

UPDATE ON SFPD ASSESSMENT OF SFSAFE AND NON-PROFIT CONTRACT COMPLIANCE



SAN FRANCISCO POLICE DEPARTMENT
CITY & COUNTY OF SAN FRANCISCO



October 11, 2024

SAN FRANCISCO SAFE, INC (SF SAFE)

Timeline of Key Events

- June 2023: Meeting with Controller's Office
- June 2023: Chief Scott requested Controller's Office perform audit
- September 2023: Controller's Office assessment
- November 2023:
 - o Draft Controller's Office report shared with SFPD
 - o SFPD contract monitoring visit with SF SAFE in response to Controller's Office findings
- December 2023: SFPD developed remediation plan for SF SAFE and was referred to the City Controller's Nonprofit Monitoring and Capacity Building Program
- January 2024: SFPD responds to Controller's Office, Audit Division findings
- January 2024: Meeting held with the Controller and Office of Economic Workforce Development(OEWD)
- January 24, 2024: Executive Director is fired and SF SAFE closed
- February 2024:
 - o Issued joint letter with OEWD sent to SF SAFE Board of Directors to recover funds of \$79,655 and ultimately deducted from the grant fund.
 - o SFPD terminates SF SAFE contract

SFPD APPROVAL PROCESS: SF SAFE CONTRACT

Step 1: Community Engagement Division under the direction of Assistant Chief

Step 2: Reviewed by Community Engagement Division, Captain

Step 3: Reviewed by Grants Analyst

Step 4: Signed by the Chief Financial Officer and processed by Fiscal

SFPD AUDIT REQUEST




OFFICE OF THE CONTROLLER
CITY AND COUNTY OF SAN FRANCISCO

Ben Rosenfield
Controller
Todd Rydstrom
Deputy Controller

MEMORANDUM

TO: President and Commissioners
San Francisco Police Commission

William Scott, Chief of Police
San Francisco Police Department

FROM: Mark de la Rosa, Director of Audits
Audits Division, City Services Auditor 

DATE: January 18, 2024

SUBJECT: **The San Francisco Police Department Did Not Adequately Review Expenses and Subsequently Approved Ineligible or Unsupported Expenses Incurred Under Its Grant Agreement With SF SAFE**

EXECUTIVE SUMMARY

At the request of the San Francisco Police Department (Police Department), the Office of the Controller (Controller), City Services Auditor (CSA), Audits Division, presents its memorandum on its review of invoices under a five-year grant agreement between the Police Department and San Francisco SAFE (SF SAFE). We conducted this assessment in conjunction with the Office of the City Attorney (City Attorney). The grant agreement expired on June 30, 2023.

The assessment concluded that the Police Department did not adequately review invoices or supporting documentation to determine whether the expenditures incurred by and reimbursed to SF SAFE are allowable under the grant agreement. Based on our analysis of a sample of \$910,000 in grant funds paid to SF SAFE for crime prevention education services from July 2022 through March 2023, we found at least \$79,655 (9 percent) was spent on ineligible and/or excessive expenses,

- SFPD requested for the Controller’s Audit Division to perform an independent assessment on SF SAFE.
- SFPD requested for additional documentation to justify expenditures.
- Receipts submitted to SFPD were within the scope of work outlined in our request for proposal and agreement.
- SF SAFE was submitting inaccurate expense type by categories (e.g. listing food expenditures under Community Programming / Events).
- SF SAFE Board of Directors contacted for accountability.

SF DISTRICT ATTORNEY'S OFFICE

Criminal investigation and D.A. Filing

- Former Executive Director arrested on 34 Felony charges related to financial improprieties.
- San Francisco District Attorney's Office Public Integrity Task Force oversees this on-going investigation.
- 25 Search Warrants Executed, Interviewed more than two dozen witnesses, and obtained financial and business records.

Summary of complaint alleges the following fraudulent activity*:

- Over \$512,500 from Office of Employment and Workforce Development (OEWD) unpaid to contract's subgrantees.
- \$100,000 of SF Safe funds spent for personal use.
- \$90,000 paid to home healthcare worker for her parents residing out of state, and categorized in the general ledger as community meeting expenses for a safety project in District 10.
- \$8,000 paid with cashier's checks to a landlord.
- Two counts of "check kiting" by willfully, unlawfully and with intent to defraud.

*Source: www.sfdistrictattorney.org. Accessed 7 October 2024.

STATUS OF SF SAFE & SFPD CONTRACT TERMINATION

SF SAFE Grant Agreements since 2018

- Executed agreement with term date of July 18, 2018 to June 30, 2021 for \$2.73 million
 - Amended six (6) times during January 2019 thru June 2023 for a total not to exceed amount of \$5.43 million
- Last agreement for 1- year term from July 1, 2023 to June 30, 2024 for \$1.08 million.
 - Terminated in February 2024

Monitoring Visits

- SFPD conducted a fiscal and compliance monitoring visit in May 2019 and November 2023
- FY20 did not occur due to COVID pandemic and several attempts to schedule visits made (January 2021, December 2021 and May 2022) were postponed
- Monitoring visits are based on the availability of documentation available

Impact of the Terminated SF SAFE Contract

- Community Engagement absorbed by SFPD and video retrieval absorbed by AVS

Criminal Investigation

- Executive Director fired on January 24, 2024, and SF SAFE closed operations
- Cooperating with District Attorney investigation

PREVENTATIVE MEASURES

COMPLIANCE

Fiscal/Grants unit staff, as part of their training, reviews and follows the Controller's standards.

DOCUMENTATION

Following the Office of Contract Administration (OCA) templates, include explicit instructions for payment requests to SFPD.

ADVANCE PAYMENTS

Ensure all SFPD Fiscal staff are familiar with the procedures established by the Controller's Office and review the agreement terms and conditions.

RECORD RETENTION AND RECORDKEEPING

Follows CCSF and SFPD retention policies. Copies of executed agreements, amendments are uploaded in PeopleSoft.

SOLE SOURCE GRANTS AND FISCAL SPONSOR

To be developed with the City Administrator in consultation with City Attorney. Staff will review all guidance when implementation is issued.

**SFPD does not have any active contracts with nonprofit organizations using City general funds.*

SFPD AND NON-PROFIT CONTRACT COMPLIANCE STANDARDS

Safeguards moving forward

- General ledger will be requested and reviewed for consistency with invoice/billing.
- SFPD will participate in the City's joint monitoring program to partner with other City agencies to keep a timely grant monitoring schedule.
- SFPD issued department-wide notice reminding of all requirements of Statement of Incompatible Activities, which includes a prohibition on the acceptance of gifts.
- City Attorney's office provided Ethics Training to Captains and Command Staff on February 29, 2024.
- SFPD staff (Captain level and above) must complete the Ethics Commission training on changes to City Ethics Law (Prop D) on gifts disclosure.

Questions?

