# Citizens Clean Elections Commission

Report on Agreed-Upon Procedures

James Torgeson
Participating Candidate for
State Representative - District 20

Post-General

September 2005

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## Independent Accountant's Report on Applying Agreed-Upon Procedures

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

We have performed the procedures enumerated below, which were agreed to by the Citizens Clean Elections Commission (Commission), solely to assist you in evaluating whether the Post-General - Campaign Finance Report of the Committee to Elect James Torgeson (Committee) for the period from October 14, 2004 to November 22, 2004 is 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 complies with the rules of the Citizens Clean Elections Commission. The Committee's management is responsible for the Post-General - Campaign Finance Report. 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. Obtain a copy of the candidate's campaign finance report for the reporting period.

   **Finding**

   We obtained the Post-General – Campaign Finance Report of the Committee to Elect James Torgeson for the reporting period of October 14, 2004 to November 22, 2004. In addition, we reviewed this report for mathematical accuracy and noted no exceptions.

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

   a. Determine whether the candidate accepted contributions only from individuals.

      **Finding**

      Based on our review of the Committee's Post-General – Campaign Finance Report the Committee did not report any contributions during the reporting period, other than the CCEC participate candidate funding.

b. Determine whether any contributions received from individuals exceed the early contribution limit of $110 per person.

**Finding**

Based on our review of the Committee's Post-General – Campaign Finance Report the Committee did not report any contributions during the reporting period, other than the CCEC participate candidate funding.

c. Check compliance with the maximum early contribution limit of $2,830.

**Finding**

Based on our review of the Committee's Post-General – Campaign Finance Report the Committee did not report any contributions during the reporting period, other than the CCEC participate candidate funding.

d. Check compliance with the maximum personal contribution limit of $550.

**Finding**

Based on our review of the Committee's Post-General – Campaign Finance Report the Committee did not report any contributions during the reporting period, other than the CCEC participate candidate funding.

3. 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**

Based on our review of the Committee's Post-General – Campaign Finance Report we did not note any disbursements which were not for direct campaign purposes.

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

**Finding**

We contacted candidate James Torgeson and scheduled the audit fieldwork date to commence on July 8, 2005. In addition, we discussed the nature of the documentation which will be needed to perform our review.

5. Conduct an entrance conference with the candidate and/or his or her representative(s) to discuss the purpose of the audit, the general procedures to be performed and potential future requirements of the candidate, such as possible repayments to the Fund.

**Finding**

An entrance conference was conducted with the candidate on July 8, 2005. We discussed the purpose of the audit, the general procedures to be performed and potential future requirements of the candidate.

6. 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**

An interview was conducted with James Torgeson on July 8, 2005. Our review of the Committee's bookkeeping policies and procedures disclosed that the "cash on hand" activity is not being reconciled to the bank statements in a timely manner. This created a situation whereby inaccurate financial information was recorded on the campaign finance report.

7. Obtain 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 a listing of the candidate's family members. The listing included all the applicable family members, as by definition.

8. Obtain bank statements for each of the months in the reporting period and perform the following:

   a. 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**

   Deposits

   For one of two deposits selected for testing, The Committee did not provide support documentation or a validated bank deposit receipt ticket for viewing during the review period. The following is a recap of the relevant information:

| Date | Payor | Description/ Purpose | Amount |
|---|---|---|---|
| 11/05/04 | Clean Elections | Matching funds | $350.00 |

   Withdrawals

   We reviewed five disbursements from the Committee's bank statements to determine whether the transactions were properly reflected in the Post-General Campaign Finance Report. The following is the results of this review:

1) One of five of the disbursements was not reported on the Committee's Post-General - Campaign Finance Report.

| Check Number | Date | Purpose | Payee | Amount |
|---|---|---|---|---|
| 1017 | 10/14/04 | Printing & mailing | Drum Printing | $ 7,523.01 |

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

**Finding**

We performed a proof of receipts and disbursements for the reporting period and determined that the Committee's "bank" activity did not agree to amounts reported on the campaign finance report. The following schedule will illustrate the results of this comparison:

| | Campaign Finance Report | Bank Statements |
|---|---|---|
| Beginning balance | $ 9,633.90 | $ 11,616.46 |
| Total deposits during the reporting period | 800.00 | 450.00 |
| Total disbursements during the reporting period | (3,943.45) | (12,066.46) |
| Ending balance | $ 6,490.45 | $ 0.00 |

As illustrated above, the "cash on hand" balance at the close of the reporting period differed between the campaign finance report and bank statements by $6,490.45. The following schedule will illustrate the various items which comprise the stated difference:

| | |
|---|---|
| Ending balance – per bank statements | $ 0.00 |
| Net Pre & Post-Primary prior reporting period differences not clearing | (2,032.56) |
| Net Pre-General prior audited reported period difference not clearing | 650.00 |
| Check 1017 to Drum Printing clearing bank, not included on CFR | 7,523.01 |
| Duplicate deposit receipt listed twice on CFR, included on bank statement once | 350.00 |
| Ending balance – per campaign finance report | $ 6,490.45 |

Our review of the Committee's bookkeeping policies and procedures disclosed that the "cash on hand" activity is not being reconciled to the bank statements in a timely manner. This created a situation whereby inaccurate financial information was recorded on the campaign finance report.

9. 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 $25, which reflects the contributor's address, occupation and employer.

**Finding**

Based on our review of the Committee's Post-General – Campaign Finance Report the Committee did not report any contributions during the reporting period, other than the CCEC participate candidate funding.

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

**Finding**

We reviewed three other cash receipts from the Post-General Campaign Finance Report to determine whether the transactions were properly reflected in the Committee's bank statements. The following is the results of this review:

a. One of three of the other cash receipts was reported twice on the Committee's Post-General - Campaign Finance Report.

| Date | Purpose | Payor | Amount |
|---|---|---|---|
| 11/01/04 | Matching funds | Clean Elections | $ 350.00 |

The Committee did not provide supporting documentation or a validated bank deposit receipt ticket for viewing during the review period for one of the other cash receipts, which was discussed at Step 8a.

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

**Finding**

We noted no in-kind contributions during the reporting period.

12. Judgmentally select a sample of cash expenditures reported in the candidate's campaign finance report and perform the following:

a. Obtain supporting invoice or other documentation and agree amount to the amount reported in the candidate's finance report.

**Finding**

For three of three check disbursements selected for testing, this procedure was performed without exception.

b. 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**

For three of three check disbursements selected for testing, this procedure was performed without exception.

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

**Finding**

For three of three check disbursements selected for testing, this procedure was performed without exception.

d. Obtain the cancelled check and determine that the check was signed by an authorized individual and review the endorsement to determine the check was deposited or cashed by the payee.

**Finding**

For three of three check disbursements selected for testing, this procedure was performed without exception.

e. 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**

For three of three check disbursements selected for testing, this procedure was performed without exception.

f. 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**

We noted no joint expenditures during the reporting period.

g. For in-kind expenditures, review the supporting documentation and determine the methodology utilized to value the expenditure and assess the reasonableness.

**Finding**

We noted no in-kind expenditures during the reporting period.

13. 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 that aggregate petty cash funds did not exceed the limit of $1,100 and individual expenditures did not exceed $110.

**Finding**

The Committee did not maintain any petty cash funds during the reporting period.

14. Conduct an exit conference with the candidate and/or his or her representative(s) to discuss the preliminary audit findings and recommendations that the auditor anticipates

presenting to the CCEC. During this conference, the auditor 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 audit report.

**Finding**

An exit conference was conducted with candidate James Torgeson on September 7, 2005. We discussed the preliminary audit findings and recommendations that we anticipate presenting to the CCEC. We also advised the candidate and/or his or her representative(s) of their right to respond to the preliminary 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 Post-General – Campaign Finance Report of the Committee to Elect James Torgeson. 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 these specified parties.

Miller, Allen & Co., PC

September 7, 2005