

CITIZENS CLEAN ELECTIONS COMMISSION

Report on Agreed-Upon Procedures

**Rebecca Speakman
Participating Candidate for
State Senator - District 26
General Election 2018**



Independent Accountants' Report on
Applying Agreed-Upon Procedures

To the Chairman and Members of the
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 Rebecca Speakman (the Candidate) Campaign finance reports for both the General Recap (October 21, 2018 to November 6, 2018) and the 2018 4th Quarter (October 21, 2018 to December 31, 2018) 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 General Recap and 4th Quarter Reports. 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 summary of procedures and associated findings are presented on the subsequent pages.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the General Recap and 4th Quarter Campaign finance reports of Rebecca Speakman. Accordingly, we do not express such an opinion or conclusion. 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 parties listed in the first paragraph, and is not intended to be and should not be used by anyone other than those specified parties.

Fester & Chapman, PLLC

May 21, 2019

Summary of Procedures and Findings

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 General Recap (October 21, 2018 to November 6, 2018) and the 2018 4th Quarter (October 21, 2018 to December 31, 2018) 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 received during the periods under review.

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

Finding

No contributions were received during the periods under review.

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

Finding

No contributions were received during the periods under review.

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

Finding

No contributions were received during the periods under review.

- 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 two expenditures for late filing fees reported on the Candidate's Campaign Finance Reports which were tested during fieldwork.

- 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 attempted to contact the Candidate on numerous occasions between January 14, 2019 and February 16, 2019 following the procedures laid out by CCEC; email on 1/14/19, second email on 1/22/19, phone call on 2/4/19 (left message), second phone call on 2/11/19 (left message), and sent certified letter on 2/14/19 with proof of receipt at the Candidate's residence on 2/16/19. The Candidate finally responded on 4/2/19 and provided support for the initial document requests. However, repeated requests for additional documentation went unanswered.

2. Fieldwork Procedures

- a) Commission staff will contact the candidate to request the records for agreed-upon procedures attest engagement. Candidates receiving audits after the Primary Election shall provide records from the election cycle through the 3rd Quarter Report. Candidates receiving audits after the General Election shall provide records from the election cycle through the 4th Quarter Report.

Finding

Commission staff sent an initial notice of primary audit selection to the Candidate and informed the Candidate that we would be contacting them. We then communicated to the Candidate in a written request, the purpose of the request, 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

We attempted to contact the Candidate on numerous occasions between January 14, 2019 and February 16, 2019 following the procedures laid out by CCEC; email on 1/14/19, second email on 1/22/19, phone call on 2/4/19 (left message), second phone call on 2/11/19 (left message), and sent certified letter on 2/14/19 with proof of receipt at the Candidate's residence on 2/16/19. The Candidate finally responded on 4/2/19 and provided support for the initial document requests. However, repeated requests for additional documentation went unanswered.

- 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, aunt, uncle, child or sibling of the candidate or the candidate's spouse, including the spouse of any of the listed family members regardless of whether the relation is established by marriage or adoption.

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 five withdrawals from the bank statements for the periods under review and determined that they appeared to be properly recorded in the Candidate's Campaign finance reports, with one exception. For one out of five withdrawals selected, the item selected did not appear in the Candidate's Campaign finance report. There were no deposits on the bank statements during the periods under review.

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

Finding

Proof of receipts and disbursements was performed for the reporting period with the following exceptions: (a) the Campaign bank account listed a \$0.00 balance, but the 4th Quarter Campaign finance report listed an ending balance of \$2,511.53; (b) a credit on the Campaign account bank statement for \$20.00 was not listed on the Campaign finance reports; (c) three withdrawals on the Campaign account bank statements which totaled \$2,800.35 were not listed on the Campaign finance reports. The net result of these differences was a remaining unreconciled variance of \$268.82.

- 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 received during the periods under review.

- (i) For other types of cash receipts reported on 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 under review.

- (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 under review.

- e) Judgmentally select a sample of cash expenditures reported in the candidate's campaign finance report and select 100% of Arizona Democratic Party, Maricopa Democratic Party, Pinal County Democratic, Yavapai County Democratic Party expenses for selected candidates, 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 attempted to review five expenditures and agree amounts to supporting invoices or other documentation to the Candidate's Campaign finance report, but noted the following exceptions: for five out of five expenditures tested which totaled \$14,407.03, no invoice or other documentation was provided to support the amount reported in the Candidate's finance report; the only information provided by the Candidate was a copy of the Campaign's bank account activity.

- (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 attempted to review five expenditures and agree the name, address, and nature of goods or services provided in the Candidate's Campaign finance report, but noted the following exceptions: for five out of five expenditures tested, no invoice or other documentation was provided to support the name, address and nature of goods or services reported in the Candidate's finance report; the only information provided by the Candidate was a copy of the Campaign's bank account activity.

- 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 attempted to review five expenditures and determine whether they appear to have been made for direct campaign purposes, but noted the following exceptions: (a) for five out of five expenditures tested, no invoice or other documentation was provided to determine if the charge was made for direct campaign purposes; the only information provided by the Candidate was a copy of the Campaign's bank account activity, (b) in addition, per review of the Candidate's finance reports, we noted \$265.00 in expenditures that were payments to the Arizona Secretary of State for fees/penalties for filing various reports late. These expenditures are not allowed per Clean Elections rules.

- 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 however, for five out of five expenditures tested, no invoice or other documentation was provided to determine if the expenditure should be classified as a joint expenditure; the only information provided by the Candidate was a copy of the Campaign's bank account activity.

- 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 \$1,460.

Finding

Based on inquiry of the Candidate, the Candidate did not establish a petty cash fund during the periods under review.

- (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

Based on inquiry of the Candidate, the Candidate did not establish a petty cash fund during the periods under review.

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

Finding

Based on inquiry of the Candidate, the Candidate did not establish a legal defense fund during the periods under review.

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

Finding

Based on inquiry of the Candidate, the Candidate did not establish a legal defense fund during the periods under review.

- 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.