



FEDERAL ELECTION COMMISSION

1325 K STREET N.W.
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE BUD SHUSTER FOR CONGRESS COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Bud Shuster 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 originally registered with the Office of the Clerk of the U.S. House of Representatives on March 7, 1974. On July 20, 1976, the Committee was designated as the principal campaign committee of the Honorable E. G. "Bud" Shuster, the Republican Candidate for Representative from Pennsylvania's Ninth (9th) Congressional District. The Committee maintains its headquarters in Everett, Pennsylvania.

The audit covered the period from January 1, 1975 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 \$607.64, total receipts for the period of \$108,952.22, total expenditures for the period of \$105,279.88 and a closing cash balance of \$4,279.98.

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 throughout the period audited were Mr. Allan G. Hancock, Chairman, and Mr. Gary Ickes, 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 and Description of Findings

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 Bud Shuster 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.

A. Disclosure of Transfers

Section 434(b)(4) of Title 2, United States Code, states that each report shall contain the name and address of each political committee or candidate from which the reporting committee or the candidate received, or to which that committee or candidate made, any transfer of funds, together with the amounts and dates of all transfers.

A review of the Committee's contribution records and other committees' reports filed with the Commission revealed that the Committee did not itemize 28 transfers-in totaling \$4,264.00. The unitemized transfers accounted for approximately 29% of the total number of transfers received by the Committee and 11% of the total dollar amount. A Committee official explained that the transfers were not itemized due to an oversight on the part of the Committee.

Recommendation

Based on the Audit staff's recommendation the Committee filed an amended report on October 12, 1977 disclosing the transfers. The Audit staff recommends that no further action be taken on this matter.

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B. Disclosure of Contributions

Section 434(b)(2) and (4) of Title 2, United States Code, states that reports shall disclose the full name and mailing address (occupation and principal place of business, if any) of each person who has made one or more contributions to or for such committee or candidate (including the purchase of tickets for events such as dinners, luncheons, rallies, and similar fundraising events) within the calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions.

A review of the Committee's contributor records disclosed 16 contributions in excess of \$100 totaling \$3,610.00 were not itemized on the Committee's disclosure reports. The itemized contributions accounted for approximately 25% of the total number of contributions requiring itemization and 24% of the total dollar amount. Committee officials explained that the contributions were not itemized due to a bookkeeping error.

Recommendation

The Committee filed an amended report itemizing the contributions on October 14, 1977. The Audit staff, therefore, recommends that no further action be taken on this matter.

C. 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 in amount, and for any such expenditure in a lesser amount, if the aggregate amount of such expenditures--to the same person during a calendar year exceeds \$100. Further, Section 102.9(c)(1) of the Commission's Regulations provides that in the absence of a receipted bill, the cancelled check showing payment and the invoice, bill, or contemporaneous memorandum will suffice.

A review of the Committee's invoices revealed that the Committee did not maintain adequate supporting documentation for 57 expenditures. These expenditures totaled \$44,491.71 and accounted for approximately 21% of the total number and 49% of the total dollar volume of Committee expenditures requiring such documentation.

Subsequent to our fieldwork, the Committee obtained and submitted for review by the Audit staff supporting documentation for 50 of the expenditures. In addition, at least two attempts have been made to obtain documentation for the remaining seven (7) expenditures. These expenditures involved two entities. One has not responded to Committee requests, and the other is no longer in business.

Recommendation

Based on the Committee's efforts outlined above, the Audit staff recommends that the Commission determine that the Committee has used its best efforts to comply with Section 432(d) and further recommends that no further action be taken on this matter.

D. Corporate Contributions

Section 441b(a) of Title 2, United States Code, states, in part, that it is unlawful for any corporation organized by authority of any law of Congress to make a contribution or expenditure in connection with any election to any political office and unlawful for any candidate, political committee, or other person to knowingly accept or receive any contribution from a corporation.

A review of the Committee's contributor records revealed 41 contributions received from 35 companies. Records maintained by the Secretary of State in the states involved indicated that ten (10) of the companies accounting for 13 of the contributions totaling \$1,225.00 were incorporated. The Committee was informed on October 10, 1977 by the Audit staff of the apparent corporate status of the companies. The matter was referred to the Commission's Office of General Counsel on October 6, 1977, where Matter Under Review 457(77) was initiated. All of the contributions were refunded by the Committee on November 13, 1977. Further information obtained from the contributors disclosed that seven (7) of the contributions totaling \$875.00 from four (4) of the corporations were not drawn on corporate accounts. Responses from the remaining six (6) corporations indicated that they were unaware of the provisions of Section 441b(a) of Title 2, United States Code.

Based on these facts, and the Committee's prompt action in refunding the monies, the Commission voted on January 13, 1978 to close the file on the matter with no further action.



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ADDITIONAL INFORMATION REGARDING THIS ORGANIZATION
MAY BE LOCATED IN A COMPLETED COMPLIANCE ACTION
FILE RELEASED BY THE COMMISSION AND MADE PUBLIC IN
THE PUBLIC RECORDS OFFICE. FOR THIS PARTICULAR
ORGANIZATION'S COMPLETED COMPLIANCE ACTION FILE
SIMPLY ASK FOR THE PRESS SUMMARY OF MUR # 457.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



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SEPARATOR