



FEDERAL ELECTION COMMISSION

WASHINGTON DC 20463

AB5-12

REPORT OF THE AUDIT DIVISION
ON THE
ATKINS FOR CONGRESS COMMITTEE

I. Background

A. Overview

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This report is based on an audit of the Atkins for Congress Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance 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 Clerk of the House of Representatives on February 10, 1984. The Committee maintained its headquarters in Concord, Massachusetts. The audit covered the period from February 10, 1984, the inception date of the Committee, through December 31, 1984, the closing date for the latest report filed at the time of the audit. The Committee reported a cash balance on February 10, 1984 of \$-0-; total receipts of \$858,660.23; total expenditures of \$860,444.27; and a cash balance on December 31, 1984 of \$4,683.38. ^{1/}

This audit report is based on documents and work papers which support each of its 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 the Commissioners and appropriate staff for review.

B. Key Personnel

The Treasurer of the Committee during the period covered by the audit was Ms. Patricia McGovern.

^{1/} The reported totals do not calculate correctly due to mathematical errors.

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. Omission of Disclosure Information - Loans

Section 431(8)(A)(i) of Title 2, United States Code states, in part, that the term "contribution" includes any gift, subscription, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office.

Section 434(b)(3)(E) of Title 2, United States Code states that each report shall disclose the identification of each person who makes a loan to the reporting committee during the reporting period, together with the identification of any endorser or guarantor of such loan, and date and amount or value of such loan.

The Committee failed to disclose 82 guarantors of a \$75,000 bank loan obtained by the Candidate on behalf of the Committee. The amount guaranteed in each case did not exceed \$1,000.

The Audit staff recommended that the Committee amend its reports to disclose the guarantors of the \$75,000 loan.

On September 26, 1985, the Committee submitted a comprehensive amendment which disclosed the guarantors of the loan.

Recommendation

The Audit staff recommends no further action on this matter.

B. Misstatement of Financial Activity

Section 434(b)(2) of Title 2, United States Code states, in part, that each report shall disclose the total amount of all receipts for the reporting period and the calendar year.

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During the audit, it was noted that the Committee understated its receipts by \$14,232.33 (net) for the period February 10, 1984 through December 31, 1984. The understatement was caused by the Committee's failure to report contributions from individuals, interest earned, contributions in-kind, and transfers from political/other committees. Contributor checks returned by the bank for insufficient funds and math discrepancies also contributed to the understatement.

The auditors provided schedules detailing all unreported and improperly reported items to Committee officials at the conclusion of the audit fieldwork.

In the interim report, it was recommended that the Committee amend its reports to disclose accurately its financial activity.

On September 26, 1985, the Committee submitted a comprehensive amendment which disclosed its financial activity as required.

Recommendation

The Audit staff recommends no further action on this matter.

C. Itemization of Contributions from Political Committees

Under 2 U.S.C. § 434(b)(3)(B), each report 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.

In addition, 11 C.F.R. § 104.3(a)(4)(ii) requires disclosure of the identification of all committees (including political committees and committees which do not qualify as political committees under the Act).

The Committee's contribution records were reviewed to determine whether all contributions from committees were itemized on the Committee's disclosure reports. It was noted that 15 contributions from committees totaling \$4,175.00 (75% of the dollar amount of contributions from committees) were not reported as required. Of these, 12 contributions were itemized as contributions from the individuals who signed the checks or from the candidate whose campaign committee made the contribution. The Committee failed to report the remaining three contributions. A schedule of the discrepancies noted above was given to the Committee at the conclusion of the audit fieldwork.

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The Audit staff recommended that the Committee amend its reports to itemize the 15 contributions from committees.

On September 26, 1985, the Committee submitted a comprehensive amendment which properly itemized the contributions from committees.

Recommendation

The Audit staff recommends no further action on this matter.

D. Reporting of Debts and Obligations

Section 434(b)(8) of Title 2, United States Code requires each report filed by the treasurer of a political committee to disclose the amount and nature of outstanding debts and obligations owed by the committee.

Section 104.11(a) of Title 11, Code of Federal Regulations states, in part, that debts and obligations shall be continuously reported until extinguished. In addition, 11 C.F.R. § 104.11(b) states, in part, that debts of \$500 or less shall be reported no later than 60 days after the obligation is incurred. Debts in excess of \$500 shall be reported at the time of the transaction.

During the audit, it was noted that the Committee did not properly report seven debts totaling \$24,771.29. These debts (greater than \$500 each) were not reported when incurred but were properly disclosed on all subsequent reports.

In addition, seventeen other debts, totaling \$13,479.28, were disclosed when incurred and continuously reported on all subsequent debt schedules, however final payments on these 17 debts were not reflected on the debts and obligations schedules of the respective disclosure reports. It should be noted that the final payments were properly reported on the itemized disbursements schedules (Schedule B).

The Committee was advised of the reporting requirements for debts and obligations. Further, a schedule of the debts was given to the Committee at the conclusion of the audit fieldwork.

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Recommendation

Although in certain instances the aforementioned transactions were either not reported in a timely manner or not reflected on the proper reporting schedule, in view of the fact that all transactions were eventually reported and adequate supporting documentation maintained, it is the recommendation of the Audit staff that no further action is necessary.

E. Matter Referred to the Office of General Counsel

A matter noted during the audit was referred to the Commission's Office of General Counsel.

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