



# FEDERAL ELECTION COMMISSION

1155 K STREET, N.W.  
WASHINGTON, D.C. 20463

## REPORT OF THE AUDIT DIVISION ON THE ERTEL FOR CONGRESS COMMITTEE

### I. Background

#### A. Overview

This report is based upon an audit of the Ertel for Congress Committee ("the Committee") undertaken by the Audit Division of the Federal Election Commission to determine whether there has been compliance with the provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). The audit was conducted pursuant to Section 438(a)(8) of Title 2, United States Code, which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed under the provisions of the Act.

The Committee registered with the Federal Election Commission on February 4, 1976, as the principal campaign committee designated by the Honorable Allen W. Ertel, Democratic candidate for election to the United States House of Representatives from Pennsylvania's 17th Congressional District. The Committee maintains its headquarters in Williamsport, Pennsylvania.

The audit covered the period from January 1, 1976 through June 30, 1977, the final coverage date of the latest report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance of \$-0-, total receipts for the period of \$117,535.59, total expenditures for the period of \$107,713.39 and a closing cash balance of \$9,822.20.

This audit report is based on documents and working papers supporting 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 Commissioners and appropriate staff for review.



B. Key Personnel

The principal officers of the Committee during the period audited were Mr. Fredric M. Plankenhorn, Chairman, and Mr. Walter J. Heim, Treasurer.

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. Auditor's Statement

It is the opinion of the Audit staff, based upon examination of the reports and statements filed and the records presented, that, except for the deficiencies noted below, the reports and statements of the Ertel for Congress Committee fairly present the financial activities of the Committee for the period covered by the audit. Further, except as noted below, no material problems in complying with the Federal Election Campaign Act were discovered during the course of the audit.

Findings and Conclusions

A. Disclosure of In-Kind Contributions

Section 434(b)(2) of Title 2, United States Code, states in part that a political committee include in its reports the identification of each person from whom it has received contributions which in the aggregate exceed \$100, and the date, amount, and total sum of such contributions within the calendar year.

Section 104.3(a) of the Commission's Regulations states that each in-kind contribution shall be valued at the usual and normal charge on the date received and reported if in excess of \$100 on the appropriate schedule of receipts and expenditures, identified as to its nature and listed as an in-kind contribution.

A review of the Committee contributor records revealed that three (3) in-kind contributions received between September 24, 1976 and December 1, 1976 totaling \$542.72 were not reported. The Committee had no explanation for the omission of the in-kind contributions from the reports.

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Recommendation

The Committee has filed an amended report disclosing the in-kind contributions. We, therefore, recommend that no action be taken on this matter.

B. Reporting of Total Receipts and Expenditures

Section 434(b)(8) and (11) of Title 2, United States Code, states in part that a political committee shall report the total sum of contributions and expenditures during the reporting period.

A review of the Committee's disclosure reports and records revealed that in five (5) instances, during the period July 22, 1976 through November 1, 1976, the Committee reported debts incurred, totaling \$6,243.74, as both receipts and expenditures. Therefore, both receipts and expenditures reported were overstated. A Committee official explained that a misunderstanding regarding proper reporting of debts and obligations caused the error.

Recommendation

The Committee has filed an amended report correcting the overstated totals. We, therefore, recommend that no action be taken on this matter.

C. Itemization of Contributions and Expenditures

Section 434(c) of Title 2, United States Code, states in part that reports required to be filed shall be cumulative during the calendar year to which they relate. In addition, Section 434(b)(2), (7) and (9) of Title 2, United States Code, states in part that each committee's report shall include each refund received in excess of \$100 and the identification of each person from whom it has received contributions or to whom it made expenditures which in the aggregate exceed \$100, and the date, amount, and total sum of such contributions and expenditures within the calendar year.

The Committee filed FEC Form 3a for the period January 1, 1977 through March 31, 1977 pursuant to Section 104.1(c)(2) and (3)(i) of the Commission Regulations. The July 10, 1977 report filed on a FEC Form 3 includes the correct year to date totals, but receipts and expenditures for the period January 1, 1977 through March 31, 1977 were not itemized. These included five (5) itemized receipts totaling \$1,076.95 and one itemized expenditure totaling \$295.23. A Committee official explained that she was unaware that the report required the itemized figures.

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In addition, the Committee did not itemize 32 expenditures, totaling \$1,294.06, which comprised approximately 12% of the Committee's total itemizable expenditures and 1% of the total dollar value of itemizable expenditures. A Committee official explained that the items were not itemized due to an oversight on their part.

#### Recommendation

The Committee filed an amended report on September 1, 1977 showing the proper itemizations. We, therefore, recommend that no action be taken on this matter.

#### D. Disclosure of Repositories

Section 433(b)(9) of Title 2, United States Code, states that a committee statement of organization shall include a listing of all banks, safety deposit boxes, or other repositories used, while Section 433(c) of Title 2, United States Code, requires any change in information previously submitted in a statement of organization to be reported to the Commission within a ten (10) day period following the change.

On June 21, 1976, the Committee opened a checking account with the Commonwealth National Bank in Harrisburg, Pennsylvania. No amended statement of organization was filed disclosing this additional repository. The account was closed in June, 1977, and the balance transferred to the Committee's main checking account. A Committee official explained that he was unaware that an amended statement of organization had not been filed.

#### Recommendation

The Committee filed an amendment on November 28, 1977 disclosing the repository. We, therefore, recommend no action on this matter.

#### E. Maintenance of Supporting Documentation for Expenditures

Section 432(d) of Title 2, United States Code, states in part that the treasurer shall obtain and keep a receipted bill, stating the particulars, for every expenditure made by or on behalf of a political committee in excess of \$100 or in a lesser amount if the aggregate amount of such expenditures to the same person during the calendar year exceeds \$100.

In addition, Section 102.9(c)(4) of the Commission's Regulations states that in the absence of a receipted bill, the cancelled check and the bill, invoice, or contemporaneous memorandum will suffice.

A review of the Committee's cancelled checks and invoices revealed that the Committee did not maintain receipts for 75 expenditures totalling \$15,223.62. This represents 27% of the total number and 15% of the dollar value of all committee expenditures requiring supporting documentation. The majority of the payments were for media advertising and reimbursed expenses. A Committee official explained that some bills may have been paid without obtaining a receipt.

Recommendation

The Committee has forwarded receipts to support all of these expenditures to the Audit staff for review. We, therefore, recommend no action on this matter.

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