



FEDERAL ELECTION COMMISSION  
WASHINGTON, D C 20463

A85-19

April 3, 1987

MEMORANDUM

TO: FRED EILAND  
CHIEF, PRESS OFFICER

FROM: ROBERT J. COSTA *RJC*  
ASSISTANT STAFF DIRECTOR  
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT REPORT -  
WEST VIRGINIA REPUBLICAN STATE EXECUTIVE COMMITTEE

Attached please find a copy of the final audit report of the West Virginia Republican State Executive Committee which was approved by the Commission on March 10, 1987.

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 Disclosure ✓  
Office of General Counsel

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**B. Key Personnel**

The Treasurers of the Committee during the period audited were:

Mr. Ronald Pearson	1/1/83 - 8/83
Mr. Thomas D. Winter	8/83 - present.

**C. Scope**

The audit included such tests as verification of total reported receipts and disbursements; 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) and (4) of Title 2, United States Code, require that a committee report the amount of cash on hand at the beginning of each reporting period and the total amount of all receipts and disbursements for the reporting period and the calendar year.

The Audit staff performed a reconciliation of Committee bank accounts to reports filed for calendar years 1983 and 1984. This reconciliation showed that the Committee's cash on hand, total receipts, and total disbursements for 1983 were materially correct. However, the 1984 reports were misstated as shown below:

**1. Receipts**

Total receipts were understated by \$41,491.97 as a result of reporting errors in the following categories and amounts:

Contributions from individuals	\$29,548.20
Contributions from political committees	12,000.00
Refunds/rebates	801.98
Interest income	404.79
Inter-account transfer reported	( 1,250.00)
Miscellaneous	( 13.00)
	<u>\$ 41,491.97</u>

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## 2. Disbursements

Total disbursements were overstated by \$6,176.62. This misstatement was the net result of the inclusion of inter-account transfers totaling \$11,250.00 as operating expenditures and various errors in the amount(s) of unitemized expenditures resulting in an understatement of \$5,073.38.

## 3. Cash on Hand

On several reports filed during 1984, the Committee's ending cash on hand would have been negative if calculated by adding receipts to beginning cash and then subtracting disbursements. However, rather than disclose the negative amount, the Committee disclosed an ending cash balance of \$-0-. Calculating the Committee's December 31, 1984 cash on hand from the calendar year-to-date figures on their Year End 1984 disclosure report produces a negative \$26,307.94.<sup>2/</sup> Using the Committee's bank records the Audit staff determined that the correct December 31, 1984 cash on hand figure was \$21,413.55. The difference between these two amounts, \$47,721.49, is explained as follows:

- a. cash on hand at January 1, 1983 was understated by \$55.43 while other minor reporting errors produced an overstatement of \$2.53, and
- b. due to the items noted in Sections 1. and 2. above, cash on hand at December 31, 1984 was understated by \$47,668.59.

In the Interim Report, the Audit staff recommended that the Committee file amended reports for 1984 which reflects the adjustments noted above.

### Recommendation

On June 16, 1986, the Committee filed a comprehensive amendment which materially complied with the recommendations. Therefore, the Audit staff recommends no further action on this matter.

<sup>2/</sup> It should be noted that although the reported cash on hand at 12/31/84 in the year-to-date column of the Committee's disclosure report was \$-0-, the cash on hand figure in the "this period" column was \$12,663.43. If the reports are properly prepared, these two amounts will be the same.

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B. Itemization of Refunds, Rebates, and Other Receipts

Section 434(b)(3)(F) and (G) of Title 2, United States Code, require a political committee to report the identification of each person who provides a refund, rebate, or other offset to operating expenditures or any dividend, interest or other receipt aggregating in excess of \$200 per calendar year, together with the date and amount of such receipts.

The Audit staff reviewed the Committee's receipt records to determine whether all refunds/rebates and other receipts were itemized as required. It was noted that 12 out of 14 itemizable refunds totaling \$1,879.71 were not itemized. This represents 85.71% of the total number and 42.37% of the total dollar amount of refunds requiring itemization. In addition, the Committee received a one time interest payment of \$404.79 during 1984 which it failed to itemize on their disclosure reports.

In the Interim Report, the Audit staff recommended that the Committee file amended reports for 1984 itemizing the items noted above.

Recommendation

On June 16, 1986, the Committee filed an amended report which complied with the recommendations. Therefore, the Audit staff recommends no further action on this matter.

C. Matters Referred to the Office of General Counsel

Certain matters noted during the audit were referred to the Commission's Office of General Counsel.

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SEPARATOR