

**CITIZENS CLEAN ELECTIONS COMMISSION**

**Report on Agreed-Upon Procedures**

**Melinda 'Mendy' Gomez  
Participating Candidate for  
State Senator - District 14  
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 Melinda 'Mendy' Gomez (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 Melinda 'Mendy' Gomez. 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*

November 6, 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) Determine whether the candidate accepted contributions only from individuals.

**Finding**

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

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

**Finding**

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

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

**Finding**

Early contributions received during the periods under review did not exceed the \$4,345 limit for a legislative candidate.

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

**Finding**

Personal contributions received during the periods under review did not exceed the \$740 limit for a legislative candidate.

- 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 deposits 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 withdrawal for \$210.41 dated 7/16/18 did not appear to be properly recorded in the Campaign finance reports. The supporting documentation provided by the Candidate was a spreadsheet describing four charges occurring during the months of January through March, which totaled \$232.12, and a reimbursement check payable to the Candidate in the amount of \$232.01. However, that check was never cashed and was eventually voided. The replacement check, which was the withdrawal tested, was dated 7/16/18 and was for \$210.41. The difference between the check and the supporting documentation was \$21.71.

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

**Finding**

Proof of receipts and disbursements was performed for the reporting period and the following exceptions were noted:

(a) two invoices from Wix.com dated 7/14/18 for \$132.00 and 7/18/18 for \$9.90 were both paid for by check #13 in the amount of \$142.00 and resulted in an overpayment of \$0.10, (b) check #12 for \$60.00 made payable to Blue Door Sanctuary cleared on 8/31/18 but was not recorded in the Campaign finance reports, (c) disbursement to Blueberry Cafe for \$50.00 dated 7/22/18 did not appear on any bank statements, and per the Candidate was paid for with a personal check, but was never reimbursed by the Campaign, (d) the Candidate had \$343.12 remaining in the Campaign's bank account, however the Campaign finance report showed a \$0.00 balance.

- 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**

We reviewed the supporting documentation for five early contributions reported in the Candidate's Campaign finance report, and determined the name of the contributors for the contributions was included on the support. For individuals who contributed over \$50, we determined that the contributor's address, occupation, and employer were also included on the support.

- (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 five expenditures and agreed amounts to supporting invoices or other documentation to the Candidate's Campaign finance report, with two exceptions: (a) the Candidate was unable to provide any supporting invoices or other documentation for a disbursement to Blueberry Cafe for \$50.00 dated 7/22/18, (b) an expenditure for \$210.41 dated 7/16/18 did not agree to the supporting documentation provided, which was a spreadsheet describing four charges occurring during the months of January through March, which totaled \$232.12, and a reimbursement check payable to the Candidate in the amount of \$232.01. That check was never cashed and eventually was voided. The subsequent replacement check for \$210.41 did not agree to the original amount of the charges or the original reimbursement check.

- (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 in the Candidate's Campaign finance report, with 2 exceptions: (a) the Candidate was unable to provide any supporting invoices or other documentation for a disbursement to Blueberry Cafe for \$50.00 dated 7/22/18, (b) the supporting documentation provided by the Candidate did not properly identify the name, address, and nature of goods and services of an expenditure for \$210.41 dated 7/16/18.

- 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 with one exception. A disbursement to Blueberry Cafe for \$50.00 dated 7/22/18, did not appear on any Campaign account bank statement.

- (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 they appeared to have been made for direct campaign purposes, with two exceptions: (a) the Candidate was unable to provide any supporting invoices or other documentation for a disbursement to Blueberry Cafe for \$50.00 dated 7/22/18 so we were unable to determine if the expenditure was made for direct campaign purposes, (b) an expenditure for \$210.41 dated 7/16/18 did not agree to the supporting documentation provided, which was a spreadsheet describing four charges occurring during the months of January through March which totaled \$232.12, and a reimbursement check payable to the Candidate in the amount of \$232.01. That check was never cashed and was eventually voided. The subsequent check for \$210.41 did not match the original amount of the charges or the original reimbursement check, therefore we were unable to determine if the expenditure was made for direct campaign purposes.

- 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**

Two of the expenditures tested did not have adequate supporting documentation and we were unable to determine if either of those expenditures were 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 \$1,460.

**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.