THE CITY OF SAN DIEGO

FINAL AUDIT REPORT

July 17, 2007

SAN DIEGO ETHICS COMMISSION AUDIT REPORT:
2005 Lobbyist Disclosure Reports

I. Introduction

This Audit Report contains information pertaining to the audit of quarterly Lobbyist Disclosure Reports (Form CC-1646) for the period January 1 to December 31, 2005. The audit was conducted to determine whether registered lobbyists filed quarterly disclosure reports in accordance with the City of San Diego's Lobbying Ordinance (San Diego Municipal Code [SDMC] Chapter 2, Article 7, Division 40).

The audit revealed that two gifts to City Officials were undervalued by the registered lobbyist who was the source of the gift, and that one gift to a City Official was not reported by the registered lobbyist who was the source of the gift, all in violation of SDMC section 27.4017.

II. Audit Authority

The Ethics Commission is mandated by SDMC section 26.0414 to review lobbyist and conflict of interest disclosure forms and to propose procedures to conduct audits of lobbyist activity.

III. Audit Scope and Procedures

This audit was performed in accordance with generally accepted auditing standards and the Ethics Commission Audit Manual. The audit involved a thorough review of quarterly Lobbyist Disclosure Reports (Form CC-1646) and Statements of Economic Interest (FPPC Form 700, "SEI") for high level and local code filers for calendar year 2005.

IV. Summary of Applicable Law

SDMC § 27.4017 – Contents of Lobbyist's Quarterly Disclosure Report

A lobbyist quarterly disclosure report shall contain the following information:

(a) the *Lobbyist's* full name, business address and business telephone number;

(b) the name, business address and business telephone number of the *Lobbyist's* employer, if any;

(c) the name, business or mailing address and business or message telephone number of each *Client* represented by the *Lobbyist* during the reporting period; and the specific *Municipal Decision*(s) for which the *Lobbyist* represented the *Client* during the reporting period;

(d) total *Compensation* received during the reporting period in connection with *Lobbying*, itemized by *Client*. For Lobbyists employed by an entity that provides *Lobbying* services by contract with *Clients*, the individual *Lobbyist* shall report his or her pro-rata share of *Compensation* received by, or entitled to be received by, the entity for *Lobbying* services provided to those *Clients*. Such *Compensation* shall be disclosed using the following ranges: [ ]0-$5,000; [ ]$5,000-$25,000; [ ]$25,000-$50,000; and [ ] Over $50,000;

(e) an itemization, which includes the date, amount and description of any Activity Expense made by the Lobbyist during the reporting period of $10 or more on any one occasion; or Activity Expenses made by the Lobbyist during the reporting period aggregating $50 or more during the quarter, to benefit any single City Official on behalf of any one Client;

(f) the name and title of the City Official benefiting from each itemized Activity Expense;

(g) the name and address of the payee of each itemized Activity Expense;

(h) the name of the vendor if different from that of the payee of each itemized Activity Expense;

(i) the name of the Client, if any, on whose behalf each itemized Activity Expense was made;

(j) the total amount of all Activity Expenses, whether itemized or not, made by the Lobbyist during the reporting period; and

(k) any other information required by the City Clerk consistent with the purposes and provisions of this division.

Title 2, Division 6, California Code of Regulations, section 18946.4(a) – Reporting and Valuation of Gifts: Tickets to Nonprofit and Political Fundraisers

A gift of a ticket or other admission privileges to a specific fundraising event shall be valued as set forth below.

(a) Nonprofit Fundraiser. Except as provided in subdivision (b), a ticket or other admission privilege to a fundraising event for a nonprofit, tax-exempt organization that is not a committee as defined in Government Code section 82013(a) shall be valued as follows:

(1) Where the event is a fundraising event for a nonprofit organization, and the ticket

clearly states that a portion of the ticket price is a donation to the organization, then the value of the gift is the face value of the ticket reduced by the amount of the donation.

(2) If there is no ticket indicating a face value or the ticket or other admission privilege has no stated price or no stated donation portion, the value of the gift is the pro rata share of the cost of any food, and beverages, plus any other specific item presented to the attendee at the event.

V. Material Findings

Violations of SDMC section 27.4017

1. Two gifts to City Officials were undervalued by the registered lobbyist who was the source of the gift. Laura McDonald, a registered lobbyist, reported an activity expense of $58.00 each to Tracy Cambre, Council District 1 Executive Assistant and Chris Cameron, Council District 1 Committee Consultant for their attendance at the 40th annual San Diego Regional Economic Development Corporation (EDC) dinner on February 3, 2005. The cost of each ticket was $175.00 and was reported as follows:

Date	Description	Value on City Official's SEI	Value on Lobbyist Disclosure Report
2/3/05	EDC Dinner – Cambre	$50.00	$58.00
2/3/05	EDC Dinner – Cameron	$175.00	$58.00

The EDC is a 501(c)(6) nonprofit and the dinner was a fundraiser. Furthermore, there was no stated donation portion on the ticket. Ms. McDonald explained that at the time of the event, EDC staff informed her that the value of the meal was $58.00. The current EDC events manager stated that the value of the meal was $45.00 but that the cost of drinks, appetizers and other party favors brought the pro rata share of the cost of the event close to the $175.00 ticket price. Once made aware of the correct gift value of $175.00, Ms. McDonald filed an amended disclosure report for the first quarter of 2005.

2. One gift to a City Official was not reported by the registered lobbyist who was the sources of the gift:

Date	Gift recipient (City Official)	Source of gift (Lobbyist)	Descirption	Value per recipient
8/1/05	Atkins, Tony	James Whalen, J Whalen Associates	Flowers	$ 75.00

James Whalen, a registered lobbyist, did not report the activity expense as itemized above.

Upon notification of the reporting omission, James Whalen provided satisfactory evidence that the cost of the gift was $43.10 and immediately filed an amended disclosure report for the third quarter of 2005.

VI. Conclusion

The audit revealed that two gifts to City Officials were undervalued by the registered lobbyist who was the source of the gift, and that one gift to a City Official was not reported by the registered lobbyist who was the source of the gift, all in violation of SDMC section 27.4017.

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Francisco Murillo, CPA — Date
Auditor

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Lauri Davis — Date
Senior Investigator