

**CITIZENS CLEAN ELECTIONS COMMISSION**

**Report on Agreed-Upon Procedures**

**John Fillmore  
Participating Candidate for  
State Representative – District No. 16  
Primary Election 2016**

**Independent Accountants' Report on  
Applying Agreed-Upon Procedures**

Chairman and Members of the Commission  
Citizens Clean Elections Commission  
Phoenix, Arizona

We (the Contractor) have performed the procedures enumerated below, which were specified and agreed to by the State of Arizona Citizens Clean Elections Commission (the Commission), solely to assist the Commission in evaluating whether Fillmore 2016 (the Candidate) Campaign Finance Reports for both the Pre-Primary (June 1, 2016 to August 18, 2016) and the Post-Primary (August 19, 2016 to September 19, 2016) reporting periods were prepared in compliance with Title 16, Articles 1 and 2 of the Arizona Revised Statutes, Campaign Contributions and Expenses, and the Citizens Clean Elections Act, and whether the reports complied with the rules of the Citizens Clean Elections Commission. The Candidate's management is responsible for the Pre-Primary and Post-Primary Campaign Finance Reports. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and the associated findings are as follows:

1. Preliminary Procedures
  - a) Commission Staff will obtain a copy of the candidate's campaign finance report for the reporting period and provide the records to the Contractor.

**Finding**

We obtained both the Pre-Primary (June 1, 2016 to August 18, 2016) and Post-Primary (August 19, 2016 to September 19, 2016) Campaign Finance Reports from the Arizona Secretary of State's website.

b) Perform a desk review of the receipts reported in the candidate's campaign finance report as follows:

- (i) Determine whether the candidate accepted contributions only from individuals.

**Finding**

No contributions were reported in the Candidate's campaign finance reports for the periods reviewed.

- (ii) Determine whether any contributions received from individuals exceed the early contribution limit.

**Finding**

No contributions were reported in the Candidate's campaign finance reports for the periods reviewed.

- (iii) Check compliance with the maximum early contribution limits.

**Finding**

No early contributions were reported in the Candidate's campaign finance reports for the periods reviewed.

- (iv) Check compliance with the maximum personal contribution limits.

**Finding**

No personal contributions were reported in the Candidate's campaign finance reports during the periods reviewed.

c) Perform a desk review of the disbursements reported in the candidate's campaign finance report to identify any unusual items requiring follow-up during fieldwork.

**Finding**

We noted no unusual disbursements during our review.

- d) Contact the candidate or the campaign treasurer, as appropriate, to schedule a date to perform fieldwork. Discuss the nature of the documentation, which will be needed to perform the engagement and ascertain the location of the necessary documentation.

**Finding**

We contacted the Candidate to discuss the agreed-upon procedures, the timing of our procedures, and the documentation needed.

2. Fieldwork Procedures

- a) Commission staff will contact the candidate to request the records for an agreed-upon procedures attest engagement. Candidates chosen for a Primary Election Audit shall provide records from the Pre-Primary Election Report and the Post-Primary Election Report. Candidates chosen for a General Election Audit shall provide records from the Pre-General Election Report and the Post-General Election Report.

**Finding**

Commission staff sent an initial notice of primary random audit selection to the Candidate and informed the Candidate that we would be contacting him. We then communicated to the Candidate in a written request, the purpose of the engagement, agreed-upon procedures to be performed, documentation needed and potential future requirements of the Candidate.

- b) Commission staff will provide the records to the Contractor upon receipt. The Contractor shall contact the candidate and/or his or her representative(s) to discuss the purpose of the engagement, the general procedures to be performed and potential future requirements of the candidate, such as possible repayments to the Fund.

**Finding**

See comment in a) above.

- c) The Contractor shall contact or conduct an interview with the candidate and/or his or her representative(s) to discuss the bookkeeping policies and procedures utilized by the campaign committee.

**Finding**

The Candidate provided a description of bookkeeping policies and procedures utilized by the campaign committee.

- (i) Review the names of the candidate's family members. Family members include parents, grandparents, spouse, children, siblings and a parent or spouse of any of those persons.

**Finding**

We obtained and reviewed the names of the Candidate's family members.

- (ii) Review bank statements for each of the months in the reporting period and perform the following:
- Select a sample of deposits and withdrawals from the bank statements and determine that the transaction is properly reflected in the candidate's records and campaign finance report.

**Finding**

We selected three deposits (total population) and five withdrawals from the bank statements for the periods reviewed and determined that they appeared to be properly recorded in the Candidate's campaign finance reports, with one exception. One deposit tested was comprised of personal monies mistakenly deposited into the Campaign bank account. The deposit was subsequently reimbursed to the Candidate. Per the Citizens Clean Elections Act & Rules Manual rule 16-948, candidates shall not make any deposits into the campaign account other than those permitted under section 16-945, relating to limits on early contributions and section 16-946, relating to qualifying contributions. Per inquiry of the Candidate, once the error was discovered on the next month's bank statement, it was promptly corrected by reimbursing the Candidate.

- Perform a proof of receipts and disbursements for the reporting period.

**Finding**

Proof of receipts and disbursements was performed for the reporting period. After performing proof of cash procedures, we calculated a Post-Primary ending cash balance of \$57.53. However, the ending cash balance per the interim campaign finance report was \$0, which represented an unreconciled difference of \$57.53. Per inquiry of the Candidate, he acknowledged the difference and indicated that that amount will be remitted to the Commission.

- d) Judgmentally select a sample of early contributions reported in the candidate's campaign finance report and agree to supporting documentation, which reflects the name of the contributor (for all contributions) and for individuals who contributed greater than \$50, which reflects the contributor's address, occupation and employer.

**Finding**

No contributions were reported in the Candidate's campaign finance reports during the periods reviewed.

- (i) For other types of cash receipts reported in the candidate's campaign finance report, review supporting documentation and review for compliance with regulatory rules and laws and agree the receipt to inclusion in the campaign account bank statement.

**Finding**

No other types of cash receipts were reported in the Candidate's campaign finance reports during the periods reviewed.

- (ii) For in-kind contributions, review the supporting documentation and determine the methodology utilized to value the contribution and assess the reasonableness.

### **Finding**

No in-kind contributions were reported in the Candidate's campaign finance reports during the periods reviewed.

- e) Judgmentally select a sample of cash expenditures reported in the candidate's campaign finance report and perform the following:
  - (i) Review supporting invoice or other documentation and agree amount to the amount reported in the candidate's finance report.

### **Finding**

We reviewed five expenditures and agreed amounts to supporting invoices or other documentation and to the Candidate's Campaign finance report, with one exception. The Campaign finance report indicated a \$2,300.00 expenditure on July 1, 2016 for information technology services, however after review of the corresponding supporting documentation we determined this amount consisted of two expenditures; one for \$2,200.00 on June 23, 2016 and one for \$100.00 on July 14, 2016. Both expenditures were with the same vendor; however, the \$100.00 expenditure was a cash payment made by the Candidate.

- (ii) Determine that the name, address and nature of goods or services provided agree to the information reported in the candidate's campaign finance report.

### **Finding**

We reviewed five expenditures and agreed the name, address and nature of goods or services provided to the information reported in the Candidate's Campaign finance report with one exception. The Campaign finance report indicated a \$2,300.00 expenditure on July 1, 2016 for information technology services, however after review of the corresponding supporting documentation we determined that this amount consisted of two expenditures; one for \$2,200.00 on June 23, 2016 and one for \$100.00 on July 14, 2016. Both expenditures were with the same vendor; however, the \$100.00 expenditure was a cash payment made by the Candidate.

- Agree the amount of the expenditure to the campaign account bank statement.

**Finding**

We reviewed five expenditures and agreed amounts to the campaign account bank statements without exception.

- (iii) Determine whether the expenditure was made for a direct campaign purpose. Direct campaign purpose includes, but is not limited to, materials, communications, transportation, supplies and expenses used toward the election of the candidate.

**Finding**

We reviewed five expenditures and determined that all appeared to have been made for direct campaign purposes, however one item reported as an expenditure was the repayment of a loan that was made to the Campaign by the Candidate on October 23, 2015, and was not repaid until August 29, 2016. Per the Citizens Clean Elections Act & Rule Manual rule R2-20-104(E), if the loan is to be repaid, the loans shall be repaid promptly upon receipt of Clean Elections funds if the participating candidate qualifies for Clean Elections funding. The Campaign received its Clean Elections funding on June 10, 2016.

- If the expenditure is a joint expenditure made in conjunction with other candidates, determine that the amount paid represents the candidate's proportionate share of the total cost.

**Finding**

None of the expenditures we tested appeared to be for joint expenditures.

- f) Determine whether any petty cash funds have been established and, if so, determine how expenditures from these funds have been reflected in the accounting records. Determine whether aggregate petty cash funds exceed the limit of \$1,420.

### **Finding**

Based on inquiry of the Candidate, the Candidate did establish a petty cash fund during the periods reviewed. The Candidate maintained a subsidiary ledger for the petty cash fund and the expenditures were recorded in the Campaign finance reports in the same manner as non-cash expenditures. The aggregate petty cash funds did not exceed the \$1,420 limit.

- (i) If applicable, judgmentally select a sample of expenditures made from the Candidate's petty cash fund(s) and obtain supporting documentation for the expenditure. Determine whether the expenditure was for a direct campaign expense and whether the expenditure was in excess of the \$160 limit on petty cash expenditures.

### **Finding**

We reviewed three petty cash expenditures (total population) and determined that all appeared to have been made for direct campaign purposes, however one was in excess of the \$160 limit, in addition we noted the following exceptions. One petty cash expenditure for campaign signs from a prior election of \$100.00, did not appear to be reported in the Campaign finance report and no receipt was maintained by the Campaign. One petty cash expenditure for printing services totaling \$215.69, exceeded the \$160 limit on petty cash expenditures. Furthermore, one petty cash expenditure for \$100.00, was made when the petty cash fund had a \$0 balance, and therefore the Candidate funded the expenditure. This expenditure should have been reflected as a reimbursement to the Candidate in the Campaign finance report.

- g) Determine whether a legal defense fund has been established.

### **Finding**

Based on inquiry of the Candidate, the campaign did not establish a legal defense fund.

- (i) If a legal defense fund was established, how were these funds accounted for?

### **Finding**

Based on inquiry of the Candidate, the campaign did not establish a legal defense fund.

- h) Contact the Candidate and/or his or her representative(s) to discuss the preliminary engagement findings and recommendations that the Contractor anticipates presenting to the CCEC. During this conference, the Contractor will advise the Candidate and/or his or her representative(s) of their right to respond to the preliminary findings and the projected timetable for the issuance of the final issuance of the report.

### **Finding**

We discussed our findings with the Candidate and the Candidate did not provide responses to our findings.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Pre-Primary and Post-Primary Campaign Finance Reports of Fillmore 2016. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Citizens Clean Elections Commission, and is not intended to be and should not be used by anyone other than this specified party.

*Foster & Chapman P.C.*

November 30, 2016