



FEDERAL ELECTION COMMISSION

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

REPORT OF THE AUDIT DIVISION ON THE National Republican Congressional Committee

I. Background

This report covers an audit of the National Republican Congressional Committee ("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 2 U.S.C. 438(a)(8) 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 this chapter.

The Committee registered with the Clerk of the U.S. House of Representatives on April 17, 1972, and maintains its headquarters in Washington, D.C.

The audit covered the period January 1, 1975 through January 31, 1977, the final coverage date of the latest report filed by the Committee at the time of the audit. During the period audited the Committee reported \$348,824.56 in beginning cash, total receipts of \$12,574,609.92, total expenditures of \$9,250,520.46 and ending cash of \$3,672,914.02.

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 at the time of the audit were the Honorable Guy Vander Jagt, Chairman, and George Olmsted, Treasurer.

C. Scope

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

II. Auditor's Statement

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 National Republican Congressional Committee 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.

III. Findings and Conclusions

A. Occupation and Principal Place of Business Not Reported

Section 434(b)(2) of Title 2 United States Code requires that a committee report the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to or for such committee within the calendar year in an aggregate amount or value in excess of \$100.00.

A review of contributor records and reports filed by the Committee revealed that during the period audited the Committee did not disclose the occupation for approximately 58% of those contributors requiring such information. In addition the Committee did not disclose the principal place of business as required for approximately 74% of its contributors. This matter was referred to the Commission's Office of General Counsel on June 23, 1977 where MUR 501 was initiated. On May 17, 1978, the Commission found

reasonable cause to believe that the Committee had violated 2 U.S.C. 434(b)(2) by failing to report the occupation and principal place of business for certain of its contributors. The Commission approved a conciliation agreement on September 13, 1978 in which the Committee agreed to contact its 1975 and 1976 contributors whose occupation and/or principal place of business were inadequately reported. In addition, the Committee agreed to present evidence of its efforts to contact these contributors and file amended reports for 1975 and 1976 with the information obtained. Based on these actions the Commission voted to close the file on this matter on November 9, 1978.

The Committee subsequently provided the Office of General Counsel with evidence of its efforts to obtain the missing contributor information for 1975 and 1976. In addition, the Committee filed amended reports for 1975 and 1976 on March 9, 1979, including the occupation and principal place of business for the contributors.

B. Unreported Receipts and Expenditures

Section 434(b)(1) through (4), (8), (9) and (11) of Title 2 United States Code requires that a political committee include in its reports the amount of cash on hand, the identification of each person and political committee from whom it has received contributions or made expenditures which in the aggregate exceed \$100 and the date, amount and total sum of such contributions and expenditures within the calendar year.

Our review of the Committee's bank records revealed a checking account was opened by the Committee on January 14, 1975 with Riggs National Bank entitled Republican Extra Assistance for Communications Help (REACH Acct). The account was created by former individuals of the Committee to defray expenses incurred by incumbent Republican House members for services. The majority of payments were to the House recording studio. After adjusting \$100,000 for inter-account transfers, the account totaled \$194,418.56 in reportable receipts and \$293,597.08 in reportable expenditures for the calendar year 1975, the only year with reportable activity. The balance in the account on 12/31/76 was \$122.15 taking into consideration two outstanding checks from 1975 totaling \$699.33.

The Committee has filed an amended report covering the period January 1, 1975, through December 31, 1975, containing all activity from the REACH account.

We also recommended that the Committee stop payment on the two outstanding checks and transfer the balance of the REACH account into the Committee's operating account. The Committee's report filed on April 10, 1977, reflects this adjustment.

Recommendation

We recommend that no further action be taken on this matter since the Committee has now filed the required amended reports.

C. Expenditures Aggregating In Excess of \$100 Not Reported

Section 434(b)(9) of Title 2 United States Code requires a committee to report the identification of each person to whom expenditures have been made by the committee within the calendar year in an aggregate amount in excess of \$100.

A review of invoices maintained by the Committee revealed 230 reportable expenditures totaling \$262,916.29 not itemized on the Committee's year end report filed on January 31, 1977.

Recommendation

We recommend that no further action be taken on this matter since the omission of the expenditures appeared to be a clerical oversight by the Committee and the Committee has filed an amended report for the period to include the expenditures initially omitted.

D. Petty Cash Funds Not Included in Cash on Hand

Section 434(b)(1) of Title 2 United States Code requires that a political committee report the amount of cash on hand at the beginning of the reporting period.

The Committee maintains four (4) petty cash funds totaling \$450.00. The Committee reports expenditures to replenish the funds but does not include the petty cash in its cash on hand at the beginning of a reporting period.

Recommendation

We recommend that no further action be taken on this matter since the Committee's report filed on April 10, 1977, includes an adjustment for the petty cash balance.



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ADDITIONAL INFORMATION REGARDING THIS ORGANIZATION
MAY BE LOCATED IN A COMPLETED COMPLIANCE ACTION
FILE RELEASED BY THE COMMISSION AND MADE PUBLIC IN
THE PUBLIC RECORDS OFFICE. FOR THIS PARTICULAR
ORGANIZATION'S COMPLETED COMPLIANCE ACTION FILE
SIMPLY ASK FOR THE PRESS SUMMARY OF MUR # 501.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



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