



Interim Report of the Audit Division on the Bartlett for Congress Committee

January 1, 2007 – December 31, 2008

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)

The Bartlett for Congress Committee is the principal campaign committee for Roscoe G. Bartlett, Jr., Republican candidate for the U.S. House of Representatives from the state of Maryland, 6th District, and is headquartered in Middletown, Maryland. For more information, see the chart on the Campaign Organization, p.2.

Financial Activity (p. 2)

- **Receipts**
 - Contributions from Individuals \$ 210,439
 - Contributions from Other Political Committees 128,752
 - Offsets to Operating Expenditures 3,140
 - Other receipts 18,418
 - **Total Receipts \$ 360,749**
- **Disbursements**
 - Operating Expenditures \$ 272,131
 - **Total Disbursements \$ 272,131**

Finding and Recommendation (p. 3)

- Misstatement of Financial Activity

¹ 2 U.S.C. §438(b).

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Part I

Background

Authority for Audit

This report is based on an audit of the Bartlett for Congress Committee (BFC), 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 2 U.S.C. §438(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 2 U.S.C. §434. Prior to conducting any audit under this subsection, the Commission must 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. 2 U.S.C. §438(b).

Scope of Audit

Following Commission approved procedures, the Audit staff evaluated various risk factors and as a result, the scope of this audit was limited to the following:

1. The consistency between reported figures and bank records.
2. The disclosure of individual contributors' occupation and name of employer.

Part II

Overview of Campaign

Campaign Organization

Important Dates	Bartlett for Congress Committee
• Date of Registration	September 12, 1991
• Audit Coverage	January 1, 2007 – December 31, 2008
Headquarters	Middletown, Maryland
Bank Information	
• Bank Depositories	Two
• Bank Accounts	Two checking; one Certificate of Deposit
Treasurer	
• Treasurer When Audit Was Conducted	Robert Perry
• Treasurer During Period Covered by Audit	Robert Perry
Management Information	
• Attended FEC Campaign Finance Seminar	No
• Used Commonly Available Campaign Management Software Package	Yes
• Who Handled Accounting and Recordkeeping Tasks	Volunteer Staff

Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2007	\$204,949
Receipts	
o Contributions from Individuals	\$210,439
o Contributions from Other Political Committees	128,752
o Offsets to Operating Expenditures	3,140
o Other Receipts	18,418
Total Receipts	\$ 360,749
Disbursements	
o Operating Expenditures	\$272,131
Total Disbursements	\$ 272,131
Cash on hand @ December 31, 2008	\$ 293,567

Part III

Summary

Finding and Recommendation

Misstatement of Financial Activity

A comparison of BFC's reported financial activity to its bank records revealed that cash on hand, receipts, disbursements and ending cash on hand had been misstated for calendar years 2007 and 2008. For 2007, BFC understated beginning cash on hand by \$1,517, understated receipts by \$20,061, understated disbursements by \$12,373, and understated ending cash on hand by \$9,205. In 2008, beginning cash on hand was understated by \$9,205, receipts were understated by \$17,635, disbursements were understated by \$55,310, and the ending cash on hand was overstated by \$24,575. The Audit staff recommends that BFC amend its reports to correct the misstatements. (For more detail, see page 4.)

Part IV

Finding and Recommendation

Misstatement of Financial Activity

Summary

A comparison of BFC's reported financial activity to its bank records revealed that cash on hand, receipts, disbursements and ending cash on hand had been misstated for calendar years 2007 and 2008. For 2007, BFC understated beginning cash on hand by \$1,517, understated receipts by \$20,061, understated disbursements by \$12,373, and understated ending cash on hand by \$9,205. In 2008, beginning cash on hand was understated by \$9,205, receipts were understated by \$17,635, disbursements were understated by \$55,310, and the ending cash on hand was overstated by \$24,575. The Audit staff recommends that BFC amend its reports 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
- Certain transactions that require itemization on Schedule A (Itemized Receipts) or Schedule B (Itemized Disbursements). 2 U.S.C. §434(b)(1), (2), (3), (4), and (5).

Facts and Analysis

The Audit staff reconciled reported financial activity to its bank records for calendar years 2007 and 2008. The following charts outline the discrepancies for the beginning cash balance, receipts, disbursements, and ending cash balance for each year. Succeeding paragraphs address the reasons for the misstatements.

2007 Activity			
	Reported	Bank Records	Discrepancy
Opening Cash Balance @ January 1, 2007	\$203,432	\$204,949	\$1,517 Understated
Receipts	\$111,480	\$131,541	\$20,061 Understated
Disbursements	\$31,731	\$44,104	\$12,373 Understated
Ending Cash Balance @ December 31, 2007	\$283,181	\$292,386	\$9,205 Understated

The beginning cash balance on January 1, 2007 was understated by \$1,517 and is unexplained, but likely resulted from prior period discrepancies.

The understatement of receipts resulted from the following:

• Unreported interest from Certificate of Deposit	\$8,231
• Eight unreported Political Action Committee receipts	7,300
• Unreported receipts which cleared bank account	<u>4,530</u>
Understatement of receipts	<u>\$20,061</u>

The understatement of disbursements resulted from the following:

• Thirteen unreported disbursements	\$12,666
• Three reported disbursements not supported by check or debit	(273)
• Unexplained difference	<u>(20)</u>
Net understatement of disbursements	<u>\$12,373</u>

The \$9,205 understatement of ending cash on hand resulted from the unexplained beginning cash balance difference as well as the receipt and disbursement misstatements noted above.

2008 Activity			
	Reported	Bank Records	Discrepancy
Opening Cash Balance @ January 1, 2008	\$283,181	\$292,386	\$9,205 Understated
Receipts	\$211,573	\$229,208	\$17,635 Understated
Disbursements	\$172,716	\$228,027	\$55,310 Understated
Ending Cash Balance @ December 31, 2008	\$318,142 ²	\$293,567	\$(24,575) Overstated

The understatement of receipts resulted from the following:

• Under-reported receipts	\$9,042
• Unreported interest from Certificate of Deposit	<u>8,593</u>
Understatement of receipts	<u>\$17,635</u>

The understatement of disbursements resulted from the following:

• Disbursements not reported	57,367
• Refund reported but not supported by check or debit	(2,300)
• Unexplained difference	<u>243</u>
Net understatement of disbursements	<u>\$55,310</u>

BFC failed to report fifty disbursements in the amount of \$57,367. These expenditures appear to be primarily for political advertising and operating expenditures. Although the Audit staff supplied this information to BFC, no explanation for the omission of this information on the disclosure reports was offered.

² These columns do not foot as a result of a discrepancy between the ending cash balance of one report and the beginning cash on the succeeding report in the amount of \$3,895.

The (\$24,575) understatement of ending cash on hand resulted from the misstatements noted above.

At the exit conference, the Audit staff provided the BFC's representative with schedules detailing these discrepancies. The representative agreed to file the appropriate amended reports.

Interim Audit Report Recommendation

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

- Amend its reports to correct the misstatements noted above.
- Amend its most recently filed report to correct the cash on hand balance with an explanation that the change resulted from a prior period audit adjustment. Further, BFC should reconcile the cash balance of its most recent report to identify any subsequent discrepancies that may impact the \$24,575 adjustment recommended by the Audit staff.