



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

December 28, 2010

MEMORANDUM

To: The Commission

Through: Alec Palmer
Acting Staff Director

From: Patricia Carmona
Chief Compliance Officer

Joseph F. Stoltz
Assistant Staff Director
Audit Division

Thomas J. Nurthen
Audit Manager

By: Lezhi W. Irving
Lead Auditor

Subject: Audit Division Recommendation Memorandum on the Office and Professional Employees International Union - Voice of the Electorate (A09-29)

Pursuant to Commission Directive No. 70 (FEC Directive on Processing Audit Reports), the Audit Division recommends the Commission approve the finding as presented in the attached Draft Final Audit Report (DFAR). The Office of General Counsel has reviewed this memorandum and concurs with the recommendation.

The Committee declined the opportunity for an audit hearing and made no further response to the finding in the Draft Final Audit Report. If this memorandum is approved, a Proposed Final Audit Report will be prepared within 30 days of the Commission's vote.

Should an objection be received, Directive No. 70 states that the Audit Division Recommendation Memorandum will be placed on the next regularly scheduled open session agenda.

Documents related to this audit report can be viewed on Voting Ballot Matters. Should you have any questions, please contact Lezhi Irving or Tom Nurthen at 694-1200.

Attachment:

- **Draft Final Audit Report on the Office and Professional Employees International Union - Voice of the Electorate**

cc: Office of General Counsel



Draft Final Audit Report of the Audit Division on the Office and Professional Employees International Union – Voice of the Electorate

January 1, 2007 – December 31, 2008

Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.¹ The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

Future Action

The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

About the Committee (p. 2)

The Office and Professional Employees International Union – Voice of the Electorate is a separate segregated fund of the Office and Professional Employees International Union headquartered in Washington, DC. For more information, see chart on the Committee Organization, p. 2.

Financial Activity (p. 2)

• Receipts	
○ Contributions from Individuals	\$456,043
○ Offsets to Operating Expenditures	1,000
○ Refunds from Federal Candidates	2,567
○ Other Receipts	4,064
Total Receipts	\$463,674
• Disbursements	
○ Operating Expenditures	\$ 69,086
○ Contributions to Federal Candidates	323,500
○ Other Disbursements	126,156
Total Disbursements	\$518,742

Finding and Recommendation (p. 3)

Misstatement of Financial Activity

¹ 2 U.S.C. §438(b).

**Draft Final Audit Report of the
Audit Division on the
Office and Professional
Employees International Union –
Voice of the Electorate**

January 1, 2007 – December 31, 2008



Table of Contents

	Page
Part I. Background	
Authority for Audit	1
Scope of Audit	1
Part II. Overview of Committee	
Committee Organization	2
Overview of Financial Activity	2
Part III. Summary	
Finding and Recommendation	3
Part IV. Finding and Recommendation	
Misstatement of Financial Activity	4

Part I

Background

Authority for Audit

This report is based on an audit of the Office and Professional Employees International Union – Voice of the Electorate (OP-VOTE),² undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 2 U.S.C. §438(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 2 U.S.C. §434. Prior to conducting any audit under this subsection, the Commission must 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. 2 U.S.C. §438(b).

Scope of Audit

Following Commission approved procedures, the Audit staff evaluated various risk factors and as a result, this audit examined:

1. The disclosure of individual contributors, occupation and name of employer.
2. The consistency between reported figures and bank records.
3. The completeness of records.
4. Other committee operations necessary to the review.

² On September 28, 2010, OP-VOTE filed an amended Statement of Organization and changed its name to J B Moss Voice of the Electorate Fund (VOTE).

Part II

Overview of Committee

Committee Organization

Important Dates	OP-VOTE
• Date of Registration	July 28, 1976
• Audit Coverage	January 1, 2007 – December 31, 2008
Headquarters	Washington, DC
Bank Information	
• Bank Depositories	2
• Bank Accounts	5
Treasurer	
• Treasurer When Audit Was Conducted	Mary Mahoney
• Treasurer During Period Covered by Audit	Nancy Wohlforth
Management Information	
• Attended FEC Campaign Finance Seminar	Yes
• Used Commonly Available Campaign Management Software Package	Yes
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

Overview of Financial Activity (Audited Amounts)

Cash on hand @ January 1, 2007	\$311,759
o Contributions from Individuals	456,043
o Offsets to Operating Expenditures	1,000
o Refunds from Federal Candidates	2,567
o Other Receipts	4,064
Total Receipts	\$463,674
o Operating Expenditures	69,086
o Contributions to Federal Candidates	323,500
o Other Disbursements	126,156
Total Disbursements	\$518,742
Cash on hand @ December 31, 2008	\$256,691

Part III Summary

Finding and Recommendation

Misstatement of Financial Activity

On its reports as originally filed with the Commission, OP-VOTE underreported disbursements by \$171,938 for calendar years 2007 and 2008. In response to a discussion at the exit conference, OP-VOTE provided a detailed explanation of how the initial underreporting occurred as well as steps taken to eliminate future reporting problems. In response to the interim audit report, Counsel for OP-VOTE again stated that OP-VOTE has implemented or is in the process of implementing improved procedures. (For more detail, see p. 4)

Part IV

Finding and Recommendation

Misstatement of Financial Activity

Summary

On its reports as originally filed with the Commission, OP-VOTE underreported disbursements by \$171,938 for calendar years 2007 and 2008. In response to a discussion at the exit conference, OP-VOTE provided a detailed explanation of how the initial underreporting occurred as well as steps taken to eliminate future reporting problems. In response to the interim audit report, Counsel for OP-VOTE again stated that OP-VOTE has implemented or is in the process of implementing improved procedures.

Legal Standard

Contents of Reports. Each report must disclose:

- The amount of cash on hand at the beginning and end of the reporting period;
- The total amount of receipts for the reporting period and for the calendar year;
- The total amount of disbursements for the reporting period and for the calendar year; and
- Certain transactions that require itemization on Schedule A (Itemized Receipts) or Schedule B (Itemized Disbursements). 2 U.S.C. §434(b) (1), (2), (3), (4) and (5).

Facts and Analysis

The original disclosure reports filed by OP-VOTE with the Commission for calendar years 2007 and 2008 underreported disbursements by \$171,938. A major portion of the underreporting (\$151,000) occurred during the Post-General reporting period for 2008 (October 16, to November 24, 2008). OP-VOTE discovered the problem, and on its own initiative, filed amended reports which materially corrected the underreporting.

This matter was discussed at the exit conference. In response, Counsel stated that the person in charge of filing reports was on maternity leave from August 2008 to mid-October 2008, and returned on a part-time basis. She returned to full-time on January 5, 2009. The Post-General report was compiled and filed by the then part-time employee transitioning back to full-time status, and another newly hired but inexperienced employee. Counsel believed that the error was the result of the lack of clear assignment of responsibilities to, and oversight of, part-time and new employees. In addition, Counsel stated that OP-VOTE is currently reviewing their accounting, reporting, internal control, and oversight policies so that they may be brought into accord with the Commission's regulations and Best Practices for Committee Management guidelines. OP-VOTE is also procuring on-line reporting software, which will have many built-in safeguards and compliance checks, to replace its current software.

Interim Audit Report Recommendation and Committee Response

The Audit staff recommended that OP-VOTE provide any additional information or comments that it considers relevant to this matter. In response, Counsel again stated that OP-VOTE has implemented or is in the process of implementing the improved procedures described above.