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AUDIT DIVISION

2017-2018 Cycle

MATERIALITY THRESHOLDS



Title 52

Unauthorized Committees

Sensitive and Confidential

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Alternative Dispute Resolution Office

These thresholds include criteria for referring findings to the Commission's Alternative Dispute Resolution Office (ADRO). The criteria for referring findings to ADRO are in addition to the criteria for referring findings to the Office of General Counsel (OGC) and are aimed at efficiently resolving certain violations arising from audits.

In certain instances, a concurrent MUR or Pre-MUR may be a factor for excluding a finding from referral to ADRO. MURs and Pre-MURs must be reviewed to identify the issues involved and how close the MUR is to resolution. After discussions with the Audit Manager, a determination will be made about proposing a referral to ADRO.

If any of the findings in the audit report meet the criteria for referral to OGC, none of the findings will be referred to ADRO.

In general, the Committees that will be referred to ADRO include:

- Those where the findings breach our thresholds for inclusion in the interim audit report (IAR) and the Committee's response to the finding reduces the violation to a level that exceeds the threshold for inclusion in the report but is less than the threshold for referral to OGC.
- Those findings where in response to the audit report, the Committee filed amended reports that materially corrected the violation, but the original magnitude of the problem was large. This document includes ADRO thresholds for Committees that file materially correct amended reports in response to the audit report.
- If a finding meets the criteria for referral to OGC, an evaluation of the referral should be made in conjunction with the Audit Manager to determine if the finding is better suited for ADRO. Such cases are those where the exclusionary factors above are not present, and the case, as a whole, is not one that experience has shown would be a high priority in OGC. If the Audit Manager and the Assistant Staff Director agree, the recommended course of action will be subject to the OGC Review and Concurrence Process.

Clarifications

1. **Federal Election Activity** is referred to as FEA.
2. **Non-federal Funds vs. Levin Funds** - Non-federal funds **cannot** be used to pay for any Federal Election Activity (Schedule H-6). However, Levin funds **can be** used to pay for Non-federal activity including the non-federal share of allocable expenses (Schedule H-4).
3. **Reported Amounts as basis for Threshold Amounts** - For all thresholds, the reported amount will be used if the reported amount is materially correct. If the reported amount is materially misstated, the auditor may use the committee's database provided that it has been reconciled to the committee's bank activity.
4. **Rounding Threshold Amounts** - To determine the threshold amounts, apply the threshold percentage to the appropriate reported amount and round the result up to the nearest \$100. For example, if the reported amount of contributions from individuals is \$725,000, the threshold percentage is 3.5%, the threshold amount is \$25,400 ($\$725,000 \times .035 = \$25,375$).
5. **Best Efforts** – The regulations address best efforts to obtain contributor information (11 CFR §104.7) and to obtain records for disbursements (11 CFR §102.9(d)).
6. **“Amount”** – The dollar value of the transaction.

Knowing and Willful Violations of the Act

Any matter, whether or not it meets the materiality threshold for inclusion in the interim audit report or referral to the Office of General Counsel, can still be referred to OGC if the auditor suspects there is a Knowing and Willful Violation of the Act (52 USC §30109 (a)(5) and (d)). The auditor in conjunction with the Audit Manager and Assistant Staff Director will review the matter, confer with OGC (Compliance Advice Team), and decide if a referral will be made.

Receipt of Prohibited Contributions

Regulatory Cites

52 USC §30118, 30119, 30121 & 30122
11 CFR §§106.6; 106.7 and 300.31(e) and (f)

Applicable to the following:

- Contributions from corporations, unions, national banks, government contractors, foreign nationals.
- Contributions in the name of another.
- Donations to the Levin Fund from a national state/local party committee, federal candidate, federal officeholder, and certain joint fundraising receipts.
- Donations to the Levin Fund that are unlawful under State law qualify as prohibited.
- Transfers received into the Levin account from any other State, district or local committee of any political party and used for FEA activity.
- Transfers from the non-federal account for other than allocated portion of shared expenses.

How the Threshold is applied:

- The amount of the projection of the error for UNRESOVLED apparent prohibited contributions and the UNTIMELY resolved apparent prohibited contributions are totaled and compared to the threshold below.
- Each category (Individuals & Levin Donations) is tested separately and the appropriate threshold is applied separately.
- The “single event threshold” may be applicable to prohibited contributions that do not meet inclusion in the interim audit report.

Criteria for Inclusion in the Audit Report:

100% Review and Dollar Unit Sample Review

The matter will be addressed in the interim audit report if:

- the amount of the apparent prohibited contributions is greater than [REDACTED] of the total reported amount of contributions from individuals (as reported on Line 11(a)(iii) of the Detailed Summary Page of FEC Form 3X; for Levin receipts- Schedule L, Line 1(c)) and the amount of the apparent prohibited contributions exceeds [REDACTED] for the audit period

OR

- the amount of the apparent prohibited contributions is greater than [REDACTED] for the audit period.

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Criteria for Referral to Office of General Counsel

A referral to OGC will be made if the response to the audit report does not reduce the prohibited contribution amount to:

- [REDACTED] or less of the total reported amount of contributions from individuals/donations to the Levin Fund or the amount to [REDACTED] or less and the required refunds were **not** made

OR

- [REDACTED] or less and the required refunds were **not** made.

However, a referral to OGC or ADRO will **NOT** be made if the response to the Audit Report reduces the prohibited contribution/donation amounts to:

- greater than [REDACTED] but less than or equal to [REDACTED] of contributions from individuals or donations to the Levin Fund and the required refunds were made.

OR

- [REDACTED] or less and the required refunds were made.

How a committee can reduce the apparent prohibited amount

A committee must submit evidence that a contribution was not prohibited; was timely refunded or timely transferred.

Criteria for Referral to Alternative Dispute Resolution Office

A referral to ADRO will be made if the response to the audit report does not reduce the prohibited contribution amount to:

- less than or equal to [REDACTED] of the total reported amount of contributions from individuals/donations to the Levin Fund or the amount to [REDACTED] or less and the required refunds were made

OR

- [REDACTED] or less and the required refunds were made.

Single Event Threshold (Referral to OGC)

Consider this threshold if the threshold for inclusion in the audit report is not met.

Prohibited contributions will be referred after the exit conference response period if:

- the prohibited contribution amount is greater than [REDACTED]
- AND**
- the threshold for inclusion in interim audit report has not been met
- AND**
- the committee has not refunded the prohibited contribution.

Single Event Threshold (Referral to ADRO)

Consider this threshold if the threshold for inclusion in the audit report is not met.

Prohibited contributions will be referred after the exit conference response period if:

- the prohibited contribution amount is greater than [REDACTED]
- AND**
- the threshold for inclusion in interim audit report has not been met
- AND**

- the committee has refunded the prohibited contribution (although untimely and/or subsequent to the date of the audit notification letter).

Applicable Policy

- The interim audit report must state whether the committee was in compliance with 11 CFR §103.3(b)(4). To determine compliance, the **sum** of excessive and prohibited contributions must be compared to the available cash.
- The prohibited contribution amount should be refunded, transferred to the non-federal/Levin, or disposed of not later than ■ days from the date of deposit (provided that there is sufficient assurance the contributions are being deposited within 2 or 3 days of receipt). If transferred to the non-federal/Levin account, the committee must inform the contributor in writing and offer the option for a refund.
- If a contribution is referable to OGC or ADRO (Single Event threshold) the contribution(s) in question will be addressed at the exit conference. The committee will have the 10-day post exit conference response period to demonstrate that the contribution was not from prohibited sources.

Receipt of Contributions, Loans, Levin Donations in Excess of the Limitation

Regulatory Cites

52 USC §30116(a) & 11 CFR §300.31(d)

Applicable to the following:

- Contributions received from individuals.
- Contributions received from political committees.
- Donations to a Levin fund account.
- Loans in excess of the contribution limitation by any person.
- Any portion of any loan endorsed or guaranteed by any person in excess of the limitation.

How the Threshold is applied:

- Each category (Individuals, Political Committees, Loans & Levin Donations) is tested separately and the appropriate threshold is applied separately.
- For Individuals- There are three separate characteristics: Non-Curable Excessives; Untimely Resolved Excessives and Curable Excessives.
- The amount of the projection of the error for “Curable” and “Untimely Resolved” is combined and compared to the thresholds below.
- The “single event threshold” may be applicable to excessive contributions that do not meet the standard for inclusion in the interim audit report.

Criteria for Inclusion in the Audit Report:

100% Review and Dollar Unit Sample Reviews

Contributions From Individuals (Non-Curables)

The matter will be addressed in the interim audit report if:

- the amount of apparent excessive contributions is greater than [REDACTED] of the total reported amount of contributions from individuals (as reported on Line 11(a)(iii) of the Detailed Summary Page of FEC Form 3X; for Levin receipts-Schedule L, Line 1(c)) **and** the amount of the apparent excessive contributions exceeds [REDACTED]

OR

the amount of the apparent excessive contributions is greater than [REDACTED].

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Contributions From Individuals (Untimely Resolved or Curable)

The matter will be addressed in the interim audit report if:

- the combined amount of apparent excessive contributions is greater than [REDACTED] of the total reported amount of contributions from individuals (as reported on Line 11(a)(iii) of the Detailed Summary Page of FEC Form 3X; for Levin receipts-Schedule L, Line 1(c));

AND

- the amount of apparent excessive contributions exceeds [REDACTED].

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Contributions From Political Committees

The matter will be addressed in the interim audit report if:

- the amount of apparent excessive contributions is greater than [REDACTED] of the total reported amount of contributions from political committees **and** the amount of apparent excessive contributions exceeds [REDACTED]

OR

- the amount of the apparent excessive contributions is greater than [REDACTED].

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Donations to the Levin Fund

The matter will be addressed in the interim audit report if:

- the amount of apparent excessive donations is greater than [REDACTED] of the total amount of reported Levin donations **and** the amount of apparent excessive donations exceeds [REDACTED]

OR

- the amount of the apparent excessive donations is greater than [REDACTED].

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Audit Recommendation

The recommendation will:

- present the committee with an opportunity to demonstrate that the apparent excessive contributions were not excessive or were timely resolved

AND

- afford the committee an opportunity to resolve any remaining unresolved apparent excessive contribution either through refund, payment to a governmental entity or a qualified charitable organization¹ or if applicable, presumptive reattribution or transfer to the non-federal account.

Criteria for Referral to Office of General Counsel

A referral to OGC will be made if:

Contributions From Individuals (Non-Curable Excessives)

The response to the audit report does not reduce the apparent excessive contribution amount to:

- [REDACTED] or less of total reported amount of contributions from individuals² **or** the aggregate amount to [REDACTED] for individuals or less and the required refunds were **not** made

¹See 26 U.S.C. §170(c)

² For individuals the determination is based on [REDACTED] of contributions from individuals; for political committees the determination is based on [REDACTED] of contributions from political committees.

OR

- [REDACTED] or less and the required refunds were **not** made.

Contributions From Individuals (Untimely Resolved or Curable Excessives)

The response to the audit report

- does not reduce the apparent excessive contribution amount to [REDACTED] or less of total reported amount of contributions from individuals

OR

- the aggregate amount to [REDACTED] or less
- the committee did not comply with the recommendation.

Contributions From Political Committees

The response to the interim audit report does not reduce the apparent excessive contribution amount to:

- [REDACTED] or less of total reported amount of contributions from political committees¹ **or** the aggregate amount to [REDACTED] or less and the committee did not comply with the recommendations

OR

- [REDACTED] or less and the committee did not comply with the recommendations

Donations to the Levin Fund

The response to the audit report does not reduce the apparent excessive contributions to:

- [REDACTED] or less of total reported amount of Levin Donations **or** the aggregate amount to [REDACTED] or less and the committee did not comply with the recommendations

OR

- [REDACTED] or less and the committee did not comply with the recommendation.

How a committee can reduce the apparent excessive amount

A committee must submit either evidence that a contribution was not excessive or evidence that the contribution was timely reattributed (either written or presumptive); timely refunded or timely transferred.

A referral to OGC or ADRO will **NOT** be made if:

- the response to the Audit Report reduces the excessive contribution amount to greater than [REDACTED] but less than or equal to [REDACTED] of contributions/donations from individuals **and** the required refunds were made

OR

- [REDACTED] or less **and** the required refunds were made.

Criteria for Referral to Alternative Dispute Resolution Office

A referral to ADRO will be made if:

Contributions From Individuals (Non- Curable Excessives)

The response to the audit report does not reduce the apparent excessive contribution amount to:

- [REDACTED] or less of total reported amount of contributions from individuals and the committee complied with the recommendation.
- OR**
- [REDACTED] or less and the committee complied with the recommendation.

Contributions From Individuals (Untimely Resolved or Curable Excessives)

The response to the audit report does not reduce the apparent excessive contribution amount to:

- [REDACTED] or less of total reported amount of contributions from individuals
- AND**
- the committee complied with the recommendation.

Contributions From Political Committees

The response to the interim audit report does not reduce the apparent excessive contribution amount to:

- [REDACTED] or less of total reported amount of contributions from political committees or the aggregate amount to [REDACTED] or less and the committee complied with the recommendation
- OR**
- [REDACTED] or less and the committee complied with the recommendation.

Levin Donations

The response to the audit report does not reduce the apparent excessive contributions to:

- [REDACTED] or less of total reported amount of Levin Donations or the aggregate amount to [REDACTED] or less and the committee complied with the recommendation
- OR**
- [REDACTED] or less and the committee complied with the recommendation.

Single Event Threshold (Referral to OGC)

Consider this threshold if the threshold for inclusion in the audit report is not met.

Excessive contributions will be referred after the exit conference response period if:

- the apparent excessive contribution amount is in excess of the relevant limitation by more than [REDACTED]
- AND**
- the threshold for inclusion in interim audit report has not been met
- AND**
- the committee has not refunded, reattributed, or transferred the excessive contribution. Contributions that have been untimely resolved may be referred to ADRO.

Single Event Threshold(Referral to ADRO)

Consider this threshold if the threshold for inclusion in the audit report is not met.

Excessive contributions will be referred after the exit conference response period if:

- the apparent excessive contribution amount exceeds the relevant limitation by more than [REDACTED]
- AND**
- the threshold for inclusion in interim audit report has not been met
- AND**
- the committee has untimely refunded, reattributed, or transferred the excessive contribution.

Applicable Policy

- The excessive contribution may be reattributed (either presumptive or written authorization) to another accountholder, refunded, or otherwise disposed of in an acceptable manner (such as transfer to a non-federal or Levin account) within [REDACTED] days of deposit (provided that there is sufficient assurance the contributions are being deposited within 2 to 3 days of receipt).
- Committees may transfer an excessive contribution to the non-federal account or Levin account. It will not be considered an error if, within [REDACTED] days of deposit, the committee informs the contributor in writing that his/her contribution was or will be transferred to the non-federal account or Levin account and gives the contributor the option to request a refund.
- If a contribution is referable to OGC or ADRO (Single Event threshold) the contribution(s) in question will be addressed at the exit conference. The committee will have the 10-day post exit conference response period to demonstrate that the contribution was not excessive.
- The interim audit report must state whether the committee was in compliance with 11 CFR §103.3(b)(4). To determine compliance, the **sum** of excessive and prohibited contributions must be compared to the available cash.

Receipt of Contributions of Currency in Excess of the Limitation

Regulatory Cite

52 USC §30123 and 11 CFR §110.4(c)

Applicable to the following:

- Currency contributions and contributions using a gift card or similar instrument in excess of \$100 per contributor per year.
- Anonymous cash contributions in excess of \$50.

How the Threshold is applied:

- The amount of the errors for excessive currency contributions and excessive anonymous contributions are combined and compared to the threshold below for the audit period.

Criteria for Inclusion in the Audit Report:

100% Review and Dollar Unit Sample Review

The matter will be addressed in the interim audit report if:

- the amount of the excessive currency and the amount of excessive anonymous contributions (added together) is greater than [REDACTED] of the total reported amount of contributions from individuals
- AND**
- the amount of the excessive currency exceeds [REDACTED].

Tolerable Sampling Error— [REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Criteria for Referral to Office of General Counsel

A referral to OGC will be made if:

- the response to the audit report does not reduce the amount of the excessive amount to [REDACTED] or less of the total reported amount of contributions from individuals
- OR**
- the aggregate excessive amount to [REDACTED] or less
- AND**
- the committee did not comply with the recommendation.

How a committee can reduce the apparent excessive amount

A committee can reduce the amount of the errors by submitting evidence that a contribution was not excessive or evidence that the contribution was timely refunded, transferred or disposed of. To be timely, contributions must be refunded or disposed of in an acceptable manner within [REDACTED] days of deposit, provided that there is sufficient assurance that contributions are being deposited within 2 to 3 days of receipt.

Criteria for Referral to ADRO

A referral to ADRO will be made if:

- The response to the audit report does not reduce the amount of the excessive amount to [REDACTED] or less of the total reported amount of contributions from individuals
- OR**
- the aggregate excessive amount to [REDACTED] or less
- AND**
- the committee did comply with the recommendation.

Contributions from Unregistered Political Organizations

Regulatory Cite

11 CFR 102.5(b)

Applicable to the following:

- Political Party Committees-Contributions received from unregistered political organizations in excess of [REDACTED] per year. (for permissibility purposes only)
- Other Political Committees- Contributions received from unregistered political organizations in excess of [REDACTED] per year. (for both excessive and permissibility)

How the Threshold is applied:

- The recipient political committee must demonstrate that the funds it received from the unregistered political organization were from *permissible sources* (such as a letter from the contributing organization attesting to the permissibility of the contribution). Although the contribution may be deemed permissible, it will still be considered excessive if in excess of the relevant limit noted above.
- The excessive amount for each calendar year is added together and applied against the threshold for the audit period.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be addressed in the interim audit report if:

- the amount of the apparent prohibited/excessive contribution is greater than [REDACTED] of total reported contributions (The sum of Lines 11a(iii), 11(b), 11(c))
- AND**
- the amount of the prohibited/excessive contribution exceeds [REDACTED].

Tolerable Sampling Error=[REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Criteria for Referral to the Office of General Counsel

A referral to OGC will be made if the response to the audit report does not reduce the prohibited contribution amount to

- [REDACTED] or less of total reported contributions (The sum of Lines 11a(iii), 11(b), 11(c))
- OR**
- the aggregate excessive amount to [REDACTED] or less
- AND**
- the committee did not comply with the recommendation.

How a committee can reduce the apparent prohibited amount

A committee must submit the following

- Evidence that the contributing organization's funds were from permissible sources
- OR**
- Evidence that the contribution was timely refunded, transferred or disposed of. To be timely, contributions must be refunded or disposed of in an acceptable manner within

■ days of deposit, provided that there is sufficient assurance that contributions are being deposited within 2 to 3 days of receipt.

Criteria for Referral to Alternative Dispute Resolution Office

A referral to ADRO will be made if the response to the audit report does not reduce the prohibited contribution amount to:

- ■ or less of total reported contributions (the sum of Lines 11a(iii), 11(b), 11(c))
- OR**
- the aggregate excessive amount to ■ or less
- AND**
- the committee did comply with the recommendation.

Contributions in Excess of the Limitation Made by a Committee

Regulatory Cite

52 USC §30116

Applicable to the following:

- Direct contributions of funds or in-kind contributions made by the Committee to another political committee.
- Coordinated expenditures under 52 USC §30120 have a separate threshold.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be addressed in the interim audit report if:

- the amount of the aggregate excessive contributions is greater than [REDACTED] of the total reported contributions made
- AND
- the aggregate amount of the excessive contributions is greater than [REDACTED].

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the response to the audit report does not reduce the amount of the aggregate excessive contribution amount to

- [REDACTED] or less of the total reported contributions made
- OR
- the amount of the aggregate excessive contributions to [REDACTED] or less
- AND
- the committee did not comply with the recommendation.

How a committee can reduce the apparent excessive amount

A committee can demonstrate that it did not make an excessive contribution or that it received a refund prior the exit conference.

Criteria for Referral to Alternative Dispute Resolution Office

The matter will be referred to ADRO if the response to the audit report does not reduce the amount of the aggregate excessive contributions to

- [REDACTED] or less of the total reported contributions made
- OR
- the amount of the aggregate excessive contributions to [REDACTED] or less
- AND
- the committee did comply with the recommendation.

Applicable Policy

- The committee making the excessive contribution may seek a refund at any time. If the committee received a refund prior to the exit conference, there is no error. Therefore, only **unresolved** excessive contributions made at the time of the exit conference will be addressed in the interim audit report.

Untimely Deposits of Contributions & Transmittals

Regulatory Cites

11 CFR §103.3(a), 11 CFR §102.6(c)(4), 11 CFR §102.6(b)(1)

Applicable to the following:

- Contributions from individuals.
- Contributions from political committees and party committees.
- Contributions received via payroll deduction.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

This matter will be addressed in the interim audit report if:

- the total amount of the untimely deposits/transmittals is greater than [REDACTED] of the total amount of all deposits

AND

- the amount of the untimely deposits exceed [REDACTED].

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Criteria for Referral to Alternative Dispute Resolution Office

A referral to ADRO will be made if the response to the audit report does not reduce the amount of untimely deposits/transmittals to:

- [REDACTED] or less of the total amount of all deposits

AND

- the amount of the untimely deposits exceed [REDACTED].

How a committee can demonstrate contributions were not errors

To reduce the amount of untimely deposits/transmittals a committee must demonstrate that the deposits were made timely.

Failure to Itemize Receipts or Expenditures

Regulatory Cites

52 USC §30104(b) & (e)

Applicable to the following:

- Contributions from individuals (including in-kind and earmarked), (Schedule A, Line 11(a)(i))
- Transfers from Affiliated Committees (Schedule A, Line 12)
- Offsets to Operating Expenditures (refunds, rebates, returns of deposits) (Schedule A, Line 15)
- Refunds of Contributions Received (Schedule A, Line 16)
- Other Receipts (dividends, interests, etc.) (Schedule A, Line 17)
- Transfers from Non-Federal Account for Allocated Activity (Schedule H3, Line 18(a))
- Transfers from Levin Funds for Allocated FEA (Schedule H5, Line 18(b))
- Federal/Non-federal Allocated Expenses (Schedule H4, Line 21(a))
- Federal Operating Expenditures (Schedule B, Line 21(b))
- Transfers to Affiliated Committees (Schedule B, Line 22)
- Contributions to Federal Candidates and/or Political Committees (Schedule B, Line 23)
- Independent Expenditures (Schedule E, Line 24)
- Coordinated Expenditures (Schedule F, Line 25)
- Contribution Refunds made (Schedule B, Lines 28(a), (b), (c))
- Other Disbursements (Schedule B, Line 29)
- Federal/Levin Allocated FEA Expenses (Schedule H6, Line 30(a))
- Federal Election Activity Paid Entirely With Federal Funds (Schedule B, Line 30(b))
- Levin Receipts from Persons (Donations) (Schedule L-A, Line 1(a))
- Levin "Other Receipts" (Schedule L-A, Line 2)
- Levin Transfers to Federal Account (Schedule L-B, Line 4)
- Levin Disbursements (Schedule L-B, Line 5)

How the Threshold is applied:

- The categories of receipts or categories of expenditures should be combined, whenever possible.
- For example, all itemization errors for receipts should be evaluated against the threshold calculated based on total receipts.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be addressed in the interim audit report if:

- the aggregate amount of receipts/expenditures that were required to be itemized but were not, is greater than [REDACTED] of the total amount of all transactions itemized for the specific category(receipts/disbursements) and the aggregate amount is greater than [REDACTED]

OR

- the amount of the receipts/expenditures that were required to be itemized but were not, is greater than [REDACTED].

Tolerable Sampling Error = [REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the response to the audit report does not reduce the unitemized amount to

- [REDACTED] or less of the total amount of all transactions itemized for the specific category (receipts/disbursements) and the aggregate amount is greater than [REDACTED]

OR

- [REDACTED] or less for the specific category (receipts/disbursements)

AND

- the committee did **not** comply with the recommendation.

How a committee can demonstrate a transaction was itemized:

The committee can reduce the amount in error by demonstrating that the transactions were itemized on reports filed prior to the audit notification letter or show the transactions were not required to be itemized.

Criteria for Referral to ADRO

The matter will be referred to ADRO if the aggregate amount of receipts or expenditures that were required to be itemized but were not is

- greater than [REDACTED] of the amount of transactions itemized for the specific category and the aggregate amount is greater than [REDACTED]

OR

- greater than [REDACTED] for the specific category

AND

- the committee did comply with the recommendation.

Failure to Itemize Loans, Loan Repayments & Debts and Obligations

Regulatory Cite

52 USC §30104(b)

Applicable to the following:

Tested 100% only

- Loans Received (Schedules A and C, Line 13)
- Loan Repayments Received (Schedules B and C Line 14)
- Loans Repayments Made (Schedule B and C, Line 26)
- Loans Made (Schedule B and C, Line 27)

Tested 100% or DUS

- Debts and Obligations owed by the Committee (Schedule D, Line 10)
- Debts and Obligations owed to the Committee (Schedule D³, Line 9)

How the Threshold is applied:

- This threshold is applied separately to each category. Errors are compared against the population (specific category or categories) that was tested.
- For Debts and Obligations owed by the Committee (Schedule D, Line 10) tested on a sample basis, all disbursement sample items are testable for potential debt reporting.
- The amount of the sample projection and the amount of the errors from the 100% review are totaled and compared to the threshold below.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be address in the interim audit report if:

- the aggregate amount of the unreported amount for the category tested is greater than [redacted] of the aggregate amount of transactions that should have been reported (correct reportable) for each category and the aggregate amount is greater than [redacted] during the audit period
- OR**
- the amount of the transactions not itemized for the category tested is greater than [redacted].

Tolerable Sampling Error= [redacted] or [redacted] of the sample error rate, whichever is greater.

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the response to the audit report does not reduce the aggregate amount of the unreported amount for the category tested to:

³ The full amount of any debt for a shared (F/NF or F/Levin) expense should be itemized on Schedule D.

- [REDACTED] or less of the total amount of disbursements and the aggregate amount is greater than [REDACTED]
- OR**
- [REDACTED] or less
- AND**
- the committee did not comply with the recommendation.

How a committee can demonstrate a transaction was itemized:

The committee can reduce the amount in error by demonstrating that the transactions were itemized on reports filed prior to the audit notification letter or by showing that the transaction did not require itemization.

Criteria for Referral to ADRO

The matter will be referred to ADRO if the response to the audit report does not reduce the aggregate amount of the unreported amount for the category tested to

- [REDACTED] or less of the total amount of disbursements and the aggregate amount is greater than [REDACTED]
- OR**
- [REDACTED] or less
- AND**
- the committee did comply with the recommendation.

Failure to Itemize Contributions from Political Committees

Regulatory Cite

52 USC §30104(b) & (e)

Applicable to the following:

- Contributions received from political committees.

Criteria for Inclusion in the Audit Report:

100% Review

The matter will be included in the interim audit report if:

- the amount of contributions from political committee not itemized is greater than [REDACTED] of the total reported amount of the contributions received from political committees and the aggregate amount is greater than [REDACTED]

OR

- the amount of the contributions from political committees not itemized is greater than [REDACTED].

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the response to the audit report does not reduce the amount of contributions from political committee that were not itemized to

- [REDACTED] or less of the total reported amount of contributions received from political committees and the aggregate amount is greater than [REDACTED]

OR

- [REDACTED] or less

AND

- the committee did not comply with the recommendation

How a committee can demonstrate a transaction was itemized:

To reduce the amount of contributions from political committees that were not itemized a committee must demonstrate that the contributions were itemized on reports filed prior to the audit notification letter.

Criteria for Referral to Alternative Dispute Resolution Office

The matter will be referred to ADRO if the response to the audit report does not reduce the amount of contributions from political committees that were not itemized to:

- [REDACTED] or less of the total reported amount of contributions received from political committees and the aggregate amount is greater than [REDACTED]

OR

- [REDACTED] or less

AND

- the committee complied with the recommendation.

Omission of Disclosure Information for Receipts and Expenditures

Regulatory Cites

52 USC §30104(b) and 11 CFR §§104.3 & 300.36(a)

Applicable to the following:

- Contributions from individuals (including in-kind and earmarked), (Schedule A, Line 11(a)(i))
- Contributions from political committees (Schedule A, Lines 11(b) & 11(c))
- Transfers from Affiliated Committees (Schedule A, Line 12)
- Offsets to Operating Expenditures (refunds, rebates, returns of deposits) (Schedule A, Line 15)
- Refunds of Contributions Received (Schedule A, Line 16)
- Other Receipts (dividends, interests, etc.) (Schedule A, Line 17)
- Transfers from Non-Federal Account for Allocated Activity (Schedule H3, Line 18(a))
- Transfers from Levin Funds for Allocated FEA (Schedule H5, Line 18(b))
- Federal/Non-federal Allocated Expenses (Schedule H4, Line 21(a))
- Federal Operating Expenditures (Schedule B, Line 21(b))
- Transfers to Affiliated Committees (Schedule B, Line 22)
- Contributions to Federal Candidates and/or Political Committees (Schedule B, Line 23)
- Independent Expenditures (Schedule E, Line 24)
- Coordinated Expenditures (Schedule F, Line 25)
- Contribution Refunds made (Schedule B, Lines 28(a), (b), (c))
- Other Disbursements (Schedule B, Line 29)
- Federal/Levin Allocated FEA Expenses (Schedule H6, Line 30(a))
- Federal Election Activity Paid Entirely With Federal Funds (Schedule B, Line 30(b))
- Levin Receipts from Persons (Donations) (Schedule L-A, Line 1(a))
- Levin “Other Receipts” (Schedule L-A, Line 2)
- Levin Transfers to Federal Account (Schedule L-B, Line 4)
- Levin Disbursements (Schedule L-B, Line 5)
- Debts and Obligations (Schedule D)

How the Threshold is applied:

- Best Efforts-If during the review “best efforts” are documented for those items lacking adequate disclosure information, such items will **not** be considered errors.
- The categories of receipts/expenditures should be combined, whenever possible. For example, all receipt disclosure errors should be evaluated against the threshold calculated based on total receipts.
- The threshold is applied to transactions that are itemized (including memo entries) on the committee disclosure reports.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be addressed in the interim audit report if:

- the aggregate amount of disclosure errors is greater than [REDACTED] of the total reported amount of receipts/expenditures itemized on the committee's reports and the aggregate amount exceeds [REDACTED]
- OR**
- the amount of the disclosure errors is greater than [REDACTED].

Tolerable Sampling Error = [REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the response to the audit report does not reduce the amount of disclosure errors to:

- [REDACTED] or less of the amount of receipts/expenditures itemized on the committee's reports and the aggregate amount of disclosure errors exceeds [REDACTED].
- OR**
- [REDACTED] or less
- AND**
- the committee did not comply with the recommendation.

How a committee can demonstrate a transaction was correctly disclosed

To reduce the amount of disclosure errors the committee must demonstrate that the disclosure was correct or that best efforts were made to obtain, maintain and submit the required information.

Criteria for Referral to Alternative Dispute Resolution Office

The matter will be referred to ADRO if the response to the audit report does not reduce the amount of disclosure errors to:

- [REDACTED] or less of the amount of receipts/expenditures itemized on the committee's reports and the aggregate amount of disclosure errors exceeds [REDACTED].
- OR**
- [REDACTED] or less
- AND**
- the committee complied with the recommendation.

Omission of Occupation and Name of Employer

Regulatory Cites

52 USC §30104(b) and 11 CFR §§ 104.3 & 100.12

Applicable to the following:

- The threshold is applied to contributions from individuals that are itemized (including memo entries) on the committee disclosure reports.

How the Threshold is applied:

- Best Efforts-If during the review “best efforts” are documented for those items lacking adequate disclosure information, such items will **not** be considered errors.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be addressed in the interim audit report if:

- the amount of itemized contributions having missing or inadequate occupation/name of employer is greater than [REDACTED] of the amount of all itemized contributions requiring such disclosure
- AND**
- the aggregate amount exceeds [REDACTED].

Tolerable Sampling Error = [REDACTED] or [REDACTED] of the error, whichever is greater.

Criteria for Referral to Alternative Dispute Resolution Office

The matter will be referred to ADRO if:

- the aggregate amount of itemized contributions having missing or inadequate occupation/name of employer is greater than [REDACTED] of all itemized contributions requiring such disclosure.
- AND**
- the aggregate amount exceeds [REDACTED].

Misstatement of Financial Activity

Regulatory Cite

52 USC §30104(b)

Applicable to the following:

- Discrepancies between reported financial activity (receipts, disbursements, and cash on hand) and the correct reportable activity according to the bank reconciliation.
- Discrepancies between reported Levin Fund Activity (receipts, disbursements, and cash on hand) and the correct reportable activity according to the Levin Fund Account.

How the Misstatement is Presented in the Report:

- If only receipts or disbursements are materially misstated, the finding will explain the beginning cash on hand, ending cash on hand, receipt, and disbursement misstatements in order for the committee to file complete and accurate amendments.
- If only cash on hand is materially misstated, the committee will be requested to amend its latest report filed to correct the cash on hand balance. Receipt and disbursement discrepancies should be presented to the committee at the exit conference even though these will not appear in the audit report.

Criteria for Inclusion in the Audit Report:

The matter will be addressed in the interim audit report if:

Misstated Activity (Receipts or Expenditures) Threshold

- the reported amount of receipt or expenditures, when compared to the correct reportable amount per the bank, is misstated by greater than [REDACTED]
- AND**
- the misstated amount of receipts or expenditures is greater than [REDACTED].

Absolute Value of Misstated Activity (Receipts or Expenditures) Threshold

- the sum of the absolute values of the identified receipt/expenditure errors (disregarding signs), when compared to the correct reportable amount of receipts or expenditures per the bank, is greater than [REDACTED]
- AND**
- the misstated amount of receipts/expenditures (disregarding signs) is greater than [REDACTED].

Cash on Hand Threshold

- the reported amount of cash on hand (either beginning or ending) is misstated by greater than [REDACTED] of either the correct reportable amount of receipt or expenditures, whichever is greater.
- AND**
- the misstated amount exceeds [REDACTED].

Criteria for Referral to the Office General Counsel

After determining if the response to the audit report has reduced the misstated amount of receipts or expenditures (See “How a committee can reduce the misstated amount”), the matter will be referred to OGC if any of the conditions are met in #1, #2 or #3 below:

1. Receipts and Expenditures

- the reported amount of receipts or expenditures was misstated by greater than [REDACTED]
- AND
- the reported amount of receipts or expenditures was misstated by more than [REDACTED].

2. Receipts and Expenditures

- Amended reports do not reduce the misstated amount of receipts/expenditures to less than the threshold for inclusion in the interim audit report.

3. Absolute Value of Misstated Activity (Receipts or Expenditures)⁴

- The sum of the absolute values of the identified receipt or expenditure errors (disregarding signs) was greater than [REDACTED] of the respective correct reportable amounts.

How a committee can reduce the misstated amounts:

The committee can reduce the misstated amount by demonstrating that the audited reports were materially correct or misstated by a lesser amount prior to the audit notification letter.

Criteria for Referral to Alternative Dispute Resolution Office

The matter will be referred to ADRO if:

Receipts and Expenditures

- the threshold for referral to OGC has not been breached
- AND
- the misstated amount of receipts/expenditures was between [REDACTED] and [REDACTED]
- AND
- the misstated amount is greater than [REDACTED].


Absolute Value of Misstated Activity (Receipts or Expenditures)³

- the sum of the absolute values of the identified receipt/expenditure errors (disregarding signs) is between [REDACTED] and [REDACTED].

Applicable Policy

- The calculation of the amount of the absolute value does not include the amount of “unexplained differences.”
- If differences between bank and reported amounts are the result of timing differences, discuss with the Audit Manager the option of not pursuing this part of the

⁴ Only applies to findings based on absolute value.


misstatement finding. For example, \$50,000 in contributions are received on December 15, 2013 but not deposited until January 15, 2014 and reported in the report covering January.

Increased Financial Activity

Regulatory Cite

52 USC §30104(b)

Applicable to the following:

- Any Committee that was assigned RAD referral point(s) for ‘**increased reported activity**’ (Receipts or Disbursements)-Refer to RAD referral.

Criteria for Inclusion in the Audit Report:

The matter will be addressed in the interim audit report if:

Misstated Activity (Receipts or Expenditures) Threshold

- the reported amount of receipts or expenditures as **originally reported**, when compared to the correct reportable per bank for receipts or expenditures, is misstated by greater than [REDACTED].
- AND
- the misstated amount of receipts or expenditures is greater than [REDACTED].

Criteria for Referral to ADRO

The matter will be referred to ADRO if:

Receipts and Expenditures

- receipts or expenditures as **originally reported** when compared to the correct reportable per bank, is misstated by greater than [REDACTED]
- AND
- the misstated amount of receipts or expenditures is greater than [REDACTED] excluding amounts previously referred to ADRO by RAD for the audit period.

Applicable Policy

- For increased activity, the original reports filed are compared to the correct reportable per the bank.

Recordkeeping - Receipts

Regulatory Cites

52 USC §30102(c) & 11 CFR §300.30(d)

Applicable to the following:

- The failure to maintain contributor records (copies of contributor checks for amounts > \$50 or credit card processing records) or other documentation for receipts for the federal account or Levin Fund.

How the Threshold is applied:

- Best Efforts-If during the review “best efforts” are documented for those items lacking records, such items will not be considered errors.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

Contributions (Other than Payroll Deduction)

The matter will be addressed in the interim audit report if:

- the amount of the undocumented receipts (other than loans) is greater than [REDACTED] of the total amount of reported receipts (other than loans).

AND

- the amount of the undocumented receipts (other than loans) exceeds [REDACTED]

Tolerable Sampling Error = [REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Payroll Deduction Contributions

The matter will be addressed in the interim audit report if:

- the amount of undocumented receipts is greater than [REDACTED] of the total amount of receipts collected through payroll deduction.

Tolerable Sampling Error = [REDACTED] or [REDACTED] of the sample error rate, whichever is greater.

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if:

- the response to the audit report does not reduce the amount of undocumented receipts (other than loans) to [REDACTED] or less ([REDACTED] or less for payroll deduction receipts)

AND

- the amount of the undocumented receipts (other than loans) is greater than [REDACTED].

How a committee can reduce the amount of undocumented receipts:

The committee can reduce the amount of undocumented receipts (other than loans) by locating and submitting the missing documents, or by demonstrating best efforts. See the Error Definitions for the procedure to be followed in obtaining missing records without compromising the sample.

Recordkeeping (§104.14) -Disbursements

Regulatory Cites

11 CFR §104.14

Applicable to the following:

- The failure to maintain records which provide, in sufficient detail, the necessary information and data to verify the disclosure report for accuracy.

How the Threshold is applied:

- This threshold is to be applied to Federal and Levin disbursements tested (combined).

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be addressed in the interim audit report if:

- the amount of the undocumented disbursements is greater than [REDACTED] of the total amount of reported disbursements
- AND
- the amount of the undocumented disbursements exceeds [REDACTED].

Tolerable Sampling Error=[REDACTED] or [REDACTED] of the sample error rate, whichever is greater

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if:

- the response to the audit report does not reduce the undocumented amount of disbursements to [REDACTED] or less of total amount of reported disbursements
- AND
- the amount of the undocumented disbursements exceeds [REDACTED].

How a committee can reduce the amount of undocumented disbursements:

The committee can reduce the amount of undocumented disbursements by locating and submitting the missing documents.

Recordkeeping (§102.9)-Disbursements

Regulatory Cites

52 USC §30102(c) & (d) and 11 CFR §102.9

Applicable to the following:

- The failure to obtain and maintain canceled checks, invoices, and other documentation for expenditures for the Federal account(s) or the Levin Fund.

How the Threshold is applied:

- Best Efforts-If during the review “best efforts” are documented for those items lacking records, such items will not be considered errors.
- This threshold is to be applied separately to Levin Fund disbursements.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be addressed in the interim audit report if:

- the amount of the undocumented disbursements is greater than [REDACTED] of the total amount of reported disbursements
- AND**
- the amount of the undocumented disbursements exceeds [REDACTED].

Tolerable Sampling Error=[REDACTED] or [REDACTED] of the sample error rate, whichever is greater

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if:

- the response to the audit report does not reduce the undocumented amount of disbursements to [REDACTED] or less
- AND**
- the amount of the undocumented disbursements exceeds [REDACTED].

How a committee can reduce the amount of undocumented disbursements:

The committee can reduce the amount of undocumented disbursements by locating and submitting the missing documents or demonstrate best efforts. Obtaining records from a third party does not demonstrate that the committee’s records were complete.

Recordkeeping-Employee Logs

Regulatory Cites

11 CFR § 106.7

Applicable to the following:

- The failure to maintain a monthly log for employees.

How the Threshold is applied:

- This threshold is to be applied to monthly logs for those employees whose salaries and wages are allocated as administrative costs pursuant to 106.7.

Criteria for Inclusion in the Audit Report:

100% Review

The matter will be addressed in the interim audit report if:

- the amount of the undocumented payroll is greater than [REDACTED] of the total amount of payroll⁵
- AND
- the amount of the undocumented payroll exceeds [REDACTED].

Criteria for Referral to the Office of Alternative Dispute Resolution Office

The matter will be referred to ADRO if:

- the response to the audit report does not reduce the undocumented amount of payroll to [REDACTED] or less
- AND
- the amount of the undocumented payroll exceeds [REDACTED].

How a committee can reduce the amount of undocumented payroll:

The committee can reduce the amount of undocumented payroll by submitting the missing monthly logs. The committee can also reduce the amount of undocumented payroll (for ADRO referral purposes only) by amending its reports to disclose the disbursements on Schedule B as having been paid with all federal funds, as verified by Audit.

⁵ The denominator for 106.7 errors is the total amount of payroll paid to employees for whom a log is required (allocated and non-federal employees).

Failure to File 24-Hour & 48-Hour Reports of Independent Expenditures

Regulatory Cites

11 CFR §104.4(a), (b) & (c) and 104.5(g)

Applicable to the following:

- Any person who makes independent expenditures aggregating \$10,000 or more between January 1, 2013, up to the 20th day before the election (including a special election or run-off election). (48-Hour Reports)
- Any person who makes independent expenditures aggregating \$1,000 or more made with respect to a given election after the 20th day but more than 24 hours, before 12:01 A.M. of the day of an election. (24-Hour Reports)

How the Threshold is applied:

- Expenditures subject to 48-hour or 24-hour notification are tested separately on a 100% basis.
- The amount of the errors for 24-Hour Reports and 48-Hour Reports are combined and compared to the threshold below.

Criteria for Inclusion in the Audit Report:

100% Review

The matter will be included in the interim audit report if:

- the amount of reports not filed or filed late is greater than [REDACTED] of the total amount of reported independent expenditures
- AND**
- the amount of reports not filed or filed late is greater than [REDACTED].

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if:

- the response to the audit report does not reduce the amount of reports not filed or filed late to [REDACTED] or less
- AND**
- the amount of reports not filed or filed late is greater than [REDACTED].

How a committee can reduce the amount reports not filed:

To reduce the amount of reports not filed or filed late, the committee must demonstrate that the reports were not required to be filed or were filed timely.

Allocation of Administrative, Generic Voter Drive, Exempt Activity, Fundraising, FEA & Direct Candidate Support

Regulatory Cite

11 CFR §§106.6, 106.7, and 300.33(d)(2)

Applicable to the following:

- The receipt of funds from the non-federal account and/or from the Levin Fund.
- Expenditures made by the Committee's non-federal or Levin Fund.

Criteria for Inclusion in the Audit Report:

100% Review

The matter will be addressed in the interim audit report if:

- the amount of over-funding by the non-federal account/Levin Fund (combined) in connection with federal elections or federal election activity is greater than ■ of total allocable expenditures (federal, non-federal and Levin shares)
- AND**
- the amount of over-funding is greater than ■.

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if:

- the response to the audit report **does not** reduce the amount of over-funding by the non-federal account/Levin Fund to ■ or less
- AND**
- the amount of overfunding is greater than ■
- AND**
- the necessary refunds to the non-federal account or Levin Fund have **not** been made.

How a committee can reduce the over-funding amount:

To reduce the amount of over-funding, the committee must demonstrate expenditures causing the over-funding were properly paid by either the non-federal and/or Levin Fund.

Criteria for Referral to ADRO

The matter will be referred to ADRO if:

- the response to the audit report reduces the amount of over-funding by the non-federal account/Levin Fund to ■ or less
- BUT**
- the amount of overfunding is greater than ■
- AND**
- the necessary refunds to the non-federal account or Levin Fund have been made.

Coordinated Expenditures Made by Party Committees

Regulatory Cite

52 USC §30116(d)

Applicable to the following:

- Coordinated expenditures that are or should be itemized on Form 3X, Schedule F.

Presumption of Coordination

- Expenditures cannot be presumed to be coordinated.
- There must be evidence of coordination for those expenditures which the Committee does not claim as coordinated expenditures.
- Absent such evidence, the expenditures are considered independent expenditures which are not limited.

Criteria for Inclusion in the Audit Report:

100% Review

The matter will be addressed in the interim audit report if:

- the amount of coordinated expenditures in excess of the limitation is greater than [REDACTED] of the respective coordinated expenditure limitation
- AND**
- the aggregate amount of the excessive coordinated expenditures is greater than [REDACTED].

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if:

- the response to the audit report does not reduce the amount in excess of the coordinated expenditure limitation to [REDACTED] or less
- AND**
- the aggregate amount of excessive coordinated expenditures is greater than [REDACTED]
- AND**
- the committee did not comply with the recommendation.

How a committee can demonstrate the limitation was not exceeded:

The committee must demonstrate that the expenditures were not coordinated; not over the limitation; or, that it received all or part of the national committee's limit to cover the excessive amount of coordinated expenditures (if a local party committee-they must demonstrate that they received the State party's limit).

Criteria for Referral to Alternative Dispute Resolution Office

The matter will be referred to ADRO if:

- the response to the audit report does not reduce the amount in excess of the coordinated expenditure limitation to [REDACTED] or less
- AND**
- the aggregate amount of excessive coordinated expenditures is greater than [REDACTED]
- AND**
- the committee did comply with the recommendation.

Applicable Policy

- If the committee did not make direct contributions to the candidate equal to the contribution limitation, the committee's remaining contribution limit will be added to the coordinated expenditure limit when determining the amount in excess of the 441a(d) limitation.
- State party committees and national party committees (all three national parties share the same limit, Example: RNC, NRSC, and NRCC) each have a separate but identical coordinated expenditure limitation. It is not unusual for either committee to assign to the other all or part of its limitation. However, if the state party committee indicates that the national party committee assigned its limit (to the state party); the state party committee must have a letter to that effect from the national party committee. The assignment letter cannot be dated after the expenditures have been made.

Advances Made by Committee Staff & Other Individuals

Regulatory Cite

11 CFR §116.5

Criteria for Inclusion in the Audit Report:

100% Review

The matter will be addressed in the interim audit report if:

- the unreimbursed amount is greater than [REDACTED] of total amount of reported contributions from individuals

OR

- the unreimbursed amount per individual is greater than [REDACTED] at any time.

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if:

- the response to the audit report does not reduce the unreimbursed amount to [REDACTED] or less of the total reported contributions from individuals

OR

- the response to the audit report does not reduce the unreimbursed amount per individual to [REDACTED] or less.

Extensions of Credit Made by Commercial Vendors

Regulatory Cite

11 CFR §116.3

How to apply this Threshold

- If you are using a combination of invoices, each invoice must be outstanding for more than [REDACTED] days.
- This threshold is applied *separately* to each vendor.

Criteria for Inclusion in the Audit Report:

100% Review

The matter will be addressed in the interim audit report if:

- [REDACTED] or more is owed and outstanding for greater than [REDACTED] days from the date of incurrence; generally the invoice date.

Criteria for referral to the Office of General Counsel

The matter will be referred to OGC if:

- the committee has not demonstrated that the vendor has acted in the ordinary course of the vendor's business
- OR**
- the response to the audit report does not reduce outstanding amount owed to less than [REDACTED] or the number of days to [REDACTED] or less.

How a committee can demonstrate a vendor acted in the ordinary course of business:

The committee or vendor submits documentation that the committee was treated like any other client, to include billing practices, attempts to collect the outstanding amount, etc.

For a committee to reduce the outstanding amount owed or the number of days an amount was outstanding, it must demonstrate the amount owed was less than [REDACTED] or that the amount was not outstanding more than [REDACTED] days.

Other Errors or Omissions

Applicable to the following:

The errors or omissions detailed below generally would not be mentioned in the audit report, unless (1) the Committee fails to amend its filings or practices; or (2) there appears to be a willful violation of the Act with respect to the error or omission.

- Imperfections relating to FEC Form 1 and amendments thereto (i.e., disclosures of depositories, officers, candidates supported, etc.).
- Failure to include the 52 USC §30120 notice.
- Disclosure of receipts or expenditures on the incorrect FEC Form 3X line number.
- Failure to notify prospective contributors in accordance with 11 CFR § 102.5(2)(i), (ii) and (iii).

Applicable to the following:

The matters detailed below generally will be mentioned in the interim audit report and may result in a referral to the Office of General Counsel.

- Commingling of personal funds and Committee funds (52 USC § 30102(b)(3)).
- Termination with debts outstanding if total amount is greater than [REDACTED] (11 CFR § 102.3).
- Expenditures of over [REDACTED] in currency, if the excessive amount(s) totals more than [REDACTED] (52 USC §30102(h)(2)).
- Debt settlement not disclosed and approved in accordance with proper Commission procedures (11 CFR §116.4).