



New York City Campaign Finance Board

100 Church Street, 12th Floor, New York, NY 10007
212.409.1800 | www.nycffb.info

Rose Gill Hearn
Chair

Art Chang
Richard J. Davis
Courtney C. Hall
Mark S. Piazza
Members

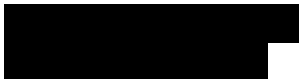
Amy M. Loprest
Executive Director

Sue Ellen Dodell
General Counsel

Via C-Access

June 2, 2015

Zlata Akilova
Veras for Council 2013



Dear Zlata Akilova:

Please find attached the New York City Campaign Finance Board's ("CFB" or "Board") Final Audit Report for the 2013 campaign of Andrea M. Veras (the "Campaign"). CFB staff prepared the report based on a review of the Campaign's financial disclosure statements and documentation submitted by the Campaign.

The report concludes that the Campaign demonstrated substantial compliance with the Campaign Finance Act (the "Act") and the Board Rules (the "Rules"), with exceptions as detailed in the report.

The January 15, 2014 disclosure statement (#16) was the last disclosure statement the Campaign was required to file with the CFB for the 2013 elections. The Campaign is required to maintain its records for six years after the election, and the CFB may require the Campaign to demonstrate ongoing compliance. *See* Rules 3-02(b)(3), 4-01(a), and 4-03. In addition, please contact the New York State Board of Elections for information concerning its filing requirements.

The CFB appreciates the Campaign's cooperation during the 2013 election cycle. Please contact the Audit Unit at 212-409-1800 or AuditMail@nyccfb.info with any questions about the enclosed report.

Sincerely,



Jonnathon Kline, CFE
Director of Auditing and Accounting

signature on original

c: Andrea M. Veras



Veras for Council 2013



Attachments



EC2013 Final Audit Report

Veras for Council 2013

June 2015

Table of Contents

Table of Contents 2

RESULTS IN BRIEF 3

 Disclosure Findings 3

 Expenditure Findings..... 3

BACKGROUND 4

SCOPE AND METHODOLOGY 5

AUDIT RESULTS 8

 Disclosure Findings 8

 1. Financial Disclosure Reporting - Discrepancies 8

 Expenditure Findings.....11

 2. Cash Disbursements Exceeding \$100 or Petty Cash exceeding \$500.....11

 3. Expenditure Documentation12

RESULTS IN BRIEF

The results of the New York City Campaign Finance Board’s (“CFB” or “Board”) review of the reporting and documentation of the 2013 campaign of Andrea M. Veras (the “Campaign”) indicate findings of non-compliance with the Campaign Finance Act (the “Act”) and Board Rules (the “Rules”) as detailed below:

Disclosure Findings

Accurate public disclosure is an important part of the CFB’s mission. Findings in this section relate to the Campaign’s failure to completely and timely disclose the Campaign’s financial activity.

- The Campaign did not report or inaccurately reported financial transactions to the Board (see Finding #1).

Expenditure Findings

Campaigns participating in the Campaign Finance Program are required to comply with the spending limit. All campaigns are required to properly disclose and document expenditures and disburse funds in accordance with the Act and Rules. Findings in this section relate to the Campaign’s failure to comply with the Act and Rules related to its spending.

- The Campaign made cash disbursements greater than \$100 and/or the Campaign maintained a petty cash fund greater than \$500 (see Finding #2).
- The Campaign did not provide requested documentation for reported expenditures (see Finding #3).

BACKGROUND

The Campaign Finance Act of 1988, which changed the way election campaigns are financed in New York City, created the voluntary Campaign Finance Program. The Program increases the information available to the public about elections and candidates' campaign finances, and reduces the potential for actual or perceived corruption by matching up to \$175 of contributions from individual New York City residents. In exchange, candidates agree to strict spending limits. Those who receive funds are required to spend the money for purposes that advance their campaign.

The CFB is the nonpartisan, independent city agency that administers the Campaign Finance Program for elections to the five offices covered by the Act: Mayor, Public Advocate, Comptroller, Borough President, and City Council member. All candidates are required to disclose all campaign activity to the CFB. This information is made available via the CFB's online searchable database, increasing the information available to the public about candidates for office and their campaign finances.

All candidates must adhere to strict contribution limits and are banned from accepting contributions from corporations, partnerships, and limited liability companies. Additionally, participating candidates are prohibited from accepting contributions from unregistered political committees. Campaigns must register with the CFB, and must file periodic disclosure statements reporting all financial activity. The CFB reviews these statements after they are filed and provides feedback to the campaigns.

The table below provides detailed information about the Campaign:

Name: Andrea M. Veras	Contribution Limit:
ID: 1575	\$2,750
Office Sought: City Council	
District: 24	Expenditure Limit:
	2010–2012: \$45,000
Committee Name: Veras for Council 2013	2013 Primary: \$168,000
Classification: Participant	2013 General: N/A
Certification Date: May 14, 2013	
	Public Funds:
Ballot Status: Primary	Received: \$43,596
Primary Election Date: September 10, 2013	Returned: \$30,996
Party: Democratic	Campaign Finance Summary:
	http://bit.ly/1yS6TDU

SCOPE AND METHODOLOGY

Pursuant to Admin. Code § 3-710(1), the CFB conducted this audit to determine whether the Campaign complied with the Act and Rules. Specifically, we evaluated whether the Campaign:

1. Accurately reported financial transactions and maintained adequate books and records.
2. Adhered to contribution limits and prohibitions.
3. Disbursed funds in accordance with the Act and Rules.
4. Complied with expenditure limits.
5. Received the correct amount of public funds, or whether additional funds are due to the Campaign or must be returned.

Prior to the election, we performed preliminary reviews of the Campaign's compliance with the Act and Rules. We evaluated the eligibility of each contribution for which the Campaign claimed matching funds, based on the Campaign's reporting and supporting documentation. We also determined the Candidate's eligibility for public funds by ensuring the Candidate was on the ballot for an election, was opposed by another candidate on the ballot, and met the two-part threshold for receiving public funds. In January of 2013, we requested all bank statements to date from the Campaign and reconciled the activity on the statements provided to the Campaign's reporting. We then provided the results of this preliminary bank reconciliation to the Campaign on April 17, 2013. Based on various criteria, we also selected the Campaign for an onsite review, and visited the Campaign's location to observe its activity and review its recordkeeping. After the election, we performed an audit of all financial disclosure statements submitted for the election (see summary of activity reported in these statements at Appendix #1).

To verify that the Campaign accurately reported and documented all financial transactions, we requested all of the Campaign's bank statements and reconciled the financial activity on the bank statements to the financial activity reported on the Campaign's disclosure statements. We identified unreported, misreported, and duplicate disbursements, as well as reported disbursements that did not appear on the Campaign's bank statements. We also calculated debit and credit variances by comparing the total reported debits and credits to the total debits and credits amounts appearing on the bank statements. Because the Campaign reported that more than 10% of the dollar amount of its total contributions were in the form of cash contributions, we compared the total cash contributions reported to the total of cash deposits on itemized deposit slips.

As part of our reconciliation of reported activity to the bank statements the Campaign provided, we determined whether the Campaign properly disclosed all bank accounts. We also determined if the Campaign filed disclosure statements timely and reported required activity daily during the two weeks before the election. Finally, we reviewed the Campaign's reporting to ensure it

disclosed required information related to contribution and expenditure transactions, such as intermediaries and subcontractors.

To determine if the Campaign adhered to contribution limits and prohibitions, we conducted a comprehensive review of the financial transactions reported in the Campaign's disclosure statements. Based on the Campaign's reported contributions, we assessed the total amount contributed by any one source and determined if it exceeded the applicable limit. We also determined if any of the contribution sources were prohibited. We reviewed literature and other documentation to determine if the Campaign accounted for joint activity with other campaigns.

To ensure that the Campaign disbursed funds in accordance with the Act and Rules, we reviewed the Campaign's reported expenditures and obtained documentation to assess whether funds were spent in furtherance of the Candidate's nomination or election. We also reviewed information from the New York State Board of Elections and the Federal Election Commission to determine if the Candidate had other political committees active during the 2013 election cycle. We determined if the Campaign properly disclosed these committees, and considered all relevant expenditures made by such committees in the assessment of the Campaign's total expenditures.

We requested records necessary to verify that the Campaign's disbursement of public funds was in accordance with the Act and Rules. Our review ensured that the Campaign maintained and submitted sufficiently detailed records for expenditures made in the election year that furthered the Candidate's nomination and election, or "qualified expenditures" for which public funds may be used. We specifically omitted expenditures made by the Campaign that are not qualified as defined by the Campaign Finance Act § 3-704.

We also reviewed the Campaign's activity to ensure that it complied with the applicable expenditure limits. We reviewed reporting and documentation to ensure that all expenditures—including those not reported, or misreported—were attributed to the period in which the good or service was received, used, or rendered. We also reviewed expenditures made after the election to determine if they were for routine activities involving nominal costs associated with winding up a campaign and responding to the post-election audit.

To ensure that the Campaign received the correct amount of public funds, and to determine if the Campaign must return public funds or was due additional public funds, we reviewed the Campaign's eligibility for public matching funds, and ensured that all contributions claimed for match by the Campaign were in compliance with the Act and Rules. We determined if the Campaign's activity subsequent to the pre-election reviews affected its eligibility for payment. We also compared the amount of valid matching claims to the amount of public funds paid pre-election and determined if the Campaign was overpaid, or if it had sufficient matching claims, qualified expenditures, and outstanding liabilities to receive a post-election payment. As part of this review, we identified any deductions from public funds required under Rule 5-01(n).

We determined if the Campaign met its mandatory training requirement based on records of training attendance kept throughout the 2013 election cycle. Finally, we determined if the Campaign submitted timely responses to post-election audit requests sent by the CFB.

Following an election, campaigns may only make limited winding up expenditures and are not going concerns. Because the activity occurring after the post-election audit is extremely limited, the audit focused on substantive testing of the entire universe of past transactions. The results of the substantive testing served to establish the existence and efficacy of internal controls. The CFB also publishes and provides to all campaigns guidance regarding best practices for internal controls.

To determine if contributors were prohibited sources, we compared them to entities listed in the New York State Department of State's Corporation/Business Entity Database. Because this was the only source of such information, because it was neither practical nor cost effective to test the completeness of the information, and because candidates could provide information to dispute the Department of State data, we did not perform data reliability testing. To determine if reported addresses were residential or commercially zoned within New York City, we compared them to a database of addresses maintained by the New York City Department of Finance. Because this was the only source of such data available, because it was not cost effective to test the completeness of the information, and because campaigns had the opportunity to dispute residential/commercial designations by providing documentation, we did not perform data reliability testing.

The CFB's Special Compliance Unit investigated any complaints filed against the Campaign that alleged a specific violation of the Act or Rules. The Campaign was sent a copy of all formal complaints made against it, as well as relevant informal complaints, and was given an opportunity to submit a response.

The Campaign was provided with a preliminary draft of this audit report and was asked to provide a response to the findings. The Campaign responded, and the CFB evaluated any additional documentation provided and/or amendments to reporting made by the Campaign in response. The Campaign was subsequently informed of its alleged violations and obligation to repay public funds, and was asked to respond. After reviewing the Campaign's response(s), CFB staff determined that the total recommended penalties for the Campaign's violations did not exceed \$500, and as a result the staff chose not to recommend enforcement action to the Board. The Board's actions are summarized as a part of each Finding in the Audit Results section.

AUDIT RESULTS

Disclosure Findings

1. Financial Disclosure Reporting - Discrepancies

Campaigns are required to report every disbursement made, and every contribution, loan, and other receipt received. *See* Admin. Code § 3-703(6); Rule 3-03. In addition, campaigns are required to deposit all receipts into an account listed on the candidate’s Certification. *See* Admin. Code § 3-703(10); Rule 2-06(a). Campaigns are also required to provide the CFB with bank records, including periodic bank statements and deposit slips. *See* Admin. Code §§ 3-703(1)(d), (g); Rules 4-01(a), (b)(1), (f).

The Campaign provided the following bank statements:

BANK	ACCOUNT #	ACCOUNT TYPE	STATEMENT PERIOD
JP Morgan Chase Bank	XXXXXX4846	Checking	Dec 2012 – Jan 2014
Chase Paymentech	XXX7432	Merchant	Apr 2013 – Jul 2013
American Express	XXXXXX3232	Merchant	Mar 2013 – Apr 2013

Below are the discrepancies and the additional records needed, as identified by a comparison of the records provided and the activity reported by the Campaign on its disclosure statements.

a) The Campaign did not report the following transactions that appear on its bank statements:

ACCOUNT #	NAME	CHECK NO./ TRANSACTION	PAID DATE	AMOUNT
XXXXXX4846	Unknown	ATM Withdrawal	02/27/13	\$200.00
XXXXXX4846	Unknown	1023	08/05/13	\$50.00
Total				\$650.00

b) The Campaign misreported the following transactions. The Campaign issued \$40.00 contribution refunds to each of the three individuals listed below. However, the Campaign reported these transactions as an expenditure and an expenditure refund to each of the individuals.

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	TRANSACTION TYPE	INCURRED/RECEIVED/ REFUNDED/PAID DATE	AMOUNT	NOTES
Chase Bank	9/F/R0000272	Expenditure Payment	06/13/13	\$40.00	(1)
Chase Bank	9/L/R0000370	Expenditure Refund	06/13/13	(\$40.00)	(1)
Chase Bank	9/F/R0000274	Expenditure Payment	06/13/13	\$40.00	(2)
Chase Bank	9/L/R0000371	Expenditure Refund	06/13/13	(\$40.00)	(2)
Chase Bank	9/F/R0000276	Expenditure Payment	06/13/13	\$40.00	(3)
Chase Bank	9/L/R0000372	Expenditure Refund	06/13/13	(\$40.00)	(3)

(1) The Campaign’s bank statements and a copy of the bank check indicate that the Campaign should report a single contribution refund instead of an expenditure and an expenditure refund to Hugo Jativa.

(2) The Campaign’s bank statements and a copy of the bank check indicate that that the Campaign should report a single contribution refund instead of an expenditure and an expenditure refund to Magaly Rodriguez.

(3) The Campaign’s bank statements and a copy of the bank check indicate that that the Campaign should report a single contribution refund instead of an expenditure and an expenditure refund to Hugo Jativia.

c) A review of the Campaign’s deposit slips revealed the following discrepancy:¹

TOTAL REPORTED CASH RECEIPTS	TOTAL CASH PER DEPOSIT SLIPS	DOLLAR VARIANCE	PERCENT VARIANCE
\$5,376.00	\$5,726.00	\$350.00	-6.51%

d) A review of the Campaign’s merchant account statements revealed the following discrepancy:²

TOTAL REPORTED CREDIT CARD RECEIPTS	TOTAL CREDIT CARD RECEIPTS PER STATEMENTS	DOLLAR VARIANCE	PERCENT VARIANCE
\$20.00	\$70.00	(\$50.00)	-250.00%

¹ The percentage variance is determined by subtracting the Total Cash Per Deposit Slips from the Total Reported Cash Receipts, and then dividing by the Total Reported Cash Receipts. A positive variance indicates that the Total Reported Cash Receipts exceeds the Total Cash Per Deposit Slips. A negative variance indicates that the Total Reported Cash Receipts is less than the Total Cash Per Deposit Slips.

² The percentage variance is determined by subtracting the Total Credit Card Receipts Per Statements from the Total Reported Credit Card Receipts, and then dividing by the Total Reported Credit Card Receipts. A positive variance indicates that the Total Reported Credit Card Receipts exceeds the Total Credit Card

Previously Provided Recommendation

- a) The Campaign must amend its disclosure statements to report these transactions. The Campaign must also provide documentation for each transaction. Because bank statements provide limited information about a transaction, the Campaign should review invoices or other records to obtain all of the information necessary to properly report the transaction. The finding numbers and exhibit numbers, as well as the number of transactions included in the finding, may have changed from the Draft Audit Report to the Final Audit Report.
- b) For misreported transactions, the Campaign must amend its disclosure statements to accurately report the transactions. If the transactions are not misreported, the Campaign must explain why the transactions are not misreported, and provide supporting documentation. The Campaign may also need to amend its disclosure statements if it did not report transactions accurately.
- c) To resolve the listed discrepancies, the Campaign must compare the cash receipts reported in its financial disclosure statements to supporting documentation, including deposit slips, bank statements, and any documentation not previously submitted. The Campaign should also review documentation to ensure that it correctly characterized the instrument type (i.e., Cash, Credit Card, Check, etc.) of each receipt it reported. The Campaign may need to amend its disclosure statements as a result.
- d) This finding was identified as a result of the Campaign's response to the Draft Audit Report dated August 28, 2014.

Please note that any newly entered transactions that occurred during the election cycle (01/12/10—01/11/14) will appear as new transactions in an amendment to Disclosure Statement 16, even if the transaction dates are from earlier periods. Any transactions dated after the election cycle will appear in disclosure statements filed with the New York State Board of Elections. Also note that the Campaign must file an amendment for each disclosure statement in which transactions are being modified. Once all data entry is completed, the Campaign should run the Modified Statements Report in C-SMART to identify the statements for which the Campaign must submit amendments. The C-SMART draft and final submission screens also display the statement numbers for which the Campaign should file amendments. If the Campaign added any new transactions, it must submit an amendment to Disclosure Statement 16.³

Campaign's Response

- a) In response to the Draft Audit Report, the Campaign stated that it reported the \$200.00 withdrawal transaction on its disclosure statement and explained that the transaction is related to a

Receipts Per Statements. A negative variance indicates that the Total Reported Credit Card Receipts is less than the Total Credit Card Receipts Per Statements.

³ If the Campaign amends its reporting with the CFB, it must also submit amendments to the New York State Board of Elections.

cash deposit made by the Candidate to open the Chase Bank account. Subsequently, the Candidate withdrew \$200.00 to purchase a bank check and deposited the money into her personal bank account. The Campaign provided a copy of the withdrawal slip. However, the Campaign failed to report the transaction and did not provide a copy of the bank check.

b) In response to the Draft Audit Report, the Campaign did not amend its disclosure statements.

c) In response to the Draft Audit Report, the Campaign stated that it compared reported cash receipts to supporting documentation and that it was filing an amendment for each statement in which transactions were modified. The reported cash receipts remain the same; however, the variance decreased due to the itemized deposit slips provided. In response to the Notice of Alleged Violations, the Campaign stated that it assumed responsibility for the discrepancy and would pay the penalty imposed.

d) This finding was identified as a result of the Campaign's response to the Notice of Alleged Violations dated March 10, 2015.

Board Action

The Board has taken no further action on this matter other than to make this a part of the Candidate's record with the Board.

Expenditure Findings

2. Cash Disbursements Exceeding \$100 or Petty Cash exceeding \$500

Campaigns are prohibited from maintaining a petty cash fund greater than \$500. *See* Rule 4-01(e)(2). Campaigns are also prohibited from spending amounts greater than \$100 except by checks from a bank account reported to the CFB and signed by the Campaign's authorized signatory. *See* Rule 1-08(i).

The Campaign made an individual cash expenditure of more than \$100, as listed below:

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	DATE	AMOUNT	NOTE
Aged Restaurant	12/F/R0000641	02/02/13	\$200.00	(1)

(1) Although the Campaign reported another method of payment, its February 2013 bank statement and the receipt submitted by the Campaign indicate that it made this expenditure in cash.

Previously Provided Recommendation

The Campaign must explain why the transaction does not constitute a violation of the Rules and must provide supporting documentation, such as evidence that a specific expenditure was not made in cash.

Campaign’s Response

In response to the Draft Audit Report, the Campaign confirmed that it paid the vendor listed above in cash. The Campaign stated that it made the cash payment because the vendor did not accept any other form of deposit. In response to the Notice of Alleged Violations, the Campaign stated that it accepts responsibility for this error.

Board Action

The Board has taken no further action on this matter other than to make this a part of the Candidate’s record with the Board.

3. Expenditure Documentation

Campaigns are required to provide copies of checks, bills, or other documentation to verify all transactions reported in their disclosure statements. *See* Admin. Code §§ 3-703(1)(d), (g); Rule 4-01.

The Campaign must provide supporting documentation or an explanation for the reported transaction listed below:

NAME	TRANSACTION TYPE	STATEMENT/ SCHEDULE/ TRANSACTION	INCURRED/RECEIVED/ REFUNDED/PAID DATE	AMOUNT
Madeline Martinez	Expenditure Payment	16/F/R0000701	09/16/13	\$100.00

Previously Provided Recommendation

The Campaign must submit documentation, or explanations as indicated, for each listed transaction.

Campaign’s Response

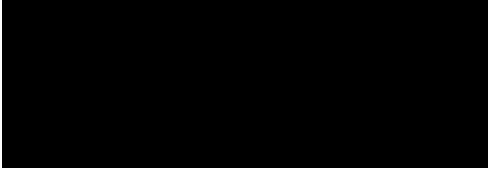
In response to the Draft Audit Report, the Campaign submitted the front and back of a cancelled check #1030. The Campaign stated that it issued check #1026 for \$100.00 to pay Ms. Martinez for assistance with petitioning. On September 2, 2013, Ms. Martinez contacted the Campaign informing that she lost the check. The Campaign also stated that before issuing a new check, it contacted the bank to ensure the check was not cashed. The Campaign stated that it subsequently issued a new check (check #1030) for \$100.00. However, check #1026 is reported as a payment to Eric Espinal (see Transaction ID 12/F/R0000669). The bank statements provided by the Campaign show that check #1026 was cashed. The Campaign did not provide the requested wage record to substantiate Madeline Martinez’s payment.

Board Action

The Board has taken no further action on this matter other than to make this a part of the Candidate’s record with the Board.

We performed this audit in accordance with the audit responsibilities of the CFB as set forth in Admin. Code § 3-710. We limited our review to the areas specified in this report's audit scope.

Respectfully submitted,



Jonnathon Kline, CFE

Director of Auditing and Accounting
signature on original

Date: June 2, 2015

Staff: Selene Muñoz

Shuchi Pandya

New York City Campaign Finance Board
 Campaign Finance Information System
 Transaction Summary Report
 Appendix 1

Candidate: Veras, Andrea M (ID:1575-P)**Office:** 5 (City Council)**Election:** 2013

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$11,651.00
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$0.00
5. Total unitemized in-kind contributions		\$0.00
6. Total other receipts (Sch E - excluding CFB payments)		\$0.00
7. Total unitemized other receipts		\$0.00
8. Total itemized expenditures (Sch F)		\$24,629.45
Expenditure payments	\$24,629.45	
Advance repayments	\$0.00	
9. Total unitemized expenditures		\$0.00
10. Total transfers-In (Sch G)		\$0.00
Type 1	\$0.00	
Type 2a	\$0.00	
Type 2b	\$0.00	
11. Total transfers-out (Sch H)		\$0.00
Type 1	\$0.00	
Type 2a	\$0.00	
Type 2b	\$0.00	
12. Total loans received (Sch I)		\$0.00
13. Total loan repayments (Sch J)		\$0.00
14. Total loans forgiven (Sch K)		\$0.00
15. Total liabilities forgiven (Sch K)		\$0.00
16. Total expenditures refunded (Sch L)		\$420.00
17. Total receipts adjustment (Sch M - excluding CFB repayments)		\$240.00
18. Total outstanding liabilities (Sch N - last statement submitted)		\$0.00
Outstanding Bills	\$0.00	
Outstanding Advances	\$0.00	
19. Total advanced amount (Sch X)		\$0.00
20. Net public fund payments from CFB		\$12,600.00
Total public funds payment	\$43,596.00	
Total public funds returned	(\$30,996.00)	
21. Total Valid Matchable Claims		\$7,391.00
22. Total Invalid Matchable Claims		\$725.00
23. Total Amount of Penalties Assessed		N/A
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00