

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

AUDIT DIVISION

2008 Cycle

MATERIALITY THRESHOLDS



Title 26- Presidential Candidates and Convention Committees

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

TABLE OF CONTENTS

(CTRL+Click to go directly to the page)

Clarifications	3
Knowing and Willful Violations of the Act	3
Receipt of Prohibited Contributions.....	4
Receipt of Contributions and Loans in Excess of the Limitation	6
Use of General election contributions for Primary Expenditures	9
Receipt of Contributions of Currency in Excess of the Limitation.....	10
Prohibited Contributions from Unregistered Political Organizations.....	11
Untimely Deposits of Contributions	13
Failure to Itemize Receipts or Expenditures	14
Failure to Itemize Loans, Loan Repayments & Debts and Obligations	16
Failure to Itemize Contributions from Political Committees.....	18
Omission of Disclosure for Receipts and Expenditures.....	19
Omission of Occupation and Name or Employer	21
Misstatement of Financial Activity	22
Recordkeeping - Receipts.....	25
Apparent Non-Qualified Campaign Expenses	26
Advances Made by Committee Staff & Other Individuals	27
Extensions of Credit Made by Commercial Vendors	28
Stale-Dated Checks	29
Other Errors or Omissions.....	30

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Clarifications

1. **Reported Amounts as basis for Threshold Amounts** - For most thresholds, the relevant reported amount will be used if the reported amount is materially correct. If the reported amount is materially misstated, the auditor may use the committee's database to derive the appropriate amount provided it has been reconciled to the bank.
2. **Rounding Threshold Amounts** - To determine the threshold amounts, apply the threshold percentage to the appropriate amount and round the result up to the nearest \$100. For example, if the amount of contributions from individuals is \$725,000, the threshold percentage is 3.5%, the threshold amount is \$25,400 ($\$725,000 \times .035 = \$25,375$).
3. **Best Efforts** – The regulations address best efforts to obtain contributor information (11 CFR 104.7) and to obtain records for disbursements (11 CFR 102.9(d)). See Policy #18, and #19 as well as the Commission's Policy Statement on Best Efforts.
4. **Sample Testing**- To control the necessity to test a large number of items, a Sampling Error that is less than or equal to a stated percentage of the Sample Error Rate or less than or equal to the Tolerable Sampling Error in the Materiality Thresholds is acceptable. The stated percentage of the error rate is included in each threshold.
5. **Other Considerations**- These thresholds are subject to revision based on the information determined when attempting to apply them. Even though the audit tests of the committee's filings and records indicate that no materiality thresholds are exceeded, the separate tests considered together in an attempt to evaluate the committee's overall compliance.

Knowing and Willful Violations of the Act

Any matter, that does not meet the materiality threshold for inclusion in the preliminary audit report or referral to the Office of General Counsel, can still be referred to OGC if the auditor suspects there is a Knowing and Willful Violation of the Act (11 CFR 110.9). The auditor in conjunction with the Audit Manager and Assistant Staff Director will review the matter and decide if a referral will be made.

Receipt of Prohibited Contributions

Regulatory Cites

2 USC §§441 b, c, e & f

Applicable to the following:

- Contributions from corporations, unions, national banks, government contractors, foreign nationals.
- Contributions in the name of another.

For testing purposes, there are separate attributes for unresolved apparent prohibited contributions and untimely resolved apparent prohibited contributions. The dollar value of the projection of the error for each attribute is totaled and then compared to the threshold (also see Policy #1).

This threshold contains a “Single Event Threshold” that will be considered only if the threshold for inclusion in the Audit Report is not breached.

Criteria for Inclusion in the Audit Report:

100% Review and Dollar Unit Sample Review

The matter will be addressed in the preliminary audit report if:

- the dollar value of the prohibited contributions is greater than [REDACTED] of the total reported amount of contributions from individuals¹ (as reported on line 17(a) of the Detailed Summary Page of FEC Form 3P); or
- If a transaction from a single entity is identified in excess of [REDACTED], the matter will be included in the PAR regardless of whether the threshold above is breached.

Tolerable Sampling Error= [REDACTED] or [REDACTED] the error rate whichever is greater.

Criteria for Referral to Office of General Counsel

1. If the response to the PAR does not reduce the prohibited contributions to [REDACTED] or less of total reported contributions from individuals and the committee has **not** made recommended refunds or payment to the U.S. Treasury within 30 calendar days of service of the audit report, the matter will be referred to the Office of General Counsel.

¹ To determine the threshold amount, calculate [REDACTED] of the reported amount of contributions from individual and round up to the nearest \$100. For example, if the total amount of contributions from individuals is [REDACTED], the threshold for inclusion in the report is greater than [REDACTED].

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

2. If the response to the PAR reduces the prohibited contributions to greater than [REDACTED] but less than or equal to [REDACTED] of total contributions from individuals and the committee makes the recommended refunds or payment to the U.S. Treasury within 30 calendar days of service of the audit report (see 11 CFR §9038.1(f)(3)), the matter **will not** be referred to the Office of General Counsel.

3. If the response to the PAR reduces the prohibited contributions to more than [REDACTED] of total contributions from individuals, then a referral to the Office of General Counsel **will** be made **regardless** of whether the committee makes the recommended refunds or payment to the U.S. Treasury.

To reduce the prohibited amount, a committee must submit evidence that a contribution was **not** prohibited; or was **timely** refunded (see Footnote 2 and Policy #2).

Single Event Threshold - prohibited contributions can be referred to OGC, subsequent to the committee's 10 Day Exit Conference response, if:

- The threshold for inclusion in the audit report has not been breached; **and**
- the prohibited contribution is greater than [REDACTED]; **and**,
- the committee has not refunded the prohibited contribution. Contributions that have been untimely resolved will not be referred under the Single Event Threshold.

Policy

1. The preliminary audit report will address the sum of both projections (unresolved and untimely resolved). The recommendation will present the committee an opportunity to demonstrate that the prohibited contributions were not prohibited or were timely resolved and afford the committee an opportunity to resolve any remaining unresolved prohibited contribution.
2. The Commission has determined for purposes of applying this threshold that prohibited contributions must be refunded not later than [REDACTED] days² from the date of deposit (provided that there is sufficient assurance the contributions are being deposited within 2 to 3 days of receipt).

² 11 CFR §§ 103.3(b)(1) and (2) provide a [REDACTED]; however, a [REDACTED] is to be applied.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Receipt of Contributions and Loans in Excess of the Limitation

Regulatory Cites

2 USC § 441a

Applicable to the following:

- Contributions received from individuals.
- Contributions received from political committees.
- Loans in excess of the contribution limitation by any person
- Any portion of any loan endorsed or guaranteed by any person in excess of the limitation.

Each category (Individuals, Political Committees) are tested separately and the appropriate threshold applied.

For testing purposes, there are three separate characteristics for Non-Curable Excessives, Untimely Resolved Excessives and Curable Excessives. Threshold A. applies to Non-Curable Excessives as stated below. For Untimely Resolved Excessives and Curable Excessives, the dollar value projection of the error for each characteristic is totaled and then compared to the threshold B. below. (Policy #3).

This threshold contains a “Single Event Threshold” that will be considered only if the threshold for inclusion in the Audit Report is not breached.

Criteria for Inclusion in the Audit Report:

100% Review and Dollar Unit Sample Reviews

The matter will be addressed in the preliminary audit report if:

A. For Non-Curable Excessives:

- The dollar value of excessive contributions is greater than ■ of the total reported amount of contributions from individuals or political committees (as reported on lines 17(a) or 17(b) & 17(c) of the Detailed Summary Page of FEC Form 3P);

Tolerable Sampling Error= ■ or ■ the error rate whichever is greater

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

B. For Untimely Resolved or Curable Excessives:

- The **combined** dollar value of excessive contributions is greater than [REDACTED] of the total reported amount of contributions from individuals or political committees (as reported on lines 17(a) or 17(b) & 17(c) of the Detailed Summary Page of FEC Form 3P);

Tolerable Sampling Error= [REDACTED] or [REDACTED] the error rate whichever is greater

Criteria for Referral to Office of General Counsel

For Non-Curable Excessives:

1. If the response to the PAR does not reduce the excessive contributions to [REDACTED] or less of total reported contributions from individuals and the committee has **not** made recommended refunds or payment to the U.S. Treasury within 30 calendar days of service of the audit report, the matter **will** be referred to the Office of General Counsel.

2. If the response to the PAR reduces the excessive contributions to greater than [REDACTED] but less than or equal to [REDACTED] of total contributions from individuals and the committee **makes** the recommended refunds or payment to the U.S. Treasury within 30 calendar days of service of the audit report (see 11 CFR §9038.1(f)(3)), the matter **will not** be referred to the Office of General Counsel.

3. If the response to the PAR reduces the excessive contributions to more than [REDACTED] of total contributions from individuals, then a referral to the Office of General Counsel will be made **regardless** of whether the committee makes the recommended refunds or payment to the U.S. Treasury.

To reduce the excessive amount a committee must submit;

- evidence that a contribution was not excessive; **OR**,
- evidence that the contribution was either timely reattributed or redesignated (either written or presumptive); or refunded (see Policy #8, #9, #10 and #11).

For Untimely Resolved or Curable Excessives:

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's response to the PAR does not reduce the amount of Untimely Resolved or Curable Excessives to a level less than the threshold for inclusion in the PAR.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Single Event Threshold – excessive contributions can be referred to OGC, subsequent to the committee’s 10-Day Exit Conference response, if:

- The threshold for inclusion in the audit report has not been breached; **and**
- the apparent excessive contribution is greater than [REDACTED] (individual); is greater than [REDACTED] (political committee); **and**,
- the committee has not refunded, reattributed, or redesignated the excessive contribution. Contributions that have been untimely resolved will not be referred under the Single Event Threshold.

Policy

3. The preliminary audit report will may address the projections for each of the different types of Excessive contributions. (Non-Curable, Untimely Resolved, and Curable). The recommendation will present the committee an opportunity to demonstrate that the excessive contributions were not excessive or timely resolved and afford the committee an opportunity to resolve any remaining unresolved excessive contribution.
4. The Commission has determined for purposes of applying this threshold that a [REDACTED] day window³ from the date of deposit is to be used (provided that there is sufficient assurance the contributions are being deposited within 2 to 3 days of receipt).
5. The excessive contribution may be reattributed to another account holder, redesignated to another election (either presumptive or written authorization), or refunded within [REDACTED] days of deposit. If corrective action is not taken within the [REDACTED] day period the excessive portion is considered an error (either unresolved or untimely resolved).
6. The Regulations require that a written reattribution be signed by each contributor, including the individual who signed the contribution check. However, if the committee’s records contain the signatures on one or more documents, which can be associated with the contribution in question, of all persons to whom the contribution is attributed; the reattribution is acceptable.
7. Credit cards may not be presumptively reattributed unless it can be established from the records that the credit card account is jointly held by the contributors. This is rarely the case.

³ 11 CFR §§ 103.3(b)(3) provides a 60-day window; [REDACTED]

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Use of General election contributions for Primary Expenditures

Regulatory Cites

(11 CFR §102.9(e))

Applicable to the following:

The use of general election contributions received before the primary election for primary expenses. This is determined by subtracting the cumulative amount of general election contributions (less any general election expenses) from the committee's daily cash balance to determine if general election contributions were used to pay primary expenses. If the adjusted cash balance from this calculation is negative on any day, then general election contributions were used.

Criteria for Inclusion in the Audit Report:

The matter will be addressed in the preliminary audit report if:

Account maintained with both Primary/General contributions:

- The sum of all negative daily cash balances between the date the first general election contribution was received and the end of the period covered by the audit exceeds ■■■ of the total pre-primary general election contributions received; **and**
- The sum of all negative balances between the date the first general election contribution was received and the end of the period covered by the audit is at least ■■■■; **and**

Separate accounts:

- Withdrawals (excluding contribution refunds or the transfer of redesignated contributions) from the general election account made prior to the end of the period covered by the audit exceed ■■■ of the total pre-primary general election contributions received and total at least ■■■■.

Criteria for Referral to Office of General Counsel

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's response to the PAR does not reduce the amount of general election contribution spent on primary expenditures to a level less than the threshold for inclusion in the PAR.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Receipt of Contributions of Currency in Excess of the Limitation

Regulatory Cite

2 USC § 441g and 11 CFR §110.4(c)

Applicable to the following:

- Currency contributions in excess of \$100 per contributor per year.
- Anonymous cash contributions in excess of \$50.

The results of excessive currency review and excessive anonymous contribution review are added together and then compared to the threshold.

Criteria for Inclusion in the Audit Report:

100% Review and Dollar Unit Sample Review

The matter will be addressed in the preliminary audit report if:

- The dollar value of the excessive currency and the dollar value of excessive anonymous contributions (once added together) is greater than [REDACTED] of the total reported amount of contributions from individuals (see footnote 1); **and**
- The dollar value of the excessive currency exceeds [REDACTED].

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the error rate whichever is greater

Criteria for Referral to Office of General Counsel

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's response to the PAR does not reduce the excessive amount to a level less than the threshold for inclusion in the PAR.

To reduce the excessive amount, a committee must submit evidence that the contribution; was not excessive; was timely refunded or timely otherwise disposed of (see Policy # 8).

Policy

8. The contributions must be refunded or disposed of in an acceptable manner within [REDACTED] days of deposit, provided that there is sufficient assurance that contributions are being deposited within 2 to 3 days of receipt.
9. There is no single event threshold for these attributes.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Prohibited Contributions from Unregistered Political Organizations

Regulatory Cite

2 USC § 441a

Applicable to the following:

- This threshold addresses the permissibility and potential excessive contribution resulting from unregistered political organizations. The error amount of a contribution received from an unregistered political organization is equal to the amount contributed in excess of [REDACTED], calculated on a per election basis. For example, if [REDACTED] contributions of [REDACTED] were received from an unregistered political organization, the error amount would be [REDACTED]. Contributions from unregistered political organizations equal to or less than [REDACTED] per election will not be questioned. For contributions from unregistered political organizations greater than [REDACTED] per election, the Candidate committee will be required to demonstrate that the funds were from permissible sources (such as a letter from the contributing organization).

The unregistered political organization (contributing organization) could also be referred to RAD. See threshold below.

Criteria for Inclusion in the Audit Report:

100% Review

The matter will be addressed in the preliminary audit report if:

- the dollar value of the apparent prohibited contribution is greater than [REDACTED] of total reported contributions from individuals on line 17(a).

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the error rate which ever is greater

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's timely response to the PAR does not reduce the excessive and prohibited amount to a level less than the threshold for inclusion in the PAR.

To reduce the apparent prohibited amounts a committee must submit evidence that; the contributing organization's funds were from permissible sources; the apparent prohibited contributions were timely refunded or timely disposed of (see Policy #10).

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Criteria for Referral to the Reports Analysis Division

- If an unregistered political organization makes aggregate contributions, greater than [REDACTED] during the audit period (to the auditee), the unregistered political organization will be referred to RAD.

The referral to RAD is made after the response to the preliminary audit report is received and should include relevant parts of the committee's response.

PLEASE NOTE: RAD will address the registration with the unregistered political organization. AUDIT will address the receipt of the contribution by the recipient committee in the final audit report.

Policy

10. The prohibited amount should be refunded, transferred, or disposed of not later than [REDACTED] days from the date of deposit (provided that there is sufficient assurance the contributions are being deposited within 2 or 3 days of receipt).
11. A political organization is required to register if it makes contributions or expenditures greater than [REDACTED] per calendar year. When it registers, its contribution limits for the 2008 Presidential election cycle, are [REDACTED] to a political party committee, [REDACTED] to any other political committee, and [REDACTED] to a Candidate Committee.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Untimely Deposits of Contributions

Regulatory Cites

11 CFR §103.3(a), 11 CFR §102.6(c)(4), 11 CFR §102.6(b)(1)

Applicable to the following:

- Contributions from individuals.
- Contributions from political committees, party committees.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

This matter will be addressed in the preliminary audit report if:

- the total dollar value of the untimely deposits is greater than [REDACTED] of the total amount of all deposits.

Tolerable Sampling Error = [REDACTED] or [REDACTED] of the sample error rate whichever is greater

Policy

12. If the receipt date is not known you can allow [REDACTED] days from the date of the contributor check [REDACTED].
13. There is no threshold for referral to OGC.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Failure to Itemize Receipts or Expenditures

Regulatory Cites

2 USC § 434(b) & (e)

Applicable to the following:

It should be noted that certain categories require itemization regardless of the amount while others require itemization only when the aggregate amount is in excess of \$200 within the calendar year.

Federal Funds (Schedule A-P, Line 16) Tested 100%
Contributions from individuals (including in-kind and earmarked), (Schedule A-P, Line 17(a))
Transfers from other Authorized Committees (Schedule A-P, Line 18)
Offsets to Expenditures (refunds, rebates, returns of deposits) (Schedule A-P, Line 20)
Other Receipts (dividends, interests, etc.) (Schedule A-P, Line 17)
Operating Expenditures (Schedule B-P, Line 23)
Transfers to other Authorized Committees (Schedule B-P, Line 24)
Fundraising Disbursements (Schedule B-P, Line 25)**
Exempt Legal and Accounting Disbursements (Schedule B-P, Line 26)**
Refunds of Contributions (Schedule B-P, Lines 28(a), (b), (c))
Other Disbursements (Schedule B-P, Line 29)

** Note these Disbursements are often reported as a lump sum transfer from Line 23. Those transfer amounts should not be included in the testing population. If they are itemized separately for Ln 25 & 26, they should be combined with Ln 23 for testing and evaluation purposes.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be addressed in the preliminary audit report if:

- the dollar value of total itemizable receipts or total itemizable expenditures that were not itemized is greater than ■ of the total dollar value of transactions for the specific category

Tolerable Sampling Error= ■ or ■ of the sample error rate whichever is greater

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's response to the PAR does not reduce the amount not itemized to a level less than the threshold for inclusion in the PAR.

The committee can reduce the amount in error by demonstrating that the transactions were itemized on reports filed prior to the audit notification letter.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Failure to Itemize Loans, Loan Repayments & Debts and Obligations

Regulatory Cite

2 USC § 434(b)

Applicable to the following:

Tested 100% or DUS

- Debts and Obligations owed **by** the Committee (Schedule D-P, Line 12)

Tested 100% only

- Loans Received (Schedules A-P and C-P, Line 19(c))
- Loans Repayments Made (Schedule B-P, Line 27(c))
- Debts and Obligations owed **to** the Committee (Schedule C-P or D-P, Line 11)

This threshold is applied separately to each category.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be address in the preliminary audit report if:

the dollar value of the transactions not itemized for the category tested is greater than [REDACTED] of the total dollar value of disbursements.

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the sample error rate whichever is greater.

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's response to the PAR does not reduce the amount not reported to a level less than the threshold for inclusion in the PAR.

To reduce the unreported amount the committee must demonstrate that the amounts were reported on the appropriate schedule(s) or in the case of debts and obligations, did not require disclosure.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Policy

14. For DUS testing all sample items are tested. The dollar value of the projected error is added to the dollar value of errors from any 100% review and compared to the materiality threshold.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Failure to Itemize Contributions from Political Committees

Regulatory Cite

2 USC § 434(b) & (e)

Applicable to the following:

- Contributions received from political committees.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be included in the preliminary audit report if:

- the dollar value of contributions from political committee that is not itemized is greater than [REDACTED] of the total reported amount of the contributions received from political committees (Lines 17(b) & 17(c)); **and**,
- the dollar value of contributions from political committees that were not itemized is greater than [REDACTED].

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the sample error rate whichever is greater.

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's response to the PAR does not reduce the amount not itemized to a level less than the threshold for inclusion in the PAR.

To reduce the dollar value of contributions from political committees that were not itemized a committee must demonstrate that the contributions were itemized on reports filed prior to the audit notification letter.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Omission of Disclosure for Receipts and Expenditures

Regulatory Cites

2 USC § 434(b)

Applicable to the following:

Where possible, the following categories of receipts or categories of expenditures should be combined for DUS purposes.

- Contributions from individuals (including in-kind and earmarked), (Schedule A-P, Line 17(a))
- Contributions from political committees (Schedule A-P, Lines 17(b) & (c)),
- Contributions from the Candidate (Schedule A-P, Line 17(d))
- Transfers from other Authorized Committees (Schedule A-P, Line 18)
- Offsets to Expenditures (refunds, rebates, returns of deposits) (Schedule A-P, Line 20)
- Other Receipts (dividends, interests, etc.) (Schedule A-P, Line 21)
- Operating Expenditures (Schedule B-P, Line 23)
- Transfers to other Authorized Committees (Schedule B-P, Line 24)
- Fundraising Disbursements (Schedule B-P, Line 25)**
- Exempt Legal and Accounting Disbursements (Schedule B-P, Line 26)**
- Refunds of Contributions (Schedule B-P, Lines 28(a), (b), (c))
- Other Disbursements (Schedule B-P, Line 29)

**Note these Disbursements are often reported as a lump sum transfer from Line 23. Those transfer amounts should not be included in the testing population. If they are itemized separately for Ln 25 & 26, they should be combined with Ln 23 for testing and evaluation purposes.

Best Efforts

If during the review best efforts are documented for those items lacking adequate disclosure information, such items will not be considered as errors (see Policy #15).

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be addressed in the preliminary audit report if:

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

the dollar value of disclosure errors is greater than [REDACTED] of the total reported amount of itemized receipts or expenditures;

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the sample error rate whichever is greater.

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's response to the PAR does not reduce the amount of disclosure errors to a level less than the threshold for inclusion in the PAR.

To reduce the dollar value of disclosure errors, the committee must demonstrate that the disclosure was correct or that best efforts were made to obtain, maintain and submit the required information.

Policy

15. In order for a committee to have demonstrated best efforts it must have:

- requested the contributor's information in its original solicitation; **and**,
- made a second effort to contact the contributor requesting such information; **and**,
- maintained a record of such effort; **and**,
- filed amended reports disclosing any information obtained.
- The second request can not contain a request for additional contributions.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Omission of Occupation and Name of Employer

Regulatory Cites

2 USC § 434(b) and 11 CFR §§ 104.3 & 100.12

Applicable to the following:

- The threshold is applied to contributions from individuals that are itemized on the committee disclosure reports.

If during the review best efforts are documented for those items lacking adequate information, such items **will not** be considered as errors (see Policy #15).

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be addressed in the preliminary audit report if:

- the dollar value of itemized contributions having missing or incomplete occupation/name of employer information is greater than [REDACTED] of the dollar value of all itemized contributions from individuals (Line 17(a)).

Tolerable Sampling Error= [REDACTED] or [REDACTED] of the sample error rate whichever is greater.

Criteria for Referral to OGC

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's response to the PAR does not reduce the amount of disclosure errors for the individuals' occupation and name of employer to a level less than the threshold for inclusion in the PAR.

Misstatement of Financial Activity

Regulatory Cite

2 USC § 434(b)

Applicable to the following:

The difference between the reported financial activity (receipts, disbursements, cash on hand) and the correct reportable amount per the bank.

Increased Activity – (see Policy #16)

Criteria for Inclusion in the Audit Report:

The matter will be addressed in the preliminary audit report if:

Receipts and Expenditures

- if the reported amount of receipt or expenditures, when compared to the correct reportable amount per the bank for receipts or expenditures, is misstated by greater than [REDACTED] and the misstated amount or receipts or expenditures is greater than [REDACTED];

OR

- the sum of the absolute values of the identified receipt or expenditure errors (disregarding signs) when compared to the correct reportable amount of receipts or expenditures per the bank is greater than [REDACTED] and, the misstated amount of receipts or expenditures (disregarding signs) is greater than [REDACTED].

Cash on Hand

- If cash on hand is misstated by more than [REDACTED] of the greater of correct reportable receipts or disbursements, but at least [REDACTED], the committee will be requested to amend its latest report filed to correct the cash misstatement. This threshold only applies if the misstated amount of receipts or expenditures did not exceed the threshold above.

Increased Activity

- if the reported amount of receipts or expenditures as **originally reported** when compared to the correct reportable per bank for receipts or expenditures is misstated by greater than [REDACTED].

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Criteria for Referral to the Office General Counsel

The matter will be referred to OGC if:

Receipts and Expenditures

- the reported amount of receipts or expenditures is misstated by greater than [REDACTED].

OR

- the sum of the absolute values of the identified receipt or expenditure errors (disregarding signs) is greater than [REDACTED] **of the respective correct reportable amounts**

OR

- the response to the preliminary audit report does not reduce the misstated amount of receipts or expenditures to less than the threshold for inclusion in the preliminary audit report.

To reduce the misstated amounts, the committee can either file amended reports correcting the misstatements or demonstrate that the audited reports were materially correct.

Increased Activity

- receipts or expenditures as **originally reported** when compared to the correct reportable per bank for receipts or expenditures is misstated by greater than [REDACTED]; and,
- the misstated amount of receipts or expenditures is greater than [REDACTED] after you exclude any amounts, for the audit period, previously referred to ADR by RAD.

Policy

16. For increased activity, the original reports filed are compared to the correct reportable per the bank.
17. To start, bank reconciliations are done on a calendar year basis. Reporting period reconciliations should only be done to identify a problem period(s) if the yearly reconciliation results in a material misstatement that can not be explained.
18. Receipts or disbursements are overstated in one year and understated the following year. If this is the case and the problem represents the same items the

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

auditor can, with management approval, not pursue this part of any misstatement finding. For example, [REDACTED] in contributions are received on December 15, 2005 and reported in the year-end report but the contributions were not deposited until January 15, 2006.

19. When calculating the dollar amount of the absolute value, **do not** include the amount of “unexplained differences.”
20. We are not interested in addressing misstatements in any calendar year where the correct reportable amount of financial activity was relatively small. For example, in calendar year 2005 the correct reportable amounts for receipts and expenditures were [REDACTED] and [REDACTED] respectively. Consult your Audit Manager in similar situations.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Recordkeeping - Receipts

Regulatory Cites

2 USC § 432(c) and (d)

Applicable to the following:

- The failure to maintain contributor records (copies of contributor checks for amounts > \$50) or other documentation for receipts.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

The matter will be addressed in the preliminary audit report if:

- the dollar amount of the undocumented receipts is greater than [REDACTED] of the total amount of reported contributions (Line 17(e)).

Tolerable Sampling Error = [REDACTED] or [REDACTED] of the sample error rate whichever is greater.

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's response to the PAR does not reduce the amount undocumented receipts to a level less than the threshold for inclusion in the PAR.

To reduce the dollar amount of undocumented receipts the committee can locate and submit the missing documents, obtain and submit the missing documents or demonstrate best efforts. See Error Definitions at Exhibit D to the Audit Program for procedure to be followed in obtaining missing records without compromising the sample.

Policy

21. There is a best efforts provision for receipt documentation.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Apparent Non-Qualified Campaign Expenses

Regulatory Cites

2 USC §9038(b)(2) and 9007.2(b)(4)

Applicable to the following:

- The failure to obtain and furnish to the Commission on request any evidence (supporting documentation) regarding qualified campaign expenses as defined in 11 CFR §§9032.9, 9033.11, 9003.5, or 9002.11,
- The failure to show a connection between expenditures and the campaign (non-campaign related), and
- Expenditures made in excess of state or overall limitations.

Criteria for Inclusion in the Audit Report:

100% and Dollar Unit Sample Review

Non Qualified Campaign Expenses That Are Not Campaign Related or Are Not Documented Pursuant to 11 CFR §9033.11 or 9003.5

The matter will be addressed in the preliminary audit report if:

- the dollar value of undocumented or non-campaign related (i.e. parking tickets, personal use of funds) disbursements is greater than ■ of the total amount of reported disbursements (Line 30).

Tolerable Sampling Error= ■ or ■ of the sample error rate whichever is greater.

Expenditures in Excess of State or Overall Spending Limitations

In cases where the state or overall spending limitation has been exceeded by more than ■ of a state limitation or ■ of the overall limitation, the committee will be requested make a repayment. See 11 CFR §9038.2(b)(2)ii) or 9007.2(b)(2)(ii)(A).

Criteria for Referral to the Office of General Counsel

Spending Limitation- If the state limitation has been exceeded by more than ■ of the state limitation or the amount by which the committee has exceeded the overall spending limitation is greater than ■ of the overall limitation.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Advances Made by Committee Staff & Other Individuals

Regulatory Cite

11 CFR §116.5

Applicable to the following:

- Individuals who have received one or more expense reimbursements in excess of [REDACTED]; or,
- as of the date of ineligibility (DOI) are owed in excess of [REDACTED]; and,
- have received reimbursements or are owed amounts that in total exceed [REDACTED]

Criteria for Inclusion in the Audit Report:

100% Review

The matter will be addressed in the preliminary audit report if:

- the unreimbursed amount is greater than [REDACTED] of total amount of reported contributions from individuals; **OR**,
- the unreimbursed amount per individual is greater than [REDACTED], at any time.
- for conventions and general election committees, [REDACTED] of the grant may be substituted for individual contributions as a reasonable equivalent. For convention committees, the single event threshold is [REDACTED].

Criteria for Referral to the Office of General Counsel

The matter will be referred to OGC if the matter was raised in the PAR and the Committee's response to the PAR does not reduce the unreimbursed amount to a level less than the threshold for inclusion in the PAR.

To reduce the unreimbursed amount, a committee must submit evidence that the individual was timely reimbursed.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Extensions of Credit Made by Commercial Vendors

Regulatory Cite

11 CFR §116.3

Criteria for Review is Applicable to the following:

- Vendors who have received at least one payment in excess of [REDACTED]; or
- as of the date of ineligibility (DOI) are owed in excess of [REDACTED]; and,
- have received payments or are owed amounts that in total exceed [REDACTED].

Once a vendor meets the criteria for review, all transactions relative to the vendor are reviewed for compliance with 11 CFR §116.3.

Criteria for Inclusion in the Audit Report:

100% Review

The matter will be addressed in the preliminary audit report if:

- [REDACTED] or more is owed and outstanding for greater than [REDACTED] days from the date of incurrence; generally the invoice date.

If you are using a combination of invoices, each invoice must be outstanding greater than [REDACTED] days.

Criteria for referral to the Office of General Counsel

If after response to the PAR the amount outstanding for > [REDACTED] days has not been reduced (via documentation/information which demonstrates that the transactions were conducted in the ordinary course of business) to less than the materiality threshold [REDACTED] the matter will be referred to OGC.

For a committee to demonstrate that a vendor acted in the ordinary course of its business, the committee/vendor will submit documentation that the committee was treated like any other client, to include billing practices, attempts to collect the outstanding amount, etc.

For a committee to reduce the outstanding amount owed or the number of days an amount was outstanding, it must demonstrate the amount owed was less than [REDACTED] or that the amount was not outstanding more than [REDACTED] days.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Stale-Dated Checks

Regulatory Cite

11 CFR §§9038.6, 9007.6 and 9008.16

Applicable to the following:

The total amount of stale-dated checks not resolved by the committee must be paid to the U.S. Treasury in accordance with 11 CFR §§9038.6, 9007.6 and 9008.16.

Criteria for Inclusion in the Audit Report:

If the value of stale-dated checks exceeds [REDACTED], the matter will be included as a finding in the PAR and a payment to the U.S. Treasury will be recommended. If there is a disgorgement finding for prohibited and/or excessive contributions, any stale-dated checks related to attempted refunds will be addressed as part of that finding and will not also be addressed in a finding on stale-dated checks.

If the value of the stale-dated checks does not exceed [REDACTED], no finding will result. The committee will be advised to research and resolve the items identified, however, no attempt will be made to track the committee's resolution of the items.

This document does not bind the Commission,
nor does it create substantive or procedural rights.
For more information, see http://www.fec.gov/law/procedural_materials.shtml.

Other Errors or Omissions

Applicable to the following:

The errors or omissions detailed below generally would not be mentioned in the audit report, unless (1) the Committee fails to amend its filings or practices; or (2) there appears to be a willful violation of the Act with respect to the error or omission.

- Imperfections relating to FEC Form 1 and amendments thereto (i.e., disclosures of depositories, officers, candidates supported, etc.).
- Failure to include the 2 USC § 441d notice.
- Disclosure of receipts or expenditures on the incorrect FEC Form 3 or 3P line number.
- Failure to notify prospective contributors in accordance with 11 CFR § 102.5(a)(2)(ii) and (iii).
- Other irregularities to be identified in the future.

Applicable to the following:

The matters detailed below generally will be mentioned in the preliminary audit report and may result in a referral to the Office of General Counsel.

- Commingling of personal funds and Committee funds (2 USC § 432(b)(3)).
- Termination with debts outstanding if total amount is greater than [REDACTED] (11 CFR § 102.3).
- Expenditures of over [REDACTED] in currency, if the excessive amount(s) totals more than [REDACTED] (2 USC § 432(h)(2)).
- Possible violations of 2 USC § 441f (contributions in the name of another)