



Interim Audit Report of the Audit Division on the Democratic Executive Committee of Florida

January 1, 2007 - December 31, 2008

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

About the Committee (p. 2)

The Democratic Executive Committee of Florida is a state party committee headquartered in Tallahassee, Florida. For more information, see the chart on the Committee organization, p.2.

Financial Activity (p. 2)

• Receipts	
○ Contributions from Individuals	\$ 1,381,039
○ From Other Political Committees	379,860
○ From Affiliated/Other Party Committees	20,465,884
○ Transfers from Non-federal Account	2,037,583
○ All Other Receipts	516,180
Total Receipts	\$ 24,780,546
• Disbursements	
○ Operating Disbursements	\$ 12,999,529
○ Federal Election Activity	11,409,932
○ Other Disbursements	288,438
Total Disbursements	\$ 24,697,899

Findings and Recommendations (p. 3)

- Excessive Coordinated Party Expenditures (Finding 1)
- Failure to Itemize Coordinated Party Expenditures on Schedule F (Finding 2)
- Allocation of Expenditures (Finding 3)
- Misstatement of Financial Activity – Levin Fund (Finding 4)
- Disclosure of Disbursements (Finding 5)

¹ 2 U.S.C. §438(b).

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Part I

Background

Authority for Audit

This report is based on an audit of the Democratic Executive Committee of Florida (DECF), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 2 U.S.C. §438(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 2 U.S.C. §434. Prior to conducting any audit under this subsection, the Commission must perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act. 2 U.S.C. §438(b).

Scope of Audit

Following Commission approved procedures, the Audit staff evaluated various risk factors and as a result, this audit examined:

1. The receipt of excessive contributions and loans.
2. The receipt of contributions from prohibited sources.
3. The disclosure of individual contributors' occupation and name of employer.
4. The disclosure of disbursements, debts and obligations.
5. The disclosure of expenses allocated between federal and non-federal accounts.
6. The consistency between reported figures and bank records.
7. The completeness of records.
8. Other committee operations necessary to the review.

Part II

Overview of Committee

Committee Organization

Important Dates	
• Date of Registration	April 19, 1972
• Audit Coverage	January 1, 2007 - December 31, 2008
Headquarters	
	Tallahassee, FL
Bank Information	
• Bank Depositories	Two
• Bank Accounts	Six Federal and Two Non-federal
Treasurer	
• Treasurer When Audit Was Conducted	Alma Gonzalez
• Treasurer During Period Covered by Audit	Rudy Parker
Management Information	
• Attended FEC Campaign Finance Seminar	Yes
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

Overview of Financial Activity (Audited Amounts)

Cash-on-hand @ January 1, 2007	\$ 203,156
o Contributions from Individuals	1,381,039
o From Other Political Committees	379,860
o From Affiliated/Other Party Committees	20,465,884
o Transfers from Non-federal Account	2,037,583
o All Other Receipts	516,180
Total Receipts	\$ 24,780,546
o Operating Disbursements	12,999,529
o Federal Election Activity	11,409,932
o Other Disbursements	288,438
Total Disbursements	\$ 24,697,899
Cash-on-hand @ December 31, 2008	\$ 285,803

Part III

Summaries

Findings and Recommendations

Finding 1. Excessive Coordinated Party Expenditures

During fieldwork, the Audit staff calculated that DECF appears to have exceeded the 2008 coordinated party expenditures limit on behalf of a House candidate by \$35,108. Our review identified two media ads and two direct mail pieces that appear to represent coordinated party expenditures. The Audit staff recommends that DECF provide evidence that it did not exceed the coordinated spending limit or obtain a \$35,108 refund from the Candidate. (For more detail, see p. 4)

Finding 2. Failure to Itemize Coordinated Party Expenditures on Schedule F

During fieldwork, the Audit staff identified 64 expenditures, totaling \$207,665, that were not itemized on Schedules F (Itemized Coordinated Party Expenditures). The expenditures were made on behalf of six congressional candidates. Subsequent to the start of audit fieldwork, DECF filed amended reports that substantially disclosed the expenditures in question as coordinated party expenditures on Schedules F. The Audit staff recommends that DECF provide any additional information or comments that it considers relevant to this matter. (For more detail, see p.6)

Finding 3. Allocation of Expenditures

During fieldwork, the Audit staff's review of disbursements made from the federal and non-federal accounts identified an apparent non-federal overfunding of allocable activity in the amount of \$107,536. The Audit staff recommends that DECF demonstrate that these disbursements were not allocable expenditures or reimburse the non-federal account \$107,536. (For more detail, see p. 7)

Finding 4. Misstatement of Financial Activity – Levin Fund

Throughout the audit period, DECF disclosed \$6,438 as cash-on-hand for the Levin Fund account. However, DECF's Levin Fund account closed in November 2006. The Audit staff recommends that DECF amend its most recent report to correct the overstatement of cash-on-hand. (For more detail, see p. 11)

Finding 5. Disclosure of Disbursements

During audit fieldwork, the Audit staff calculated that disbursement entries, totaling \$9,554,713, contained inadequate or incorrect disclosure information. The Audit staff recommends that DECF file amended reports to correct the disclosure errors. (For more detail, see p. 12)

Part IV

Findings and Recommendations

Finding 1. Excessive Coordinated Party Expenditures

Summary

During fieldwork, the Audit staff calculated that DECF appears to have exceeded the 2008 coordinated party expenditures limit on behalf of a House candidate by \$35,108. Our review identified two media ads and two direct mail pieces that appear to represent coordinated party expenditures. The Audit staff recommends that DECF provide evidence that it did not exceed the coordinated spending limit or obtain a \$35,108 refund from the Candidate.

Legal Standard

A. Coordinated Party Expenditures. National party committees and state party committees are permitted to purchase goods and services on behalf of candidates in the general election—over and above the contributions that are subject to contribution limits. Such purchases are termed “coordinated party expenditures.” They are subject to the following rules:

- The amount spent on “coordinated party expenditures” is limited by statutory formulas that are based on the Cost of Living Adjustment (COLA) and the voting age population.
- Party committees are permitted to coordinate the spending with the candidate committees.
- The parties may make these expenditures only in connection with the general election.
- The party committees—not the candidates—are responsible for reporting these expenditures.
- If the party committee exceeds the limits on coordinated party expenditures, the excess amount is considered an in-kind contribution, subject to the contribution limits. 2 U.S.C. §441a(d) and 11 CFR §§109.30 and 109.32.

B. Assignment of Coordinated Party Expenditure Limit. A political party may assign its authority to make coordinated party expenditures to another political party committee. Such an assignment must be made in writing, state the amount of the authority assigned, and be received by the assignee before any coordinated party expenditure is made pursuant to the assignment. The political party committee that is assigned authority to make coordinated party expenditures must maintain the written assignment for at least three years. 11 CFR §§104.14 and 109.33(a) and (c).

Facts and Analysis

A. Facts

The coordinated expenditure limit for the 2008 election cycle for a House of Representatives candidate in the state of Florida was \$42,106. DECF provided documentation from the Democratic Congressional Campaign Committee (DCCC) showing that the DCCC authorized DECF to spend \$17,900 of its limit on behalf of Annette Taddeo, a candidate for the House of Representatives. Therefore, DECF's coordinated spending limit for this candidate was \$60,000.

The Audit staff identified four disbursements, totaling \$95,108, on behalf of Annette Taddeo. Two disbursements (\$82,400) were for media ads. The remaining two disbursements (\$12,708) were for direct mail pieces. DECF disclosed the cost of one media ad and both mail pieces as federal election activity on line 30b of its disclosure reports. The cost of the remaining media ad was disclosed as an operating expenditure on line 21b.

One media ad discussed the candidate's position on health care. The other discussed the opponent's voting record on health care and taxes. The disclaimer for each ad stated, "Paid for by the Florida Democratic Party and Taddeo for Congress. Approved by Annette Taddeo."

According to the invoices, a vendor located in Virginia processed and mailed the two direct mail pieces (one in English, the other in Spanish). The file for this vendor included an email communication from a vendor representative to a representative of DECF requesting approval of the direct mail piece. The email also copied the Taddeo campaign. Although requested, DECF provided no evidence that volunteers processed either mail piece.

B. Interim Audit Report & Audit Division Recommendation

At the exit conference, the Audit staff provided DECF representatives with a schedule of the apparent excessive coordinated expenditures. In response, DECF representatives stated they believed they were authorized to spend an additional \$22,400 because the DCCC had reported spending only \$1,754 in coordinated campaign expenditures on behalf of candidate Taddeo. DECF also stated that the combined total spent on Taddeo was less than the \$84,200 available. They believe that the DCCC and DECF coordinated to achieve this and that the remaining authority would have been transferred to the DECF. DECF also stated that the Taddeo mail pieces represented exempt activity.

The Audit staff recommends that, within 30 calendar days of service of this report, DECF demonstrate that it did not exceed its coordinated spending limit by providing evidence that:

- it received additional spending authority from the DCCC prior to spending in excess of its \$60,000 limitation; and

- there was volunteer involvement with respect to the two direct mail pieces.

Absent such evidence, the DECF should obtain a refund in the amount of \$35,108 (\$95,108 - \$60,000) from the Candidate and provide evidence of the refund received. Such evidence should include a copy of the refund check and bank statement showing the deposit of the refund check.

Finding 2. Failure to Itemize Coordinated Party Expenditures on Schedule F

Summary

During fieldwork, the Audit staff identified 64 expenditures, totaling \$207,665, that were not itemized on Schedules F (Itemized Coordinated Party Expenditures). The expenditures were made on behalf of six congressional candidates. Subsequent to the start of audit fieldwork, DECF filed amended reports that substantially disclosed the expenditures in question as coordinated party expenditures on Schedules F. The Audit staff recommends that DECF provide any additional information or comments that it considers relevant to this matter.

Legal Standard

Reporting Coordinated Party Expenditures. Each political committee shall report the full name of each person who receives any expenditure from the reporting committee during the reporting period in connection with an expenditure under 11 CFR Part 109, Subpart D (2 USC 441a(d)), together with the date, amount and purpose of any such expenditure as well as the name of, and office sought by the candidate on whose behalf the expenditure is made. 11 CFR §104.3 (b)(1)(viii).

Facts and Analysis

A. Facts

The Audit staff identified 64 expenditures, totaling \$207,665, that were not itemized on Schedules F as coordinated party expenditures. The expenditures were made on behalf of six congressional candidates; they represented payments for staff salaries, direct mail, cell phones and media ads. Subsequent to the start of audit fieldwork, DECF filed amended reports that substantially disclosed the expenditures in question as coordinated party expenditures on Schedule F.

B. Interim Audit Report & Audit Division Recommendation

This matter was presented at the exit conference. In response, DECF stated that it believes two of the disbursements, totaling \$12,708, were volunteer mailings (Taddeo mail pieces discussed in Finding 1) and thus would not need to be reported on Schedules F.

The Audit staff recommends that, within 30 calendar days of service of this report, DECF provide any additional information or comments that it considers relevant to this matter.

Finding 3. Allocation of Expenditures

Summary

During fieldwork, the Audit staff's review of disbursements made from the federal and non-federal accounts identified an apparent non-federal overfunding of allocable activity in the amount of \$107,536. The Audit staff recommends that DECF demonstrate that these disbursements were not allocable expenditures or reimburse the non-federal account \$107,536.

Legal Standard

A. Paying for Allocable Expenses. The Commission regulations offer party committees two ways to pay for allocable, shared federal/non-federal expenses.

- they may pay the entire amount of the shared expense from the federal account and transfer funds from the non-federal account to the federal account to cover the non-federal share of that expense; or
- they may establish a separate, federal allocation account into which the committee deposits funds from both its federal and non-federal accounts solely for the purpose of paying the allocable expenses. 11 CFR §106.7(b).

B. Transfers. Generally, a political committee may not transfer funds from its non-federal account to its federal account, except when the committee follows specific rules for paying for shared federal/non-federal election activity. 11 CFR §§102.5(a)(1)(i) and 106.7(f).

C. Reporting Allocable Expenses. A state, district or local committee that allocates federal/non-federal expenses must report each disbursement it makes from its federal account (or separate allocation account) to pay for a shared federal/non-federal expense. Committees report these kinds of disbursements on Schedule H4 (Disbursements for Allocated Federal/Non-federal Activity). 11 CFR §104.17(b)(3).

D. Allocation Required for Generic Voter Drives. State and local party committees must allocate all of their costs for generic voter drives. A generic voter drive is an activity that urges the general public:

- to register to vote;
- to vote; or
- to support candidates of a particular party or candidates who are associated with a particular issue, without mentioning a specific candidate. 11 CFR §106.7(c)(5).

E. Allocation Ratio for Administrative & Generic Voter Drive Costs. State and local party committees must allocate their administrative expenses and generic voter drive costs dependent upon which federal offices appear on the ballot for the election year. The minimum percentage of federal funds would be at least:

- 36 percent if both a Presidential candidate and a Senate candidate appear on the ballot;
- 28 percent if a Presidential candidate but not a Senate candidate appears on the ballot;

- 21 percent if a Senate candidate, but no Presidential candidate appears on the ballot; and,
- 15 percent if neither a Presidential nor a Senate candidate appears on the ballot. 11 CFR §106.7(d)(2) and (3).

F. Allocation of Costs of Federal Election Activity. Expenditures for public communications as defined in 11 CFR 100.26 by state party committees that refer to a clearly identified candidate for Federal office and that promote, support, attack, or oppose any such candidate for Federal office must not be allocated. Only federal funds may be used. 11 CFR §300.33(c)

G. Allocation Ratio for Shared Fundraising Expenses. If a committee raises both federal and non-federal funds through the same fundraising program or event, it must allocate the direct cost of the fundraising event based upon the ratio of funds received by the federal account to the total amount raised for the event. 11 CFR §106.7(c)(4)

H. Salaries and Wages. Committees must keep a monthly log of the percentage of time each employee spends in connection with a Federal election. Employees who spend 25 percent or less of their compensated time in a given month on Federal election activity or on activities in connection with a Federal election must either be paid only from the Federal account or have their salaries allocated as an administrative cost. 11 CFR §106.7(d)(1)

Facts and Analysis

A. Facts

The Audit staff calculated the non-federal share of expenditures required to be disclosed on Schedules H4 and compared that to the amount transferred from the non-federal account. It calculated that the non-federal portion of shared activity was \$2,222,695. However, the non-federal account transferred \$2,242,955, resulting in an overfunding of \$20,260.

In addition to the above, the following expenditures were paid directly from the non-federal account but appear to represent 100 percent federal activity or allocable activity.

- An absentee chase ballot (\$3,745) that included a picture of President Bush and Vice President Cheney with a red line through the pictures and a caption stating, "We Can't Afford More Of The Same." The back side of the mailer stated, "Send the Republicans a Message - You can Make the Difference Vote Democratic" followed by a sample ballot listing the Democratic nominee for President and Vice President, Congressional Districts 2 and 4, State Senator District 3, State Representative Districts 8 and 9, County Commissioner, City Commissioner and District Supervisor. Further, an email between the Leon County Chair and the DECF makes clear that the DECF expenditure was in connection with a federal election. Based on the above, the sample ballot should have been paid with federal funds. As a result, the non-federal account overpaid \$3,745.

- An invoice for \$17,240, with the description, "Consulting Fee for Creole Translators/Haitian American G.O.T.V." Support for this disbursement was not available for review. However, if the activity represents a public communication that named a clearly identified federal candidate, the cost would have to be paid with 100 percent federal funds. If the cost represented get-out-the-vote activity, it could have been paid with a combination of federal and Levin funds. However, DECF did not maintain a Levin fund; therefore only federal funds could be used. The only way that the cost could have been permissibly paid with 100 percent non-federal funds was if the activity named only non-federal candidates and did not represent a get-out-the-vote effort.

The Audit staff could not determine if this payment was wholly non-federal, allocable or wholly federal. Until more information is provided, it is assumed that the cost potentially should have been paid entirely by the federal account. As a result, the non-federal account may have overpaid its share by as much as \$17,240.

- The total amount of rent paid for DECF's headquarters during the audit period was \$212,313. According to DECF, the building is occupied by DECF and the State House Caucus and the State Senate Caucus (Caucus). With the exception of one month (January 2007), DECF paid half of the monthly rent directly from the non-federal account and half from the federal account. Rent payments from the federal account were disclosed on Schedules H4 and allocated 28 percent federal and 72 percent non-federal. Thus the non-federal account paid 86 percent of the rent for the DECF headquarters. As a result, the non-federal account overpaid its share of rent by \$28,482 (\$181,347 - \$152,865).
- DECF was not able to produce monthly time logs for six employees documenting their time spent on federal and non-federal activities. In addition, the records supplied by three individuals did not attest to working 25 percent or less of their time on federal activity for all the pay periods in which their salaries were allocated between federal and non-federal activity. Absent records to demonstrate the activity engaged in by the employees in question, \$23,172 was considered to potentially be a non-allocable expense that should have been paid entirely by the federal account.
- Ten fundraising programs and events were reviewed for the proper allocation of expenses between federal and non-federal accounts. The cost of each fundraising program or event in which DECF collected both federal and non-federal funds was allocated based on the funds received method. One event, the 2008 Jefferson Jackson Dinner, accounted for the amount of overfunding identified. The proportion of federal funds received to non-federal funds received as calculated by DECF was 8 percent federal to 92 percent non-federal. Per the Audit staff's calculation, the amount of funds received was 16 percent federal and 84 percent

non-federal. The review indicated that the non-federal account overpaid its share of the fundraising cost by \$14,637.

In summary, the Audit staff calculated that the non-federal account potentially overfunded its share of expenditures by \$107,536 (\$20,260 + \$3,745 + \$17,240 + \$28,482 + \$23,172 + \$14,637).

B. Interim Audit Report & Audit Division Recommendation

This matter was discussed at the exit conference. In response, DECF stated that the cost of the absentee chase ballot (\$3,745) and the consulting fee for Creole Translators/Haitian American G.O.T.V (\$17,240) represent non-federal activity. DECF did not provide any documentation supporting its position.

With respect to the rent allocation and the Caucus, Counsel for DECF (Counsel) stated that the Caucus is “considered an autonomous project of the state party ... they do not have a separate legal entity. Therefore, they did not sign the lease.” Counsel further stated that the Caucus employees are on the payroll of the state party, so they would technically qualify as employees of the party.

The exit conference response did not address the lack of time records and allocation of fundraising expenses.

The Audit staff has reviewed DECF’s response and offers the following:

Absentee Chase Ballot – DECF did not provide any documentation supporting its position that the mailer represented 100 percent non-federal activity. The mailer clearly identified a candidate for federal office. The email between the Leon County Chair and DECF makes clear that the DECF expenditure was in connection with a federal election. Therefore, the cost of the absentee chase ballot should have been paid with federal funds.

Consulting Fee for Creole Translators/Haitian American G.O.T.V. – DECF did not provide any documentation supporting its position that the activity was 100 percent non-federal. As previously stated, until more information is provided, it is assumed that the cost potentially should have been paid entirely by the federal account.

Rent Payments – A state party committee may either pay administrative costs, including rent, from its federal account, or allocate such expenses between its federal and non-federal accounts. 11 CFR §106.7(c)(2). In the Explanation and Justification for section 106.7(c), the Commission recognizes that state party committees engage in multiple non-federal activities, but the Commission determined that the administrative costs underlying a state party committee’s activities should be allocated. Therefore, the rent payments in question should have been allocated on a 28 percent federal and 72 percent non-federal basis.

The Audit staff recommends that, within 30 calendar days of service of this report, DECF provide documentation that clarifies and supports the solely non-federal nature of the above noted expenditures or reimburse the non-federal account \$107,536.

Finding 4. Misstatement of Financial Activity – Levin Fund

Summary

Throughout the audit period, DECF disclosed \$6,438 as cash-on-hand for the Levin fund account. However, DECF's Levin fund account closed in November 2006. The Audit staff recommends that DECF amend its most recent report to correct the overstatement of cash-on-hand.

Legal Standard

Contents of Levin Reports. Each report must disclose:

- The amount of cash-on-hand for Levin funds at the beginning and end of the reporting period;
- The total amount of Levin fund receipts and disbursements (including allocation transfers) for the reporting period and for the calendar year;
- Certain transactions that require itemization on Schedule L-A (Itemized Receipts of Levin Funds) or Schedule L-B (Itemized Disbursements of Levin Funds). 11 CFR §300.36 (b)(2)(B).

Facts and Analysis

A. Facts

Disclosure reports filed by DECF indicated a cash balance in the Levin fund account of \$6,438. DECF has disclosed this cash balance throughout the audit period. However, Levin fund bank records indicate that the account was closed on November 16, 2006. Other than the cash-on-hand balance, DECF did not disclose any Levin fund receipts or disbursements.

B. Interim Audit Report & Audit Division Recommendation

This matter was discussed with DECF representatives at the exit conference. DECF representatives made no comment on this matter. Therefore, the Audit staff recommends that, within 30 calendar days of service of this report, DECF amend its most recent report to correct the overstatement of Levin fund cash-on-hand.

Finding 5. Disclosure of Disbursements

Summary

During audit fieldwork, the Audit staff calculated that disbursement entries, totaling \$9,554,713, contained inadequate or incorrect disclosure information. The Audit staff recommends that DECF file amended reports to correct the disclosure errors.

Legal Standard

A. Reporting Operating Expenditures. When operating expenditures to the same person exceed \$200 in a calendar year, the committee must report the:

- amount;
- date when the expenditures were made;
- name and address of the payee; and
- purpose (a brief description of why the disbursement was made—see below).
2 U.S.C. §434(b)(5)(A) and 11 CFR §104.3(b)(3)(i).

B. Examples of Purpose. Adequate Descriptions. Examples of adequate descriptions of “purpose” include the following: dinner expenses, media, salary, polling, travel, party fees, phone banks, travel expenses, travel expense reimbursement, catering costs, loan repayment, or contribution refund. 11 CFR §104.3(b)(3)(i)(B).

Inadequate Descriptions. The following descriptions do not meet the requirement for reporting “purpose”: advance, election-day expenses, other expenses, expense reimbursement, miscellaneous, outside services, get-out-the-vote, and voter registration. 11 CFR §104.3(b)(3)(i)(B) and Commission Policy Statement at www.fec.gov/law/policy/purposeofdisbursement/inadequate_purpose_list_3507.

Facts and Analysis

A. Facts

The reported purpose of the disbursement, when considered with the identity of the disbursement recipient, must clearly specify what was purchased. The Audit staff reviewed disbursements itemized by DECF for proper disclosure on both a sample and 100 percent basis. These reviews disclosed that the combined dollar value of errors identified was \$9,554,713. This amount is comprised of \$1,708,395, the projected dollar value of errors from the sample review and \$7,846,318 in errors from a 100 percent review of disbursements not included in the sample population.²

From the 100 percent review, more than \$7,300,000 of the disclosure errors were for campaign materials that, for the most part, (1) described Senator Obama’s position on issues, (2) compared Senator Obama and Senator McCain’s position on issues or (3) were for get-out-the-vote telephone calls authorized by Obama for America. The majority of errors in the review were for inadequate or incorrect purposes disclosed.

² The error amount was projected using a Monetary Unit Sample with a 95 percent confidence level plus the results of a 100 percent review of items not in the sample population. The sample estimate could be as low as \$1,350,377 or as high as \$2,066,413.

Examples of incorrect purposes included:

- Three mail pieces that described Senator McCain's position on an issue were disclosed as either "Absentee/Early Vote Mail" or "Direct Mail/Early Vote." The mail pieces did not discuss obtaining an absentee ballot or voting early.
- A mail piece that stated vote Obama and provided polling locations, voting and ride information was disclosed as "Generic Literature."

Examples of inadequate purposes included:

- Payments for automated phone banks by Senator Obama or on behalf of Senator Obama that asked for your vote or provided information on polling locations were disclosed as "Telephone Calls" or "Generic Telephone Calls."
- Payments for mail pieces that described Senator Obama's position on issues, Senator McCain's position on issues or the positions of both candidates were disclosed as Literature, Generic Mail, or Direct Mail.

The disclosure errors identified in the sample review were similar to the errors discussed above.

B. Interim Audit Report & Audit Division Recommendation

This matter was discussed at the exit conference. In response, DECF representatives stated they would review this issue.

The Audit staff recommends that, within 30 calendar days of service of this report, DECF file amended reports to correct the disclosure errors.