



Interim Audit Report of the Audit Division on the Jim Risch for U.S. Senate Committee

(January 1, 2019 - December 31, 2020)

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

About the Campaign (p. 2)

Jim Risch for U.S. Senate Committee is the principal campaign committee for James E. Risch, Republican candidate for the United States Senate from the state of Idaho, and is headquartered in Boise, Idaho. For more information, see the Campaign Organization Chart, p.2

Financial Activity (p. 2)

- **Receipts**

○ Contributions from Individuals	\$ 1,672,568
○ Contributions from Other Political Committees	1,179,720
○ Transfers from Other Authorized Committees	76,838
○ Offsets to Operating Expenditures	8,757
○ Other Receipts	31,206
Total Receipts	\$ 2,969,089
- **Disbursements**

○ Operating Expenditures	\$ 1,809,619
○ Contribution Refunds	12,227
○ Other Disbursements	3,547
Total Disbursements	\$ 1,825,393

Findings and Recommendations (p. 3)

- Misstatement of Financial Activity (Finding 1)
- Receipt of Contributions in Excess of the Limit (Finding 2)
- Failure to File 48-Hour Notices (Finding 3)

¹ 52 U.S.C. §30111(b).



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Part I

Background

Authority for Audit

This report is based on an audit of the Jim Risch for U.S. Senate Committee (JRUSC), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 52 U.S.C. §30111(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 52 U.S.C. §30104. Prior to conducting any audit under this subsection, the Commission shall perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act. 52 U.S.C. §30111(b).

Scope of Audit

Following Commission-approved procedures, the Audit staff evaluated various risk factors and as a result, this audit examined:

1. the receipt of excessive contributions;
2. the receipt of contributions from prohibited sources;
3. the disclosure of contributions received;
4. the review of 48-hour notices;
5. the disclosure of individual contributors' occupation and name of employer;
6. the evaluation of a daily cash analysis;
7. the review of political party contribution discrepancies;
8. the consistency between reported figures and bank records;
9. the completeness of records; and
10. other committee operations necessary to the review.

Part II

Overview of Campaign

Campaign Organization

Important Dates	
• Date of Registration	October 19, 2007
• Audit Coverage	January 1, 2019 - December 31, 2020
Headquarters	Boise, Idaho
Bank Information	
• Bank Depositories	Five
• Bank Accounts	Five checking accounts, Three CDs
Treasurer	
• Treasurer When Audit Was Conducted	R. John Insinger
• Treasurer During Period Covered by Audit	R. John Insinger
Management Information	
• Attended FEC Campaign Finance Seminar	Yes
• Who Handled Accounting and Recordkeeping Tasks	Paid and Volunteer Staff

Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2019	\$ 1,153,396
Receipts	
○ Contributions from Individuals	1,672,568
○ Contributions from Other Political Committees	1,179,720
○ Transfers from Other Authorized Committees	76,838
○ Offsets to Operating Expenditures	8,757
○ Other Receipts	31,206
Total Receipts	\$ 2,969,089
Disbursements	
○ Operating Expenditures	1,809,619
○ Contribution Refunds	12,227
○ Other Disbursements	3,547
Total Disbursements	\$ 1,825,393
Cash on hand @ December 31, 2020	\$ 2,297,092

Part III

Summaries

Findings and Recommendations

Finding 1. Misstatement of Financial Activity

During audit fieldwork, a comparison of JRUSC's reported financial activity with its bank records revealed a misstatement of beginning and ending cash on hand for calendar year 2019, as well as a misstatement of beginning cash on hand, receipts, and ending cash on hand for calendar year 2020. Specifically, for 2019, JRUSC understated beginning cash on hand by \$68,101 and ending cash by \$56,935. For 2020, JRUSC understated beginning cash on hand, receipts and ending cash on hand by \$56,935, \$44,412, and \$109,547, respectively. The Audit staff recommends that JRUSC amend its disclosure reports or file a Form 99 (Miscellaneous Electronic Submission) to correct the misstatements.

(For more detail, see p. 4)

Finding 2. Receipt of Contributions in Excess of the Limit

During audit fieldwork, the Audit staff reviewed contributions from individuals to determine if any exceeded the contribution limit. This review indicated that JRUSC received apparent excessive contributions totaling \$74,400. These errors occurred as a result of JRUSC not resolving the excessive portions of contributions by forwarding presumptive redesignation or reattribution letters to its contributors or issuing refunds of the excessive portions of contributions in a timely manner. The Audit staff recommends that JRUSC provide documentation demonstrating that the contributions were not excessive, or if excessive, that the contributions were resolved in a timely manner. Absent such a demonstration, JRUSC should send letters to those contributors whose contributions are eligible for presumptive redesignation and/or reattribution or refund any remaining excessive amounts.

(For more detail, see p.6)

Finding 3. Failure to File 48-Hour Notices

During audit fieldwork, the Audit staff identified that JRUSC failed to file or untimely filed 48-hour notices for 31 contributions totaling \$72,300, that were received prior to the primary and general election. The Audit staff recommends that JRUSC submit documentation to demonstrate that the notices for the contributions in question were filed timely, that the contributions were received outside of the 48-hour notice reporting period or provide any comments it deems necessary with respect to this matter.

(For more detail, see p. 9)

Part IV

Findings and Recommendations

Finding 1. Misstatement of Financial Activity

Summary

During audit fieldwork, a comparison of JRUSC's reported financial activity with its bank records revealed a misstatement of beginning cash on hand and ending cash on hand for calendar year 2019, as well as a misstatement of beginning cash on hand, receipts, and ending cash on hand for calendar year 2020. Specifically, for 2019, JRUSC understated beginning cash on hand by \$68,101 and ending cash by \$56,935. For 2020, JRUSC understated beginning cash on hand, receipts and ending cash on hand by \$56,935, \$44,412, and \$109,547, respectively. The Audit staff recommends that JRUSC amend its disclosure reports or file a Form 99 (Miscellaneous Electronic Submission) to correct the misstatements.

Legal Standard

Contents of Reports. Each report must disclose:

- The amount of cash on hand at the beginning and end of the reporting period;
- The total amount of receipts for the reporting period and for the election cycle;
- The total amount of disbursements for the reporting period and for the election cycle; and
- Transactions that require itemization on Schedule A (Itemized Receipts) or Schedule B (Itemized Disbursements). 52 U.S.C. §30104(b)(1), (2), (3), (4), and (5).

Facts and Analysis

A. Facts

During audit fieldwork, the Audit staff reconciled JRUSC's reported financial activity with its bank records for calendar years 2019 and 2020. The reconciliation determined that JRUSC's 2019 beginning and ending cash on hand was understated by \$68,101 and \$56,935, respectively. The cash on hand discrepancies resulted primarily from prior period adjustments, as well as non-material misstatements of both receipts and disbursements during calendar year 2019. The following chart details the 2020 discrepancies between JRUSC's disclosure reports and its bank activity.

2020 Campaign Activity			
	Reported	Bank Records	Discrepancy
Beginning Cash on hand @ January 1, 2020	\$1,975,388	\$2,032,323	\$56,935 Understated
Receipts	\$1,660,227	\$1,704,639	\$44,412 Understated
Disbursements	\$1,448,070	\$1,439,869	\$8,201 Overstated
Ending Cash on hand @ December 31, 2020	\$2,187,545	\$2,297,093	\$109,548 Understated

The 2020 understatement of receipts resulted from the following:

• Contributions from individuals not reported	+ \$20,950
• Contributions from political committees not reported	+ 1,000
• Contributions from political committees under-reported	+ 2,500
• Contributions from individuals over-reported	- 1,600
• Transfers from authorized committees over-reported	- 6,419
• Transfers from authorized committees not reported	+ 3,383
• Interest/Investment income not reported	+ 795
• Vendor refund not reported	+ 8,757
• Unexplained differences	+ 15,046
Net Understatement of Receipts	<u>\$44,412</u>

The 2020 overstatement of disbursements resulted from the following:

• Disbursements not reported	+ \$11,167
• Transfer to unauthorized committee not reported	+ 2,500
• Disbursements reported twice	- 22,514
• Disbursement reported that did not clear the bank	- 1,243
• Unexplained differences	+ 1,889
Net Overstatement of Disbursements	<u>(\$8,201)</u>

The \$109,548 understatement of the ending cash on hand was a result of the reporting discrepancies described above.

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter during the exit conference with JRUSC representatives and provided schedules detailing the misstatement of financial activity. JRUSC representatives did not provide any comments.

JRUSC representatives did not provide an exit conference response.

The Audit staff recommends that, within 30 calendar days of service of this report, JRUSC amend its disclosure reports or file a Form 99 (Miscellaneous Electronic

Submission)² to correct the misstatements noted above. In addition, the Audit staff recommends that JRUSC reconcile the cash balance on its most recently filed report to include these adjustments and correct any subsequent discrepancies.

Finding 2. Receipt of Contributions in Excess of the Limit

Summary

During audit fieldwork, the Audit staff reviewed contributions from individuals to determine if any exceeded the contribution limit. This review indicated that JRUSC received apparent excessive contributions totaling \$74,400. These errors occurred as a result of JRUSC not resolving the excessive portions of contributions by forwarding presumptive redesignation or reattribution letters to its contributors or issuing refunds of the excessive portions of contributions in a timely manner. The Audit staff recommends that JRUSC provide documentation demonstrating that the contributions were not excessive, or if excessive were resolved in a timely manner. Absent such a demonstration, JRUSC should send letters to those contributors whose contributions are eligible for presumptive redesignation and/or reattribution or refund any remaining excessive amounts.

Legal Standard

A. Authorized Committee Limits. For the 2020 election, an authorized committee may not receive more than a total of \$2,800 per election from any one person or \$5,000 per election from a multicandidate political committee. 52 U.S.C. §§30116(a)(1)(A) and (a)(2)(A); 11 CFR §§110.1(a) and (b) and 110.9.

B. Handling Contributions That Appear Excessive. If a committee receives a contribution that appears to be excessive, the committee must either:

- Return the questionable check to the donor; or
- Deposit the check into its federal account and:
 - Keep enough money in the account to cover all potential refunds;
 - Keep a written record explaining why the contribution may be illegal;
 - Include this explanation on Schedule A if the contribution has to be itemized before its legality is established;
 - Seek a reattribution or a redesignation of the excessive portion, following the instructions provided in the Commission regulations (see below for explanations of reattribution and redesignation); and
 - If the committee does not receive a proper reattribution or redesignation within 60 days after receiving the excessive contribution, refund the excessive portion to the donor. 11 CFR §§103.3(b)(3), (4) and (5) and 110.1(k)(3)(ii) (B).

C. Joint Contributions. Any contribution made by more than one person (except for a contribution made by a partnership) must include the signature of each contributor on

² See *supra* footnote 2.

the check, money order, or other negotiable instrument or in a separate writing. A joint contribution is attributed equally to each donor unless a statement indicates that the funds should be divided differently. 11 CFR §110.1(k)(1) and (2).

D. Reattribution of Excessive Contributions. The Commission regulations permit committees to ask donors of excessive contributions (or contributions that exceed the committee's net debts outstanding) whether they had intended their contribution to be a joint contribution from more than one person and whether they would like to reattribute the excess amount to the other contributor. The committee must inform the contributor that:

- The reattribution must be signed by both contributors;
- The reattribution must be received by the committee within 60 days after the committee received the original contribution; and
- The contributor may instead request a refund of the excessive amount. 11 CFR §110.1(k)(3).

Within 60 days after receiving the excessive contribution, the committee must either receive the proper reattribution or refund the excessive portion to the donor. 11 CFR §§103.3(b) (3) and 110.1(k)(3)(ii)(B). Further, a political committee must retain written records concerning the reattribution in order for it to be effective. 11 CFR §110.1(l)(5).

Notwithstanding the above, any excessive contribution that was made on a written instrument that is imprinted with the names of more than one individual may be attributed among the individuals listed unless instructed otherwise by the contributor(s). The committee must inform each contributor:

- How the contribution was attributed; and
- The contributor may instead request a refund of the excessive amount. 11 CFR §110.1(k)(3)(ii)(B).

E. Redesignation of Excessive Contributions. When an authorized candidate committee receives an excessive contribution (or a contribution that exceeds the committee's net debts outstanding), the committee may ask the contributor to redesignate the excess portion of the contribution for use in another election. The committee must inform the contributor that:

- The redesignation must be signed by the contributor;
- The redesignation must be received by the committee within 60 days after the committee received the original contribution; and
- The contributor may instead request a refund of the excessive amount. 11 CFR §110.1(b)(5).

Within 60 days after receiving the excessive contribution, the committee must either receive the proper redesignation or refund the excessive portion to the donor. 11 CFR §§103.3(b) (3) and 110.1(b) (5) (ii) (A). Further, a political committee must retain written records concerning the redesignation in order for it to be effective. 11 CFR §110.1(l)(5).

When an individual makes an excessive contribution to a candidate's authorized committee, the campaign may presumptively redesignate the excessive portion to the general election if the contribution:

- Is made before that candidate's primary election;
- Is not designated in writing for a particular election;
- Would be excessive if treated as a primary election contribution; and
- As redesignated, does not cause the contributor to exceed any other contribution limit. 11 CFR §110.1(b)(5)(ii)(B)(1)-(4).

The committee is required to notify the contributor of the redesignation within 60 days of the treasurer's receipt of the contribution and must offer the contributor the option to receive a refund instead.

Facts and Analysis

A. Facts

1. Facts

During audit fieldwork, the Audit staff conducted a review of contributions to identify apparent excessive contributions from individuals, as noted below.

Excessive Contributions - Testing Method	
High Dollar Review Contribution Error Amount	\$74,400
Total Amount of Excessive Contributions	\$74,400
Reason for Excessive Contributions	
Contributions not resolved via presumptive letter or refund	\$74,400
Total Amount of Excessive Contributions	\$74,400

2. Additional Information

JRUSC did not maintain a separate account for questionable contributions. However, based on its cash on hand at the end of the audit period, it appears that JRUSC did maintain sufficient funds to refund the apparent excessive contributions.

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter during the exit conference with JRUSC representatives. and provided a schedule of the apparent excessive contributions. JRUSC representatives asked for clarification regarding the timing of the presumptive redesignation and/or reattribution letters. The Audit staff explained that presumptive letters sent to contributors in response to the exit conference would untimely resolve any excessive contributions.

JRUSC representative did not provide an exit conference response.

The Audit staff recommends that, within 30 calendar days of service of this report, JRUSC:

- Provide evidence demonstrating that the contributions in question were not excessive, or if excessive, were resolved in a timely manner. This evidence should include documentation that was not made available to the Audit staff during the audit, including copies of solicitation cards completed by the contributors at the time of their contribution that clearly inform the contributors of the limitations; timely letters sent to contributors eligible for presumptive redesignation and/or reattribution; or timely refunds (copies of the front and back of negotiated refund checks), redesignations, or reattributions for excessive contributions.
- Absent such demonstration, for any excessive contributions that JRUSC could have resolved by sending presumptive redesignation and/or reattribution letters, it may now send letters to inform the contributors how the committee redesignated and/or reattributed the contribution and offer a refund. JRUSC must provide evidence of such refunds (copies of front and back of negotiated checks). For a reattribution, both the contributor and the individual to whom a contribution was reattributed must be notified. Absent the contributor's request for a refund, these letters will obviate the need to refund the contributions.
- If funds are not available to make such refunds, JRUSC should report the excessive contributions as debts owed on Schedule D (Debts and Obligations) until funds become available to make the refunds.

Finding 3. Failure to File 48-Hour Notices

Summary

During audit fieldwork, the Audit staff identified that JRUSC failed to file or untimely filed 48-hour notices for 31 contributions totaling \$72,300, that were received prior to the primary and general election. The Audit staff recommends that JRUSC submit documentation demonstrating that the notices for the contributions in question were filed timely, that the contributions were received outside of the 48-hour notice reporting period or provide any comments it deems necessary with respect to this matter.

Legal Standard

Last-Minute Contributions (48-Hour Notice). Campaign committees must file special notices regarding contributions of \$1,000 or more received less than 20 days but more than 48-hours before any election in which the candidate is running. This rule applies to all types of contributions to any authorized committee of the candidate, including:

- Contributions from the candidate;
- Loans from the candidate and other non-bank sources; and
- Endorsements or guarantees of loans from the banks. 11 CFR §104.5(f).

Facts and Analysis

A. Facts

During audit fieldwork, the Audit staff identified 78 contributions totaling \$205,300 that equaled or exceeded \$1,000 and were received during the 48-hour notice reporting period for the primary and general election. A review of these contributions indicated that JRUSC did not file 48-hour notices for 18 contributions totaling \$31,700 and untimely filed 48-hour notices for 13 contributions totaling \$40,600. These contributions are summarized below.

	Primary	General	Total
48-Hour Notices - <i>Not Filed</i>	\$9,600	\$22,100	\$31,700
48-Hour Notices - <i>Filed Untimely</i>	\$35,600	\$5,000	\$40,600
TOTAL	\$45,200	\$27,100	\$72,300

B. Interim Audit Report & Audit Division Recommendation

The Audit staff discussed this matter during the exit conference with the JRUSC representatives and provided a schedule of the contributions for which 48-hour notices were not filed or filed untimely. JRUSC representatives asked questions regarding whether the change in the date of the primary election was considered. The Audit staff explained that this change was taken into consideration.³

JRUSC representatives did not provide an exit conference response.

The Audit staff recommends that, within 30 calendar days of service of this report, JRUSC submit documentation demonstrating that the 48-hour notices for the contributions in question were timely filed, the contributions were received outside of the 48-hour notice reporting period or provide any comments it deems necessary with respect to this matter.

³ On April 1, 2020, the Idaho Governor effectively changed the date of the May 19, 2020, congressional primary election by setting June 2, 2020, as the deadline for absentee ballots. The change was in response to the COVID-19 pandemic. The updated 48-Hour Notice period was May 14 – May 30, 2020. [FEC | Dates and deadlines | Idaho primary election report notice \(2020\)](#)