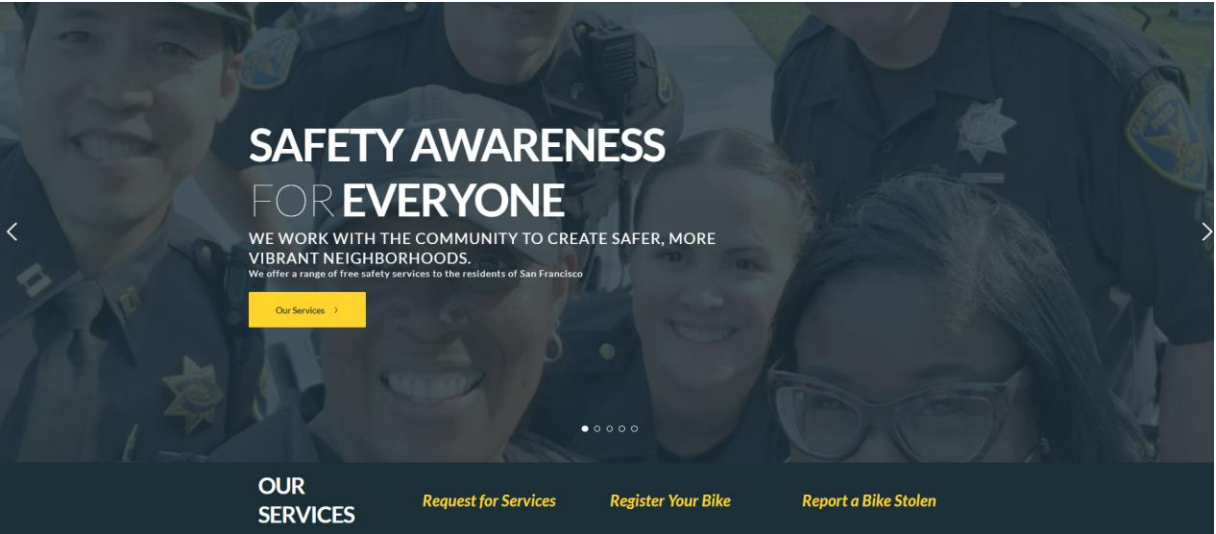


# GAO Hearing: 10/11/2024

[File: 240067](#) with the action: Continued Call of the Chair. The hearing is designed to follow up on the reporting and recommendations from the February 2024 GAO hearing related to SF SAFE by the Controller’s Office, the SFPD, and OEWD.



SF SAFE website: 10/5/2024

# Audit Scope – partial

## BACKGROUND, OBJECTIVE & METHODOLOGY

### Background

The Police Department contracts with SF SAFE, a nonprofit organization, to provide community-based crime prevention and education services to San Francisco residents and employees. CSA tested invoices that SF SAFE submitted for reimbursement to the Police Department under a now-expired<sup>1</sup> grant agreement, which had a total not-to-exceed amount of \$5,332,791, as shown in Exhibit 1.

#### Exhibit 1: Reimbursements to SF SAFE, July 2018 through March 2023

Service Performed	Reimbursed Amount
Crime Prevention Education Services	\$4,550,000
Rent and Tenant Improvements	372,093
D10 Safety Plan	300,000
SafeCity Crime Prevention Cameras – West Portal	50,000
SafeCity Crime Prevention Cameras – Irving	25,000
Castro Community on Patrol	20,562
Richmond National Night Out	15,136
<b>Total</b>	<b>\$5,332,791</b>

Source: Police Department

The Police Department's current agreement with SF SAFE has a not-to-exceed amount of \$1,076,122 and a term of one year, from July 1, 2023, through June 30, 2024, with an option to extend the term for up to four additional years.

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

# Audit Recommendation – SFPD concurs

Recommendation	Agency Response	CSA Use Only Status Determination*
<p>The San Francisco Police Department should review all invoices submitted under its grant agreement with SF SAFE to determine whether SF SAFE billed for expenses that are unallowable under the grant agreement and recover any amounts found to be incorrectly paid.</p>	<p><input checked="" type="checkbox"/> Concur    <input type="checkbox"/> Do Not Concur    <input type="checkbox"/> Partially Concur</p> <p>With a goal to ensure the City's resources were, and will be, properly accounted for, SFPD has completed the following steps:</p> <ol style="list-style-type: none"> <li>1. Conducted a site visit.               <ol style="list-style-type: none"> <li>a. The site visit found that SFSAFE's general ledger for FY22-23 showed a total of \$1.58M in eligible expenses. SFSAFE's grant authority totaled \$1.17M, the entirety of which SFSAFE invoiced and SFPD paid. The original invoices included the ineligible expenses identified by the Controller's Office. However, the total of those ineligible expenses were less than other expenses that SFSAFE could have invoiced legitimately. Nevertheless, SFPD will be recovering the payments for ineligible expenditures through SFSAFE's current agreement.</li> </ol> </li> <li>2. Developed a remediation plan for SFSAFE.               <ol style="list-style-type: none"> <li>a. SFPD will engage with the SFSAFE Board of Directors and request regular updates on the implementation of the corrective action plan. SFPD will work with the Board of Directors to determine whether other steps can be taken to improve the financial health and literacy of SFSAFE.</li> <li>b. SFSAFE will send the General Ledger with invoices for a closer review by SFPD finance personnel.</li> </ol> </li> <li>3. Made improvements to SFSAFE invoice review and other processes.               <ol style="list-style-type: none"> <li>a. General Ledger will be (provided by SFSAFE) and reviewed by SFPD finance staff for consistency with invoicing/billing from SFSAFE.</li> </ol> </li> </ol>	<p><input checked="" type="checkbox"/> Open</p> <p><input type="checkbox"/> Closed</p> <p><input type="checkbox"/> Contested</p>

Timeline	
2019-2022	Separate accounting firms flagged issues with SF Safe's Board about Worthy's purchases
2022-2023	San Francisco Safe, Inc. is noncompliant with annual nonprofit reporting, Form 990. SFPD and OEWD disbursements continue. SFPD performance monitoring meetings with SF Safe not held, citing lack of cooperations from SF Safe
'early 2023'	SFPD reports concerns about SF Safe and unpaid bills, and confirm that they needed support from the Controller's Office
March 2023	SFPD requests supplemental funding / Pres. Peskin asks SFPD to consider cutting the contract
June 2023	SFPD reaches out to Controller about conducting an audit
October 2023	Controller's audit shared with SFPD with recommendations
January 2024	SFPD responds to Controller's audit recommendations SF Safe Board fires Worthy; ceases nonprofit's operations with inability to pay staff
February 15, 2024	Pres. Peskin holds hearing at GAO on Controller's audit findings, and agreement with SFPD
July 2024	District Attorney's Office announces arrest of Worthy on 34 felony charges related to misappropriation of public funds, wage theft, submission of fraudulent invoices, bank fraud. Illegal misuse of over \$700,000
Oct 2, 2024	SFPD Post-Audit Action Deadline