

FINANCIAL-COMPLIANCE AUDIT

Office of the Commissioner of Political Practices

For the Two Fiscal Years Ended June 30, 2016

NOVEMBER 2016

16-21

REPORT SUMMARY

The Office of the Commissioner of Political Practices reported acting on 197 complaints in the period from January 1, 2013, to November 2, 2016. Of these complaints, 84 have been dismissed, 57 have negotiated settlements, 23 are in active district court enforcement proceedings, 30 are in settlement litigation negotiation, and 3 have been decided by court verdict. The report discusses recommendations to improve internal controls for proper recording of financial transactions and to complete examinations of campaign reports after each election in compliance with state law.

Context

The Office of the Commissioner of Political Practices (office) is responsible for enforcing campaign and lobbying disclosure laws, and code of ethics laws for state officials and employees. It performs these duties through review of campaign and political committee expenditure reports, investigations of campaign finance and disclosure cases, registration of lobbyists and principal expenditure tracking, and formal ethics complaint proceedings.

Office operations are funded through General Fund appropriation. The office reported General Fund expenditures of \$684,354 and \$707,174 in fiscal years 2016 and 2015, respectively. In fiscal year 2015, the office expended \$137,732 to complete the development of its online reporting system to enhance the availability of expenditure reports for political candidates and committees to the public.

Our audit work included review of lobbyist registration fees, office expenditures, and compliance with state laws and state accounting policy. It also included reviewing the overall

reasonableness of the financial schedule presentation and note disclosures.

Results

We found the office had implemented control procedures to allocate revenue from multi-year licenses between fiscal years, improved revenue estimation, and corrected balance errors from previous years. The office can improve controls over recording expenditure transactions that are outside usual operations and review of adjusting journal entries. The report discusses compliance with the legal requirement to examine candidate reports after each election.

Recommendation Concurrence	
Concur	2
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	