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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

September 19, 1995

MEMORANDUM

TO: RON M. HARRIS
PRESS OFFICER
PRESS OFFICE

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

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON THE
DEMOCRATIC EXECUTIVE COMMITTEE OF FLORIDA

Attached please find a copy of the final audit report and related documents on the Democratic Executive Committee of Florida which was approved by the Commission on September 11, 1995.

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: Office of General Counsel
Office of Public Disclosure
Reports Analysis Division
FEC Library

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**REPORT OF THE AUDIT DIVISION
ON**

**Democratic Executive
Committee of Florida**

Approved September 11, 1995



**FEDERAL ELECTION COMMISSION
999 E STREET, N.W.
WASHINGTON, D.C.**

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

FINAL AUDIT REPORT
ON
DEMOCRATIC EXECUTIVE COMMITTEE OF FLORIDA
EXECUTIVE SUMMARY

The Democratic Executive Committee of Florida (the Committee) registered with the United States House of Representatives on April 19, 1972 as the State Committee for the Democratic Party of Florida.

The audit was conducted pursuant to 2 U.S.C. Section 438(b), which states that the Commission may conduct audits of any political committee whose reports fail to meet the threshold level of compliance set by the Commission.

The findings of the audit were presented to the Committee at an exit conference held at the completion of fieldwork on February 9, 1995 and later in an interim audit report. The Committee's response to those findings are included in this final audit report.

The following is an overview of the findings contained in the final audit report.

Shared Federal and Non-federal Activities - 11 CFR Sections 106.5 and 102.5(a). Committee reports, as initially filed, did not properly disclose information related to its shared federal and non-federal activities. For the period January 1, 1991 through August 28, 1992, the non-federal account generally paid for shared activity (except for payroll transactions) and was reimbursed by the federal account. Further, payroll transactions (totaling \$820,269) and other disbursements (totaling \$25,738) were not disclosed. During the course of the audit, Committee officials stated that procedures have been implemented to manage and disclose its shared activity in accordance with 11 CFR Section 106.5(g)(1).

As a result of the manner in which the Committee handled its shared activities, transfers between various federal and non-federal accounts totaling \$748,413 were not itemized as required.

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Finally, expenditures from the Committee's non-federal accounts totaling \$62,591 appeared to have been made in connection with federal elections.

In response to the interim audit report, the Committee filed amended disclosure reports which materially corrected the public record. Additionally, the Committee amended its reports to recognize an outstanding debt owed to its non-federal account for those expenditures made in connection with federal elections.

Disclosure of Financial Activity, Receipts and Debts and Obligations - 2 U.S.C. Sections 434(b)(1)-(4) and (8). Reported totals for receipts and disbursements were understated by \$797,942 and \$843,379 respectively, for the audit period covering calendar years 1991-92. Beginning and ending cash were also misstated. Further, contributions from political action committees totaling \$10,000 and interest received totaling \$3,967 were not itemized as required. Finally, debts and obligations amounting to \$31,929 had not been disclosed as required.

In response to the interim audit report, the Committee filed amended disclosure reports which materially corrected the public record.

Subsequent to the Commission's consideration of the Final Audit Report, the Committee amended its Statement of Organization to reflect Mr. George E. Comerford as its Treasurer.

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION
ON
THE DEMOCRATIC EXECUTIVE COMMITTEE OF FLORIDA

I. Background

A. Audit Authority

This report is based on an audit of the Democratic Executive Committee of Florida ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance with 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 subsection, 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.

B. Audit Coverage

The audit covered the period from January 1, 1991, through December 31, 1992. The Committee reported a beginning cash balance on January 1, 1991 of \$137,874; total receipts for the period of \$879,377; total disbursements for the period of \$1,016,546; and an ending cash balance of \$705.1/

C. Committee Organization

The Committee registered with the United States House of Representatives on April 19, 1972 and maintains its headquarters

1/ The figures cited in this report were rounded to the nearest dollar.

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in Tallahassee, Florida. The Treasurer of record during the period covered by the audit was Monnie Robison, formerly known as Monnie Yungkans.2/

To manage its federal financial activity, the Committee maintained four bank accounts. From these accounts the Committee made approximately 1700 disbursements. Approximately 1700 contributions (about \$185,000) from individuals were received. In addition, the Committee received 94 contributions (about \$134,000) from other political committees as well as 126 transfers from its non-federal committees (about \$1,171,000) for shared expenses.3/

D. Audit Scope and Procedures

The audit covered the following general categories:

1. The receipt of contributions or loans in excess of the statutory limitations;
2. The receipt of contributions from prohibited sources, such as those from corporations or labor organizations;
3. Proper disclosure of contributions from individuals, political committees and other entities, to include the itemization of contributions when required, as well as, the completeness and accuracy of the information disclosed (see Finding II.E.);
4. Proper disclosure of disbursements including the itemization of disbursements when required, as well as, the completeness and accuracy of the information disclosed (see Finding II.A.);
5. Proper disclosure of Committee debts and obligations (see Finding II.F.);
6. Accuracy of total reported receipts, disbursements and cash balances as compared to Committee bank records (see Finding II.D.);
7. Adequate recordkeeping for Committee transactions;

2/ According to a Committee representative, Ms. Robison served as Treasurer until December 19, 1992; at which time George Comerford became Treasurer. Mr. Comerford has been represented to be the Committee's current Treasurer. No amendments to the Committee's Statement of Organization have been filed to date.

3/ As presented at Finding II.D., the Committee's reports understated receipts and disbursements.

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- 8. Proper reporting and funding of activities conducted jointly on behalf of federal and non-federal elections and candidates (see Findings II.A., B., and C.); and
- 9. Other audit procedures that were deemed necessary in the situation.

Unless specifically discussed below, no material non-compliance with statutory or regulatory requirements was detected. It should be noted that the Commission may pursue further any of the matters discussed in this report in an enforcement action.

II. Audit Findings and Recommendations

A. Use of Funds from a Non-federal Account

Sections 102.5(a)(1)(i) and (ii) of Title 11 of the Code of Federal Regulations state, in part, that a political committee that finances political activity in connection with both federal and non-federal elections shall either: establish a separate federal account in a depository, such account shall be treated as a separate federal political committee which shall comply with the requirements of the Act and all disbursements, contributions, expenditures and transfers by the committee in connection with any federal election shall be made from its federal account; or, establish a political committee which shall receive only contributions subject to the prohibitions and limitations of the Act, regardless of whether such contributions are for use in connection with federal or non-federal elections.

Section 106.5(g)(1) of Title 11 of the Code of Federal Regulations provides that committees that have established separate federal and non-federal accounts under 11 CFR 102.5 shall pay the expenses of joint federal and non-federal activities as follows: (i) pay the entire amount of an allocable expense from its federal account and shall transfer funds from its non-federal account to its federal account solely to cover the non-federal share of that allocable expense; or (ii) establish a separate allocation account into which funds from its federal and non-federal accounts shall be deposited solely for the purpose of paying the allocable expenses of joint federal and non-federal activities.

Sections 434(b)(5)(A) and (C) of Title 2 of the United States Code state, in part, that each report under this section shall disclose the name and address of each person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made by the reporting committee to meet a committee operating expense, together with the date, amount and purpose of such operating expenditure. Further, each report shall disclose the name and address of each affiliated committee

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to which a transfer is made by the reporting committee during the reporting period and, where the reporting committee is a political party committee, each transfer of funds by the reporting committee to another political party committee, regardless of whether such committees are affiliated, together with the date and amount of such transfers.

Although 11 CFR §106.5(g)(1) requires joint expenditures to be paid from a federal account, the Audit staff determined that, except for payroll expenditures, the non-federal operating account generally paid for shared activity and was reimbursed by the federal account during the period January 1, 1991 through August 28, 1992.^{4/} On August 6, 1992, the Committee established a separate (federal) allocation account and implemented procedures to comply with 11 CFR §106.5. Prior to August 6, 1992, the Committee made transfers at regular intervals from its federal account to its non-federal operating account to fund the federal portion of shared expenses. The Audit staff's analysis indicates that sufficient funds were transferred to the non-federal operating account with respect to the federal share of joint expenses. Further, adequate permissible funds appear to have been deposited into the non-federal operating account to fund the federal portion of shared expenses.

The Audit staff noted that during the audit period, the Committee failed to itemize 10 transfers totaling \$171,251 disbursed from its federal account to its non-federal accounts. In addition, these transfers were not included in the Committee's reported activity (see Finding II.D.).

The Committee also maintained a separate payroll allocation account for wage, salary, and payroll tax expenses. The non-federal operating account, the non-federal house and senate victory accounts, and the federal operating account made regular transfers to the payroll account so that it could issue paychecks and pay payroll taxes. These transfers to the payroll account were not included in the Committee's reported activity (see Finding II.D.). Further, the Committee failed to report, on Schedules H-4, all disbursements from its payroll account during the period 1/1/91 through 6/30/92 which totaled \$820,269. In addition, the Audit staff identified fifteen petty cash disbursements totaling \$3,100 disbursed from its payroll account that were not itemized as required.

Committee representatives advised the Audit staff during the course of the audit that procedures have been implemented to manage and disclose its shared activity in accordance with 11 CFR Section 106.5(g)(1).

^{4/} It should be noted that during this period, the Committee's federal operating account occasionally paid for shared expenses and would subsequently be reimbursed from the appropriate non-federal account.

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Finally, during 1992, the Committee failed to itemize six disbursements to vendors totaling \$25,738 disbursed from its federal allocation account.

The Audit staff discussed this matter with the Committee's representative at the exit conference and provided workpapers detailing the omissions noted above. The Committee's representative agreed to file appropriate amended disclosure reports.

The interim audit report recommended that the Committee demonstrate that it did not make disbursements from its non-federal operating account for the purpose of financing federal activity. Absent such a demonstration, the Committee could offer any other comments and/or documentation it believed relevant to this matter.

The interim audit report also recommended that the Committee file:

- Schedules H-4 (for Line 21a) itemizing all expenditures from its payroll account; to include the above noted petty cash expenditures;
- Schedules H-4 (for Line 21a) or Schedules B (for Line 21b), as appropriate itemizing the six disbursements to vendors noted above;
- Schedules B (for Line 21b) itemizing all transfers from the federal account to non-federal accounts; and
- (Memo) Schedules H-4 which detail all joint expenses disbursed from the non-federal account (to support the transfers from the federal account to be reported on Schedule B for Line 21b).

In response to the interim audit report, the Committee filed Schedules B and Schedules H-4 which materially disclosed payroll transactions, petty cash expenditures, disbursements to vendors and transfers from the federal account to the non-federal account, as recommended above.

However, the Committee did not file memo Schedules H-4 to support the transfers from the federal account. In the narrative portion of its response, the Committee states there are no Schedules H-4 since "[d]ata from 1991 was lost due to computer problems. In addition, documentation was not retained by prior employees as to why transfers were made. We do not wish to assume why these transfers were made; therefore an explanation cannot be given at this time."

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B. Reporting of Transfers from Non-Federal to Federal Accounts for Shared Activity (Schedule H-3)

Sections 106.5(g)(1) and (3) of Title 11 of the Code of Federal Regulations provide, in relevant part, that committees that have established separate federal and non-federal accounts under 11 CFR 102.5 shall report each transfer of funds from its non-federal account to its federal account or to its separate allocation account for the purpose of paying such expenses.

The Audit staff reviewed Committee bank records to identify all non-federal transfers received by the federal account, the federal allocation account or the payroll allocation account. Based on our review, the Committee failed to itemize 98 transfers from non-federal accounts totaling \$748,413, which are detailed below:

1. Non-Federal Transfers to the Federal Operating Account

The Audit staff reviewed 23 transfers from non-federal accounts to the Committee's federal operating account, totaling \$169,504. Seven of these transfers were from the Committee's non-federal operating account, 15 transfers were disbursed from the Committee's non-federal house victory account, and one transfer was received from the Committee's non-federal senate victory account. The Committee failed to itemize all 23 of the transfers on Schedule H-3.

2. Non-Federal Transfers to the Payroll Account

The Audit staff reviewed 88 transfers to the payroll account from the Committee's non-federal accounts totaling \$740,261. Transfers received prior to July 30, 1992 were neither included in the Committee's reported activity (see Finding II.D.), nor itemized on Schedules H-3.

Based on our review, it was determined that the Committee failed to itemize: 21 transfers totaling \$278,805 received from the non-federal operating account; 29 transfers totaling \$222,279 received from the non-federal house victory account; 23 transfers totaling \$64,925 received from the non-federal senate victory account; and one transfer in the amount of \$7,200 from an unidentified non-federal account. Thus, 74 non-federal transfers totaling \$573,209 were not itemized on Schedules H-3, as required.

Additionally, for the remaining 14 transfers which had been itemized, the Committee incorrectly disclosed the name of the account which was the source of the transfer on its

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Schedules H-3. The Committee disclosed the name of the account which received the transfer, rather than the name of the non-federal account that disbursed the moneys.

3. Non-Federal Transfers to the Allocation Account

The Audit staff reviewed 14 transfers totaling \$137,088 received from the non-federal operating account during the period August 6, 1992 through December 16, 1992. Of these transfers, only one, in the amount of \$5,700, was not itemized as required on Schedule H-3. Of the 13 itemized transfers, the Committee incorrectly disclosed the source of the transfer as the transferee account, rather than the transferor account, on its Schedules H-3.

At the exit conference, the Audit staff provided the Committee's representative with schedules of the omissions noted above. The Committee's representative agreed to file the necessary amended disclosure reports.

The interim audit report recommended that the Committee file Schedules H-3 to amend its reports to correctly disclose the transfers described above.

In response to the interim audit report, the Committee filed Schedules H-3 which complied the Audit staff's recommendation.

C. Expenditures in Connection with Federal Elections Funded by the Non-Federal Account

Sections 102.5(a)(1)(i) and (ii) of Title 11 of the Code of Federal Regulations state, in part, that a political committee that finances political activity in connection with both federal and non-federal elections shall either: establish a separate federal account in a depository, such account shall be treated as a separate federal political committee which shall comply with the requirements of the Act and all disbursements, contributions, expenditures and transfers by the committee in connection with any federal election shall be made from its federal account; or, establish a political committee which shall receive contributions subject to the prohibitions and limitations of the Act, regardless of whether such contributions are for use in connection with federal or non-federal elections.

Section 110.7(a) of Title 11 of the Code of Federal Regulations states, in relevant part, that the national committee of a political party may make expenditures in connection with the general election campaign of any candidate for President of the United States affiliated with the party. In addition, such expenditures may be made through any designated agent, including State and subordinate party committees.

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As a result of our review of disbursements from the Committee's non-federal accounts, the Audit staff identified 17 expenditures made from the non-federal operating account in connection with federal elections totaling \$62,591.

Based on the Committee's annotated documentation, three of these expenditures, totaling \$6,791, were made relative to "Clinton/Gore" for telephone and consulting. Additionally, the documentation for two of these disbursements indicated they were "transition" related.

Of the remaining fourteen expenditures, four expenditures, totaling \$9,500 were made to each of four authorized candidate committees. Available documentation consisted of canceled checks and expense authorization forms which note "GOTV" as the purpose. However, disclosure reports filed by each of these authorized committees disclose these payments as contributions from the Florida Democratic Party.

The remaining ten expenditures included: payments to vendors for polling, postage and printed materials made on behalf of congressional candidates, payment of National Convention hotel expenses and expenditures for the use of a rental car and beepers at the National Convention by Senator Graham from Florida, an incumbent candidate for the U.S. Senate in 1992.

The Committee's representative was advised of this matter at the exit conference and was provided a schedule detailing these expenditures.

In the interim audit report, the Audit staff recommended that the Committee provide documentation demonstrating that disbursements were not made from a non-federal account in connection with federal elections. Evidence submitted was to include:

- ° documentation and/or an explanation detailing the nature and purpose of transition expenses incurred on behalf of Clinton-Gore and why they should not be considered contributions to or expenditures on behalf of a Presidential candidate;
- ° documentation which itemizes all costs relative to the National Convention hotel and associates these costs with individuals;
- ° documentation and/or an explanation of why National Convention expenses incurred on behalf of federal congressional candidate(s) should not be considered contributions to or expenditures on behalf of the candidate; and

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- ° any documentation and/or explanation of the nature of "GOTV" payments to federal congressional candidates, as well as payments to various vendors for goods/services on behalf of other federal congressional candidates demonstrating why these should not be considered contributions to or expenditures on behalf of the candidates.

Absent such a demonstration, the Audit staff recommended that the Committee reimburse \$62,691 to the non-federal account. The Audit staff further recommended that the Committee file appropriate (memo) Schedules B (for Line 23) to amend its disclosure reports to properly disclose these expenditures.

The Committee's response stated that no documentation could be found as to why prior employees made such transactions and would not speculate nor assume why such expenditures were made. The response also notes that the Committee will reimburse the non-federal account for these expenditures over the next twelve months so as not to deplete the federal account. Committee reports have been amended to reflect this debt to the non-federal account.

D. Misstatement of Financial Activity

Sections 434(b)(1), (2) and (4) of Title 2 of the United States Code state, in relevant part, that each report shall disclose the amount of cash on hand at the beginning of each reporting period, the total amount of all receipts, and the total amount of all disbursements for the period and calendar year.

The Audit staff's reconciliation of the Committee's reported activity to its bank activity for the audit period revealed the following misstatement:

1. January 1, 1991 through December 31, 1991

a. Beginning Cash-on-Hand Balance

The Committee reported a beginning cash balance at January 1, 1991 of \$137,874. Utilizing bank records, the Audit staff determined the correct beginning cash balance to be \$202,325. Therefore, the Committee's beginning cash balance was understated by a net amount of \$64,451. The Committee did not maintain workpapers, bank reconciliations or other records which demonstrated how the amounts contained in its disclosure reports were obtained. Absent such information, the Audit staff was unable to identify the reason(s) for this misstatement.

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b. Receipts

The Committee reported total receipts of \$173,752 for 1991. Based on our analysis of Committee bank records, the Audit staff determined that the Committee should have reported total receipts of \$589,222. Therefore, the Committee's reported receipts were understated by a net amount of \$415,470. This understatement was the result of the following:

° transfers from non-federal accounts not reported (see Finding II.B.)	\$ 399,760
° interest received and deposits not reported (see Finding II.E.)	\$ 15,807
° reported receipts not supported by Committee records	\$ (3,681)
° miscellaneous reconciling adjustment	\$ <u>3,584</u>
Total (Net) Understatement	\$415,471

c. Disbursements

The Committee reported total disbursements of \$256,267 for 1991. Based on the Audit staff's review of bank records, it was determined that the Committee should have reported total disbursements of \$748,822. Therefore, the Committee's reported disbursements were understated by a net amount of \$492,555. This understatement resulted from the following:

° transfers to non-federal accounts not reported (see Finding II.A.)	\$ 60,179
° payroll disbursements not reported (see Finding II.A.)	\$ 533,694
° other disbursements not reported	\$ 1,145
° disbursements reported twice	\$ (21,685)
° math errors	\$ (2,630)
° reported disbursements not supported by Committee records and voided checks	\$ (81,833)
° miscellaneous reconciling adjustment	\$ <u>3,685</u>
Total (net) Understatement	\$ 492,555

d. Ending Cash-on-Hand Balance

The Committee reported an ending cash on hand balance on December 31, 1991 of \$55,359. The Audit staff determined that this amount was overstated by a net amount of \$12,634. This overstatement was primarily due to the misstatements noted above. The correct ending cash balance was determined to be \$42,725.

2. January 1, 1992 through December 31, 1992

a. Receipts

The Committee reported total receipts of \$705,626 for 1992. The Audit staff determined that, based upon bank records, the Committee should have reported total receipts of \$1,088,097. Therefore, the Committee's receipts were understated by a net amount of \$382,471. This understatement resulted from the following:

° interest not reported (see Finding II.E.2.)	\$ 520
° transfers from non-federal accounts not reported (see Finding II.B.)	\$ 350,407
° contributions not reported (see Finding II.E.1.)	\$ 24,175
° miscellaneous reconciling adjustment	<u>\$ 7,369</u>
Total Net Understatement	\$ 382,471

b. Disbursements

The Committee reported total disbursements of \$760,279 for 1992. The Audit staff's review of bank records revealed that the Committee should have reported total disbursements of \$1,111,103. Therefore, the Committee's reported disbursements were understated by \$350,824. The understatement resulted from the following:

° payroll disbursements not reported (see Finding II.A.)	\$ 286,576
° transfers to non-federal accounts not reported (see Finding II.A.)	\$ 111,072
° other disbursements not reported (see Finding II.A.)	\$ 28,957
° disbursement amount incorrectly reported	\$ 1,473

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° reported disbursements not supported by Committee records	\$ (77,006)
° miscellaneous reconciling adjustment	<u>\$ (248)</u>
Total (Net) Understatement	\$ 350,824

c. Ending Cash-on-Hand Balance

The reported ending cash balance at December 31, 1992 of \$706 was understated by \$19,013. The correct ending cash balance was determined by the Audit staff to be \$19,719. This understatement resulted from the effects of the receipt and disbursement misstatements noted above.

At the exit conference, the Audit staff explained that the misstatements of financial activity were caused primarily by the Committee's failure to disclose activity from its payroll account, as well as its failure to report transfers between its federal and non-federal accounts. Copies of the bank reconciliations were provided to the Committee. The Committee's representative agreed to file amended reports.

The interim audit report recommended that the Committee file amended reports for calendar years 1991 and 1992 to correct the misstatements of financial activity described above.

In response to the interim audit report, the Committee filed Summary and Detailed Summary Pages for calendar years 1991 and 1992 which materially corrected the misstatement of financial activity.

E. Disclosure of Receipts

Section 434(b)(3)(B) and (D) of Title 2 of the United States Code, states, in relevant part, that each report under this section shall disclose the identification of each: political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution; and each affiliated committee which makes a transfer to the reporting committee during the reporting period and, where the reporting committee is a political party committee, each transfer of funds to the reporting committee, regardless of whether such committees are affiliated, together with the date and amount of such transfer.

Section 434(b)(3)(G) of Title 2 of the United States Code states, in relevant part, that each report under this section disclose the identification of each person who provides any interest to the reporting committee in an aggregate value or amount in excess of \$200.00 within the calendar year, together with the date and amount of any such receipt.

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Section 431(13) of Title 2 of the United States Code states that the term "identification" means: in the case of any person, other than an individual, the full name and address of such person.

The Audit staff's review of Committee receipt records identified the following disclosure matters:

1. Contributions from Political Committees

During fieldwork, the Audit staff reviewed 94 contributions received by the Committee from political action committees, party committees, and other political committees, totaling \$133,533. Of these contributions, the Committee failed to itemize two contributions totaling \$10,000. One contribution was from a political action committee for \$5,000 and the other was from an unregistered committee for \$5,000. The Audit staff notes that the contribution from the unregistered committee is excessive in the amount of \$4,000. The Committee transferred, although untimely, this excessive contribution to its non-federal operating account in June, 1993.

The political action committee contribution was deposited on December 31, 1991 and never reported. The contribution from the unregistered committee, received on October 26, 1992, was initially disclosed on the Committee's 1992 Post-General Disclosure report. When the Committee subsequently amended this report on July 7, 1993 the contribution had been transferred to the Committee's non-federal operating account and it was not disclosed.

At the exit conference, the Audit staff discussed this matter with the Committee's representative who agreed to file amended reports.

2. Interest Receipts

During fieldwork, the Audit staff reviewed 25 interest receipts totaling \$4,139 and noted that 23 of these interest receipts, totaling \$3,967, were required to be itemized. Our review determined that the Committee did not itemize any of these interest receipts on its disclosure reports.

In addition, the Audit staff became aware of a certificate of deposit account held by the Committee during the audit period. Records requested by the Audit staff relative to this account were not available by the close of fieldwork.

At the exit conference, the Audit staff informed the Committee of its failure to disclose interest receipts. The Audit staff also requested that the Committee furnish records regarding its certificate of deposit account. The Committee's representative agreed to provide the records.

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The certificate of deposit records were received on February 27, 1995. After reviewing the records, the Audit staff determined that the certificate of deposit account was a federal account, for which the Committee had failed to report the interest earned during 1991. This interest, when combined with the interest from the Committee's other account, yielded total interest earned of \$6,916, of which \$6,744 was not itemized as required.

On February 28, 1995 the Committee was apprised of the changes to this finding. The Committee's representative agreed to file amended reports. Copies of schedules detailing the interest receipts not itemized as required were faxed to the Committee to assist its personnel in the amendment process.

The interim audit report recommended that the Committee file Schedules A to amend its disclosure reports to itemize the noted receipts.

In response to the interim audit report, the Committee filed Schedules A which complied the Audit staff's recommendation.

F. Disclosure of Debts and Obligations

Section 434(b)(8) of Title 2 of the United States Code states, in part, that each report under this section shall disclose the amount and nature of outstanding debts and obligations owed by or to such political committee.

Sections 104.11(a) and (b) of Title 11 of the Code of Federal Regulations state, in part, that debts and obligations owed by or to a political committee which remain outstanding shall be continuously reported until extinguished. A debt or obligation, the amount of which is over \$500 shall be reported as of the date on which the debt or obligation is incurred.

Reports filed during 1991 and 1992 did not disclose any debts owed to or by the Committee. The Audit staff reviewed operating expenditures for calendar years 1991 and 1992. Based upon our review, two debts owed by the Committee were identified which had not been disclosed as required during calendar year 1992. One debt, which arose from legal services provided during the period March through June, 1992, had an outstanding balance that reached \$28,519 during June, 1992. The other debt arose from disputed amounts on a credit card bill totaling \$3,110. No debts existed as of December 31, 1992.

The Audit staff discussed these matters with the Committee's representative at the exit conference and provided workpapers detailing the above noted debts. The Committee's representative indicated amended disclosure reports would be filed.

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The interim audit report recommended that the Committee amend its reports by filing Schedules D, which properly disclose the above noted debts.

In response to the interim audit report, the Committee filed a Schedule D which materially complied the Audit staff's recommendation.

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FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20461

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September 12, 1995

Mr. George E. Comerford, Treasurer
Democratic Executive Committee of Florida
517 North Calhoun Street
Tallahassee, FL 32302

Dear Mr. Comerford:

Attached please find the Final Audit Report on the Democratic Executive Committee of Florida. The Commission approved the report on September 11, 1995.

The Commission approved Final Audit Report will be placed on the public record on September 15, 1995. Should you have any questions regarding the public release of the report, please contact the Commission's Press Office at (202) 219-4155. Any questions you have related to matters covered during the audit or in the report should be directed to Bill Antosz or Alex Boniewicz of the Audit Division at (202) 219-3720 or toll free at (800) 424-9530.

Sincerely,

Robert J. Costa
Assistant Staff Director
Audit Division

Attachment as stated

Celebrating the Commission's 20th Anniversary
YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

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CHRONONLOGY

DEMOCRATIC EXECUTIVE COMMITTEE OF FLORIDA

Audit Fieldwork	1/11/95 - 2/10/95
Interim Audit Report to the Committee	6/30/95
Response Received to the Interim Audit Report	8/9/95
Final Audit Report Approved	9/11/95

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