

1 [Ethics Commission Audits Backlog]

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3 **Resolution urging the Ethics Commission to timely complete backlog of outstanding**
4 **campaign finance and lobbyists audits.**

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6 WHEREAS, The Ethics Commission has the duty and responsibility under Charter,
7 Section C3.699-11(4) to audit campaign statements and other relevant documents to ensure
8 compliance with applicable state and city campaign finance laws and regulations; and

9 WHEREAS, Under Campaign and Governmental Conduct Code, Section 1.150(a), all
10 candidate committees whose candidates have received public financing must be audited, and
11 committees that have not received public financing may be randomly selected for audit at the
12 discretion of the Executive Director of the Commission; and

13 WHEREAS, Additionally, since 2014, the Ethics Commission has held the duty and
14 responsibility under Campaign and Governmental Conduct Code, Section 2.135(c), to
15 undertake audits of one or more lobbyists selected at random on an annual basis and
16 undertake any other audits or investigations of a lobbyist authorized by law or regulation; and

17 WHEREAS, Campaign finance and lobbyist audits are intended to ensure public
18 confidence in public financing, a critical program aimed at keeping special interest money out
19 of local democratic elections, and to protect both taxpayer funds and the integrity of the
20 elections process; and

21 WHEREAS, The Ethics Commission has a responsibility to disclose any campaign
22 violations or campaign failures to adhere to campaign finance laws in a timely fashion,
23 particularly in instances where candidates are applying for public financing in more than one
24 election cycle; and

1 WHEREAS, For the 2016 election cycle, as provided under Sec. 1.150 of the
2 Campaign & Governmental Conduct Code, the Executive Director of the Ethics Commission
3 sought and received assistance from the Office of the City Controller's City Services Audit
4 Division to conduct 12 mandatory campaign finance audits, which audits were all completed in
5 14 to 16 months following the November 2016 election, as well as for the 2018 election cycle
6 when the Office of the City Controller's City Services Audit Division assisted in obtaining
7 external auditing services to complete 14 mandatory campaign finance audits, which audits
8 were all completed in 23 months following the November 2018 election, demonstrating the
9 valuable service the Controller's Office can provide if the Ethics Commission is willing to
10 collaborate; and

11 WHEREAS, On November 3, 2022, the Government Audit and Oversight Committee
12 had a hearing to receive information from Ethics Commission Executive Director LeeAnn
13 Pelham regarding the Department's audit status, processes and plans (Board File No.
14 220139), which revealed that there are 23 open audits of publicly financed electoral
15 campaigns (including 2 from year 2019, 16 from 2020, and 5 from 2022) that the Ethics
16 Commission still has not completed as of the date of this Resolution and further revealed that
17 the Ethics Commission has not completed a single required lobbyist audit since the passage
18 of Ordinance No. 98-14 over eight years ago; and

19 WHEREAS, Prior to November 3, 2022, Ethics Commission Director LeeAnn Pelham
20 failed to produce any written documentation setting forth the Department's audit plans or audit
21 status and although produced documentation with a brief overview and milestones
22 subsequent to the hearing in the form of a memorandum dated November 4, 2022, on file with
23 the Clerk of the Board of Supervisors in File No. 220139, which is hereby declared to be a
24 part of this Resolution as if set forth fully herein, it is still incompatible without any substantive
25

1 documentation of how the Ethics Commission will fulfill its Charter mandate in a timely and
2 complete fashion; and

3 WHEREAS, The Ethics Commission has failed to regularly produce and adhere to
4 audit plans and schedules, and since the 2018 election cycle has not completed a single
5 mandatory campaign audit nor required lobbyist audits with a backlog that continues to
6 increase with targeted completion dates of as long as 39 months from the November 2020
7 election, more than twice as long as the completion time frames for the 2016 election audits;
8 and

9 WHEREAS, Auditing is a legally required core function of the Ethics Commission and
10 implementing clear and standardized approaches and procedures is critical for any ongoing
11 legally required audit program; and

12 WHEREAS, The Board of Supervisors appropriated approximately \$7.4 million to the
13 Ethics Commission for over 30 full time positions, including 20 analysts for Fiscal Year 2023,
14 with sufficient funds for external services and support services of other City departments; now,
15 therefore, be it

16 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
17 strongly urges the Ethics Commission to (1) create the core components of a long term,
18 sustainable, and timely auditing function with ongoing audit plans to be reviewed by the Ethics
19 Commission and promptly implemented; and (2) immediately seek and obtain external
20 auditing services or auditing services from the City Controller to substantially shorten the
21 projected time frames for the outstanding audit backlog for mandatory campaign and lobbyist
22 audits; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors directs the Clerk of the Board
24 of Supervisors to transmit this Resolution to all member of the Ethics Commission, Executive
25 Director Pelham and the Mayor.