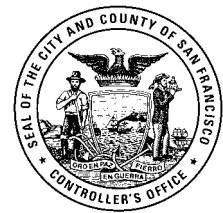


### **BOARD OF SUPERVISORS:**

Political Activity Audit:  
HomeBase, The Center for  
Common Concerns

**FINANCIAL AUDITS  
DIVISION**



*May 3, 2006  
05068*



**CITY AND COUNTY OF SAN FRANCISCO**  
**OFFICE OF THE CONTROLLER**

**Ed Harrington**  
**Controller**  
**Monique Zmuda**  
**Deputy Controller**

May 3, 2006

Audit Number 05068

Board of Supervisors  
City Hall, Room 244  
1 Dr. Carlton B. Goodlett Place  
San Francisco, CA 94102

President and Members:

The Office of the Controller (Controller) presents its report concerning the audit of HomeBase, The Center for Common Concerns (HomeBase), and its compliance with the City and County of San Francisco (City) ordinance prohibiting the use of city funds for political activity. HomeBase entered a contract for \$99,331 with the Human Services Agency (agency). According to its contract, HomeBase was to provide grant-writing and consulting services to the agency. The contract is subject to the City's prohibition on political activity.

We conducted this audit to meet the San Francisco Administrative Code's (Administrative Code) requirement that the Controller audit annually at least 10 persons or entities that enter contracts, grants or loan agreements with the City. The Controller seeks to ensure that the persons or entities comply with Chapter 12G of the Administrative Code, which prohibits the use of city funds for political activity. The Administrative Code defines political activity as participating in, supporting, or attempting to influence a political campaign for any candidate or ballot measure.

HomeBase received the full \$99,331 in reimbursements from January 1, 2005, through August 31, 2005. The audit results indicate that HomeBase did not use for political activity any of the city funds that it received under its January 1, 2005 contract.

Respectfully submitted,

*Original signed by:*  
Ed Harrington  
Controller

# INTRODUCTION

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## BACKGROUND

The prohibition on the use of city funds for political activity became part of the San Francisco Administrative Code (Administrative Code) after voters in the City and County of San Francisco (City) passed Proposition Q on November 5, 2002. The former proposition is now Chapter 12G of the Administrative Code, which defines political activity as participating in, supporting, or attempting to influence a political campaign for any candidate or ballot measure. Chapter 12G also requires that all City contracts, grants and loan agreements disclose the prohibition.

Each fiscal year, to ensure compliance with this prohibition, the Administrative Code requires the Office of the Controller to audit at least 10 persons or entities that enter contracts, grants or loan agreements with the City. This year we randomly selected HomeBase, The Center for Common Concerns (HomeBase), a non-profit, public policy law firm, as one of our 10 mandated audits.

HomeBase entered a contract, on January 1, 2005, with the Human Services Agency (agency), for \$99,331, to provide grant-writing and consulting services for the agency's annual McKinney Grant Application submission to the U.S. Department of Housing and Urban Development. Between January 1, 2005, and August 2005, HomeBase received reimbursements totaling \$99,331.

## **SCOPE AND METHODOLOGY**

The purpose of this audit was to determine if HomeBase inappropriately expended any city funds participating in, supporting, or attempting to influence a political campaign for any candidate or ballot measure.

To conduct the audit, we first verified that HomeBase had a contract with the City that included the prohibition of using city funds for political activity. We verified all payments that the City made to HomeBase, from January 1, 2005, through August 31, 2005. We also assessed HomeBase's procedures for approving and recording financial transactions and tested, on a sample basis, expenditures we identified in HomeBase's accounting records. Additionally, we reviewed HomeBase's federal information return for its 2004 fiscal year and inquired of its officers whether HomeBase had spent city or other funds for purposes related to political activity. Finally, we searched the San Francisco Campaign Finance Database and the State of California's Cal-Access database, which both report campaign contributions, to verify that no political contributions by HomeBase were reported.

# AUDIT RESULTS

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## **HOMEBase COMPLIED WITH THE REQUIREMENT TO NOT USE CITY FUNDS TO PAY FOR POLITICAL ACTIVITIES**

**H**omeBase, The Center for Common Concerns, did not use any of the \$99,331 of city contract funds that it received to participate in, support, or attempt to influence a political campaign for any candidate or ballot measure. During our audit of HomeBase's records, we found no evidence of expenditures for political activities. Additionally, we obtained written management representation that HomeBase had no expenditures related to any political activity. Furthermore, the City's Campaign Finance Database and the State of California's Cal-Access database did not show any evidence that HomeBase or its executive director made any political contributions from January 1, 2005, through August 31, 2005, which was the period we reviewed.

We conducted this review according to the standards established by the Institute of Internal Auditors. We limited our review to those areas specified in the audit scope section of this report.

Staff: Debbie Gordon, Audit Manager  
Houman Boussina

cc: Mayor  
Board of Supervisors  
Civil Grand Jury  
Budget Analyst  
Public Library