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the dollar value of disclosure errors is greater than [REDACTED] of the total reported amount of itemized receipts or expenditures;

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 matter was raised in the PAR and the Committee's response to the PAR does not reduce the amount of disclosure errors to a level less than the threshold for inclusion in the PAR.

To reduce the dollar value 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.

Policy

15. In order for a committee to have demonstrated best efforts it must have:

- requested the contributor's information in its original solicitation; **and**,
- made a second effort to contact the contributor requesting such information; **and**,
- maintained a record of such effort; **and**,
- filed amended reports disclosing any information obtained.
- The second request can not contain a request for additional contributions.

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Omission of Occupation and Name of Employer

Regulatory Cites

2 USC § 434(b) and 11 CFR §§ 104.3 & 100.12

Applicable to the following:

- The threshold is applied to contributions from individuals that are itemized on the committee disclosure reports.

If during the review best efforts are documented for those items lacking adequate information, such items **will not** be considered as errors (see Policy #15).

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

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

- the dollar value of itemized contributions having missing or incomplete occupation/name of employer information is greater than [REDACTED] of the dollar value of all itemized contributions from individuals (Line 17(a)).

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

Criteria for Referral to OGC

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's response to the PAR does not reduce the amount of disclosure errors for the individuals' occupation and name of employer to a level less than the threshold for inclusion in the PAR.

Misstatement of Financial Activity

Regulatory Cite

2 USC § 434(b)

Applicable to the following:

The difference between the reported financial activity (receipts, disbursements, cash on hand) and the correct reportable amount per the bank.

Increased Activity – (see Policy #16)

Criteria for Inclusion in the Audit Report:

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

Receipts and Expenditures

- if the reported amount of receipt or expenditures, when compared to the correct reportable amount per the bank for receipts or expenditures, is misstated by greater than [REDACTED] and the misstated amount or receipts or expenditures is greater than [REDACTED];

OR

- the sum of the absolute values of the identified receipt or 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 or expenditures (disregarding signs) is greater than [REDACTED].

Cash on Hand

- If cash on hand is misstated by more than [REDACTED] of the greater of correct reportable receipts or disbursements, but at least [REDACTED], the committee will be requested to amend its latest report filed to correct the cash misstatement. This threshold only applies if the misstated amount of receipts or expenditures did not exceed the threshold above.

Increased Activity

- if 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].

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Criteria for Referral to the Office General Counsel

The matter will be referred to OGC if:

Receipts and Expenditures

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

OR

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

OR

- the response to the preliminary audit report does not reduce the misstated amount of receipts or expenditures to less than the threshold for inclusion in the preliminary audit report.

To reduce the misstated amounts, the committee can either file amended reports correcting the misstatements or demonstrate that the audited reports were materially correct.

Increased Activity

- 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] after you exclude any amounts, for the audit period, previously referred to ADR by RAD.

Policy

16. For increased activity, the original reports filed are compared to the correct reportable per the bank.
17. To start, bank reconciliations are done on a calendar year basis. Reporting period reconciliations should only be done to identify a problem period(s) if the yearly reconciliation results in a material misstatement that can not be explained.
18. Receipts or disbursements are overstated in one year and understated the following year. If this is the case and the problem represents the same items the

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auditor can, with management approval, not pursue this part of any misstatement finding. For example, [REDACTED] in contributions are received on December 15, 2005 and reported in the year-end report but the contributions were not deposited until January 15, 2006.

19. When calculating the dollar amount of the absolute value, **do not** include the amount of “unexplained differences.”
20. We are not interested in addressing misstatements in any calendar year where the correct reportable amount of financial activity was relatively small. For example, in calendar year 2005 the correct reportable amounts for receipts and expenditures were [REDACTED] and [REDACTED] respectively. Consult your Audit Manager in similar situations.

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Recordkeeping - Receipts

Regulatory Cites

2 USC § 432(c) and (d)

Applicable to the following:

- The failure to maintain contributor records (copies of contributor checks for amounts > \$50) or other documentation for receipts.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

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

- the dollar amount of the undocumented receipts is greater than ■ of the total amount of reported contributions (Line 17(e)).

Tolerable Sampling Error= ■ or ■ 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 matter was raised in the PAR and the Committee's response to the PAR does not reduce the amount undocumented receipts to a level less than the threshold for inclusion in the PAR.

To reduce the dollar amount of undocumented receipts the committee can locate and submit the missing documents, obtain and submit the missing documents or demonstrate best efforts. See Error Definitions at Exhibit D to the Audit Program for procedure to be followed in obtaining missing records without compromising the sample.

Policy

21. There is a best efforts provision for receipt documentation.

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Apparent Non-Qualified Campaign Expenses

Regulatory Cites

2 USC §9038(b)(2) and 9007.2(b)(4)

Applicable to the following:

- The failure to obtain and furnish to the Commission on request any evidence (supporting documentation) regarding qualified campaign expenses as defined in 11 CFR §§9032.9, 9033.11, 9003.5, or 9002.11,
- The failure to show a connection between expenditures and the campaign (non-campaign related), and
- Expenditures made in excess of state or overall limitations.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

Non Qualified Campaign Expenses That Are Not Campaign Related or Are Not Documented Pursuant to 11 CFR §9033.11 or 9003.5

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

- the dollar value of undocumented or non-campaign related (i.e. parking tickets, personal use of funds) disbursements is greater than ■■■ of the total amount of reported disbursements (Line 30).

Tolerable Sampling Error= ■■■ or ■■■ of the sample error rate whichever is greater.

Expenditures in Excess of State or Overall Spending Limitations

In cases where the state or overall spending limitation has been exceeded by more than ■■■ of a state limitation or ■■■ of the overall limitation, the committee will be requested make a repayment. See 11 CFR §9038.2(b)(2)ii) or 9007.2(b)(2)(ii)(A).

Criteria for Referral to the Office of General Counsel

Spending Limitation- If the state limitation has been exceeded by more than ■■■ of the state limitation or the amount by which the committee has exceeded the overall spending limitation is greater than ■■■ of the overall limitation.

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Advances Made by Committee Staff & Other Individuals

Regulatory Cite

11 CFR §116.5

Applicable to the following:

- Individuals who have received one or more expense reimbursements in excess of [REDACTED]; or,
- as of the date of ineligibility (DOI) are owed in excess of [REDACTED]; and,
- have received reimbursements or are owed amounts that in total exceed [REDACTED]

Criteria for Inclusion in the Audit Report:

100% Review

The matter will be addressed in the preliminary 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.
- for conventions and general election committees, [REDACTED] of the grant may be substituted for individual contributions as a reasonable equivalent. For convention committees, the single event threshold is [REDACTED].

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's response to the PAR does not reduce the unreimbursed amount to a level less than the threshold for inclusion in the PAR.

To reduce the unreimbursed amount, a committee must submit evidence that the individual was timely reimbursed.

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Extensions of Credit Made by Commercial Vendors

Regulatory Cite

11 CFR §116.3

Criteria for Review is Applicable to the following:

- Vendors who have received at least one payment in excess of [REDACTED]; or
- as of the date of ineligibility (DOI) are owed in excess of [REDACTED]; and,
- have received payments or are owed amounts that in total exceed [REDACTED].

Once a vendor meets the criteria for review, all transactions relative to the vendor are reviewed for compliance with 11 CFR §116.3.

Criteria for Inclusion in the Audit Report:

100% Review

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

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

If you are using a combination of invoices, each invoice must be outstanding greater than [REDACTED] days.

Criteria for referral to the Office of General Counsel

If after response to the PAR the amount outstanding for > [REDACTED] days has not been reduced (via documentation/information which demonstrates that the transactions were conducted in the ordinary course of business) to less than the materiality threshold [REDACTED] the matter will be referred to OGC.

For a committee to demonstrate that a vendor acted in the ordinary course of its business, the committee/vendor will submit 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.

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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 2 USC § 441d notice.
- Disclosure of receipts or expenditures on the incorrect FEC Form 3 or 3P line number.
- Failure to notify prospective contributors in accordance with 11 CFR § 102.5(a)(2)(ii) and (iii).
- Other irregularities to be identified in the future.

Applicable to the following:

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

- Commingling of personal funds and Committee funds (2 USC § 432(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] (2 USC § 432(h)(2)).
- Possible violations of 2 USC § 441f (contributions in the name of another)