BOARD OF SUPERVISORS:

Public Glass Did Not Use City Funds for Political Purposes

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BOARD OF SUPERVISORS:

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FINANCIAL AUDITS

May 25, 2007
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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 review of Public Glass and its compliance with the City and County of San Francisco (City) ordinance prohibiting the use of city funds for political activity. The review revealed that Public Glass did not use for political activity any of the $18,000 of city funds it received under its grant with the San Francisco Arts Commission (commission).

We conducted this review to meet the San Francisco Administrative Code (Administrative Code) requirement that the Controller annually audit 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.

Public Glass was the recipient of a 2006 Creative Space grant, dated March 1, 2006, from the commission to replace a worn out glass furnace with a new electric furnace for an amount not to exceed $20,000.

Respectfully submitted,

[Signature]
Ed Harrington
Controller
INTRODUCTION

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.

Section 12G.2 of the Administrative Code requires the Office of the Controller (Controller) to annually audit at least 10 persons or entities that enter contracts, grants, or loan agreements with the City to ensure compliance with the prohibition on the use of city funds for political activity. This year we randomly selected Public Glass, a nonprofit organization that supports local glass blowing and casting artists, as one of our 10 mandated audits.

Public Glass received a 2006 Creative Space grant, dated March 1, 2006, from the San Francisco Arts Commission (commission) to replace a worn out glass furnace with a new electric furnace for an amount not to exceed $20,000. Public Glass received $18,000 from the commission for grant funds used from March 1, 2006, through June 30, 2006.

SCOPE AND METHODOLOGY

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

To conduct the review, we first verified that Public Glass received a grant from the City that included the prohibition of using city funds for political activity. We verified all payments that the City made to Public Glass from March 1, 2006 through June 30, 2006. We also assessed Public Glass's procedures for recording financial transactions and tested selected expenditures. Additionally, we inquired of its officers whether Public Glass 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 find any instances were Public Glass made political contributions.
PUBLIC GLASS COMPLIED WITH THE REQUIREMENT TO NOT USE CITY FUNDS FOR POLITICAL ACTIVITIES

Public Glass did not use any of the $18,000 of city funds that it received to participate in, support, or attempt to influence a political campaign for any candidate or ballot measure. We reviewed the contract with the furnace vendor, the invoices from the vendor, and the checks paid to the vendor and found no evidence of expenditures for political activities. We also observed that Public Glass had installed an electric furnace in its premises. Additionally, we obtained written management representation that Public Glass 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 Public Glass made any political contributions from March 1, 2006, through June 30, 2006, which was the period we reviewed.

We conducted this review in accordance with generally accepted government auditing standards. We limited our review to those areas specified in the scope and methodology section of this report.

Staff: Kevin Baloca, Audit Manager
Nneka Gallaread

cc: Mayor
Board of Supervisors
Civil Grand Jury
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