



FEDERAL ELECTION COMMISSION

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

REPORT OF THE AUDIT DIVISION ON THE SHIPLEY CAMPAIGN COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Shipley 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 of the United States Code which directs the Commission to make from time to time audits and field investigations with respect to reports and statements filed with it.

The Shipley Campaign Committee registered with the Commission on August 7, 1975, as the principal campaign committee of the Honorable George E. Shipley, candidate for reelection to the office of United States Representative from the 22nd District of Illinois. The Committee maintained its headquarters in Olney, Illinois.

The audit covered the period July 1, 1975 through June 30, 1977, the final coverage date of the latest report filed by the Committee at the time of the audit. During that period, the Committee reported beginning cash of \$-0-, total receipts of \$73,626.87, total expenditures of \$69,849.37, and ending cash of \$3,777.50.

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.



B. Key Personnel

The principal officers of the Committee during the period audited were Mr. Charles H. Watson, Chairman, and Mr. Charles Kesler, 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 records presented, that except for the deficiencies noted below, the reports and statements of the Shipley 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.

Audit Findings and Recommendations

A. Retention of Supporting Documentation for Expenditures

Section 432(d) of Title 2 of the 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 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. In addition, Section 102.9(c)(4) of Title 11 of the Code of Federal Regulations provides that when a receipted bill is not available, the treasurer may keep a cancelled check and a bill, invoice, or other contemporaneous memorandum.

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The Committee made 131 expenditures totalling \$64,086.80 which require supporting documentation. The Committee did not obtain and keep a receipted bill, invoice or other contemporaneous memorandum in support of 127 (97.0% of the total number) of those expenditures requiring such documentation, totalling \$63,309.44, or 98.8% of the total dollar value of all such expenditures. However, each was supported with a cancelled check. The Committee maintained no other record of its expenditures, although it did record the purpose of expenditures on 69 of its checks. As a result, we were unable to determine with certainty the purpose for which the remaining 58 expenditures were made. Committee officials stated they were not aware that receipted bills are required to be maintained.

Subsequent to fieldwork, the Committee submitted acceptable documentation in support of 108 of the 127 expenditures totalling \$57,721.64, reducing the total amount of inadequately supported expenditures to \$5,587.80.

Recommendation

Based on the Committee's efforts outlined above, the Audit staff recommends that no further action be taken on this matter.

B. Itemization of Expenditures

Section 434(b)(9) and (10) of Title 2 of the United States Code provides that reports filed under these sections shall disclose the identification of each person to whom expenditures have been made which exceed \$100 in amount, and in a lesser amount if the total expenditures to the same person during the calendar year aggregates in excess of \$100, together with the date, amount and purpose.

The Committee made 131 expenditures totalling \$64,086.80 which were required to be itemized on Committee disclosure reports. However, 39 expenditures totalling \$6,709.05 were not itemized as required. Thirty of those were made in amounts of \$100 or less, but aggregated in excess of \$100 to each payee. The remaining nine (9) expenditures were for amounts in excess of \$100. Committee officials told us their understanding was that it was not necessary to itemize any expenditure less than \$100. The Committee offered no explanation as to why the expenditures in excess of \$100 each were not itemized.

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Committee officials agreed to amend the Committee's disclosure reports. Subsequently, the Committee submitted amendments to the disclosure reports itemizing 38 of the previously unitemized expenditures.

Recommendation

We recommend that the Commission take no action in this matter.

C. Acceptance of Corporate Contributions

Section 441b(a) of Title 2 of the United States Code prohibits any candidate, political committee or other person from knowingly accepting any contribution from any corporation in connection with an election to Federal office.

A review of the Committee's contribution records revealed 10 contributions were received from business entities. Records maintained by the Secretary of State in the states involved indicated that six (6) of the companies, accounting for contributions totalling \$600.00, were incorporated. This matter was referred to the Commission's Office of General Counsel on October 21, 1977, where Matter Under Review 463(77) was initiated. All of the contributions were refunded by the Committee subsequent to fieldwork. Responses from the corporations indicated that the contributions were made as a result of bookkeeping errors or simply in ignorance of the prohibition against such contributions in 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 February 1, 1978 to close the file on the matter with no further action.

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CONGRESSIONAL AUDIT REPORT

Candidate/Committee: George Shipley / Shipley Campaign Committee

State: Illinois

District: 22

Location: Olney, Southern Illinois

Political Party Affiliation: Democrat

Major Opponent(s): Ralph McGinnis (R)

Other Candidates Audited: McGinnis

Votes Cast: General Election - Shipley 129,187 McGinnis 81,102

Primary Election - None

Total Receipts for Period: \$73,626.87

Total Expenditures for Period: \$69,849.37

First Elected (if applicable): 1958



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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 # 463.
THE PRESS SUMMARY WILL PROVIDE A BRIEF HISTORY OF
THE CASE AND A SUMMARY OF THE ACTIONS TAKEN, IF ANY.



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FEC
DOCUMENT
SEPARATOR