

## **REPORT OF THE REPORTS ANALYSIS AND AUDIT DIVISION**

### **ON THE**

### **D.C. PROUD 2019**

### **INAUGURAL COMMITTEE**

### **EXECUTIVE SUMMARY**

The D.C. Proud Inaugural Committee registered with the Office of Campaign Finance (OCF) on November 14, 2018, in accordance with D.C. Official Code 1-1163.07(1).

The audit was conducted pursuant to D.C. Official Code Section 1-1163.04(8).

The findings of the audit were presented to the Committee in the Preliminary Draft Audit Report issued on June 6, 2019. The responses of the Committee to the audit findings and recommendations are contained in the Audit Report.

The Committee filed an Amended Termination Report on August 23, 2019.

The following is an overview of the findings and recommendations contained in the Preliminary Draft Audit Report.

#### **POSSIBLE EXCESSIVE CONTRIBUTIONS**

D.C. Official Code Section 1-1163.22. D.C. Official Code Sections 1-1163.13(b)(1) and 1-1163.33(b). The audit found that the Committee may have accepted four (4) excessive contributions totaling \$40,000.00. In the Preliminary Draft Audit Report, the Audit staff recommended that the Committee provide evidence that the aforementioned contributions were not excessive. On August 20, 2019, the Committee provided evidence that two (2) of the four (4) contributions were not excessive. On August 23, 2019, the Committee provided copies of cashier's checks refunding the remaining two (2) excessive contributions totaling \$20,000.00.

#### **RECORDKEEPING ERRORS - RECEIPTS**

The audit found that the Committee reported two (2) receipts totaling \$160,000.00 in which the proper documentation was not provided. In the Preliminary Draft Audit Report, the Audit staff recommended that the Committee provide the proper documentation to substantiate the aforementioned two (2) receipts totaling \$160,000.00. On July 15, the Committee provided the Audit staff with the proper documentation to substantiate the aforementioned receipts.

**DISCLOSURE ERRORS - RECEIPTS**

The audit found that the Committee reported four (4) contributions totaling \$30,000.00 that were not properly disclosed in its Reports of Receipts and Expenditures. In the Draft Preliminary Audit Report, the Audit staff recommended that the Committee file an Amended January 31, 2019 Report of Receipts and Expenditures accurately disclosing the proper the proper contributor information. On July 15, 2019, the Committee filed an Amended January 31, 2019 Report of Receipts and Expenditures properly disclosing the contributor information.

**RECORDKEEPING ERRORS - EXPENDITURES**

3DCMR Section 3400.2. The audit found that the Committee reported seventeen (17) expenditures totaling \$195,104.89 in which the proper documentation was not provided. In the Preliminary Draft Audit Report, the Audit staff recommended that the Committee provide the proper documentation to substantiate the aforementioned seventeen (17) expenditures totaling \$195,104.89. On July 15, 2019, the Committee provided the proper documentation to substantiate the aforementioned expenditures.



## Office of Campaign Finance

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**AUDIT REPORT  
ON THE  
DC PROUD 2019  
INAUGURAL COMMITTEE  
2018 ELECTION YEAR**

**AUGUST 2019**

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**REPORTS ANALYSIS AND AUDIT DIVISION  
OFFICE OF CAMPAIGN FINANCE  
WASHINGTON, DC 20003**

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## **I. BACKGROUND**

### **A. OVERVIEW**

This report is based upon a field audit of the statements and Reports of Receipts and Expenditures filed by the DC Proud 2019 Inaugural Committee ("the Committee") undertaken by the Reports Analysis and Audit Division, Office of Campaign Finance (OCF), to determine if the Committee has complied with D.C. Official Code Section 1-1163.09.

#### **1. Elected Official**

Muriel Bowser, a candidate in the 2018 Primary and General Elections for the Office of Mayor of the District of Columbia, registered with the OCF on September 22, 2017, in accordance with D.C. Official Code Section 1-1163.12.

#### **2. Inaugural Committee**

The DC Proud 2019 Inaugural Committee registered with the OCF on November 14, 2018, in accordance with D.C. Official Code Section 1-1163.07. All Reports of Receipts and Expenditures were filed, including Amended Reports.

The audit of the DC Proud 2019 Inaugural Committee covered the period December 2018 through March 2019. The Committee's Report of January 31, 2019, the first report filed, disclosed a beginning cash balance of \$0.00. During the period of the pre-audit (desk) review, the reports filed by the Committee reflected total aggregated receipts of \$1,005,114.64 and total aggregated expenditures of \$1,005,114.64, and an ending cash balance of \$0.00. Receipts and expenditures per **audit** were \$1,005,114.64 and \$1,005,114.64, respectively, with an ending cash balance of \$0.00.

### **B. KEY PERSONNEL**

The principal officers of the DC Proud 2019 Inaugural Committee were Jodi Ovca, Treasurer, and William Lightfoot, Chairperson, as cited in the Statement of Organization. Acceptance of Treasurer and Chairperson forms were filed on November 8, 2018 and November 13, 2018, respectively.

### **C. SCOPE**

The audit procedures performed included a verification and/or examination of:

1. The mathematical accuracy of the Reports of Receipts and Expenditures filed with the Director, Office of Campaign Finance, during the period audited;
2. The total reported receipts and expenditures and individual transactions with source documents;
3. The conformity with the contribution limitation as mandated by D.C. Official Code Section 1-1163.22;
4. The debts and obligations of the Inaugural Committee; if any,
5. The proper categorization of the Inaugural Committee's receipts and expenditures; and,
6. The review procedures as deemed necessary under the circumstances.

The Preliminary Draft Audit Report was issued on June 6, 2019.

## **II. FINDINGS AND RECOMMENDATIONS**

### **A. POSSIBLE EXCESSIVE CONTRIBUTIONS**

D.C. Official Code Section 1-1163.22 provides that, "No person, including a business contributor, may make any contribution to or for an inaugural committee, and the Mayor or Mayor-elect shall not receive any contribution to or for an inaugural committee from any person, that when aggregated with all other contributions to or for the inaugural committee received from such person, exceeds \$10,000 in an aggregate amount; provided, that the \$10,000 limitation shall not apply to contributions made by the Mayor or Mayor-elect for the purpose of funding his or her own inaugural committee within the District."

D.C. Official Code Sections 1-1163.13(b)(1) and 1-1163.33(b) require that, "A business contributor shall certify for each contribution that it makes that no affiliated entities have contributed an amount that when aggregated with the business contributor's contribution would exceed the limit imposed by this chapter," and "provide the committee with the identities of the contributor's affiliated entities that have also contributed to the committee." The committee must obtain and preserve in its records the certification by the business contributor and the list of the affiliated entities that have also contributed to the filer, as required by 3 DCMR Sections 3008.21, 3008.22, and 3400.3. D.C. Official Code Section 1-1163.09(c)(2A) requires the treasurer of each committee to list on its reports of receipts and expenditures for each contribution by a business contributor, the names of the contributor's affiliated entities that have also contributed to the committee."

The audit revealed that the Committee may have accepted four (4) excessive contributions totaling \$40,000.00. This was revealed through a review of the Committee's contributor checks, business affirmation statements, and contributor cards.

In the Preliminary Draft Audit Report, the Audit staff recommended that the Committee provide evidence that the aforementioned contributions were not excessive. In the alternative, the Audit staff recommended that the Committee refund the excessive portion of the contributions to the contributors. Further, the Audit staff recommended that the Committee provide the Audit staff with copies of the negotiated transactions (copies of the cancelled refund checks (front and back)).

On July 16, 2019, the Committee addressed two (2) of the aforementioned possible excessive contributions stating that based on the Form 32 (Business Affirmation Statement) provided to the Audit staff that it does not know of any further connections and that the entities had submitted and signed the Form 32 stating that there are no affiliated entities that have contributed. For the remaining two (2) excessive contributions, the Committee stated that the entities either had different mailing addresses and different bank accounts, and/or that the addresses were mistakenly entered on its Reports of Receipts and Expenditures. The Committee did not provide the Audit staff with further documentation to substantiate the aforementioned responses for the possible excessive contributions.

On August 1, 2019, the Audit staff met with Committee officials to further discuss the aforementioned finding. At the meeting, the Audit staff presented the Committee with documentation that the aforementioned four (4) contributions could possibly be excessive. Further, the Audit staff requested that the Committee provide evidence to the contrary. After presentation of the documents by the Audit staff, the Committee agreed with the Audit staff that two (2) of the four (4) aforementioned contributions totaling \$20,000.00 were excessive and agreed to refund the excessive portions to the contributors. The Committee further stated that it would provide documentation to evidence that the latter two (2) contributions were not excessive.

On August 20, 2019, the Committee provided documentation to evidence that the aforementioned remaining two (2) contributions were not excessive. On August 23, 2019, the Committee provided copies of two (2) cashier's checks evidencing the refund of the two (2) aforementioned excessive contributions totaling \$20,000.00. Additionally, on August 23, 2019, the Committee filed an Amended Termination Report reflecting the two (2) contribution refunds totaling \$20,000.00 as recommended by the Audit staff.

#### **B. RECORDKEEPING ERRORS – RECEIPTS**

The audit revealed that the Committee reported two (2) receipts totaling \$160,000.00 in which the proper documentation was not provided.

In the Preliminary Draft Audit Report, the Audit staff recommended that the Committee provide the proper documentation to substantiate the aforementioned two (2) receipts totaling \$160,000.00.

On July 15, 2019, in its response, the Committee provided the proper documentation to substantiate the aforementioned receipts totaling \$160,000.00.

#### **C. DISCLOSURE ERRORS - RECEIPTS**

The audit revealed that the Committee reported four (4) contributions totaling \$30,000.00 that were not properly disclosed (contribution type/contributor name/address) on the Committee's Report of Receipts and Expenditures.

In the Preliminary Draft Audit Report, the Audit staff recommended that the Committee file an Amended January 31, 2019 Report of Receipts and Expenditures accurately disclosing the proper information pursuant to D.C. Official Code Section 1-1163.09(c)(2).

On July 15, 2019, the Committee filed an Amended January 31, 2019 Report of Receipts and Expenditures disclosing the proper information as recommended by the Audit staff in the Preliminary Draft Audit Report.

### **EXPENDITURES**

#### **D. RECORDKEEPING ERRORS**

3 DCMR Section 3400.2 provides that, "Each person who is required to file records under Section 3400.1 shall obtain and preserve, from the date of registration, detailed records of all contributions and expenditures disclosed in reports and statements filed with the Director, including the following: (a) Check stubs; (b) Bank statements; (c) Canceled checks; (d) Contributor cards and copies of donor checks; (e) Deposit slips; (f) Invoices; (g) Receipts; (h) Contracts; (i) Subcontracts; (j) Payroll Records; (k) Lease agreements; (l) Petty cash journals, if applicable; (m) Ledgers; (n) Vouchers; and (o) Loan documents."

The audit revealed that the Committee reported seventeen (17) expenditures totaling \$195,104.89 in which proper documentation was not provided.

In the Preliminary Draft Audit Report, the Audit staff recommended that the Committee provide the proper documentation to substantiate the aforementioned seventeen (17) expenditures in which the proper documentation was not previously provided.

On July 15, 2019, the Committee provided the proper documentation to substantiate the aforementioned seventeen (17) expenditures totaling \$195,104.89 that was previously not provided.

**E. EXPENDITURE NEEDING FURTHER EXPLANATION**

Additionally, through the review of the records presented by the Committee, the audit revealed an invoice to Sharonda Davila-Irving in the amount of \$1,100.00 for "event consultation and personal shopping."

In the Preliminary Draft Audit Report, the Audit staff recommended that the Committee provide a more detailed explanation and documentation (contract/invoice and/or receipts) for the aforementioned expenditure for "personal shopping."

On July 15, 2019, the Committee provided a more detailed invoice along with an explanation that the \$1,100.00 payment was for "Inauguration Image Support" for the mayor.

**FINAL RECOMMENDATION**

We, therefore, recommend that this report be issued as the "Audit Report." We have determined that the reports, statements, and responses filed by the DC Proud 2019 Inaugural Committee with the Director, Office of Campaign Finance, are in compliance with D.C. Official Code Section 11-1163.09.

August 30, 2019  
Date

Renee Coleman-Rollins  
Renee Coleman-Rollins  
Audit Manager

**AUDIT APPROVED FOR RELEASE:**

Cecily E. Collier-Montgomery  
Cecily E. Collier-Montgomery  
Director  
Office of Campaign Finance

August 30, 2019  
Date