

CHAPTER 61. COMPLIANCE AUDITS

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Cross References

This section is cited in 51 Pa. Code § 55.2 (relating to records maintenance, retention and availability); and 51 Pa. Code § 61.2 (relating to scope of compliance).

§ 61.1. Lotteries.

(a) Each year, the Department will randomly select, at a public drawing 60 days following the close of each fourth quarter reporting period, 3% of all principals, 3% of all lobbying firms and 3% of all lobbyists who have completed registration statements and expense reports filed with the Department under the act.

(b) A lobbyist, lobbying firm or principal will not be selected for a random audit in consecutive audit periods.

§ 61.2. Scope of compliance audits.

(a) The audits will be conducted in accordance with generally accepted auditing standards and will test as to whether each registration statement or expense report is materially correct.

(b) An audit will be limited in time to the previous calendar year. However, where the audit falls in the second year of a registration period, the audit shall include the registration statement filed in the previous year. Lobbying activities performed prior to January 1, 2007, will not be audited under the act.

§ 61.3. Audit procedures.

The following general procedures will be employed for audits conducted under section 13A08(f) of the act (relating to administration):

(1) The Department, at least 30 days prior to the initiation of the audit, will advise each audit subject by letter that the audit subject was randomly selected for audit and further advised of the time, date, place and general scope as well as a tentative time frame for completion of the audit. The letter will contain a request for documents deemed necessary for conduct of the audit.

(2) The independent auditor will obtain the subject's reports on file with the Department applicable to the audit period. Lobbying activities performed prior to January 1, 2007, will not be audited under the act.

(3) The independent auditor will initiate the audit by way of conference (in person or by telephone) between the auditor and the audit subject or the designated representative thereof.

(4) The registrant who is the audit subject shall cooperate fully in the audit, which shall be conducted in accordance with generally accepted auditing standards.

(5) If the independent auditor believes that the audit subject is not cooperating, the independent auditor shall inform the Department in writing.

(6) The independent auditor will offer to conduct an audit exit conference with the audit subject, or the designated representative thereof, prior to the issuance of a final report.

§ 61.4. Audit report.

(a) The certified public accountants or certified public accounting firms, selected under section 13A08(f)(1) (relating to administration) and § 61.6 (relating to duty of the Department to contract for an audit), that are responsible for performing compliance audits will, at the conclusion of each audit, prepare an audit report which must include findings.

(b) An audit report may include recommendations as to recordkeeping, reporting and other related practices arising from the audit.

(c) Upon completion, the independent auditor shall send a copy of the audit report and the findings of fact by certified mail to the audit subject. The independent auditor shall issue the audit report within 1 year of being notified of the selection of the audit subject.

(1) Issuance of the audit report will be deemed complete upon mailing to the audit subject.

(2) Within 30 days of issuance of the audit report, the audit subject may file with the Department a statement setting forth the subject's position as to the audit report.

(d) Audit reports and any related responses shall be submitted to the Department for review and may form the basis for further proceedings or referrals under the act or the Ethics Act.

§ 61.5. Confidentiality.

The audit report and findings will be confidential except that the Department will make an audit report and findings available to the Commission if the Commission is investigating an alleged violation of this chapter involving the audited registration or expense report within the requirements of the act and Chapters 53 and 55 (relating to registration and termination; and reporting). The Commission will include the relevant portion of an audit as part of its findings of fact in a Commission order that results from an investigation arising out of an audit.

§ 61.6. Duty of the Department to contract for an audit.

Every 2 years, the Department will contract for the services of one or more certified public accountants or certified public accounting firms. The contract will be awarded in a manner consistent with 62 Pa.C.S. Part I (relating to Commonwealth Procurement Code), and no certified public accountant or certified public accounting firm will be eligible to obtain a contract for 2 successive contract periods.

Cross References

This section cited in 51 Pa. Code § 61.4 (relating to report).

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