

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

**On**

### **ORANGE AT-LARGE**

#### **EXECUTIVE SUMMARY**

Orange At-Large (Principal Campaign Committee) registered with the Office of Campaign Finance on July 19, 2011. The Committee was the principal campaign committee of Vincent Orange, Sr., a 2011 candidate in the Special Election 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 and Interim Audit Reports issued on July 9, 2012 and August 21, 2011, respectively. 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 July 16, 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. In the Preliminary and Interim Audit Reports, the Audit staff recommended that the Committee refund the excessive portion of each contribution and provide documentation of the completed transactions. On October 4, 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 seven (7) contributions totaling \$4,600.00. Additionally, there was an unreconcilable difference in reported receipts versus receipts per bank records in the amount of \$364.71. In the Preliminary Audit Report, 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 \$364.71. On July 16, 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 \$364.71.

#### **UNDERSTATED CONTRIBUTION**

The audit found that the Committee reported a contribution that was understated by \$600.00. In the Preliminary Audit Report, the Audit staff recommended that the Committee file an Amended Consolidated Report adjusting the aforementioned understatement in total receipts. On July 16, 2012, the Committee filed an Amended Consolidated Report adjusting the \$600.00 understatement in total receipts.

#### **ADJUSTMENT FOR THE INCORRECT BEGINNING BALANCE OF THE 8 DAY PRE-SPECIAL ELECTION REPORT 2011**

The audit found that the Committee filed an Amended March 10, 2011 Report which resulted in an adjustment in the ending cash on hand balance by \$1,000.00. However, the Committee failed to adjust (amend the beginning cash on hand balance of the next subsequent filing, the 8 Day Pre-Special Election Report, to reflect the \$1,000.00 adjustment. Therefore, this resulted in a \$1,000.00 difference in the beginning and ending cash on hand balances. In the Preliminary Audit Report, the Audit staff recommended that the Committee file an Amended Consolidated Report correcting the aforementioned \$1,000.00 discrepancy. On July 16, 2012, the Committee filed an Amended Consolidated Report correcting the aforementioned discrepancy.

#### **EXPENDITURES NOT REPORTED**

D.C. Official Code Sections 1-1163.09(c)(8) and (9). The audit found that the Committee failed to report: twenty-three (23) expenditures totaling \$25,680.00; bank charges totaling \$739.59; a returned deposit item for “non sufficient funds” in the amount of \$1,000.00; and, a returned deposit fee in the amount of \$15.00. Further, there was a \$46.72 unreconcilable difference in reported expenditures verses total expenditures per Committee bank statements. In the Preliminary Audit Report, 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 \$46.72 unreconcilable difference. On July 16, 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 \$46.72.

#### **EXPENDITURES NOT NEGOTIATED THROUGH THE COMMITTEE’S BANK ACCOUNT**

The audit found that the Committee reported ten (10) expenditures totaling \$21,380.75 that were not negotiated through the bank account of the Committee. In the Preliminary Audit Report, 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. The Committee did not provide documentation (checks, invoices, receipts, vouchers, and/or contracts) to evidence that the expenditures did in fact occur, and further could not account for the stated

expenditure, payee “various”, purpose “other” and amount “\$16,478.03”. On July 16, 2012, the Committee filed an Amended Consolidated Report deleting the aforementioned expenditures that were not negotiated through the Committee’s bank account.

### **DUPLICATE REPORTING OF EXPENDITURES**

The audit found that the Committee reported three (3) expenditures that were reported in duplicate on the Committee’s Reports of Receipts and Expenditures. In the Preliminary Audit Report, the Audit staff recommended that the Committee file an Amended Consolidated Report deleting the aforementioned expenditures that were reported in duplicate. On July 16, 2012, the Committee filed an Amended Consolidated Report deleting the duplicate expenditures that were previously reported.

### **UNDERSTATED EXPENDITURE**

The audit found that the Committee reported an expenditure that was understated by \$300.00. The Committee reported the expenditure in the amount of \$2,250.00; however, bank records indicated that the actual amount of the expenditure was \$2,550.00 resulting in a \$300.00 understatement. In the Preliminary Audit Report, the Audit staff recommended that the Committee file an Amended Consolidated Report adjusting the aforementioned understatement in total expenditures in the amount of \$300.00. On July 16, 2012, the Committee filed an Amended Consolidated Report correcting the understatement in the amount of \$300.00.

### **RECORDKEEPING AND DISCLOSURE**

3 DCMR Section 3400.2. The audit found that the Committee reported one-hundred and fifteen (115) contributions totaling \$76,225.00 and two-hundred forty-four (244) expenditures totaling \$302,475.64 in which the proper documentation (contributor checks, credit card information, and/or solicitation materials and invoices, receipts, vouchers, and/or contracts) was not provided to substantiate each contribution and expenditure. In the Preliminary Audit Report, the Audit staff recommended that the Committee provide the proper documentation to substantiate the aforementioned contributions and expenditures. Additionally, in the Preliminary and Interim Audit Reports, the Audit staff recommended that the Committee provide evidence (written) that it had established internal control procedures regarding recordkeeping and disclosure requirements when accepting contributions and making expenditures. On July 16, 2012, the Committee provided the proper documentation to substantiate the aforementioned receipts and expenditures that was not previously provided. Further, On October 19, 2012, the Committee provided written evidence that it had established internal control procedures regarding recordkeeping and disclosure requirements when accepting contributions and making expenditures.

### **CONTRIBUTIONS MADE BY MONEY ORDERS**

D.C. Official Code Section 1-1163.33(e). In the Interim Audit Report, the Audit staff cited an additional issue that was not previously reflected in the Preliminary Audit Report. The underlying issue related to contributions made by money order. In the Interim Audit Report, the Audit staff recommended that the Committee indicate the circumstances under which the contributions were received. On September 21, 2012, the

Candidate responded in a notarized statement that he at no time did he suspect or have reason to suspect any improprieties in the campaign fundraising process for the Orange At-large campaign. The candidate provided copies of the money orders along with copies of the donor cards for the aforementioned contributions.

In conclusion, the Committee complied with all the recommendation as stated in the Preliminary and Interim Audit Reports as requested by the Audit Staff.