





FEDERAL ELECTION COMMISSION  
Washington, DC 20463

February 23, 2007

MEMORANDUM

To: Robert W. Biersack  
Press Officer

Through: Margarita Maisonet   
Chief Compliance Officer

From: Joseph F. Stoltz   
Assistant Staff Director  
Audit Division

Subject: Public Issuance of the Audit Report On Employees of Northrop Grumman Corporation PAC.

Attached please find a copy of the audit report and related documents on Employees of Northrop Grumman Corporation PAC, which was approved by the Commission on February 6, 2007.

The report may be released to the public on February 23, 2007.

Attachment as stated

cc: Office of General Counsel  
Office of Public Disclosure  
Reports Analysis Division  
FEC Library  
✓DSDD Website



# Report of the Audit Division on Employees of Northrop Grumman Corporation PAC

January 1, 2003 – December 31, 2004

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## 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)

Employees of Northrop Grumman Corporation PAC is a separate segregated fund headquartered in Los Angeles, California. For more information, see the chart on the Committee Organization, p.2.

## Financial Activity (p. 2)

- **Receipts**
  - Contributions from Individuals \$ 1,690,717
  - **Total Receipts** \$ **1,690,717**
  
- **Disbursements**
  - Contributions to Federal Candidates/Committees \$ 1,622,700
  - Contributions to Non-federal Candidates 40,200
  - Other Operating Expenditures 342
  - **Total Disbursements** \$ **1,663,242**

## Findings and Recommendations (p. 3)

Based upon our examination of the reports and statements filed, and the records presented by Employees of Northrop Grumman Corporation PAC, no material non-compliance was discovered.

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<sup>1</sup> 2 U.S.C. §438(b).

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# **Part I**

## **Background**

### **Authority for Audit**

This report is based on an audit of the Employees of Northrop Grumman Corporation PAC, 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**

This audit examined:

1. The receipt of excessive contributions and loans.
2. The receipt of contributions from prohibited sources.
3. The disclosure of contributions received.
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.

## Part II

### Overview of Committee

#### Committee Organization

<b>Important Dates</b>	<b>Employees of Northrop Grumman Corporation PAC</b>
• Date of Registration	March 3, 1978
• Audit Coverage	January 1, 2003 – December 31, 2004
<b>Headquarters</b>	Los Angeles, California
<b>Bank Information</b>	
• Bank Depositories	1
• Bank Accounts	1 Checking
<b>Treasurer</b>	
• Treasurer When Audit Was Conducted	Cary Davidson
• Treasurer During Period Covered by Audit	Cary Davidson
<b>Management Information</b>	
• Attended FEC Campaign Finance Seminar	Yes
• Used Commonly Available Campaign Management Software Package	Yes
• Who Handled Accounting and Recordkeeping Tasks	Reed & Davidson, LLP

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

<b>Cash on hand @ January 1, 2003</b>	<b>\$ 99,598</b>
○ Contributions from Individuals	1,690,717
<b>Total Receipts</b>	<b>\$ 1,690,717</b>
○ Contributions to Federal Candidates/Committees	1,622,700
○ Contributions to Non-federal Candidates	40,200
○ Other Operating Disbursements	342
<b>Total Disbursements</b>	<b>\$ 1,663,242</b>
<b>Cash on hand @ December 31, 2004</b>	<b>\$ 127,073</b>

## **Part III**

# **Findings and Recommendations**

Based upon our examination of the reports and statements filed, and the records presented by Employees of Northrop Grumman Corporation PAC, no material non-compliance was discovered.