



# Final Audit Report of the Commission on the Indiana Democratic Congressional Victory Committee

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.<sup>1</sup> 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 Indiana Democratic Congressional Victory Committee (IDCVC) is a state party committee headquartered in Indianapolis, Indiana. For more information, see chart on the Committee Organization, p 2.

## Financial Activity (p. 2)

• <b>Receipts</b>	
○ Contributions from Individuals	\$ 760,749
○ Contributions from Other Political Committees	1,653,323
○ Transfers from Affiliated and Other Party Committees	5,050,457
○ Transfers from Non-federal Accounts	1,327,158
○ Offsets to Operating Expenditures	1,043,844
○ Other Receipts	41,222
<b>Total Receipts</b>	<b>\$ 9,876,753</b>
• <b>Disbursements</b>	
○ Operating Expenditures	\$ 2,500,539
○ Contributions to Federal Candidates	60,000
○ Coordinated Expenditures	151,023
○ Shared Federal/Non-Federal Activity	1,785,831
○ Federal Election Activity (FEA)	5,285,993
○ Other Disbursements	22,380
<b>Total Disbursements</b>	<b>\$ 9,805,766</b>

## Commission Finding (p. 3)

- Misstatement of Financial Activity

<sup>1</sup> 2 U.S.C. §438(b).

# **Final Audit Report of the Commission on the Indiana Democratic Congressional Victory Committee**

---

**January 1, 2007 - December 31, 2008**



# Table of Contents

	<b>Page</b>
<b>Part I. Background</b>	
Authority for Audit	1
Scope of Audit	1
Audit Hearing	1
<b>Part II. Overview of Committee</b>	
Committee Organization	2
Overview of Financial Activity	3
<b>Part III. Summary</b>	
Commission Finding	4
<b>Part IV. Commission Finding</b>	
Misstatement of Financial Activity	4

# **Part I**

## **Background**

### **Authority for Audit**

This report is based on an audit of the Indiana Democratic Congressional Victory Committee (IDCVC), 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 receipt of excessive or prohibited contributions from other political committees;
2. The disclosure of contributions received from other political committees;
3. The disclosure of individual contributors' occupation and name of employer;
4. The disclosure of disbursements, debts and obligations;
5. The disclosure of expenses allocated between federal and non-federal accounts;
6. The consistency between reported figures and bank records;
7. The completeness of records;
8. Other committee operations necessary to the review.

### **Audit Hearing**

IDCVC declined the opportunity for a hearing before the Commission on the matter presented in this report.

## Part II

### Overview of Committee

#### Committee Organization

<b>Important Dates</b>	
• Date of Registration	March 26, 1979
• Audit Coverage	January 1, 2007 – December 31, 2008
<b>Headquarters</b>	
Indianapolis, Indiana	
<b>Bank Information</b>	
• Bank Depositories	One
• Bank Accounts	Seven federal and three non-federal
<b>Treasurer</b>	
• Treasurer When Audit Was Conducted	Sherrianne Standley
• Treasurer During Period Covered by Audit	Linda Buzinec
<b>Management Information</b>	
• Attempted FEC Campaign Finance Seminar	No
• Who Handled Accounting and Recordkeeping Tasks	Paid Staff

#### Overview of Financial Activity (Audited Amounts)

<b>Cash on hand @ January 1, 2007</b>	<b>\$ 42,921</b>
<b>Receipts</b>	
○ Contributions from Individuals	\$760,749
○ Contributions from Political Committees	1,653,323
○ Transfers from Affiliated and Other Party Committees	5,050,457
○ Transfers from Non-federal Accounts	1,327,158
○ Offsets to Operating Expenditures	1,043,844
○ Other Receipts	41,222
<b>Total Receipts</b>	<b>\$ 9,876,753</b>
<b>Disbursements</b>	
○ Operating Expenditures	\$2,500,539
○ Contributions to Federal Candidates	60,000
○ Coordinated Expenditures	151,023
○ Shared Federal/Non Federal Activity	1,785,831
○ Federal Election Activity (FEA)	5,285,993
○ Other Disbursements	22,380
<b>Total Disbursements</b>	<b>\$ 9,805,766</b>
<b>Cash on hand @ December 31, 2008</b>	<b>\$ 113,908</b>

## **Part III**

### **Summary**

#### **Commission Finding**

##### **Misstatement of Financial Activity**

The Audit staff's comparison of IDCVC's reported financial activity to bank records identified a misstatement of the opening cash balance, receipts, disbursements and the ending cash balance for 2007. In response to the Interim Audit Report, IDCVC amended its reports to correct the misstatements. The Commission approved this finding.

(For more detail, see p. 5)

## Part IV

# Commission Finding

### Misstatement of Financial Activity

#### Summary

The Audit staff's comparison of IDCVC's reported financial activity to bank records identified a misstatement of the opening cash balance, receipts, disbursements and the ending cash balance for 2007. In response to the Interim Audit Report, IDCVC amended its reports to correct the misstatements. The Commission approved this finding.

#### 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; and
- The total amount of disbursements for the reporting period and for the calendar year;
- 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), (5).

#### Facts and Analysis

##### A. Facts

The Audit staff reconciled the reported financial activity to the bank records and determined there was a misstatement of opening cash balance, receipts, disbursements and ending cash balance in 2007. The following chart outlines the discrepancies.

2007 Activity			
	Reported	Bank Records	Discrepancy
Opening Cash Balance @ January 1, 2007	\$152,652	\$42,921	\$(109,731) Overstated
Receipts	\$1,167,818	\$1,302,186	\$134,368 Understated
Disbursements	\$1,184,853	\$1,334,355	\$149,502 Understated
Ending Cash Balance @ December 31, 2007	\$135,617	\$10,752	\$(124,866) Overstated

##### Opening Cash Balance 2007

The \$109,731 overstatement of beginning cash on hand is likely the result of prior period discrepancies.

**Receipts 2007**

The understatement of receipts in 2007 was a result of the following:

• Net transfers from non-federal account not reported	+	\$121,447
• Unexplained Difference	+	12,921
Net Understatement of Receipts		<u>\$134,368</u>

**Disbursements 2007**

The understatement of disbursements in 2007 was a result of the following:

• Payroll related expenses and bank fees not reported	+	\$145,953
• In-kind contributions to the DNC for use of mailing list not reported	+	6,200
• Unexplained Difference	-	2,651
Net Understatement of Receipts		<u>\$149,502</u>

**Ending Cash Balance 2007**

IDCVC overstated its ending cash balance by \$124,866 on December 31, 2007. This misstatement was due to the adjustments described above.

**B. Interim Audit Report & Audit Division Recommendation**

The matter was presented to IDCVC during the exit conference. IDCVC representatives acknowledged the discrepancies in the 2007 reports and indicated that the corrections would be made if necessary.

The Interim Audit Report recommended that IDCVC amend its reports.

**C. Committee Response to the Interim Audit Report**

In response to the Interim Audit Report, IDCVC amended reports to correct the misstatements noted above.

**D. Draft Final Audit Report**

The Draft Final Audit Report acknowledged that IDCVC amended reports correcting the misstatements.

**Commission Conclusion**

The Commission approved this finding.