

REPORT OF THE REPORTS ANALYSIS AND AUDIT DIVISION

On

MICHAEL BROWN 2012

EXECUTIVE SUMMARY

Michael Brown 2012 Council (Principal Campaign Committee) registered with the Office of Campaign Finance on May 16, 2011. The Committee was the principal campaign committee of Michael A. Brown, a 2012 candidate for the Office of Member of the Council, At-Large.

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 Audit Report issued on August 30, 2012. The responses of the Committee to the audit findings and recommendations are contained in the Final Audit Report.

The Committee filed an Amended Consolidated Report on September 10, 2012 (a second Amended Consolidated Report was filed on September 14, 2012).

The following is an overview of the findings contained in the Final Audit Report.

EXCESSIVE CONTRIBUTIONS

D.C. Official Code Section 1-1163.33(a)(3). The audit found that the Committee accepted two (2) excessive contributions totaling \$750.00. The Audit staff recommended that the Committee refund the excessive portion of each contribution and provide documentation of the completed transactions. On September 10, 2012, the Committee provided documentation (copies of the refund checks) that the excessive portions had been refunded.

RECEIPTS NOT REPORTED

D.C. Official Code Sections 1-1163.09(c)(2) and (3). The audit found that the Committee failed to report approximately nine (9) contributions totaling \$8,446.60. Additionally, there was an unreconcilable difference in reported receipts versus receipts per bank records in the amount of \$2,113.36. The Audit staff recommended that the Committee file an Amended Consolidated Report inclusive of the aforementioned contributions that were previously unreported. The Audit staff further recommended that the Committee make an adjustment to its Amended Consolidated Report to reflect the unreconcilable difference in total receipts in the amount of \$2,113.36. On September 10, 2012, the Committee filed an Amended Consolidated Report inclusive of the

aforementioned contributions that were previously unreported and made the appropriate adjustment for the unreconcilable difference in the amount of \$2,113.36.

CONTRIBUTIONS REPORTED BUT NOT NEGOTIATED THROUGH THE BANK

The audit found that the Committee reported three (3) contributions totaling \$350.00 which were not negotiated through the bank account of the Committee. The Committee reported these contributions on its Reports of Receipts and Expenditures; however, these transactions were not negotiated through the Committee's bank account. The Audit staff recommended that the Committee file an Amended Consolidated Report deleting the aforementioned contributions that were not negotiated through the bank account of the Committee. On September 10, 2012, the Committee filed an Amended Consolidated Report deleting the aforementioned contributions in the amount of \$350.00 from its total receipts.

UNDERSTATED CONTRIBUTION

The audit found that the Committee reported a contribution that was understated by \$50.00. The Audit staff recommended that the Committee file an Amended Consolidated Report adjusting the aforementioned understatement in total receipts. On September 10, 2012, the Committee filed an Amended Consolidated Report adjusting the \$50.00 understatement in total receipts.

EXPENDITURES NOT REPORTED

D.C. Official Code Sections 1-1163.09(c)(8) and (9). The audit found that the Committee failed to report thirty-four (34) unexplained expenditures to Hakim J. Sutton, Committee Treasurer, totaling \$113,950.00. Additionally, the audit found that the Committee failed to report eleven (11) expenditures totaling \$12,329.48, and bank charges totaling \$983.71. Further, there was a \$404.70 unreconcilable difference in reported expenditures verses total expenditures per Committee bank statements. The Audit staff recommended that the Committee file an Amended Consolidated Report inclusive of the expenditures previously unreported. The Audit staff further recommended that the Committee adjust its Amended Consolidated Report to reflect the \$404.70 unreconcilable difference. On September 10, 2012, the Committee filed an Amended Consolidated Report inclusive of the expenditures and bank charges not previously reported, and adjusted its Amended Consolidated Report to reflect the unreconcilable difference of \$404.70. The Audit staff will refer the matter regarding the thirty-four (34) unexplained expenditures to Hakim J. Sutton, Committee Treasurer, to the OCF General Counsel for possible violations of D.C. Official Code Sections 1-1163.09(c)(8) and (9).

EXPENDITURES NOT NEGOTIATED THROUGH THE COMMITTEE'S BANK ACCOUNT

The audit found that the Committee reported three (3) expenditures totaling \$5,300.00 that were not negotiated through the bank account of the Committee. The Audit staff recommended that the Committee file an Amended Consolidated Report deleting the aforementioned expenditures that were not negotiated through the bank account of the

Committee. On September 10, 2012, the Committee filed an Amended Consolidated Report deleting the aforementioned expenditures that were not negotiated through the Committee's bank account.

MISSTATEMENT OF FINANCIAL ACTIVITY

D.C. Official Code Sections 1-1163(c)(1), (7) and (9). The Preliminary Audit Report revealed that a comparison of the Committee's reported figures with its bank records, resulted in the Committee misstating its receipts, disbursements, and its cash on hand balance, as of June 29, 2012.

The following chart details the discrepancies between the Committee's disclosure reports and bank records. The chart lists: (a) the amounts the Committee reported, (b) the actual amounts listed on its bank statements, and (c) the discrepancies between the two figures.

Comparison of Disclosure Reports and Bank Records

	Reported	Bank Statement	Discrepancy
Receipts	\$147,690.68	\$153,723.92	\$6,033.24 understated
Disbursements	\$32,165.43	\$153,723.92	\$121,558.49 understated
Ending Cash Balance	\$ 115,515.25	\$ 0.00	\$ 115,515.25 overstated

On September 10, 2012, the Committee filed an Amended Consolidated Report making the appropriate adjustments as noted above, therefore, correcting its misstatement of it financial activity.