

## Article 4. Audits

### **R2-20-401. Purpose and scope**

This article prescribes procedures for conducting examinations and audits of participating candidates' campaign finances.

### **R2-20-402. General**

The Commission may conduct an examination and audit of the receipts, disbursements, debts and obligations of each candidate. In addition, the Commission may conduct other examinations and audits as it deems necessary to carry out the provisions of the Act and regulations.

Information obtained pursuant to any audit and examination may be used by the Commission as the basis, or partial basis, for its repayment determinations.<sup>2</sup>

#### **R2-20-402.01. Random audits of participating legislative candidates.**

To ensure compliance with the Act and Commission rules, the Commission shall conduct random audits of participating legislative candidates after each primary election period and each general election period. Random audits shall include the review of campaign finance reports and related documentation in accordance with procedures established by the Commission. The Commission may hire independent accounting firms to carry out the random audits. The selection ~~of statewide and~~ legislative candidates for audit shall be determined by random lot at a Commission meeting. Candidates shall not be subject to selection for random audit for the general election period that were selected for random audit following the primary election period.

#### **R2-20-402.02. Audits of participating statewide candidates.**

All participating statewide candidates shall be audited after each primary election period and each general election period.

### **R2-20-403. Conduct of fieldwork**

- A. The Commission will provide the candidate 2 days' notice of the Commission's intention to commence fieldwork on the audit and examination. The Commission will conduct fieldwork at a site provided by the candidate. During or after fieldwork, the Commission may request additional or updated information, which expands the coverage dates of information previously provided. During or after fieldwork, the Commission may also request additional information that was created by or becomes available to the candidate that is of assistance in the Commission's audit. The candidate shall produce the additional or updated information no later than 2 days after service of the Commission's request.
- B. On the date scheduled for the commencement of fieldwork, the candidate shall facilitate the examination or audit by making records available in one central location, such as the Commission's office space, or shall provide the Commission with office space and records. The candidate shall be present at the site of the fieldwork. The candidate shall be familiar

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<sup>2</sup> For computation of time, refer to A.A.C. R2-20-103.

with the candidate's records and shall be available to the Commission to answer questions and to aid in locating records.<sup>3</sup>

- C. If the candidate fails to provide adequate office space, personnel or committee records, the Commission may seek judicial intervention to enforce the request or assess other penalties.
- D. If, in the course of the examination or audit process, a dispute arises over the documentation sought, the candidate may seek review by the Commission of the issues raised. To seek review, the candidate shall submit a written statement within 5 days after the disputed Commission request is made, describing the dispute and indicating the candidate's proposed alternatives.

#### **R2-20-404. Preliminary audit report**

- A. After the completion of fieldwork, the auditors may prepare a written preliminary audit report, which will be provided to the candidate after it is reviewed by the Executive Director. The preliminary audit report may include:
  - 1. An evaluation of procedures and systems employed by the candidate to comply with applicable provisions of the Act and Commission rules;
  - 2. The accuracy of statements and campaign finance reports filed with the Secretary of State by the candidate; and
  - 3. Preliminary findings.
- B. The candidate may submit in writing within 10 days after receipt of the preliminary audit report, legal and factual materials disputing or commenting on the proposed findings contained in the preliminary audit report. In addition, the candidate shall submit any additional documentation requested by the Commission.
- C. If the preliminary audit report cannot be completed, the Commission shall notify the candidate in writing that the audit report will not be completed.

#### **R2-20-405. Final audit report**

- A. Before voting on whether to approve and issue a final audit report, the Commission will consider any written legal and factual materials timely submitted by the candidate in accordance with A.A.C. R2-20-404. The Commission-approved final audit report may address issues other than those contained in the preliminary audit report.
- B. The final audit report may identify issues that warrant referral for possible enforcement proceedings.
- C. Addenda to the final audit report may be approved and issued by the Commission from time to time as circumstances warrant and as additional information becomes available. Such addenda may be based on follow-up fieldwork conducted, or information ascertained by the Commission in the normal course of carrying out its responsibilities. The procedures set forth in A.A.C. R2-20-404 and subsections A and B of this rule will be followed in preparing such addenda.

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<sup>3</sup> The candidate and the campaign committee treasurer shall attend the examination, or shall appoint such campaign workers to attend who have the same knowledge of the campaign's finances and are authorized to answer questions and help locate records.

**R2-20-406. Release of audit report**

- A.** The Commission will consider the final audit report specified in A.A.C. R2-20-405 in an open meeting. The Commission will provide the candidate with copies of the final audit report to be considered in an open meeting 24 hours prior to the public meeting.
- B.** Following Commission approval of the final audit report, the report will be forwarded to the candidate within 5 days after the public meeting.