



State of California

**Franchise Tax Board**

Political Reform Audit Program MS F387

PO Box 651

Sacramento, CA 95812-0651

December 7, 2015

Chair Jodi Remke and Commissioners  
Fair Political Practices Commission  
428 J Street, Suite 620  
Sacramento, CA 95814

**RE: FPPC's Proposed Regulation 18996**

Dear Chair Remke and Commissioners:

On behalf of the Franchise Tax Board's (FTB) Political Reform Audit Program, I submit this letter supporting the proposed additions and revisions to the FPPC's Regulation 18996. We recommend approval of Regulation 18996 defining the scope of audits and investigations.

This proposed regulation change provides the scope of an audit or investigation that is absent from current law and regulation. It will improve the transparency for which campaign statements and reports are subject to audits by the FTB. In addition, proposed subsection (b) provides the FTB flexibility to extend the audit and investigative period to include transactions that relates to or is in connection with the election being audited or investigated or the two-year period.

An additional change proposed with Regulation 18996 is in subsection (d). This addition allows the Commission to exclude from the selection of jurisdictions required by Regulation 18991 (Audits of Campaign Reports and Statements of Local Candidates and Their Controlled Committees) any jurisdiction that is subject to audit by a local agency or the Commission. This exclusion will prevent the possibility of a jurisdiction that has been audited by a local agency or the Commission being subject to an additional audit by the FTB. Regulation 18991 existed prior to when audits were completed by local agencies or the Commission. The exclusion proposed in subsection (d) provides a remedy to avoid a candidate and their controlled committee from being subjected to more than one audit. The result is a better and more efficient use of audit resources.

Thank you for the opportunity to comment on these proposed audit regulations and for the Commission and staff's effort and work on defining the scope of audits performed by the FTB.

Sincerely,

Pamela Parra  
Political Reform Audit Manager  
Franchise Tax Board