

**Maine Commission on Governmental Ethics
& Election Practices**

Summary Report 2012 MCEA Candidate Audits

**Audits of Legislative Candidates Funded Under
the Provisions of the Maine Clean Election Act**



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JULY, 2013



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INTRODUCTION

In 2012, the State of Maine Commission on Governmental Ethics and Election Practices (Commission) audited campaign contributions and expenditures of candidates who received public funding authorized by the Maine Clean Election Act (MCEA). The audits focused on transactions recorded in campaign finance reports submitted by the candidates during their 2012 primary and general election campaigns.

AUDIT PROGRAM OBJECTIVES

The overarching objective of the Commission's 2012 audit program was to assess candidate compliance with the terms of MCEA and the Commission's rules. Other objectives included:

- Detecting and reporting violations of the MCEA.
- Identification of campaign finance and reporting requirements which create barriers to compliance by MCEA candidates.
- Reporting on emerging policy matters relative to MCEA compliance and enforcement to assist the Commission in developing changes to rules and guidelines.

Campaign audits were also intended to assist the Commission staff in identifying and addressing training requirements for MCEA participants, their treasurers, and other campaign staff.

PROGRAM DESIGN AND SAMPLE SELECTION

The Commission's audit program is based on the principles set forth in the *Government Auditing Standards* of the U.S. Government Accountability Office, as well as other generally accepted auditing standards, with an emphasis on the program objectives described above. Available Commission staff resources limit the number of audits that can be undertaken. So for the 2012 election cycle, as in past election periods, legislative (there were no gubernatorial races in 2012) campaigns were selected using a statistical random sampling technique.

For the 2012 program, the Commission auditor developed an audit sample of 22 percent of the publicly-funded candidates for seats in both the 2012 House of Representatives and Senate races. The sample selection is delineated in the following exhibits:

Candidates selected for audit – House of Representatives – Exhibit I

Candidates selected for audit – Senate – Exhibit II

As the exhibits indicate, 41 House campaigns and 12 Senate campaigns were selected for audit.

AUDIT RESULTS

The 2012 election cycle was the fourth since public funding became available to candidates where the Commission launched a formal, comprehensive and highly structured audit effort. In each succeeding election period, the staff has seen improved compliance among the candidate population. Complete 2012 audit findings are cataloged in Exhibit III.

The 2012 audit results were characterized by a high degree of participant compliance. Over 86 percent of candidates audited were found to have fully conformed to the provisions of the Maine Clean Election Act and the Commission's rules. The 2012 results represent a five percentage point increase over compliance in the 2010 audit program. A summary of the findings follows:

Based on input from candidates and treasurers, and our observations of improved record-keeping, we believe that progress in candidate compliance results from

- Thorough compliance monitoring by the Commission staff, and immediate remedial assistance provided to candidates when potential or actual violations are noted.
- Frequent, timely, and effective communication between the Commission's candidate registrars and MCEA candidates and their campaign staffs on matters of financial reporting and compliance.

- Improvements in the Commission's online information systems resulting in better, more effective interface between Commission personnel and MCEA candidates and their campaign staffs.

Audit Findings	House (41)	Senate (12)	Total Candidates (53)
No exceptions or deficiencies	35	11	46
Minor documentation errors	3		3
Missing vendor documentation/ undocumented expenditure	1		1
Failure to deposit Seed Money	1		1
Erroneous reporting of Seed Money	1		1
Commingling of funds		1	1
Totals	41	12	53

AREAS OF CONCERN

The 2012 audit program did not disclose any new areas of non-compliance; however, as in 2010, the audits we performed showed certain areas where records maintenance and campaign finance reporting practices need improvement. Campaign procedures and activities that continue to require emphasis by the Commission staff include:

Contemporaneous gathering of campaign expense documentation – many candidates do not meet the letter of the law in that they do not gather and retain expenditure documents contemporaneous with the purchase of campaign goods and services. The law requires that candidates maintain expenditure documentation for three years after the election. Undocumented campaign expenditures may be disallowed by the Commission.

Retention of campaign bank statements – a key element of the Commission's audit procedure is our review of campaign bank statements, and the reconciliation of banking transactions with contributions and expenditures reported by the campaign. In the 2012 audit process (as in 2010) we found that many candidates had not retained their bank statements and therefore were required to contact their banks for replacement copies; this resulted in an unnecessary waste of time and money on the part of the candidates and the Commission staff. Moreover, from an audit standpoint, failure of candidates to obtain and retain bank account documentation hinders the audit process, since the reconciliation of banking transactions with reported contributions and expenditures is essential for validating the legitimacy of reported financial activities.

Avoidance of commingling of funds – the 2010 audits identified four campaigns that commingled MCEA and personal funds. In 2012 the number was reduced to one. In the 2012 campaign that was found to have commingled personal and campaign funds, little or no harm to the public occurred because no public campaign funds were misspent and personal funds were not spent to promote the candidate's election. Nevertheless, commingling of personal and MCEA funds is inherently a potentially serious violation of the election law because it can open the door to misspending of public funds and spending more money than is authorized by law to promote the candidate's election.

CONCLUSIONS AND RECOMMENDATIONS

Results of the 2012 audit program show continued improvement in candidate compliance with the Maine Clean Election Act and the administrative rules of the Commission. As in 2010, candidate accountability and "Clean Election" program compliance and administration can be improved by:

- Continued emphasis by the Commission on active participation in campaign financial management by designated campaign treasurers. We believe that requiring shared fiscal management responsibility between candidates and treasurers promotes better stewardship of Maine Clean Election Act funds.
- Sustained improvements in the information technology made available to both campaigns and the Commission staff.
- Compliance monitoring resulting in timely intervention by the Commission staff to assist candidates and treasurers process campaign financial transactions and avoid rule violations.



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Exhibit I. Audit Sample Selection—House of Representatives

Name	District	Party	Serial No.
Adams, Darrell A.	006	Democratic	11
Bailey, Burnell W.	146	Republican	182
Bishop, Roger A.	123	Unenrolled	163
Briggs, Sheryl J.	093	Democratic	127
Carey, Michael E.	072	Democratic	95
Chase, Lloyd S.	044	Democratic	58
Cooper, Janice E.	107	Democratic	142
Dorney, Ann E.	086	Democratic	115
Frenette, Roxanne V.	132	Democratic	170
Gilman Aaron K.	012	Democratic	18
Grant, Gay M.	059	Democratic	79
Guerin, Stacey K.	022	Republican	29
James, Jody M.	106	Republican	141
Jenkins, Michael L.	008	Democratic	13
Jorgensen, Erik C.	115	Democratic	151
Kessler, Christopher J.	122	Unenrolled	161
Kumiega, Walter A.	036	Democratic	46
Kusiak, Karen	084	Democratic	111
Lajoie, Michel A.	071	Democratic	94
Lajoie, Timothy J.	074	Republican	99
Luchini, Louis J.	038	Democratic	48
MacMillan, Thomas R.	118	Green Independent	155
Mastraccio, Anne-Marie	143	Democratic	178
Maynard, Gail. C.	003	Democratic	5
McCabe, Jeffrey M.	085	Democratic	113
McElwee, Carol A.	004	Republican	7
Moriarty, Stephen w.	108	Democratic	143
Nadeau, Allen M.	001	Republican	2
Peoples, Ann E.	125	Democratic	165
Pitcher, Joel A.	050	Democratic	65
Powers, Christine B.	101	Democratic	135
Radeka, Michael G.	032	Republican	40
Rankin, Helen	097	Democratic	131
Roy, Jonathan J.	002	Republican	3
Russell, Diane M.	120	Democratic	159
Saxton, Jeremy G.	064	Democratic	85
Sheats, Bettyann W.	068	Democratic	91
Soule, Raymond A.	053	Republican	70
Stuckey, Peter C.	114	Democratic	149
Ver Sluis, Katherine E.	075	Democratic	101
Verow, Arthur C.	021	Democratic	28

Exhibit II. Audit Sample Selection—Senate

Name	District	Party	Serial No.
Burns, David C.	029	Republican	44
Cain, Emily A.	030	Democratic	46
Curry, Glenn E.	023	Democratic	32
Dutremble, David E.	004	Democratic	5
Edgecomb, Peter E.	035	Republican	54
Flood, Patrick S.	021	Republican	28
Hamper, James M.	013	Republican	16
Katz, Roger J.	024	Republican	33
Mazurek, Edward J.	022	Democratic	29
Patrick, John L.	014	Democratic	18
Perry, Anne C.	029	Democratic	43
Youngblood, Edward M.	031	Republican	47

Exhibit III. 2012 Summary of Audit Examinations & Reports

NAME	DISTRICT	REPORT NO	No Audit Exceptions	Minor Documentation Errors	Missing Vendor Documentation—Undocumented Expenditure	Failure to Deposit Seed Money	Erroneous Reporting of Seed Money Expenditures	Commingling of Funds
Senate Candidates								
Burns, David C.	29	2012-SEN006	X					
Cain, Emily Ann	30	2012-SEN007	X					
Curry, Glenn E.	23	2012-SEN012						X
Dutremble, David E.	4	2012-SEN011	X					
Edgecomb, Peter E.	35	2012-SEN002	X					
Flood, Patrick S.	21	2012-SEN009	X					
Hamper, James M.	13	2012-SEN004	X					
Katz, Roger J.	24	2012-SEN005	X					
Mazurek, Edward J.	22	2012-SEN003	X					
Patrick, John L.	14	2012-SEN001	X					
Perry, Anne C.	29	2012-SEN010	X					
Youngblood, Edward M.	31	2012-SEN008	X					
House Candidates								
Adams, Darrell	6	2012-HR028	X					
Bailey, Burnell	146	2012-HR033	X					
Bishop, Roger	123	2012-HR022	X					
Briggs, Sheryl	93	2012-HR008	X					
Carey, Michael	72	2012-HR021	X					

Exhibit III. 2012 Summary of Audit Examinations & Reports

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House Candidates								
Chase, Lloyd	44	2012-HR023	X					
Cooper, Janice	107	2012-HR012	X					
Dorney, Ann	86	2012-HR009	X					
Frenette, Roxanne	132	2012-HR034		X				
Gilman, Aaron	12	2012-HR029	X					
Grant, Gay	59	2012-HR017	X					
Guerin, Stacey	22	2012-HR010	X					
James, Jody	106	2012-HR035			X			
Jenkins, Michael	8	2012-HR006	X					
Jorgensen, Erik	115	2012-HR001	X					
Kessler, Christopher	122	2012-HR014				X		
Kumiega, Walter	36	2012-HR005	X					
Kusiak, Karen	84	2012-HR016	X					
Lajoie, Michel	71	2012-HR003	X					
Lajoie, Timothy	74	2012-HR031	X					
Luchini, Louis	38	2012-HR004	X					
MacMillan, Thomas	118	2012-HR041	X					
Mastraccio, Anne-Marie	143	2012-HR002	X					

Exhibit III. 2012 Summary of Audit Examinations & Reports

NAME	DISTRICT	REPORT NO	No Audit Exceptions	Minor Documentation Errors	Missing Vendor Documentation— Undocumented Expenditure	Failure to Deposit Seed Money	Erroneous Reporting of Seed Money Expenditures	Commingling of Funds
Maynard, Gail	3	2012-HR025	X					
McCabe, Jeffrey	85	2012-HR019	X					
McElwee, Carol	4	2012-HR024	X					
Moriarty, Stephen	108	2012-HR013	X					
Nadeau, Allen	1	2012-HR038	X					
Peoples, Ann	125	2012-HR015	X					
Pitcher, Joel	50	2012-HR018	X					
Powers, Christine	101	2012-HR026	X					
Radeka, Michael	32	2012-HR020	X					
Rankin, Helen	97	2012-HR032	X					
Roy, Jonathan	2	2012-HR039	X					
Russell, Diane	120	2012-HR040	X					
Saxton, Jeremy	64	2012-HR011		X				
Sheats, Bettyann	68	2012-HR037	X					
Soule, Raymond	53	2012-HR036	X					
Stuckey, Peter	114	2012-HR007	X					
Ver Sluis, Katherine	75	2012-HR030	X					
Verow, Arthur	21	2012-HR027					X	

**SUMMARY REPORT
2012 MCEA CANDIDATE AUDITS**

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