
Approval of contracts, grants, or permits	18.18%	2
Lobbyist filings	18.18%	2
Incompatible activities	27.27%	3
Outside employment	45.45%	5
All of the above	9.09%	1
Other (please specify)	9.09%	1
Total Respondents: 11		

Q10 When staff in your jurisdiction have a question about a conflicts of interest issue or encounter scenarios where they need advice regarding conflicts of interest, who would they typically seek advice from? Select all that apply.

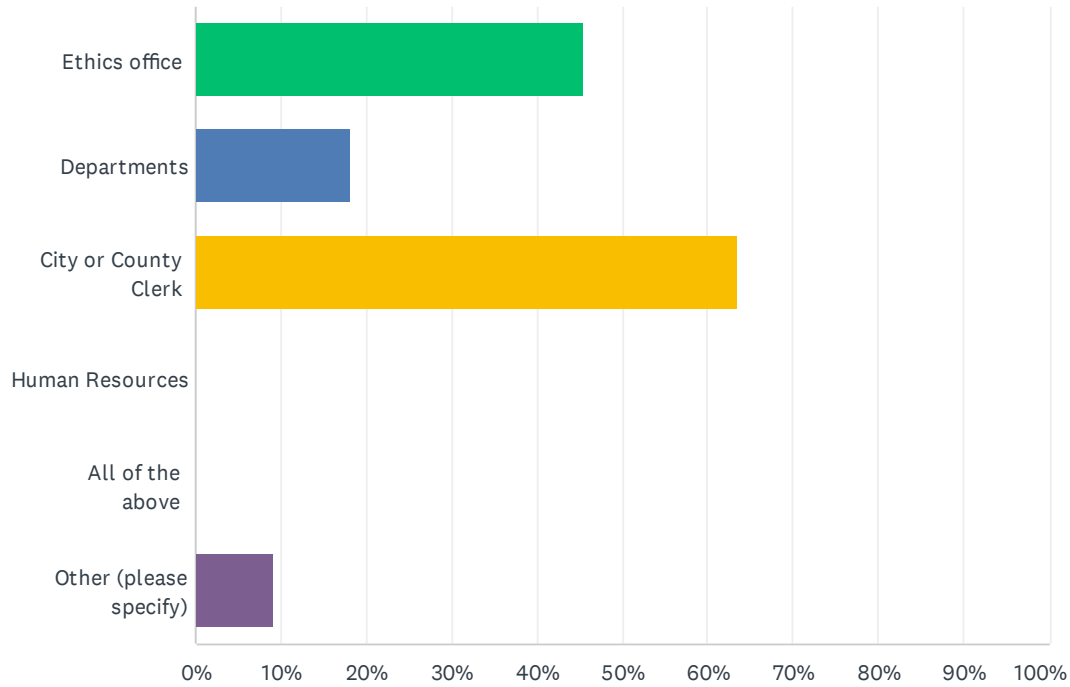
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Ethics office	63.64%	7
Law department (e.g. City Attorney or County Counsel)	72.73%	8
Human Resources Department	9.09%	1
Designated ethics officer(s) within their department	9.09%	1
All of the above	9.09%	1
Other (please specify)	18.18%	2
Total Respondents: 11		

Q11 Which entity is responsible for managing financial disclosure filings in your jurisdiction? Select all that apply.

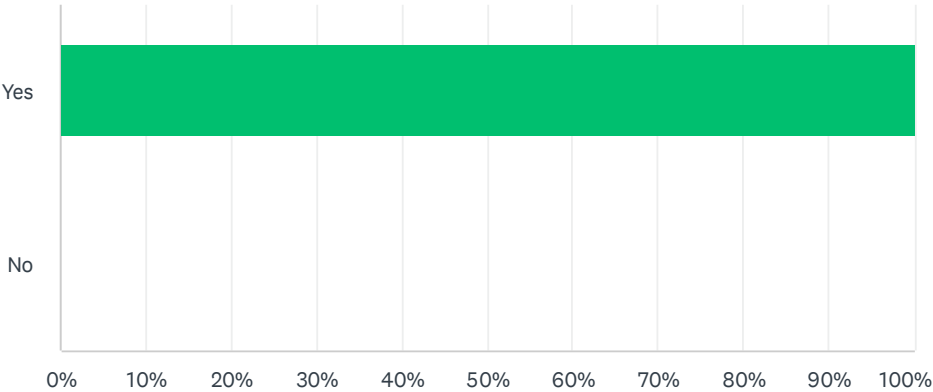
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Ethics office	45.45%	5
Departments	18.18%	2
City or County Clerk	63.64%	7
Human Resources	0.00%	0
All of the above	0.00%	0
Other (please specify)	9.09%	1
Total Respondents: 11		

Q12 Are financial disclosure filings monitored for compliance to identify late or non-filers in your jurisdiction?

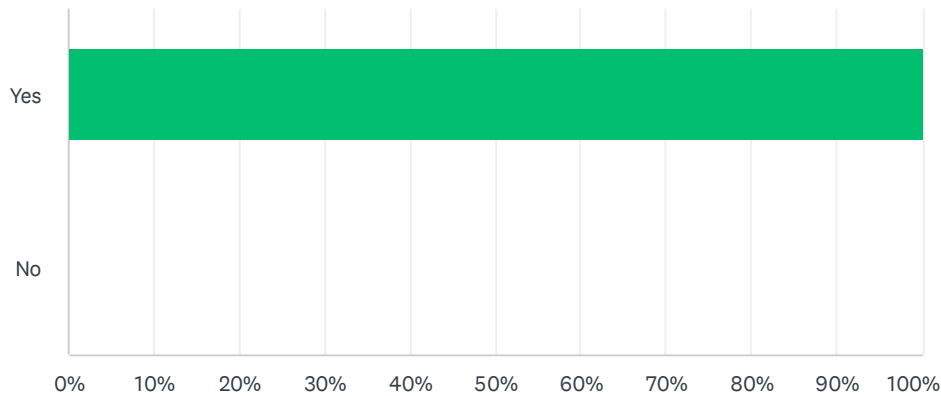
Answered: 11 Skipped: 0



ANSWER CHOICES		RESPONSES	
Yes		100.00%	11
No		0.00%	0
TOTAL			11

Q13 Are late or non-filers notified that they're out of compliance and required to file?

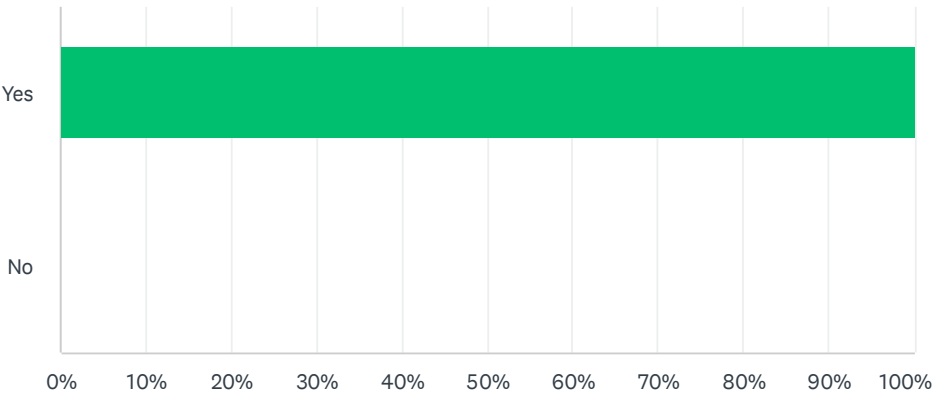
Answered: 11 Skipped: 0



ANSWER CHOICES		RESPONSES	
Yes		100.00%	11
No		0.00%	0
TOTAL			11

Q14 Are disclosure statements filed electronically in your jurisdiction?

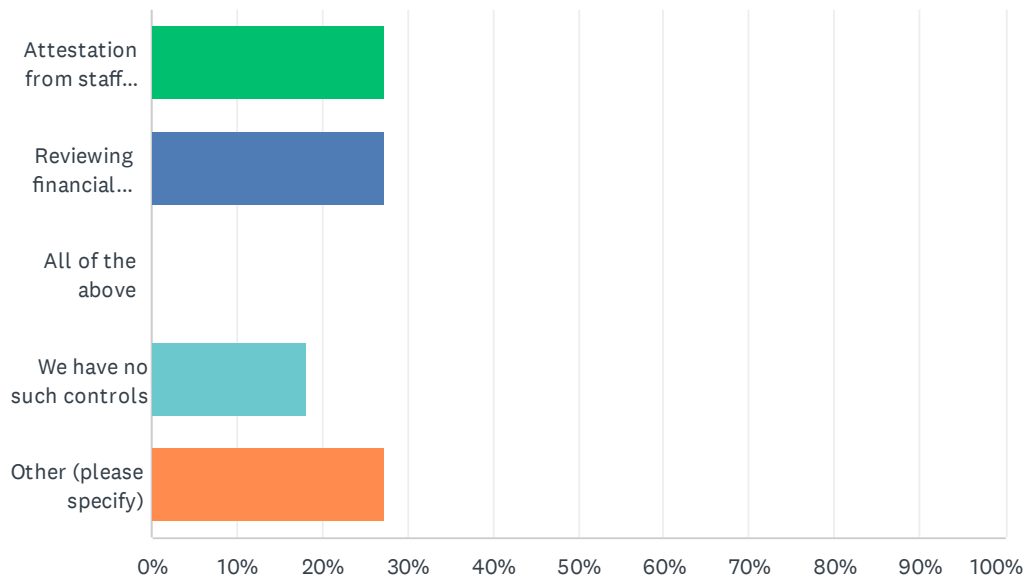
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	100.00%	11
No	0.00%	0
TOTAL		11

Q15 What internal controls does your jurisdiction have in place to prevent potential conflicts of interest involving staff responsible for awarding contracts, grants, or permits? Select all that apply.

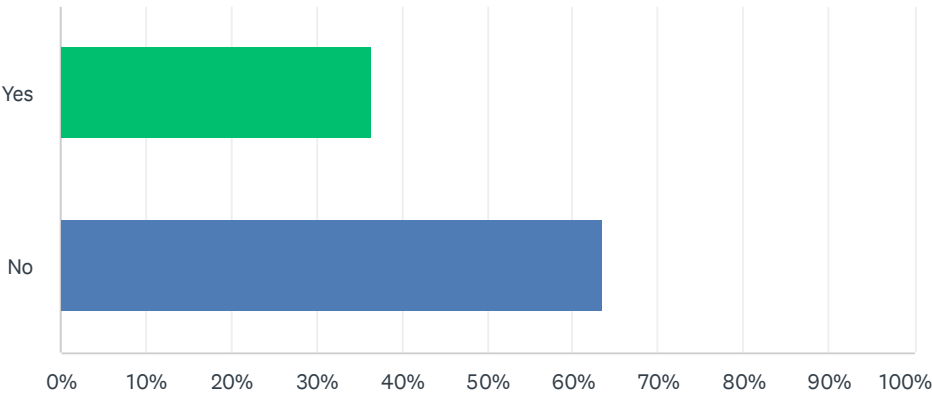
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Attestation from staff involved in the award/review	27.27%	3
Reviewing financial disclosures prior to award	27.27%	3
All of the above	0.00%	0
We have no such controls	18.18%	2
Other (please specify)	27.27%	3
Total Respondents: 11		

Q16 Does your jurisdiction have one or more statement of incompatible activities?

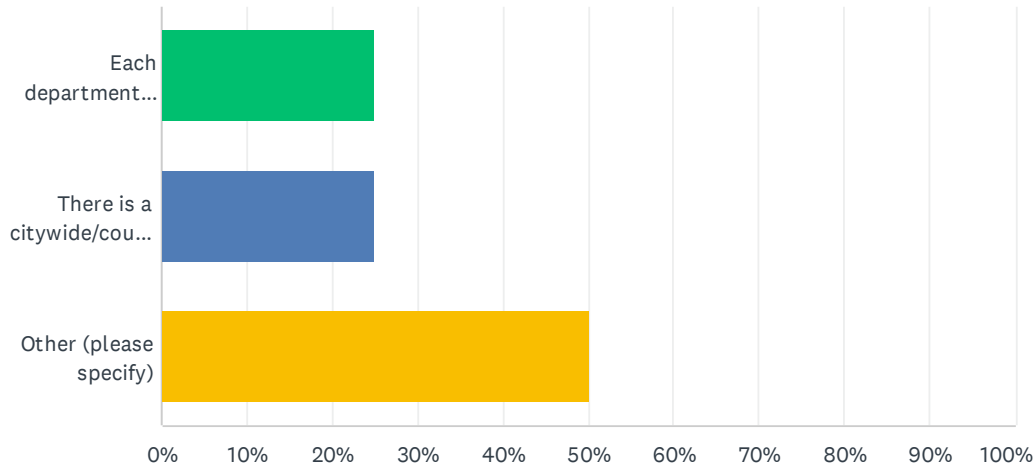
Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	36.36%	4
No	63.64%	7
TOTAL		11

Q17 Do departments each create their own individual statements or is there a citywide/countywide statement that applies to all departments?

Answered: 4 Skipped: 7



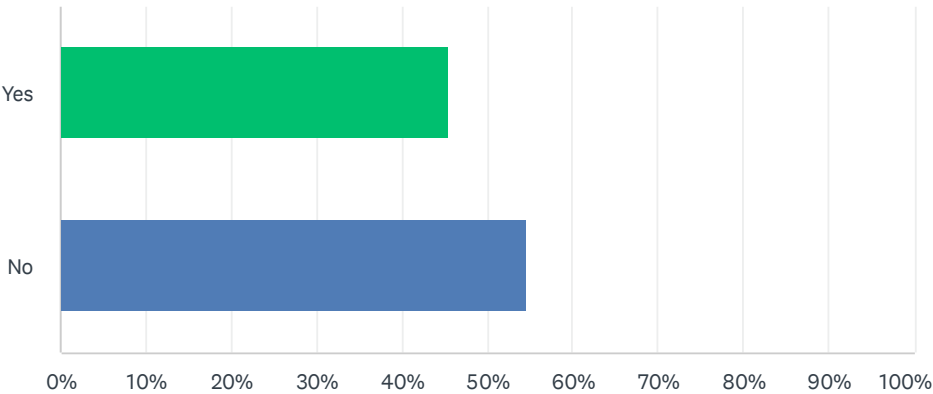
ANSWER CHOICES	RESPONSES	
Each department creates their own individual statements	25.00%	1
There is a citywide/countywide statement for all departments	25.00%	1
Other (please specify)	50.00%	2
TOTAL		4

Q18 How often are the statement(s) of incompatible activities updated in your jurisdiction?

Answered: 4 Skipped: 7

Q19 Is your jurisdiction considering strengthening internal controls for preventing and/or managing conflicts of interest?

Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	45.45%	5
No	54.55%	6
TOTAL		11

Q20 What changes to strengthen internal controls for preventing and/or managing conflicts of interest are under consideration?

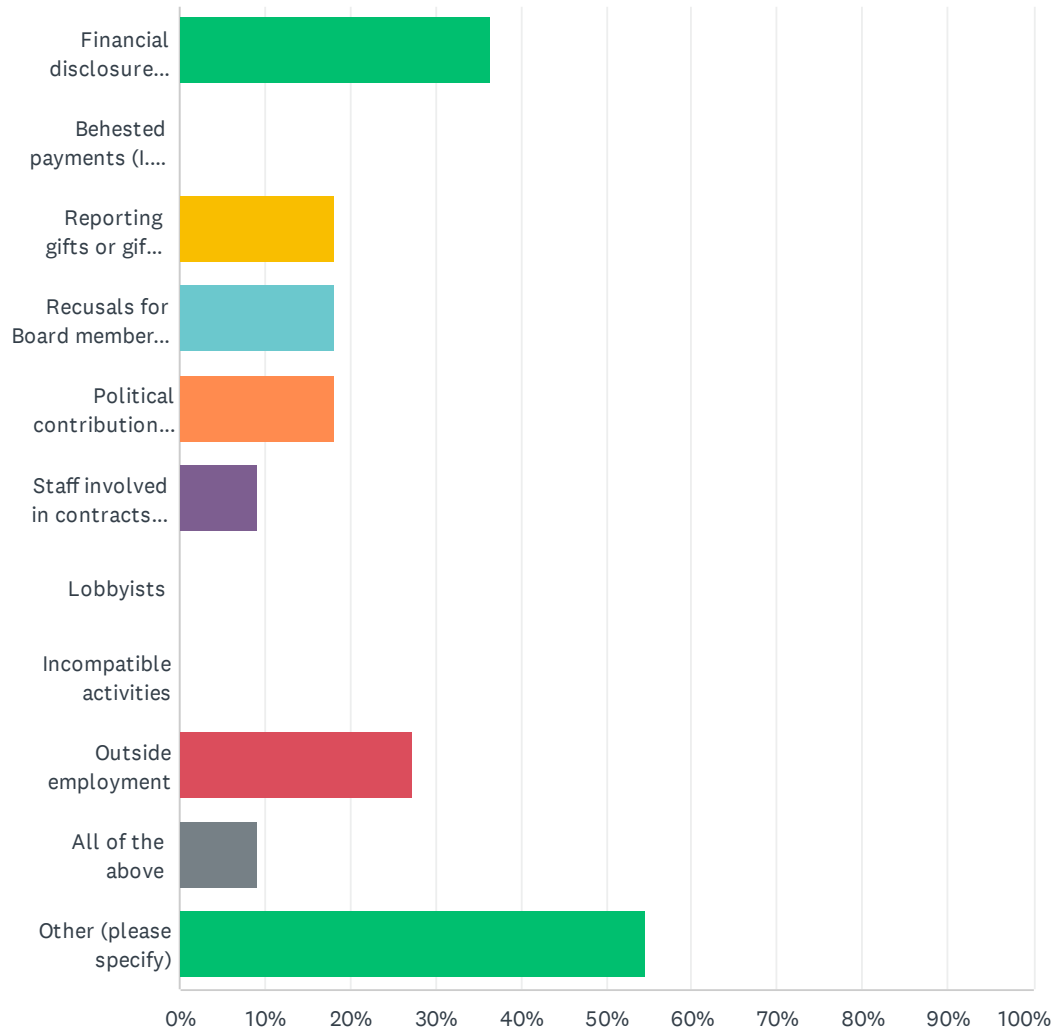
Answered: 5 Skipped: 6

Q21 How many violations of ethics rules have been cited in your jurisdiction in the last 1-3 fiscal years?

Answered: 11 Skipped: 0

Q22 What are the most frequently violated ethics areas in your jurisdiction? Select all that apply.

Answered: 11 Skipped: 0



Management of Conflicts of Interest Peer Survey

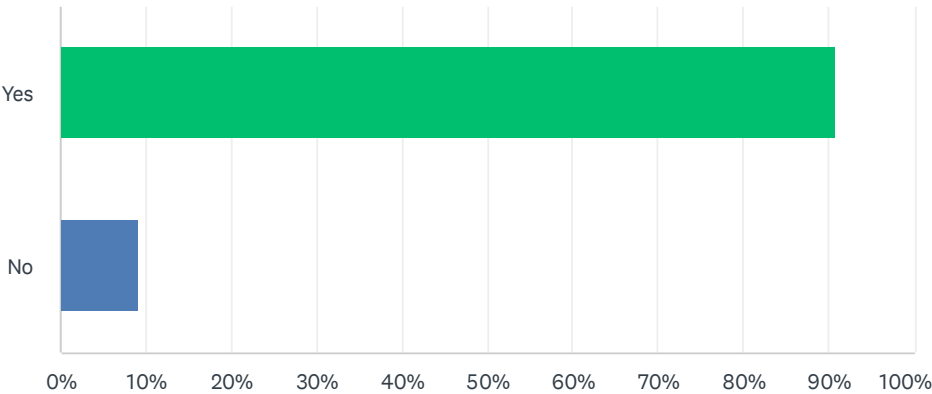
ANSWER CHOICES	RESPONSES	
Financial disclosure filings (known as Form 700 in California)	36.36%	4
Behested payments (I.e., payments to third-parties at the behest of a public official)	0.00%	0
Reporting gifts or gifts of travel	18.18%	2
Recusals for Board members and Commissioners	18.18%	2
Political contributions to elected officials who approve contracts	18.18%	2
Staff involved in contracts or permitting	9.09%	1
Lobbyists	0.00%	0
Incompatible activities	0.00%	0
Outside employment	27.27%	3
All of the above	9.09%	1
Other (please specify)	54.55%	6
Total Respondents: 11		

Q23 How many enforcement actions has your jurisdiction taken against staff who have violated ethics rules in the last 1-3 fiscal years?

Answered: 11 Skipped: 0

Q24 Does your jurisdiction have a process for reviewing requests for outside employment?

Answered: 11 Skipped: 0



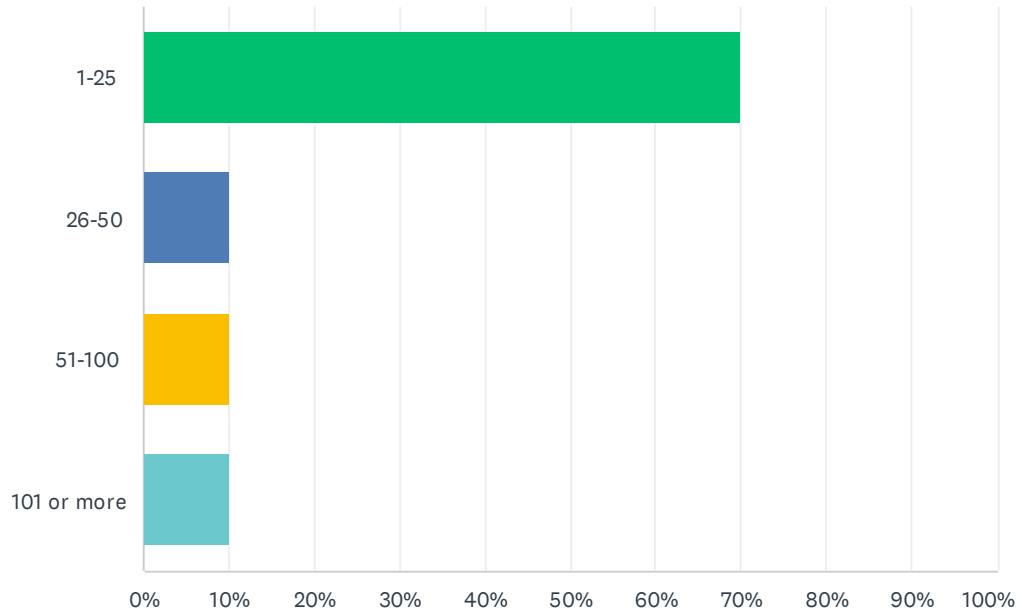
ANSWER CHOICES	RESPONSES	
Yes	90.91%	10
No	9.09%	1
TOTAL		11

Q25 Who in your jurisdiction is responsible for reviewing additional employment requests?

Answered: 10 Skipped: 1

Q26 How many requests for additional employment approval does your jurisdiction receive per year, on average?

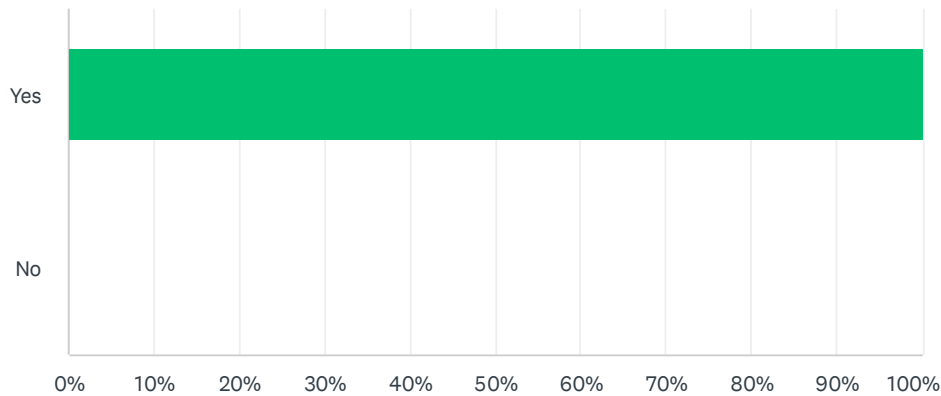
Answered: 10 Skipped: 1



ANSWER CHOICES	RESPONSES	
1-25	70.00%	7
26-50	10.00%	1
51-100	10.00%	1
101 or more	10.00%	1
TOTAL		10

Q27 Does your jurisdiction have a process, such as a whistleblower hotline, for others to report potential conflicts of interest?

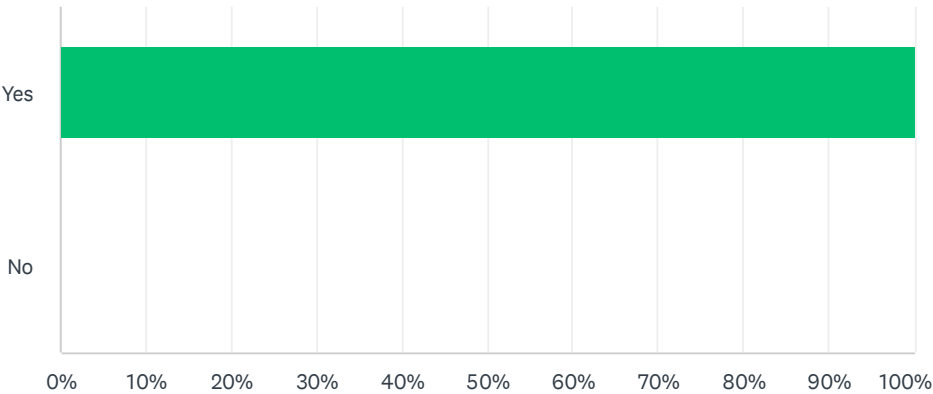
Answered: 11 Skipped: 0



ANSWER CHOICES		RESPONSES	
Yes		100.00%	11
No		0.00%	0
TOTAL			11

Q28 Is there an option to report potential conflicts of interest anonymously?

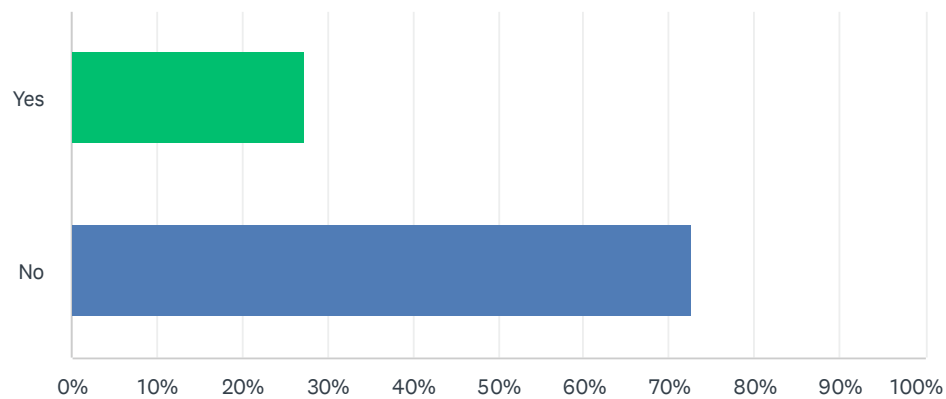
Answered: 11 Skipped: 0



ANSWER CHOICES		RESPONSES	
Yes		100.00%	11
No		0.00%	0
TOTAL			11

Q29 Have rules and/or enforcement practices changed since July 1, 2019?

Answered: 11 Skipped: 0



ANSWER CHOICES	RESPONSES	
Yes	27.27%	3
No	72.73%	8
TOTAL		11

Q30 Please specify what rules and/or enforcement practices have changed since July 1, 2019.

Answered: 3 Skipped: 8

Q31 What are some of the biggest challenges your jurisdiction experiences when it comes to managing and preventing conflicts of interest?

Answered: 9 Skipped: 2

Q32 What improvements, if any, do you think are needed to your jurisdiction's controls for managing and preventing conflicts of interest?

Answered: 8 Skipped: 3