Audit Deficiency Notices:
How to Amend Reports

State Board of Elections

Division of Audit Enforcement and

Division of Campaign & Candidacy Finance

Revised June 2023

Welcome to today's training on "How to Amend Reports" to address audit deficiencies. Please note that although this presentation is geared toward Audit Deficiencies, it contains many best practices that can be used by committees throughout the full election cycle including how to address discrepancies that will prevent a timely account closure.

Table of Contents

- Materials Needed
- How To Pull Reports in MDCRIS
- Two Most Common Deficiencies
  - Bank vs. Cash Balance Discrepancies
  - Non-Compliance Violations
- Best Practices for filing Amendments
- Additional Resources

We will cover the following topics:
1. Materials Needed before getting started
2. How to pull reports in MDCRIS. This includes both campaign finance reports as a PDF and how to pull both contribution and expenditure records via Excel for additional troubleshooting.
3. Two of the most common deficiencies caught by the routine audit.
4. Best practices for filing amendments
5. Additional resources

Please note this presentation will not cover all deficiencies and best practices, but can be used by committees to start the troubleshooting/reconciliation process.

Before Getting Started

Gather the following Materials:

- All Campaign Bank Statements
- All Campaign Finance Reports (see slide #3)
- All Contribution & Expenditure Records (see slide #4-7)
- All other campaign records including reports from credit card processing vendors

Before getting started, we suggest gathering all necessary information. This includes, but not limited to, all campaign bank statements, campaign finance reports, reports from credit card processors showing contribution details, invoices, etc. If you do not have all of these records, please contact your banking institution to request the missing records.

Pursuant to MD Election Law Article §13-221 requires all records and account books must be retained for either 10 years after the record was created or 2 years after the political committee files its final campaign finance report and receives State Board approval for its closure.

How to Print Campaign Finance Reports

1. Log into MDCRIS and Select "View/Edit Registration Information" from the left side menu.

2. Scroll to "Filing Information" and select the hyperlink for each report that is needed.

Maryland Campaign Re

View / Edit Registration Information

Enter Contributions/Transfers/In-kind Contributions

Enter Non-Candidate Loans

Enter Loan Payments

Enter Expenditures and Outstanding

Filing Information

Election Cycle	Filing Period Name	Filing Method	Report Due Date	Original Filed Date	Amendment Filed Date
2023-2026	2023 Annual	Amended Campaign Statement	01/18/2023	01/05/2023	04/27/2023
2019-2022	2022 Gubernatorial Post-General	Amended Campaign Statement	11/22/2022	11/15/2022	11/15/2022
2019-2022	2022 Gubernatorial Pre-General2 Report	Original Campaign Statement	10/28/2022	10/24/2022	
2019-2022	2022 Gubernatorial Pre-General1 Report	Original Campaign Statement	08/30/2022	08/24/2022	
2019-2022	2022 Gubernatorial Pre-Primary2	Original Campaign Statement	07/08/2022	07/04/2022	
2019-2022	2022 Gubernatorial Pre-Primary1	Original Campaign Statement	06/14/2022	06/08/2022	
2019-2022	2022 Annual	Original Campaign Statement	01/19/2022	01/13/2022	
2019-2022	2021 Annual	Original Campaign Statement	01/20/2021	01/18/2021	
2019-2022	2020 Presidential Post-General	Original Campaign Statement	11/17/2020	11/16/2020	
2019-2022	2020 Presidential Pre-General2 Report	Original Campaign Statement	10/23/2020	10/23/2020	
2019-2022	2020 Presidential Pre-General1 Report	Original Campaign Statement	08/25/2020	08/24/2020	
2019-2022	2020 Presidential Pre-Primary2	Original Campaign Statement	05/22/2020	05/22/2020	
2019-2022	2020 Presidential Pre-Primary1	Original Campaign Statement	04/28/2020	04/27/2020	
2019-2022	2020 Annual	Original Campaign Statement	01/15/2020	01/15/2020	
2019-2022	2019 Annual	Amended Campaign Statement	01/16/2019	01/16/2019	07/31/2019

< Previous | 1 | 2 | 3 | 4 | ... | Next > | Displaying page 1 of 4, records 1 to 15 of 57 | Go to Page

Before addressing a discrepancy, it is very important the committee has the most recent campaign finance report available – either as an electronic PDF or printed. Often times a committee will have an old copy and/or a preliminary report that doesn't reflect all activity on the "original" and/or amended reports.

To pull the most recent reports, navigate to the committee's registration page by selecting "View/Edit Registration" from the left side menu. Scroll about halfway down the page to filing information. Filing information comes just after the "documents/correspondence" section.
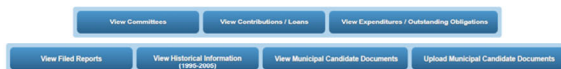
Once at the "filing information" section, select the blue hyperlink for each report to download and/or print.

How to Pull Contribution Reports

1. Select "Disclosures"

1. Select "View Contributions/Loans"

It may also be helpful for the committee to download an excel document containing contributions and expenditures. To capture all contributions reported by the committee, log out of MDCRIS and select "Disclosures" from the left side of the screen. Then select "View Contributions/Loans" button.

How to Pull Contribution Reports (Continued)

3. Enter Committee Name starting with the last name.
(Ex. *Smith, John Friends of*)

4. Download to Excel

Next, enter the committee name in the orange box and select "search". When the data populates, select the Excel icon. This report will allow the committee to sort/filter for information by reporting period, dollar amount, contributor name, etc.

Pulling an excel version of the expenditure report is very similar. Start by selecting "disclosures" then select "View Expenditures/Outstanding Obligations."

How to Pull Expenditure Reports (Continued)

3. Enter Committee Name starting with the last name.
(Ex. *Smith, John Friends of*)

Next, enter the committee name in the orange box and select "search". When the data populates, select the Excel icon.

Bank vs. Cash Balance Discrepancies

As mentioned earlier there are two common deficiencies. The most common deficiency is between bank and cash balances.

Bank Balance

- **Location**: See Page #1, Part 2 of the Campaign Finance Report

- **Reflects:** The ending bank balance as of the transaction ending date for the reporting period. See Page #1, Part 1 . This is manually entered by the committee.

Common Errors:

Missing (or incorrect) entry for **Deposits in Transit** and/or **Less Uncleared Checks**

Recording the incorrect bank ending balance (Ex. Using the bank balance as of the report due date or the balance as of the previous statement closing date)

Reporting Schedule:
https://elections.maryland.gov/campaign_finance/reporting_schedule.html

Admin accounts are applicable only for Legislative Party Caucus Committees, Central Committees, & Political Action Committees

Campaign Finance Report Summary Sheet

Part 1

Transaction Period → This Report covers transactions beginning __01/14/2021__ and ending __01/12/2022__ .
                                                                          Date   Date

Part 2

Administrative

Bank Account Name	Bank Account Number	Bank Account Balance*
Sandy Spring Bank	▮▮▮▮▮▮	$17,851.20
*As of the report transaction ending date. Total		$17,851.20

Electoral

Bank Account Name	Bank Account Number	Bank Account Balance*
BB&T Bank	▮▮▮▮▮▮	$0.00
Sandy Spring Bank		$41,310.77
	Add: Deposit in Transits	$0.00
	Less: Uncleared Checks	$4,900.00
*As of the report transaction ending date. Total		$36,410.77

First, let's take a moment to understand the bank balance for previously filed reports. Although this may seem straight forward, there are a few things to keep in mind. The bank balance is a manual data entry field recorded by the committee when submitting an original or amended campaign finance report. Since it is a manual entry, there is a higher likelihood of transpositional or other data entry errors.

When entering the bank balance, the committee needs to ensure they are entering the bank balance as of the transaction ending date for the reporting period. The transaction ending date is not the same as the report due date. To find the transaction ending date, please see reporting schedule published to the Campaign Finance section of the State Board of Elections website.

Very often committees will enter the bank ending balance as of the date the report was/is due, which is not correct. Other times, committees enter the ending balance from the previous bank statement, which is also not correct. By taking a few minutes to verify the bank ending balance is correct when filing the report (and/or before starting the review for the deficiency) can save a committee a lot of time and work down the road.

Lastly, it is important for the committee to think of this section of the report as their checkbook. What is meant by that is any deposits that have not yet hit the bank statement,

but are recorded in MDCRIS need to be reflected in the "Deposits in Transit" section. Additionally, any expenditures recorded by the committee for checks that have not been cashed by the recipient need to be recorded in the "uncleared checks" section. Committees typically keep track of these items in their checkbook or accounting ledger.

Cash Balance

Part 4

Prior Balance	$37,779.43	Report calculated cash balance from Part 4 of your prior report.
	+	
Total Receipts	$165.00	Total of Part 3 Receipts
	-	
Total Expenditures	$15,100.61	Total of Part 3 Expenditures
	=	
Cash Balance	$22,843.82	This is your report calculated cash balance. Carry forward this balance to your next report.

- **Location**: See Page #2
  - Part 4 for Electoral Balances
  - Part 7 for Admin Balances (Not used by all committees)
- **Reflects:** The balances based on contribution and expenditure activity recorded by the committee for the reporting period. This field is system generated.

- Common Errors:
  - Missing Contributions
  - Missing Expenditures (Ex. Bank Fees)
  - Duplicated Contributions or Expenditures

Part 7

Prior Administrative Balance	$53,731.91
Administrative Contributions	$28,775.00
Administrative Expenditures	$22,776.13
Cash Balance of the Administrative Account	$59,730.78

Admin accounts are applicable only for Legislative Party Caucus Committees, Central Committees, & Political Action Committees

The second component is the cash balance which is a system generated running total of the net activity (contributions and expenditures) for the period based on the activity recorded by the committee. MDCRIS keeps track of the ending balance from the previous report to populate the "prior balance" section on page #2. From there, the total contributions are added and the total expenditures are subtracted for that reporting period to give the ending cash balance.

If the committee recorded all transactions accurately, the cash balance and bank balance should match exactly. If they do not, then there is a bank vs. cash balance discrepancy that needs to be researched further.

Please note that Administrative Cash balances as shown in Part 7 on this slide is used only by Legislative Party Caucus Committees, Central Committees, & Political Action Committees.

Best Practices: Locating Discrepancies

When locating bank vs. cash balance discrepancies...

- Pay close attention to the transaction beginning and ending dates to ensure transactions are not missed (or duplicated)

- Double (or triple check) Bank balances. Do not rely on previous reports since there could be a previous data entry error.

- Use 2 colored highlighters to bank activity to campaign reports. This will help you identify if an expenditure was recorded as a contribution (or visa versa)
  - Yellow for Deposits (Bank Statement) and Contributions (Campaign Finance Report)
  - Orange for Withdrawals (Bank Statement) and Expenditures (Campaign Finance Report)

If all transactions are entered correctly, the bank balance and cash balance will match. If they do not, then the committee has a discrepancy.

Committees should check to see if their bank balance or cash balance is higher.

If the bank balance is higher, this could mean that the committee is missing contributions. Or, conversely, has a duplicate expenditure(s).
If the cash balance is higher, this could mean the committee is missing expenditures. Or, conversely, has a duplicate contribution(s).

Committees should pay close attention to the transaction ending dates to ensure the correct transactions are captured. Some times transactions were counted on a previous report resulting in a duplicate entry. Other times, entries such as bank fees were missed.

Additionally, committees should double or triple check their bank balances. As discussed on a previous slide, bank balances are manual data entry fields which could have been recorded in error. By verifying the balances are accurate, this can save a lot of additional time/effort.

If the variance isn't obvious the committee will have to do a deeper dive into their reports

to cross-reference each transaction. This can be done using the Excel worksheets that were pulled on a previous slide. Or, alternatively, some committees find it helpful to use two highlighters. It is recommended to use one color for contributions and another color for expenditures. When going through the report, the committee should verify each transaction is recorded in the correct section. For example, in reviewing the bank statement, if a deposit of $275 is shown on 5/20/2022, the committee would need to verify that the $275 is on the campaign finance report AND is in the "contribution" section. Often, a committee may unintentionally record a contribution as an expenditure (or visa versa) when doing data entry. If doing a quick review of the bank statements, it may appear everything is accounted for. In this example, everything is accounted for, but not in the right section. That is why the two highlighter method can help – since it forces the committee to verify the transactions are coded to the right category.

Best Practices (Continued)

- When filing an Amendment to correct a bank vs. cash balance discrepancy, always begin with correcting the oldest report first and work chronologically forward to the most recent report. **Note**: This may require the committee to go back to a previous election cycle(s).

- Always make sure the committee is using the MOST RECENT version of the report. Please do not use "preliminary" versions of the report. See slide #4 on "How to Print Campaign Finance Reports".

- When filing an amendment, the committee can not use the upload template. All corrections must be made manually.

Another best practice is for the committee to begin with the oldest report first and work chronologically forward to the most recent report. This is done by reviewing the reports in MDCRIS to find the last report that had a bank balance and cash balance that matched. From there, proceed to the next report. For example, if a committee was last in balance with 2019 report, but the 2020 report was not in balance, it should start with 2020 report. This is important because the variance on the 2020 report (once found) could change (or eliminate) variance on subsequent reports.

When filing an amendment, please note the committee cannot use the upload template. All corrections must be made manually in the amend transactions module.

Adding Contribution or Expenditure Records

- From the left side menu, select "Amend Transactions"
- Select the Filing Period then click "Search"
- Select "New Contribution" or "New Expenditure and Outstanding Obligations" button to enter each missing transaction.

During your review, if you notice a transaction is missing, you can add it by selecting "Amend Transactions" from the left side menu. Select the filing period and select search to launch additional buttons. Select the appropriate buttons to add the missing transaction. If you have multiple transactions that are missing, repeat these steps until all missing transactions are accounted for.

Use the "Preview" Campaign Statement button to check your work.

Deleting Transactions

- From the left side menu, select "Amend Transactions"
- Select the Filing Period and "Search" for your transaction
- Check the box(s) to the far right under "Select" then click "Delete Selected Records"

During your review, if you notice a transaction was recorded in error, you can delete it by selecting "Amend Transactions" from the left side menu. Search for the transaction by selecting the filing period. You can use the other fields to narrow your search including transaction type, transaction category, amount range, etc. Once the transaction is located, select the check box to the far right of the screen for each transaction. Once each transaction is selected, click on the "Delete Selected Records" button at the bottom of the screen.

Use the "Preview" Campaign Statement button to check your work.

Once all transactions are recorded/deleted, you will file the amendment by selecting "Amend Transactions" from the left side menu. Then select the filing period and select search to launch additional buttons. Select file amendment to the State. When filing amendments, be sure to watch the "Best Practices" section of this presentation on important tips to ensure your ending bank balance(s) is recorded correctly.

Filing an Amendment (Continued)

After selecting "File Amendment to State", the following screen will appear. The committee needs to record the bank ending balance for each report. In the screenshot shown here, see fields highlighted in yellow. This needs to be done for all amendments even if there wasn't a financial change such as a missing employer.

Filing an Amendment (Continued)

Filing Period Name	Original Beginning Cash Balance on Hand	Amended Beginning Cash Balance on Hand	Old Ending Cash Balance on Hand	New Ending Cash Balance on Hand
01/15/2020 Annual	$9,543.02	$9543.02	$16,817.02	$16817.02

	Bank Account Name	Bank Account Number	Old Ending Bank Balance *	New Ending Bank Balance *
	Bank of America		$16,817.02	* $16,817.02
			New Total Ending Bank Balance	$16,817.02

Filing Period Name				
01/20/2021 Annual	$16,817.02	$16817.02	$23,310.72	$23310.72

	Bank Account Name	Bank Account Number	Old Ending Bank Balance *	New Ending Bank Balance *
	Bank of America		$23,310.72	* $23,310.72
			New Total Ending Bank Balance	$23,310.72

Filing Period Name				
01/19/2022 Annual	$23,310.72	$23310.72	$36,618.80	$36618.80

	Bank Account Name	Bank Account Number	Old Ending Bank Balance *	New Ending Bank Balance *
	Bank of America		$33,208.00	* $36,618.80
			New Total Ending Bank Balance	$36,618.80

As a reminder, the goal is for the committee to capture all transactions so that the bank ending balance and the cash balance match. If you get to this screen and you notice your cash balance (shown in Pink) is different than what you entered for the bank ending balance (shown in black font), the committee still has a remaining discrepancy(s) to locate.

18

Non-Compliance Violations

The second most common deficiency is for "non-compliance" violations picked up by MDCRIS.

Non-Compliance Violations

Non-Compliance violations will show up in MDCRIS as a "red compliance flag"

Examples Include:
- Missing employer name
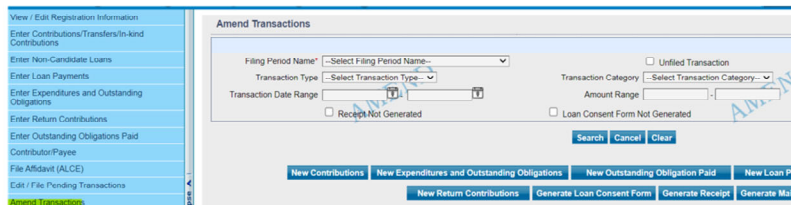- Incomplete contributor name
- Incomplete address

A non-compliance violation will show up in MDCRIS as a "red compliance flag".
There are many reasons a non-compliance flag can be triggered including:
- Missing employer name
- Incomplete contributor name
- Incomplete address

To identify potential non-compliance issues, select "Amend Transactiosn" from the left side menu. Then select the report name and select the box "non-compliant" transactions.
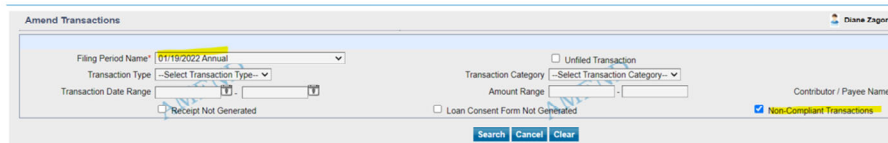
Identifying Non-Compliance Violations

3. The screen will display all non-compliant transactions. Select the blue "Edit" button next to each record for more information on the deficiency.

Transaction Type	Transaction Category	Amount	Address	Compliance	Edit	Select
Contribution	Credit Card	$1,000.00		▼	🖉	☐
Expenditure	Other Expenses	$120.00		▼	🖉	☐
Contribution	Credit Card	$5,000.00		▼	🖉	☐
Contribution	Credit Card	$500.00		▼	🖉	☐
Contribution	In-Kind	$1,750.00		▼	🖉	☐

Enter Contributions/Transfers/In-Kind Contributions

▼Non-Compliance:
Employer information not available.

4. Record the missing information.

5. Repeat for each filing period until all red-flags have been addressed.

Once search has been executed, a list of any non-compliance flags will appear. The committee can click on the edit icon to see more information as to what is missing to bring the record into compliance. Once the edit has been made, save the record and proceed to the next non-compliant flag.

Repeat the steps above until all reports are reviewed and corrected. Many times, these errors will not affect the cash balance. However, the committee should check before submitting the amendment that they are still in balance before proceeding.

If no results are found, proceed to the next report.

Best Practices: Filing an Amendment

When filing an amendment:
• Use "File Preview" button to check your bank & cash balances for accuracy.

Another best practice is for the committee to use the "file preview" button located on the amend transactions screen. This will allow the committee to "check their work" before filing to catch any remaining errors. Please note that preview campaign statement is optional. If everything is in balance/accurate, the committee will still need to select "File Amendment to State" button for the changes to go through.

Best Practices (Continued)

When filing an Amendment, **net** together:
- Bank Balance
- (+) Deposits in Transit
- (-) Uncleared Checks
= Net Ending Cash Balance

Repeat for each account for the report (and each subsequent report if applicable)

IMPORTANT:

As stated on a previous slide, when a committee files an original report, MDCRIS will ask for the bank ending balance and will give fields for "deposits in transit" and "uncleared checks" for the committee to record. However, when a committee files an amendment, these fields are not available. Although they are not available, the committee still needs to take the figures for deposits in transit and uncleared checks into account.

When filing an amendment, the committee will need to take the bank ending balance as of the transaction ending date plus deposits in transit and minus uncleared checks. The total (or net) figure will be added in the field for the ending balance.

When filing an amendment, the software will ask for the ending balance for all subsequent reports from the current report being amended through the most recent filing. The same process of netting together the bank ending balance plus deposits in transit and less uncleared checks will need to be made and recorded for each reporting period as shown on the filing screen.

It is important for committees to note that this step is ONLY for amendment filings and should not be used when filing an original report.

As stated in a previous slide, if the committees take a few minutes at the beginning of their troubleshooting efforts to verify these figures, it will save time at the end when time to file an amendment.
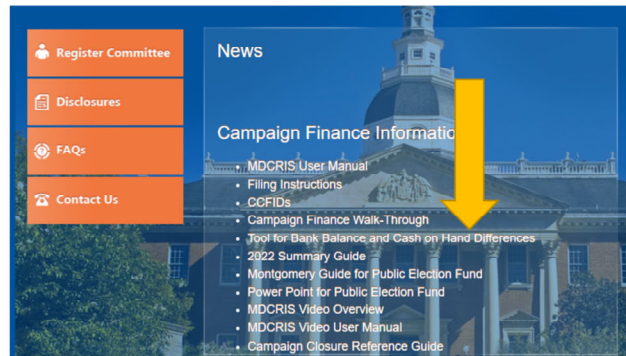
Here are some additional resources available when navigating MDCRIS.

Questions

Division of Audit & Enforcement
Email: audit.sbe@maryland.gov
Phone: 410-269-2904 or 410-269-2873

Division of Candidacy and Campaign Finance
Email: ccf.sbe@maryland.gov
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Above is contact information for additional questions.