

1 Amend 2 Cal. Code Regs., Section 18991 to read:

2 **§ 18991. Audits of Campaign Reports and Statements of Local Candidates and Their**
3 **Controlled Committees.**

4 (a) The Commission shall select local candidates and their controlled committees for
5 audit by the Franchise Tax Board pursuant to Government Code section 90001(i) and this
6 section.

7 (b) Local candidates and committees shall be selected for audit each odd-numbered year,
8 at the same time that candidates for the Legislature in a direct primary or general election are
9 selected for audit, or as soon as feasible thereafter.

10 (c) The Commission shall select a total of 20 local jurisdictions to be audited, in
11 accordance with the schedules in subdivisions (d), (e), (f) and (g). The Commission shall then
12 determine, by random selection, the order in which the Franchise Tax Board shall conduct the
13 audits of the 20 local jurisdictions. The Commission may exclude from the selection of
14 jurisdictions required by this subdivision any jurisdiction that is subject to audit by a local
15 agency or the Commission.

16 If the Commission receives notice that the Franchise Tax Board is able to conduct
17 additional audits of local jurisdictions with the funds available during a two-year cycle, the
18 Commission shall select an additional 20 local jurisdictions to be audited, in accordance with the
19 schedules in subdivisions (d), (e), (f) and (g). The Commission shall determine, by random
20 selection, the order in which the Franchise Tax Board shall conduct the additional audits.

21 If the Franchise Tax Board is unable to audit all of the jurisdictions selected with the
22 funds available during a two-year audit cycle, the remaining jurisdictions shall be subject to

1 random audit during the next audit cycle on the same basis as any other jurisdiction of the same
2 type.

3 (d) A total of 40 percent of the jurisdictions selected for audit shall be counties, including
4 any city and county. When a county is selected for audit, the audit shall include primary election
5 candidates for county office, as defined in Elections Code section 34, and general election
6 candidates for county office, as defined in Elections Code section 34, at the last county primary
7 and general elections held prior to the audit selection. Those candidates who file pursuant to
8 Government Code section 84206 shall not be audited under this provision.

9 Counties shall be grouped by population size, as determined by the most recent
10 population estimates published by the Department of Finance, and the total number of
11 jurisdictions selected for audit from each group, by random selection, shall be:

12 (1) Counties with a population of 700,000 or more--15 percent of the total jurisdictions
13 selected.

14 (2) Counties with a population of at least 150,000 but less than 700,000--15 percent of
15 the total jurisdictions selected.

16 (3) Counties with a population of less than 150,000--10 percent of the total jurisdictions
17 selected.

18 (e) A total of 40 percent of the jurisdictions selected for audit shall be cities, not
19 including any city and county. When a city is selected for audit, the audit shall include
20 candidates for city elective office at the last general municipal election held prior to the audit
21 selection. Those candidates who file pursuant to Government Code section 84206 shall not be
22 audited under this provision.

1 Cities shall be grouped by population size, as determined by the most recent population
2 estimates published by the Department of Finance, and the total number of jurisdictions selected
3 for audit from each group, by random selection, shall be:

4 (1) Cities with a population of 100,000 or more--15 percent of the total jurisdictions
5 selected.

6 (2) Cities with a population of at least 25,000 but less than 100,000--15 percent of the
7 total jurisdictions selected.

8 (3) Cities with a population of less than 25,000--10 percent of the total jurisdictions
9 selected.

10 (f) A total of 10 percent of the jurisdictions selected for audit shall be school districts and
11 community college districts. These districts shall be selected by random selection. When a
12 school district or community college district is selected for audit, the audit shall include
13 candidates for governing board at the last regular school or community college district election
14 held prior to the audit selection. Those candidates who file pursuant to Government Code section
15 84206 shall not be audited under this provision.

16 (g) A total of 10 percent of the jurisdictions selected for audit shall be special districts,
17 not including school and community college districts. These districts shall be selected by random
18 selection. When a special district is selected for audit, the audit shall include all candidates for
19 governing board of the district at the last general district election held prior to the audit selection.
20 Those candidates who file pursuant to Government Code section 84206 shall not be audited
21 under this provision.

22 NOTE: Authority cited: Section 83112, Government Code. Reference: Section 90001(i),
23 Government Code.