



FEDERAL ELECTION COMMISSION  
WASHINGTON, DC 20463

February 2, 1981

MEMORANDUM

TO: FRED EILAND  
PRESS OFFICE

FROM: BOB COSTA *BPC*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT  
REPORT - COMMITTEE FOR THE  
SURVIVAL OF A FREE CONGRESS

Attached please find a copy of the final audit report of the Committee For the Survival of a Free Congress which was approved by the Commission on January 16, 1981.

Informational copies of this report have been received by all parties involved and this report may be released to the public as of today, February 2, 1981.

Attachment as stated

cc: FEC Library  
RAD  
✓ Public Record



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION  
ON THE  
COMMITTEE FOR THE SURVIVAL  
OF A FREE CONGRESS

I. Background

A. Overview

This report is based on an audit of the Committee for the Survival of a Free Congress ("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"). During the period of the audit Section 438(a)(8) of Title 2 of the United States Code directed 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 U.S. House of Representatives on July 17, 1974 and is a multicandidate committee as defined in Section 441a(a)(4) of Title 2, United States Code. The Committee maintains its headquarters in Washington, D.C.

The audit covered the period from January 1, 1977, through June 30, 1979, the final coverage date of the most recent report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance on January 1, 1977 of \$44,361.95; total receipts for the period of \$2,385,020.17; total expenditures for the period of \$2,334,867.84 and a closing cash balance on June 30, 1979 of \$94,514.28.

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

B. Key Personnel

The principal officers of the Committee during the period audited were Ms. Kathleen Teague, Chairman from January 1, 1977 through January 13, 1977; Ms. Addah Jane Hurst, Chairman from January 14, 1977 through present; and Mr. Charles A. Moser, Treasurer.

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. Audit Findings

A. Disclosure of Itemizable Contributions

During the audit period, Section 434(b)(2) of Title 2 of the United States Code stated that reports shall disclose the identification of each person who has made one or more contributions to the Committee within the calendar year in an aggregate amount in excess of \$100.00, together with the amount and date of such contributions.

Contributions collected by the Committee during the audit period were solicited and processed under two (2) distinct methods. The first method utilized internal Committee resources (office, staff, etc.) in the solicitation and processing functions of raising contributions. Although the Committee did not maintain a formal system of recording contributor information for these "internally" raised receipts in 1977-1978, the 1979 records were modified, in view of increasing activity, to incorporate contributor history records. A 100% review of these "internally" raised contributions indicated that there were no material irregularities with respect to this method.

The second method of raising funds utilized the services of a direct mail fundraiser to solicit contributions and perform aggregation functions necessary to maintain a contributor history and prepare FEC disclosure reports. Contribution records for these receipts were maintained on a computerized system and were available for review on microfiche. These "fundraised" receipts were reviewed on a random sample basis for proper itemization.

The sample review was conducted at a 90% confidence level and produced an observed error rate of approximately 21%. The sample errors consisted of contributors who made one (1) or more contributions aggregating in excess of \$100 during a given calendar year which were not itemized on the Committee's disclosure reports, as required. One (1) problem affecting the itemization of contributions was caused, in part, by inconsistencies in the keyline code (a series of characters taken from the contributor's name and address). The Committee's computerized system for aggregating contributions from an individual was based on the assignment of a keyline code for each contribution recorded in the data base. If there was a change in name or zip code characteristics making up the keyline code, the computer would produce a new contribution record which would not aggregate with any other contributions from the same individual. For example, if John Smith's name was initially entered as John E. Smith and a later contribution entered as J. E. Smith, two (2) different contribution records would be created in the data base and Mr. Smith would appear as two (2) different contributors. A similar problem would occur if the zip code was entered differently from one contribution to the next.

One explanation for many of these sample itemization errors involves the processing of several computer tapes containing all "fundraised" receipts for a reporting period. Typically, these tapes are processed by the direct mail fundraiser at the end of a reporting period. The information contained on the tapes is merged with the contribution history record stored in the computer to provide a complete record of all contributions received during a calendar year. The processing also results in the generation of a computer listing containing all contributions aggregating in excess of \$100.00. The listing is subsequently used by the Committee to itemize all "fundraised" contributions on Schedule A of the disclosure report. Any contributions contained on computer tapes processed after a cutoff date would not be itemized with other "fundraised" contributions in the disclosure reports and yet, would be reflected in the aggregate year-to-date totals in the contribution history record stored in the computer.

Another explanation for some of the sample itemization errors is that computer tapes containing the contribution records for part of one (1) month's activity were merged with the computer history record twice and thereby overstated the aggregate contribution totals in the data base for certain contributors. During our review of Committee records, we noted this problem occurred in two (2) reporting periods in 1978 and may have occurred in other periods. 1/

1/ A comparison between 1978 receipts deposited in the campaign depository (established solely to receive "fundraised" receipts) and contributions recorded in the data base indicated the data base contained approximately 15% (\$157,477.33) more in receipts than the campaign depository.

A breakdown of the sample errors by year indicates that four (4) errors occurred with 1977 contributions, 71 errors occurred with 1978 contributions and one (1) error occurred with 1979 contributions.

The Audit Division recommended that the Committee file a comprehensive contributor listing for calendar year 1978, disclosing all contributions requiring itemization. Subsequently on December 4, and December 23, 1980, the Committee filed a contributor listing which substantially corrected the itemization errors.

Recommendation

Based on the above, we recommend no further action on this matter.

B. Matters Referred to the Office of General Counsel

Certain other matters noted during the audit were referred to the Commission's Office of General Counsel for consideration on October 5, 1979, and January 29, 1980 and September 22, 1980.



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.  
WASHINGTON, D.C. 20463

8 0 7 0 1 6 2 2 2 6

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 # 1201.  
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF  
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



Vertical text on the left edge, likely a page number or document identifier.

