FILE NO. 221211 RESOLUTION NO. 528-22

[Ethics Commission Audits Backlog]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

City and County of San Francisco
Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 221211 **Date Passed:** December 06, 2022

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

December 06, 2022 Board of Supervisors - ADOPTED

Ayes: 11 - Chan, Dorsey, Mandelman, Mar, Melgar, Peskin, Preston, Ronen, Safai, Stefani and Walton

File No. 221211

I hereby certify that the foregoing Resolution was ADOPTED on 12/6/2022 by the Board of Supervisors of the City and County of San Francisco.

f **Angela Calvillo**
Clerk of the Board

Unsigned

London N. Breed
Mayor

12/16/2022

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Angela Calvillo
Clerk of the Board

12/16/2022

Date