



FEDERAL ELECTION COMMISSION
WASHINGTON D.C. 20463

A83-2

June 30, 1983

MEMORANDUM

TO: FRED EILAND
PRESS OFFICER

FROM: BOB COSTA *AC*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -
NATIONAL COMMITTEE FOR AN EFFECTIVE CONGRESS

Attached please find a copy of the final audit report on the National Committee For An Effective Congress which was approved by the Commission on June 17, 1983.

Informational copies of the report have been received by all parties involved and the report may be released to the public.

Attachment as stated

cc: FEC Library
RAD
Public Record



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

A83-2

REPORT OF THE AUDIT DIVISION ON THE NATIONAL COMMITTEE FOR AN EFFECTIVE CONGRESS

I. Background

A. Overview

This report is based on an audit of the National Committee For An Effective 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"). The audit was conducted pursuant to Section 438(b) of Title 2 of the United States Code which states, in part, that the Commission may conduct audits and field investigations of any political committee required to file a report under Section 434 of this title. Prior to conducting any audit under this section, the Commission shall perform an internal review of reports filed by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act.

The Committee registered with the Office of the Clerk of the U.S. House of Representatives on April 17, 1972 and maintains its headquarters in New York City, New York.

The audit covered the period January 1, 1981, through December 31, 1982. The Committee reported a beginning cash balance at January 1, 1981 of \$190,738.89; total receipts for the period of \$2,460,887.66; total expenditures for the period of \$2,512,684.88; and an ending cash balance at December 31, 1982 of \$119,585.63. ^{1/}

This 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.

^{1/} The Committee's ending cash balance at 12/31/82 is understated due to reporting errors (see Finding II.A. - Misstatement of Financial Activity).

B. Key Personnel

The Treasurers of the Committee during the period of the audit were Ms. Eileen K. Fischer 1/1/81-8/3/81, Mr. Mark Gersh 8/3/81-4/23/82, Mr. Mark Miller 4/23/82-8/11/82, and Mr. Alfred Jackson, III, 8/11/82 to 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. Audit Findings and Recommendations

A. Misstatement of Financial Activity

Sections 434(b)(1), (2), (4), and (8) of Title 2 of the United States Code require each political committee that files reports required by this section to disclose the amount of cash on hand, total receipts for the reporting period, total disbursements for the reporting period, and the amount of debts outstanding.

The Audit staff compared the Committee's bank activity with reported totals for the audit period and noted that total receipts were overstated by \$43,257.31; total expenditures were overstated by \$31,975.77; and ending cash on 12/31/82 was understated by \$7,898.39. These misstatements were the result of the following errors:

1. Double reporting of mailing list rental income and other receipts as itemized receipts as well as unitemized receipts totaling \$41,445.25;
2. Reporting of transfers between Committee bank accounts as operating expenditures totaling \$18,750.00;
3. Reporting of voided checks as operating expenditures totaling \$9,825.20;
4. Double reporting of Committee personnel salary payments as operating expenditures and as in-kind contributions to candidates of \$9,805.06;
5. Understating of beginning cash on hand on 7/1/81 (compared to the reported cash on hand on 6/30/81) of \$6,605.34;

6. Understating an expenditure of \$10,000 as \$319.68 - difference of \$9,680.32;
7. Other smaller discrepancies were noted as the result of Committee errors in calculating unitemized receipts and expenditures by subtracting itemized receipts and expenditures from receipts and expenditures per bank balances.

The Committee treasurer acknowledged these discrepancies and agreed to file the necessary amendments.

In addition, the Audit staff noted that the Committee did not properly report the amounts of outstanding debts during the period from January 1, 1982 through August 31, 1982. However, payments made in satisfaction of outstanding debts were reported as operating expenditures during this period. Debts outstanding subsequent to August 31, 1982 were properly reported.

In the interim audit report the Audit staff recommended that the Committee file comprehensive amendments for 1981 and 1982 to reflect the correct totals for receipts, expenditures, and cash on hand.

No further action was recommended with respect to debts since the debts were properly reported beginning on 9/1/82 and all payments in satisfaction of debts outstanding during 1982 were properly reported as expenditures.

On May 6, 1983 and June 7, 1983 the Committee filed amended reports which materially corrected the misstatements of financial activity noted above.

Recommendation

The Audit staff recommends no further action on this matter.

B. Itemization of Contributions

Section 434(b)(3) of Title 2 of the United States Code states in part that each report under this section shall disclose the identification of each person who makes a contribution to the reporting committee during the reporting period which in the aggregate value exceeds \$200 within the calendar year. The term identification is defined as in the case of any individual, the name, mailing address, occupation, and the name of the individual's employer.

Section 104.7(a) of Title 11 of the Code of Federal Regulations states that when a treasurer of a political committee shows that best efforts have been used to obtain, maintain and submit the information required by the Act for the political committee, any report of such committee shall be deemed in compliance with the Act.

A review of Committee disclosure reports revealed that 68.4% of the contributors itemized on reports filed during 1981 and 1982 were not reported with their respective occupation and name of employer. In a letter to the Commission dated December 8, 1982, the Committee stated that it had made its best efforts to obtain contributor information by requesting such in its initial solicitations, and in a follow-up letter when not provided. The Audit staff reviewed the Committee's solicitation materials and noted no such requests.

As noted above, the Committee's procedures to obtain the requisite contributor information for occupation and name of employer also included a follow-up letter request to those individuals whose contributions aggregate in excess of \$200 within the calendar year. However, no notation was made on the reports to indicate that the information had been requested and no attempt was made to amend the reports once a response for such information was received from the contributor. The Audit staff reviewed the Committee's contribution galley of 1981 and 1982 contributors and noted that although in some cases the required information was on the galley, it was not included on the reports.

The Committee treasurer acknowledged the problem and proposed a systems change to rectify the matter in the future. The treasurer also agreed to file the necessary amendments to correct the existing reports on file.

In the interim audit report the Audit staff recommended that the Committee include requests for contributor information on all future solicitations. It was further recommended that the Committee file a comprehensive amendment for each calendar year to reflect the previously undisclosed contributor information presently included in their contribution records.

On May 6, 1983, the Committee filed amended reports which were reviewed by the Audit Division and determined to include the above contributor information.

Recommendation

The Audit staff recommends no further action on this matter.

F. I.
DOCUMENT
1944-1945