

CONGRESSIONAL AUDIT REPORT

Candidate/Committee: McLain, Gene - 3/7/79

State: Alabama

District: 5th

Location: Huntsville

Political Party Affiliation: Democratic

Major Opponent(s): Ronnie Flippo

Other Candidates Audited: Ronnie Flippo
Robert Potts - 3/30/78
Jyles Machen - 2/3/78

John Eyster - 5/24/78
Lynn Greer - 2/3/78

Votes Cast: General Election - N/A

Primary Election -

Ronnie Flippo 25,343 - 24.3%
Robert Potts 14,553 - 13.9%

John Eyster 22,456 - 21.5%
Gene McLain 11,679 - 11.2%
Jyles Machen 17,059 - 16.3%
Lynn Greer 5,283 - 5.1%

Total Receipts for Period:

\$110,746.08

Total Expenditures for Period:

\$110,746.08

First Elected (if applicable):

N/A



FEDERAL ELECTION COMMISSION

1125 K STREET N.W.
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE MCLAIN CAMPAIGN COMMITTEE

I. Background

A. Overview

This report is based upon an audit of the McLain Campaign Committee ("the Committee") undertaken by the Audit Division of the Federal Election Commission in accordance with the Commission's audit policy 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 March 1, 1976, in support of Gene McLain, a candidate for election to the office of United States Representative from the 5th Congressional District of Alabama. The Committee maintained its headquarters in Huntsville, Alabama.

The audit covered the period February 9, 1976, the inception date of the Committee, through June 16, 1976, the final coverage date of the last report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance at February 9, 1976 of \$-0-, total receipts for the period of \$110,746.08, total expenditures for the period of \$110,746.08 and a closing cash balance at June 16, 1976 of \$-0-. 1/

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 this report and were available to Commissioners and appropriate staff for review.

1/ On June 17, 1976, the Candidate assumed the reporting responsibilities for the Campaign's outstanding debts and obligations. He reported for the period June 17, 1976 through March 31, 1978 receipts and expenditures totaling \$67,055.86.



B. Key Personnel

The principal officers of the Committee were Mr. Scott McLain, Chairman, and Mrs. Jerri McLain, Treasurer during the period of audit.

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 McLain Campaign 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. Supporting Documentation for Expenditures

Section 432(d) of Title 2, United States Code, requires the treasurer to 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, and for any such expenditures in a lesser amount if the aggregate amount of such expenditures to the same person during the calendar year exceeds \$100.

Part 102.9(c)(4) of the Commission's Regulations states that when a receipted bill is not available, the treasurer may keep: (i) the cancelled check; and (ii) the bill, invoice or other contemporaneous memorandum to support the expenditure.

Our examination of the Committee's expenditure records revealed that of 138 expenditures requiring supporting documentation, 64 expenditures or 46.38% lacked adequate supporting documentation. These 64 expenditures totaled \$31,556.87, and represented 29.35% of the amount of total expenditures requiring such documentation. At our request, the Committee agreed to obtain the missing documentation. The Committee obtained and submitted to the Audit staff supporting documentation for 55 or 85.94% of the 64 expenditures lacking supporting documentation. These 55 expenditures totaled \$27,207.06 or 86.22% of the value of the expenditures.

Recommendation

Based on the above documentation submitted by the Committee, and the Committee's efforts to obtain the additional documentation the Audit staff recommends that no further action be taken on this matter.

Other Matters

The following matters were noted during the audit for which no further action is recommended.

1) As previously noted, the last report filed by the Committee at the time of our audit disclosed activity through June 16, 1976. The Committee had not reported any financial activity from June 17, 1976 to date. However, on June 17, 1976, the campaign had debts and obligations outstanding in the amount of \$63,266.31 which arose in connection with the election. Shortly thereafter, the Candidate assumed the responsibilities for these debts and obligations. At our request, on April 10, 1978, the Committee and Candidate filed the required reports for the period June 17, 1976 through March 31, 1978.

2) Our examination of a portion of the Committee's literature revealed that the Committee had not included the statement required to be included on solicitation material by Section 435(b)(1) of Title 2, United States Code. Upon our discussion with the Committee concerning this matter, the Committee stated they were not aware of the requirement. However, they agreed to include the statement on any future solicitation literature.

3) Our review disclosed that the Candidate had not filed a Statement of Candidacy. Upon our request on December 5, 1977, the Candidate filed his Statement of Candidacy.



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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 # 612.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



