THE CITY OF SAN DIEGO

October 12, 2007

Neighborhoods for Accountable Governments,
a Committee Against Proposition F
Attn: Rita Collier
4350 Arcadia Drive
San Diego, CA 92103

Re: Ethics Commission Audit

Dear Ms. Collier,

The Ethics Commission audit of the above-referenced committee was concluded on September 20, 2007; a copy of the Final Audit Report is enclosed. This report was presented to and accepted by the Ethics Commission at its October 2007 meeting.

If you have any questions concerning the foregoing, please contact me at your convenience. Thank you for your assistance and cooperation during the course of the audit.

Sincerely,

Francisco Murillo
Auditor

Enclosure

cc: Rita Collier, Treasurer
850 Beech Street, Unit 808
San Diego, CA 92101

THE CITY OF SAN DIEGO

FINAL AUDIT REPORT

September 20, 2007

Neighborhoods for Accountable Governments,
a Committee Against Proposition F
4350 Arcadia Drive
San Diego, CA 92103

Treasurer: Rita Collier
850 Beech Street, Unit 808
San Diego, CA 92101

SAN DIEGO ETHICS COMMISSION AUDIT REPORT:
Neighborhoods for Accountable Governments, a Committee Against Proposition F

I. Introduction

This Audit Report contains information pertaining to the audit of the committee, "Neighborhoods for Accountable Governments, a Committee Against Proposition F" (Identification number 1268756, "the Committee") for the period August 18, 2004, to January 31, 2005. The Committee was selected for audit by the Ethics Commission at a random drawing conducted on April 25, 2005. The audit was conducted to determine whether the Committee materially complied with the requirements and prohibitions imposed by the City of San Diego's Election Campaign Control Ordinance [ECCO] (San Diego Municipal Code [SDMC] Chapter 2, Article 7, Division 29).

During the period covered by the audit, the Committee reported total contributions of $24,065.84 from nine contributors and total expenditures of $24,065.84. The audit revealed one material finding: **(1)** the Committee violated former SDMC section 27.2931 by failing to disclose one payment made by an agent or independent contractor. A post-audit conference was conducted on September 20, 2007, between the Auditor and Rita Collier, Treasurer, in order to discuss the material finding.

II. Committee Information

The Committee filed a Statement of Organization (Form 410) with the San Diego City Clerk on August 18, 2004, indicating that it qualified as a committee on that day. The Committee was formed to oppose Proposition F in the November 2, 2004 election. The Committee was terminated on January 31, 2005.

III. Audit Authority

The Commission is mandated by SDMC section 26.0414 to audit campaign statements and other relevant documents to determine whether campaign committees comply with applicable requirements and prohibitions imposed by local law.

IV. Audit Scope and Procedures

This audit was performed in accordance with generally accepted auditing standards and the guidelines set forth in the Ethics Commission Audit Manual. The audit involved a thorough review of the Committee's records for the time period covered by the audit. This review was conducted to determine:

1. Compliance with all disclosure requirements pertaining to contributions, expenditures, accrued expenses, and loans, including itemization when required;
2. Compliance with restrictions on contributions, loans, and expenditures;
3. Accuracy of total reported receipts, disbursements, and cash balances as compared to bank records; and
4. Compliance with all record-keeping requirements.

V. Applicable Law

Reporting Requirements

SDMC § 27.2931 (prior to January 5, 2005)

Each *candidate* and *committee* shall file campaign statements in the time and manner required by California Government Code sections 81000 *et seq.* Compliance with the disclosure requirements of California Government Code sections 81000 *et seq.* is deemed to be compliance with this section.

The above provisions of the SDMC incorporate the following California Government Code sections and applicable regulations of the Fair Political Practices Commission [FPPC]:

Government Code § 84303 - Expenditure by Agent or Independent Contractor

No expenditure of five hundred dollars ($500) or more shall be made, other than overhead or normal operating expenses, by an agent or independent contractor, including, but not limited to, an advertising agency, on behalf of or for the benefit of any candidate or committee unless it is reported by the candidate or committee as if the expenditure were made directly by the candidate or committee. The agent or independent contractor shall make known to the candidate or committee all information required to be reported by this section.

VI. Material Finding

A. Violation of former SDMC section 27.2931

On October 28, 2004, the Committee paid JP Kennedy & Associates' (JP Kennedy) invoice number 597 in the amount of $1,290.31. The invoice itemizes a payment made by JP Kennedy, the agent, to SDC Convention Services for $1,258.73. The Committee failed to disclose the payment made by an agent on the Committee's campaign statement.

During the post-audit conference, the Treasurer expressed her desire to comply with local and state law and that she was not aware of the requirement to disclose payments made by an agent on behalf of the Committee. Once made aware of the applicable law and the related campaign statement instructions, the treasurer filed an amended campaign statement which properly discloses the payment made by its agent.

VII. Conclusion

Through the examination of the Committee's records and campaign disclosure statements, the Auditor verified that the Committee timely disclosed all contributions received and all expenditures made and that the Committee maintained all necessary documentation regarding contributions and expenditures, in accordance with disclosure and record-keeping provisions of ECCO, with the following exceptions:

The audit revealed one material finding: **(1)** the Committee violated former SDMC section 27.2931 by failing to disclose one payment made by an agent or independent contractor.

_____ _____

Francisco Murillo, CPA — Date
Ethics Commission Auditor

_____ _____

Lauri Davis — Date
Senior Investigator

cc: Rita Collier, Treasurer