

# **Protocol for Audits of Candidates/House Members’ Campaign Accounts (Adopted 12/9/2025)**

## **I. How House Members and Candidates are Randomly Selected for An Audit**

- A. Obtain list of members from the Democratic and Republican House Caucuses. Determine the percentage of Democrats and Republicans out of the membership of the body (124 Members). Select ten (10) members to audit based on the ratio percentages: for example, if there are 36 Democrats (29%) and 88 Republicans (71%), then, respectfully, there would be three (3) Democrats, and seven (7) Republicans chosen. Also, one (1) candidate/former candidate will be randomly selected to audit for a total of 11 campaign accounts to audit.
- B. Obtain an alphabetical list of House candidates/former candidates with open campaign accounts from the House Ethics Committee Executive Assistant. Select one (1) candidate/former candidate to randomly audit. Once a candidate/former candidate for the House closes his or her campaign account and files a final campaign disclosure report, the candidate/former candidate will not be subject to a random audit.
- C. Use a device for random selection of names; list all individuals of each group (Democrats, Republicans, and candidates/former candidates with open campaign accounts) in alphabetical order, for selection from each respective group as proscribed in paragraph I.A. above. Example random selection websites: <http://www.miniwebtool.com/random-name-picker/> or <https://www.sorteioigo.com/en/draw/names>.
- D. The House Ethics Committee’s law clerk or page will use the random selection website/device to identify eleven (11) audits: ten (10) House members in proportion to the parties and one (1) candidate/former candidate. Once a Member or candidate/former candidate is audited, the Member and candidate/former candidate’s name will not be included in the random audit selection process again until every current Member (or candidate/former candidate) has been audited.

## **II. Who Conducts a Member or Candidate’s Audit**

- A. An independent accounting firm (“firm”) retained by the Clerk of the House of Representatives will conduct 11 audits as randomly selected. The House Ethics Committee will inform the firm of the 11 audits to be conducted. These audits should be completed by the independent accounting firm within 90 days of receipt of the relevant material unless extenuating circumstances exist, such as audits which must occur during tax season. The firm’s auditor will then make a report for each completed audit to the House Ethics Committee until the 11 audits are

completed. The firm will then conduct audits of another randomly selected 11 individuals and this procedure will continue in this fashion until the firm has conducted an audit of every current Member or candidate/former candidate.

- B. If a member volunteers for an audit, the House Ethics Committee Counsel (hereinafter “Counsel”) may conduct the audit according to the audit protocol. However, the member is still subject to the random audit process, and Counsel may advise seeking an independent audit if they are unable to address identified irregularities.

### **III. How a Member or Candidate’s Audit is Conducted by the Firm**

- A. The House Ethics Committee will garner all of the campaign disclosures for a specified one-year time period for the Member or candidate/former candidate to be audited and provide that information to the auditor.
- B.
  - 1. The auditor will request that the selected Member or candidate/former candidate provide his or her campaign bank account statements beginning two months prior to the one-year time period through two months after the one-year time period. If the Member or candidate/former candidate received online contributions or contributions through a third-party processor, the Member or candidate must provide the online reports for that time period. If any questions are raised during the audit regarding expenditures or contributions, the auditor may request that the Member or candidate provide the auditor with invoices or receipts for campaign expenditures and copies of checks or a logbook of campaign donations during that time period. If the Member or candidate/former candidate has a commercial loan for the campaign, the Member or candidate/former candidate should provide the amortization schedule so the auditor can determine what amount of the payment made on the loan is towards interest and what amount is towards principal.

The Member or candidate/former candidate subject to the audit may meet with the firm for the audit, show the firm the information required for the audit, and permit the firm to review the information. However, the Member or candidate/former candidate is not required to leave actual campaign documents, including campaign bank statements, records of contributions, and expenditures with the firm, but the firm may need to make a copy of the records. If such information is left with the firm for the Member or candidate/former candidate’s audit, the firm must return the materials promptly to the Member or candidate/former candidate at the conclusion of the audit and shred any copies of the documents the firm made.

- 2. Members or candidates/former candidates selected at random must provide the requested documents or meet with the firm with the requested documents within 30 days of the date of the request. However, the firm or Counsel is authorized to extend the deadline for receiving the requested documents or meeting with the

Member or candidate/former candidate to review the documents if the Member or candidate/former candidate has provided a reasonable request for extending the deadline. If a Member or candidate/former candidate fails to comply with a request for an audit, then the firm must notify Counsel. Counsel may then send a subpoena duces tecum to the financial institution where the Member or candidate/former candidate has his or her campaign bank account to obtain the campaign bank account records needed for the audit. Once the records are obtained from the financial institution, Counsel will furnish the records to the firm.

C. The firm will create an Excel spreadsheet for each Member or candidate/former candidate audited that will provide the following:

1. List every expenditure found on the campaign report and note when it matches bank account statement (provide the bank statement month and the associated check number). Include any bank fees and any online service fees with a notation of the same.
2. List every contribution found on the campaign report and note when it matches the bank account statement (provide the bank statement month and amount deposited. If the deposit is a component of an aggregated deposit, make this notation for each component; however, only list the aggregate deposit amount for the first component or the bank statement amount will be inaccurate at the end of the column on the Excel sheet. The firm may need to check the report of online contributions, if applicable. Check that each contribution made to a Member or candidate/former candidate did not exceed the contribution limit during the election cycle.
3. Verify on the State Ethics Commission's website that any contributions made by a Lobbyist Principal or a Political Action Committee to a Member or candidate/former candidate match the contributions the Member or candidate/former candidate reported. Do not verify this contribution by using the Contributor link; instead, use the following links to verify the contribution: Individual Report/Committee Report/Non-Candidate Report.
4. The firm conducting the audit may communicate with the Counsel regarding any questions the firm may have regarding the reporting of campaign contributions, expenditures, account credits, and loans.
5. If a pattern of significant discrepancy is indicated between the Member or candidate/former candidate's campaign bank account records and the Member or candidate/former candidate's campaign disclosure reports, then the firm will make a report of those discrepancies and provide the report to the Counsel to the House Ethics Committee. Pattern of significant discrepancies include, for example, contributions not reported; contributions received by a donor in excess of \$1,000.00 per election cycle; contributions received from another campaign; in-kind contributions

reported without an in-kind expenditure; deposits of numerous cash contributions but no record was retained; cash withdrawals of \$25.00 and greater; and expenditures not reported. The firm will not determine if the expenditure made from campaign funds was proper. Guidance regarding the proper use of campaign funds and reporting can be found in published House Ethics Advisory Opinions.

6. After a pattern of significant discrepancy is indicated during the audit as noted in the firm's report, Counsel may then take additional steps to verify the discrepancies, including obtaining a subpoena for records of a vendor for copies of the receipts or invoices and/or a Member or candidate/former candidate's campaign bank account or credit card statements.
7. Format of the Excel Spreadsheet:
  - a. Start with the oldest disclosure report and work towards the most recent.
  - b. Columns should be titled Amount, Type/Date, Campaign Bank Account Name, Amount, Type, and Match. Also, reported by Lobbyist Principal or PAC.
  - c. Within each report, begin documenting the oldest expenditures first and move up to the most recent. After documenting the expenditures, complete the same task for the contributions.
  - d. A subsection may be helpful to explain what should be provided in each column. Also, an example could be included for reference.
  - e. Determine if the last campaign disclosure's "Contributions on Hand" matches the ending account balance listed in the campaign bank account statement for that period.

#### **IV. Audit Letter and Final Audit Report**

An authorization letter is prepared and sent to the Member or candidate/former candidate by the firm for execution and return to the firm before the Final Audit Report is released. The Final Audit Report may include findings stating that no concerns were found during the audit or it may include findings noting that there were issues with an explanation of the issues or discrepancies found.

#### **V. Addressing Discrepancies**

If a Final Audit Report finds no discrepancies, then there is no further action required of the Member or candidate/former candidate. If a Final Audit Report finds discrepancies with a Member or candidate/former candidate's campaign account, the Member or

candidate/former candidate has thirty (30) days to address and correct these concerns, which may include making amendments to the reports audited. The Member or candidate/former candidate may request a written extension of time from the House Ethics Committee Chairman or Counsel in order to address the discrepancies. A second request for an extension of time to address discrepancies must be made to the House Ethics Committee in writing. The House Ethics Committee may grant another extension for a Member or candidate/former candidate who shows a good faith justification in his or her request for additional time. Regarding Final Audit Reports in which discrepancies are found and not timely addressed by the Member or candidate/former candidate, the House Ethics Committee may refer a complaint to the State Ethics Commission for non-compliance in addressing the findings made during the audit. In making the determination whether to refer a complaint, the Committee may consider the nature of the discrepancies and the non-compliance.

## **VI. Complaint**

If a pattern of significant discrepancies is found during the audit, the firm should advise Counsel. Counsel should then review the discrepancies and subsequently advise the House Ethics Committee during a meeting and address whether a complaint should be issued. The Committee will make any such determinations.

## **VII. Authority for an Audit**

Effective April 1, 2017, SC Code Ann. § 8-13-530(1) provides:

Each ethics committee shall:

- (1) ascertain whether a person has failed to comply fully and accurately with the disclosure requirements of this chapter, which may include, but is not limited to, an audit of filed reports and applicable campaign bank statements, and to promptly notify the person to file the necessary notices and reports to satisfy the requirements of this chapter;

(emphasis added). SC Code Ann. § 8-13-530(1).