



FEDERAL ELECTION COMMISSION

1375 K STREET NW
WASHINGTON, DC 20463

REPORT OF THE AUDIT DIVISION ON THE WEST VIRGINIA REPUBLICAN STATE EXECUTIVE COMMITTEE

I. Background

A. Overview

This report is based on an audit of the West Virginia Republican State Executive 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 Section 438(a)(8) of Title 2 of the 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 Federal Election Commission on October 25, 1977 as a State Committee of the Republican Party of West Virginia. The Committee maintains its headquarters in Charleston, West Virginia.

The audit covered the period from October 16, 1977 through October 23, 1978, the final coverage date of the most recent report filed by the Committee at the time of the audit. The Committee reported an opening cash balance on October 16, 1977 of \$37,707.53, total receipts for the period of \$92,873.88 total expenditures for the period of \$93,467.98 and a closing cash balance on October 23, 1978 of \$3,114.00. ^{1/}

^{1/} The opening cash balance was overstated \$34,000.00, total receipts were overstated a net amount of \$50.00, and total expenditures were understated a net amount of \$283.40. (Refer to paragraphs A and B of this report).



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 from the date of inception through July 8, 1978 were Mr. Cleveland K. Benedict, Chairman and Mr. Elmer H. Dodson, Treasurer. The principal officers for the period July 8, 1978 through October 23, 1978, the final coverage date of the audit, were Mr. John F. McCuskey, Chairman and Mr. Ronald G. Pearson, 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 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 West Virginia Republican State Executive 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.

A. Disclosure of Total Receipts and Expenditures

Sections 434(b)(8), and (11) of Title 2 of the United States Code require the disclosure of the total sum of all receipts and expenditures during the calendar year.

It was determined that bookkeeping errors resulted in a net overstatement of total receipts of \$50.00 and total expenditures of \$283.40. As a result, the ending balance of cash on hand was understated a net total of \$233.40.

01070161304

The Treasurer was aware that the disclosed cash balances were not in agreement with the actual cash on hand. According to the Treasurer this was the result of bookkeeping discrepancies made by a former employee. Specific information concerning the errors was not available.

Recommendation

Based upon the Audit staff's recommendation, the Committee filed a comprehensive amendment on June 4, 1979 correcting the original report totals. Therefore, no further action is recommended.

B. Disclosure of Cash on Hand

Section 434(b)(1) of Title 2 of the United States Code requires the disclosure of cash on hand at the beginning of the reporting period. In addition, Section 104.10 of Title 11, Code of Federal Regulations states, in part, that political committees which have cash on hand at the time of registration (which the committee anticipates using in an election) shall disclose on their first report the source(s) of these funds, including the information required by Sections 104.2. The cash balances are assumed to be composed of those contributions most recently received by the committee. The committee shall exclude from funds to be used for Federal elections any contributions not permissible under the Act.

A review of the bank records and disclosure reports revealed that the cash on hand balance of \$3,509.09 at the time of registration was disclosed as \$37,707.53. This resulted in an overstatement of beginning cash on hand of \$34,198.44. ^{2/} Additionally, the sources of cash on hand at the time of registration had not been disclosed.

The Committee officials stated that the overstatement was the result of a bookkeeping error that had been corrected on the records.

Recommendation

Based upon the Audit staff's recommendation, the Committee filed a comprehensive amendment on June 4, 1979 correcting the cash on hand total at the time of registration and disclosing the source of the cash. Therefore, no further action is recommended.

^{2/} This matter was originally referred to the Audit Division in conjunction with MPP 723.

C. Preservation of Expenditures Documentation

Section 432(d) of Title 2 of the United States Code states, in part, that it shall be the duty of the treasurer 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 in amount, 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.

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 showing payment of the bill; and the bill, invoice, or other contemporaneous memorandum supplied to the committee by the payee.

It was determined that 21 expenditures, each in an aggregate amount or value in excess of \$100, totaling \$13,104.01 were not supported by receipted bills, invoices, or other contemporaneous memoranda. However, cancelled checks were retained for each such expenditure. These expenditures represent approximately 10% of the total quantity and 17% of the total amount of expenditures requiring the documentation.

Recommendation

Based upon the Audit staff's recommendation, the Committee submitted for review copies of documentation in support of seven (7) of the expenditures totaling \$4,883.29 and presented evidence that its best efforts were used to obtain documentation in support of the remaining 14 expenditures totaling \$8,220.72.

Based upon the Committee's efforts outlined above and the fact that cancelled checks had been retained in support of all the expenditures, the Audit staff feels that best efforts have been demonstrated by the Committee. Therefore, no further action is recommended.

D. Itemization of Contributions

Sections 434(b)(2) and (3) of Title 2 of the United States Code requires a political committee to disclose the full name and mailing address (occupation and the principal place of business, if any) of each person who has made one or more contributions to such committee within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions, and the total sum of contributions made to such committee during the reporting period.

Our review of the records revealed the following:

- (a) 13 contributions, each in an aggregate amount or value in excess of \$100, totaling \$1,311.00 were not itemized. These contributions represent approximately 18% of the total quantity and 6% of the total amount of contributions required to be itemized.
- (b) The occupation and/or principal place of business was not disclosed for 30 individuals who made contributions, in an aggregate amount or value in excess of \$100, totaling \$7,575.00. These contributions represent approximately 41% of the total quantity and 37% of the total dollar amount of contributions requiring disclosure of the contributor information.

The Treasurer stated he was unaware of the situation because it occurred prior to his assumption of the Treasurer's office.

Recommendation

Based upon the Audit staff's recommendation, the Committee filed a comprehensive amendment on June 4, 1979 itemizing the contributions and disclosing the contributor information. Therefore, no further action is recommended.

F. Itemization of Expenditures

Section 434(b)9 of Title 2 of the United States Code requires disclosure of the identification of each person to whom expenditures have been made by a political committee within the calendar year in an aggregate amount or value in excess of \$100 together with the amount, date, and purpose of each such expenditure.

Our review of the expenditure records disclosed that 11 expenditures, each in an aggregate amount or value in excess of \$100, totaling \$990.67 were not itemized. These expenditures represent approximately 5% of the total quantity and 1% of the total dollar amount of expenditures requiring itemization.

The Treasurer stated that he was unaware of the situation since it occurred prior to his assumption of office.

Recommendation

Based upon the Audit staff's recommendation, the Committee filed a comprehensive amendment on June 4, 1979 itemizing the expenditures. Therefore, no further action is recommended.

1070161307

F. Disclosure of Transfers

Section 434(b)(4) of Title 2 of the United States Code states, in part, that each report shall contain the name and address of each political committee from which the reporting committee received any transfer of funds, together with the amounts and dates of all transfers.

During the audit, it was determined that the Committee did not itemize five (5) transfers totaling \$308.00 received from other political committees. These transfers represent approximately 40% of the total number and 1% of the total dollar amount of all transfers received.

Recommendation

Based upon the Audit staff's recommendation, the Committee filed a comprehensive amendment on June 4, 1979 itemizing the transfers. Therefore, no further action is recommended.

G. Other Matters

Presented below are other matters noted during the audit for which the Audit staff feels no action is warranted. The Committee has been advised of the matters and informed of the related requirements of the Act.

(a) Expenditures for salaries on the 1978 Third Quarter and 10 day pre-General Reports were disclosed in amounts which included payroll taxes. The expenditures to tax depositories were not disclosed. However, report totals were not affected.

(b) Fourteen in-kind contributions totaling \$6,562.80 to four (4) candidates for Federal office were not disclosed on the receipts and expenditures schedules of the 1978 pre and post-General reports and listed as "in-kind contributions." However, the in-kind contributions were disclosed as memo entries in attachments to the reports.

(c) A schedule D disclosing \$9,025.00 fundraising proceeds was not filed with the 1978 First Quarter report. However, the amount of proceeds was disclosed on the summary of receipts and expenditures and the amounts making up the proceeds were disclosed as individual contributions.

THE
FEDERAL BUREAU OF INVESTIGATION
UNITED STATES DEPARTMENT OF JUSTICE
WASHINGTON, D. C. 20535