



FEDERAL ELECTION COMMISSION

1325 K STREET, N.W.
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON DEMOCRATIC STATE COMMITTEE OF DELAWARE

I. Background

A. Overview

This report is based on an audit of the Democratic State Committee of Delaware ("the Committee") undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy, to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2, United States Code, which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Comptroller General of the United States on April 17, 1972. The audit covered the period January 1, 1976 through June 30, 1978. During the period, January 1, 1976 through December 31, 1976, the Committee reported an opening cash balance of \$6,238.00, total receipts of \$66,428.00, total expenditures of \$71,526.00, and a closing cash balance of \$1,140.00. During the calendar years 1977 and 1978 the Committee did not support federal candidates in excess of \$1,000, therefore not meeting the requirements of a political committee under the Act. On October 23, 1978, the Committee filed a letter with the Commission which advised that the July 10, 1978 report was the Committee's termination report. The letter further stated that the residual funds of the Committee would be used for State activity. The Committee maintained its headquarters in Wilmington, Delaware.

This audit report is based on documents and working papers supporting each of its factual statements. They form part of the record upon which the Commission based its decisions on the matters in this report and were available to Commissioners and appropriate staff for review.

B. Key Personnel

The principal officers of the Committee during the period covered by the audit were Mr. Michael Poppitti, Chairman, January 1, 1976 to February 6, 1976, Mr. Henry Topel, Chairman February 6, 1976 to the present; Mr. Joshua Twilley, Treasurer January 1, 1976 to February 6, 1976, and Mr. Clifford B. Hearn, Jr., Treasurer, February 6, 1976 to the present.

C. Scope

The audit included such tests as verification of total reported receipts and expenditures and individual transactions; review of required supporting documentation; analysis of Committee debts and obligations; and, such other audit procedures as deemed necessary under the circumstances.

II. Auditor's Statement and Description of Findings

It is the opinion of the Audit staff, based upon examination of the reports and statements filed and the records presented, that except for the deficiencies noted below, the reports and statements of the Democratic State Committee of Delaware fairly present the financial activities of the Committee for the period covered by the audit. Further, except as noted below, no material problems in complying with the Federal Election Campaign Act, were discovered during the course of the audit.

A. Supporting Documentation for Expenditures

Section 432(d) of Title 2, United States Code states, in part, that the treasurer is required to obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political committee in excess of \$100, and for any such expenditure in a lesser amount, if the aggregate amount of such expenditures to the same person during a calendar year exceeds \$100.

Further, Section 102.9(c)(4) of Title 11, Code of Federal Regulations states, in part, that when a receipted bill is not available, the treasurer may keep the cancelled check(s) showing payment(s) of the bill; and the bill, invoice or other contemporaneous memorandum of the transaction supplied to the committee by the payee containing the identification of the payee, and the date, amount and particulars of the expenditure.

Our examination of the Committee's expenditure records revealed that it did not maintain supporting documentation for 60 (33.90%) of the 177 expenditures requiring such documentation in 1976. The 60 expenditures totaled \$20,204.85 (45.95% of the \$43,975.22 of expenditures requiring such documentation). The chairman of the Committee agreed to attempt to obtain this documentation.

At our request, on January 8, 1979, the Committee submitted the required documentation for 29 of the unsupported expenditures. For 24 of the remaining 31 unsupported expenditures the Committee submitted proof of their efforts to secure the necessary documentation. The Committee did not submit the necessary documentation or proof of their efforts to obtain such documentation for seven (7) of the unsupported expenditures (3.95%) totaling \$2,096.87 (4.77%).

Recommendation

Based on the Committee's efforts, the Audit staff recommends that the Commission determine that the Committee has used its best efforts to comply with Section 432(d) and that no further action be taken on this matter.

B. Changes in Statement of Organization

Section 433(c) of Title 2, United States Code requires that any change in information previously submitted in a statement of organization shall be reported to the Commission within a 10 day period following the change.

Our review of the Committee's original statement of organization and subsequent amendments revealed that the Committee did not disclose the present chairman of the Committee or the present custodian of the Committee's books and accounts. In addition, our review of the Committee's bank records indicated that the Committee did not disclose one campaign depository. The Committee agreed to file an amended statement of organization to include these changes, which occurred in 1976.

On January 26, 1979, the Committee filed an amended statement of organization disclosing the necessary information.

Recommendation

We recommend that the Commission take no further action in this matter.

Other Matters

Presented below are other matters noted during the audit for which the Audit staff feels that no additional action is necessary.

The solicitation materials of the Committee did not contain the statement of availability of reports as required by Section 435(d) of the Act. The Committee chairman acknowledged the omission and has stated that he now fully understands the requirement.

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