

**CITIZENS CLEAN ELECTIONS COMMISSION**

**Report on Agreed-Upon Procedures**

**David Rothans  
Participating Candidate for  
State Representative - District 12  
Primary 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 David Rothans (the Candidate) Campaign finance reports for both the Pre-Primary (July 1, 2018 to August 11, 2018) and the Post-Primary (August 22, 2018 to August 28, 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 Pre-Primary and Post-Primary Campaign finance 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 Pre-Primary and Post-Primary Campaign finance reports of David Rothans. 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*

December 7, 2018

## 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 Pre-Primary (July 1, 2018 to August 11, 2018) and Post-Primary (August 22, 2018 to August 28, 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) No contributions were received during the periods under review.

**Finding**

The contributions received during the periods reviewed appeared to be only from individuals.

- (ii) No contributions were received during the periods under review.

**Finding**

Contributions received from individuals during the periods reviewed did not exceed the \$160 early contribution limit.

- (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 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 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**

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, 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. There were no deposits noted 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; after the refund to CCEC of \$811.27, the Campaign bank account appeared to have an ending balance of \$20.17. The Campaign finance reports listed remaining funds of \$75.32, however the refund to CCEC of \$811.27 was not recorded in the Campaign finance reports, and altogether these three items resulted in an unreconciled variance of \$866.42.

- 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 reviewed nine expenditures and agreed amounts to supporting invoices or other documentation to the Candidate's Campaign finance report with the following exceptions: for five out of nine expenditures tested which totaled \$373.13, no invoice or other documentation was provided to support the amount reported in the Candidate's finance report; the only information provided 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 reviewed nine expenditures and agreed the name, address, and nature of goods or services provided in the Candidate's Campaign finance report with the following exceptions:

(a) for five out of nine 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 was a copy of the Campaign's bank account activity, (b) for one out of nine expenditures tested, the name listed on the Campaign finance report did not agree to the payee on the copy of the Candidate's check, (c) for two out of nine expenditures tested, the Candidate failed to provide sufficient support to properly document mileage reimbursement as required per Article Arizona Administration Code, Title 2, Chapter 20, Article 7. "R2-20-702. *Use of Campaign Funds: G. Transportation expenses. 2. If a participating candidate travels for campaign purposes in a privately owned automobile, the candidate may: a. Use campaign funds to reimburse the owner of the automobile at a rate not to exceed the state mileage reimbursement rate in which event the reimbursement shall be considered a direct campaign expense and shall be reported as an expenditure and reported in the reporting period in which the expenditure was incurred. If a candidate chooses to use campaign funds to reimburse, the candidate shall keep an itinerary of the trip, including name and type of events(s) attended, miles traveled and the rate at which the reimbursement was made. This subsection applies to candidate owned automobiles in addition to any other automobile.*" In addition to the exceptions listed above, for seven of the nine expenditures tested, the Candidate listed the charge as "Miscellaneous - Other" on the Campaign's finance reports, which did not appear to be an adequate classification of the expenditures.

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

**Finding**

We reviewed nine 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 with the following exceptions:

(a) for five out of nine expenditures tested, no invoice or other documentation was provided to determine if the charge was made for direct campaign purposes; the only information provided was a copy of the Campaign's bank account activity, (b) for one out of nine expenditures tested, the name listed on the Campaign's finance report did not agree to the payee on the copy of the Candidate's check, (c) for two out of nine expenditures tested, the Candidate failed to provide sufficient support to properly document mileage reimbursement as required per Article Arizona Administration Code, Title 2, Chapter 20, Article 7. as described in the previous finding.

- 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 nine 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 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.