



FEDERAL ELECTION COMMISSION

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

REPORT OF THE AUDIT DIVISION ON THE FLYNT CAMPAIGN COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Flynt 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 under the provisions of the Act.

The Committee registered with the Office of the Clerk of the United States House of Representatives on April 17, 1972, in support of the Honorable John James Flynt, Jr., candidate for the office of United States Representative for the 6th Congressional District of Georgia. The Candidate designated the Committee as his principal campaign committee on March 18, 1976. The Committee maintains its headquarters in Griffin, Georgia.

The audit covered the period from January 1, 1975, through September 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 on January 1, 1975 of \$12,163.16, total receipts for the period of \$134,605.42, total expenditures for the period of \$146,384.52 and a closing cash balance on September 30, 1977 of \$384.06.

This audit report is based on documents and working papers which support each of the 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.



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B. Key Personnel

The principal officers of the Committee during the period covered by the audit were Mr. V. Frank Jolly, Chairman and Mrs. Belvey S. Perry, Treasurer.

C. Scope

The audit included such tests as verification of total reported receipts and expenditures and individual transactions; review of required supporting documentation and 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 Flynt 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. Reporting of Transfer

Section 434(b)(4) of Title 2 of the United States Code states, in part, that a committee shall disclose the name and address of each political committee from which the reporting committee received any transfer of funds, together with amounts and dates of all transfers.

During our pre-audit review, it was determined that a multi-candidate committee had reported a \$500 transfer to the John Flynt Campaign Fund on January 27, 1977. However, the Committee's reports did not reflect the receipt of the transfer. Through discussions with the Committee Treasurer and contacts with the treasurer of the multi-candidate committee, it was learned that the transfer-in had been inadvertantly reported as a contribution from one of the individuals who had signed the multi-candidate committee's check.

On April 14, 1978, the Committee filed an amended report correcting the error.

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Recommendation

Since the appropriate amended report has been filed, we recommend no further action on this matter.

B. Cash Contribution in Excess of Limitations

Section 441g of Title 2 of the United States Code states that no person shall make contributions of currency of the United States or currency of any foreign country to or for the benefit of any candidate which, in the aggregate, exceed \$100, with respect to any campaign of such candidate for nomination for election, or for election, to Federal office.

Our review of the Committee records revealed that the Committee held a fundraising dinner on October 26, 1976, and reported receipts from the dinner totaling \$2,475.00. The Committee reported the required itemizable fundraising contributions on separate schedule A's (line 15c).

The Committee made three (3) deposits to its checking account consisting solely of proceeds from the dinner. These three (3) deposits accounted for the total proceeds of the event as shown in the Committee records. Two (2) of the deposits were made on November 1, 1976, a \$1,625.00 deposit containing only checks, with the contributors' names listed on the deposit ticket and a \$675.00 cash deposit. The third deposit was made on November 10, 1976, in the amount of \$175.00. A comparison of Committee records and reports with the deposit tickets revealed that a \$500.00 contribution, reported as being received as a result of the fundraising dinner, was not among the items listed as checks on the Committee's deposit tickets. Therefore, it appears that this contribution was made in cash and included in the \$675.00 cash deposit.

Recommendation

Since the Committee has acknowledged receiving this contribution in cash and has provided the Audit staff a copy of the check used to refund the excessive portion of this contribution to the contributor, we recommend no further action on this matter.

C. Debts and Obligations

Section 104.8(a) of the Commission's Regulations states, in part, that debts and obligations which remain outstanding after the election shall be continuously reported until extinguished. These debts and obligations shall be reported on separate schedules together with a statement explaining the circumstances and conditions under which each debt and obligation was incurred or extinguished.

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The Committee reported a \$10,000 debt on its Debt and Obligation Schedule (Schedule C) during the first quarter of 1977 along with an \$8,000 payment reducing the balance to \$2,000. On May 20, 1977, the Committee paid this debt but did not disclose the final payment on Schedule C for period April 1, 1977 through June 30, 1977.

Additionally, the \$10,000 loan had been reported on Schedules A and C for the period October 19, 1976 through November 22, 1976, although verification with the Committee's bank records and the bank's loan records revealed that this loan had not been made to or deposited by the Committee until December 3, 1976.

The treasurer indicated that the original loan was reported in error on Schedules A and C for the period October 19, 1976 through November 22, 1976 but was not aware that the loan was not continuously reported as required.

Recommendation

The Committee has filed the necessary amendment to Schedule C, properly disclosing the final payment of the reported \$10,000 debt. The Committee has also filed a statement explaining the discrepancy noted concerning the date this loan had been reported. Therefore, we recommend no further action on this matter.

D. Retention of Supporting Documentation
for Expenditures

Section 432(d) of Title 2 of the United States Code states, in part, it shall be the duty of the treasurer to obtain and keep a receipted bill, stating the particulars, for every expenditure made in excess of \$100, 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.

Section 102.9(c)(4) of the Commission's Regulations states, in part, that when a receipted bill is not available, the treasurer may keep the cancelled check showing payment of the bill; and the bill, invoice or other contemporaneous memorandum.

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contemporaneous memorandum for seven (7) expenditures. These items totaled \$5,642.83, representing 4.1% of the dollar value and 8.0% of the number of all expenditures requiring supporting documentation. The Committee treasurer agreed to obtain and forward these documents to the Audit staff for review.

Recommendation

Since we received copies of the necessary supporting documentation on April 6, 1978, we recommend no further action on this matter.

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