

October 11, 2019

VIA REGULAR & ELECTRONIC MAIL

Ms. Sarah Saez  
Sarah Saez for District 9 City Council 2016  
14309 Medwick Court  
Upper Marlboro, MD 20774

Re: Sarah Saez for District 9 City Council 2016 (ID # 1379382)

Dear Ms. Saez:

The Ethics Commission audit of the above-referenced committee is now concluded, and the Final Audit Report is enclosed. This report was delivered to the Ethics Commission at its regularly-scheduled meeting held on October 10, 2019. Although the report reflects one material finding, the Commission does not believe that the finding warrants an additional administrative remedy. In summary, the Commission determined that education was more appropriate than enforcement in this situation. As a result, the Commission voted to accept the report and take no further action.

Sincerely,

[REDACTED]

Rosalba Gomez  
Ethics Commission Auditor

Enclosure

# FINAL AUDIT REPORT

August 22, 2019

Ms. Sarah Saez  
Sarah Saez for District 9 City Council 2016  
14309 Medwick Court  
Upper Marlboro, MD 20774

Treasurer: Sarah Saez  
14309 Medwick Court  
Upper Marlboro, MD 20774

**SAN DIEGO ETHICS COMMISSION**  
**AUDIT REPORT:**  
*Sarah Saez for District 9 City Council 2016*

## I. Introduction

This Audit Report contains information pertaining to the audit of the committee, Sarah Saez for District 9 City Council 2016, Identification Number 1379382 (“the Committee”) for the period from June 4, 2015, through July 31, 2017. The Committee was selected for audit by a designee of the City Clerk in a random drawing conducted at a public meeting of the Ethics Commission held on September 14, 2017. 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 (San Diego Municipal Code Chapter 2, Article 7, Division 29). The Election Campaign Control Ordinance (ECCO) has been amended on several occasions; all Municipal Code references in this report relate to the provisions of ECCO that were in effect at the time of the actions described herein.

During the period covered by the audit, the Committee reported total contributions of \$37,171.92 (inclusive of \$82.19 in non-monetary contributions) and total expenditures of \$37,089.73. **The audit revealed one material finding: the committee failed to maintain one category of campaign records in violation of San Diego Municipal Code section 27.2925.**

## II. Committee Information

On August 20, 2015, the Committee filed a Statement of Organization with the San Diego City Clerk indicating that it qualified as a committee. The Committee was formed to support the election of Sarah

Saez for Council District 9 in the June 7, 2016, primary election. On August 4, 2017, the Committee filed a Statement of Termination indicating that its filing obligations were completed on July 31, 2017. The Committee's treasurer was Sarah Saez.

### **III. Audit Authority**

The Commission is mandated by San Diego Municipal Code 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. 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 expenditures, and loans, including itemization when required;
2. Compliance with applicable filing deadlines;
3. Compliance with restrictions on contributions, loans and expenditures;
4. Accuracy of total reported receipts, disbursements and cash balances as compared to bank records; and
5. Compliance with all record-keeping requirements.

### **V. Summary of Applicable Law**

#### **Section 27.2925 – Accounting and Recordkeeping**

- (a) In addition to any other requirements of this division, every candidate or committee that accepts contributions for a City election shall maintain records in accordance with the requirements of title 2, section 18401 of the California Code of Regulations.
- (b) The records required by section 27.2925(a) shall be kept by the candidate or committee treasurer for a period of four years following the date that the campaign statement to which they relate is filed.

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#### **California Code of Regulations Section 18401– Required Recordkeeping**

- (a) Maintenance of Documents

A candidate, treasurer, and elected officer has a duty to maintain detailed accounts, records, bills, and receipts as necessary to prepare campaign statements and comply with the provisions of Chapter 4 (commencing with Section 84100) of the Act. This duty includes the maintenance

of detailed information and original source documentation, as follows:

....

(4) For an expenditure of \$25 or more, or a series of payments for a single product or service totaling \$25 or more:

(A) The accounts and records shall contain the date the expenditure was made (or, for an accrued expense, the date the goods or services were received), the amount of the expenditure, the full name and street address of the payee, and a description of the goods or services for which each expenditure was made. If the person or vendor providing the good or services is different from the payee, the accounts and records shall also contain the same detailed information for that person or vendor. For an expenditure that is a contribution to another candidate or committee, or an independent expenditure, the records shall also contain the cumulative amount of the contributions to, or independent expenditures to support or oppose, each candidate, committee, or ballot measure.

(B) The original source documentation shall consist of cancelled checks, wire transfers, credit card charge slips, bills, receipts, invoices, statements, vouchers, and any other documents reflecting obligations incurred by the candidate, elected officer, campaign treasurer, or committee, and disbursements made from any checking or savings account, or any other campaign accounts, in any bank or other financial institution. In lieu of cancelled checks, the original source documentation may consist of copies of cancelled checks that contain a legible image of the front and back of the cancelled check, provided the copy was obtained from the financial institution.

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## **VI. Material Findings**

### **Section 27.2925: Expenditure Recordkeeping**

Committees are required to establish and maintain a system of recordkeeping sufficient to ensure that contributions and expenditures are disclosed promptly and accurately. The Committee reported \$37,089.73 in total expenditures. The audit revealed that the Committee failed to retain invoices, receipts, or other supporting documentation for expenditures totaling \$20,653.81, which equates to 56% of total reported expenditures. Because the Committee failed to retain the supporting records related to these expenditures, the Auditor was unable to verify the nature of the expenditures and whether the expenditures were for an allowable purpose.

## **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 recordkeeping provisions of ECCO, with the following exception: **the committee failed to maintain one category of campaign records in violation of San Diego Municipal Code section 27.2925.**

[REDACTED]

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Rosalba Gomez  
Audit Program Manager

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Date

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Stacey Fulhorst  
Executive Director

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Date