



# Office of Campaign Finance

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**AUDIT REPORT  
ON THE  
BARRY FOR COUNCIL  
PRINCIPAL CAMPAIGN COMMITTEE  
APRIL 2015 SPECIAL ELECTION**

**NOVEMBER 2015**

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**REPORTS ANALYSIS AND AUDIT DIVISION  
OFFICE OF CAMPAIGN FINANCE  
WASHINGTON, DC 20009**

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## I. Background

The Barry for Council Principle Campaign Committee registered with the Office of Campaign Finance (OCF) on January 7, 2015, in accordance with D.C. Official Code Section 1-1163.07(1). The Committee filed the March 10, 2015 Report of Receipts and Expenditures on March 11, 2015. An Amended March 10, 2015 Report of Receipts and Expenditures was filed on June 10, 2015.

The periodic random audit of the Committee's reports, statements, and records covered the period February 1, 2015 through March 10, 2015. During the period of the pre-audit (desk review), the report filed by the Committee reflected total aggregate receipts of \$10,953.00 (receipts of \$9,753.00 plus a \$1,200.00 loan from the candidate) and expenditures of \$3,197.46 with an ending cash balance of \$11,079.67 (this includes the loan of \$1,200 that was not included in total receipts). Total receipts and expenditures per **audit** were \$11,387.33 and \$4,099.58 respectively with an ending cash balance of \$10,611.88.

The Statement of Findings was issued on September 3, 2015. The Committee's response was due on September 28, 2015. To date, the Audit staff has not received a response from the Committee or the Candidate.

## II. Findings and Recommendations

### A. **Contributions Not Reported**

D.C. Official Code Sections 1-1163.09(c)(2) and (7) provide that, "Each report under this section shall disclose: The full name and mailing address, including the occupation and the principal place of business, if any, of each person who has made one or more contributions to or for a committee or candidate, including the purchase of tickets for events such as dinners, luncheons, rallies, and similar fundraising events, within the calendar year in an aggregate amount or value in excess of \$50 or more, together with the amount and date of the contributions. The total sum of all receipts by or for a committee or candidate during the reporting period."

The OCF audit revealed that the Committee failed to report five (5) contributions totaling \$1,500.00. The Audit staff was able to verify the aforementioned unreported contributions through the review of the Committee's financial records (copies of contributor checks).

Additionally, there was an unreconcilable difference in the amount of \$865.67 (8% of total receipts) in total reported receipts verses receipts per audit.

In the Statement of Findings issued on September 3, 2015, the Audit staff recommended that the Committee file an **Amended March 10, 2015 Report** inclusive of the aforementioned five (5) contributions totaling \$1,500.00 that were previously not reported. In addition, the Audit

staff recommended that the Committee make an adjustment to the **Amended March 10, 2015 Report** to include in total receipts the unreconcilable difference in the amount of \$865.67.

The Committee did not file the Amended March 10, 2015 Report as recommended by the Audit staff in the Statement of Findings issued on September 3, 2015.

#### **B. Contribution Not Negotiated**

The OCF audit revealed that the Committee reported a contribution in the amount of \$250.00 that was not negotiated through the bank account of the Committee. The Audit staff was able to verify this through the review of the Committee bank statements.

In the Statement of Findings issued on September 3, 2015, the Audit staff recommended that the Committee provide evidence that the aforementioned contribution was negotiated through the bank account of the Committee.

The Committee did not provide evidence of the negotiation of the aforementioned contribution through the bank account of the Committee as recommended by the Audit staff in the Statement of Findings issued on September 3, 2015.

#### **C. Expenditures Not Reported**

D.C. Official Code Sections 1-1163.09(c)(8) and (9) provide that, "Each report under this section shall disclose: The full name and mailing address (including the occupation and principal place of business, if any) of each person to whom expenditures have been made by a committee or on behalf of a committee or candidate within the calendar year in an aggregate amount or value of \$10 or more, the amount, date, and purpose of each such expenditure and the name and address of, and office sought by, each candidate on whose behalf such expenditure was made; The total sum of expenditures made by such committee or candidate during the calendar year."

The OCF audit revealed that the Committee failed to report seven (7) expenditures totaling \$2,842.00. The Committee did not provide copies of the cancelled checks; however, the Audit staff was able to verify the unreported expenditures through the review of the Committee bank statements.

In the Statement of Findings issued on September 3, 2015, the Audit staff recommended that the Committee provide copies of the aforementioned cancelled checks and file an **Amended March 10, 2015 Report** inclusive of the aforementioned seven (7) expenditures totaling \$2,842.00 that were previously not reported.

The Committee did not file the Amended March 10, 2015 Report as recommended by the Audit staff in the Statement of Findings issued on September 3, 2015.

#### **D. Loan Repayments Not Negotiated**

The OCF audit revealed that the Committee reported two (2) loan repayments (**\$930.00 plus \$1,200.00 = \$2,130.00**) to the Candidate; however, bank records indicate that these payments were never negotiated through the Committee bank depository.

In the Statement of Findings, the Audit staff recommended that the Committee provide evidence that the two (2) aforementioned loan repayments totaling \$2,130.00 were negotiated through the Committee's bank account.

The Committee did not provide evidence of the negotiation of the aforementioned two (2) loans through the bank account of the Committee as recommended by the Audit staff in the Statement of Findings issued on September 3, 2015.

#### **E. Overstated Credit Card Fees**

The OCF audit revealed that the Committee reported credit card fees totaling \$55.46; however, Committee credit card documentation reflected credit cards fees totaling \$45.58 (a difference of \$9.88).

In the Statement of Findings issued on September 3, 2015, the Audit staff recommended that the Committee file an **Amended March 10, 2015 Report** to correct the overstatement in credit card fees in the amount of \$9.88 or provide an explanation for the difference.

The Committee did not file the Amended March 10, 2015 Report as recommended by the Audit staff in the Statement of Findings issued on September 3, 2015.

#### **F. 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 OCF audit revealed that the Committee reported eighteen (18) receipts totaling \$5,275.00 for which the proper documentation was not provided.

In addition, the Committee did not provide a copy of the cancelled check for one (1) expenditure in the amount of \$1,000.00.

It should be noted that due to a lack of documentation (copies of the contributor checks, deposit slips, original merchant statements, expenditure checks, and invoices) provided by the Committee, the Audit staff was unable to trace/reconcile the receipts reported on the Committee's March 10, 2015 Report of Receipts and Expenditures to the Committee's bank and

credit card statements which resulted in the \$865.67 unreconcilable difference in total reported receipts verses receipts per Committee bank and merchant statements.

In the Statement of Findings issued on September 3, 2015, the Audit staff recommended that the Committee provide the proper documentation to substantiate the aforementioned eighteen (18) receipts totaling \$5,275.00 and one (1) expenditure in the amount of \$1,000.00 that was previously not provided.

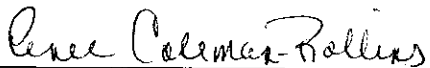
The Committee did not provide the proper documentation to substantiate the aforementioned eighteen (18) receipts totaling \$5,275.00 and one (1) expenditure in the amount of \$1,000.00 as recommended by the Audit staff in the Statement of Findings issued on September 3, 2015.

### OVERALL

The Committee did not contact the Audit staff nor did they respond to the Statement of Findings issued on September 3, 2015.

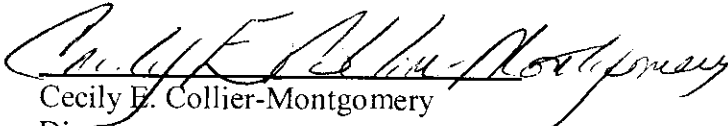
### RECOMMENDATION

We, therefore, recommend that this Report be issued as the "Audit Report." We have determined that the Amended March 10, 2015 Report filed by the **Barry for Council** Principal Campaign Committee, with the Director, Office of Campaign Finance, is not in substantial compliance with the D.C. Official Code Section 1-1163.09; and further request that the matter be referred to the Office of the General Counsel for further review.

  
Renee Coleman-Rollins  
Audit Manager

November 10, 2015  
Date

### AUDIT APPROVED FOR RELEASE:

  
Cecily E. Collier-Montgomery  
Director  
Office of Campaign Finance

November 10, 2015  
Date