



FEDERAL ELECTION COMMISSION

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

REPORT OF THE AUDIT DIVISION ON THE HEPFORD FOR CONGRESS COMMITTEE

I. Background

A. Overview

This report is based on an audit of the Hepford for Congress 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 Federal Election Commission on January 7, 1976, in support of H. Joseph Hepford, candidate for the office of U.S. Representative from the 17th Congressional District of Pennsylvania. The Committee maintains its headquarters in Harrisburg, Pennsylvania.

The audit covered the period from January 7, 1976, the inception date of the Committee through June 30, 1977, the final coverage date of the latest report filed at the time of the audit. The Committee reported a beginning cash balance on January 1, 1976 of \$-0-, total receipts for the period of \$91,862.20, total expenditures for the period of \$91,731.43, and a closing cash balance at June 30, 1977 of \$130.77.

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. William S. Lenker, Chairman, and Mr. Edgar W. Mitchell, 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 Hepford 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. Itemization of Expenditures
Aggregating in Excess of \$100.00

Section 434(b)(9) of Title 2 of the United States Code states, in part, that each report shall disclose the identification of each person to whom expenditures have been made by such committee within the calendar year in excess of \$100 or in an aggregate amount which exceeds \$100.

During the course of the audit, it was determined that the Committee did not itemize 44 expenditures, totalling \$1,889.20, which in the aggregate exceeded \$100. These figures represent 18% of the number and 2.6% of the dollar value of the total expenditures requiring itemization. The treasurer stated the aggregation system was maintained by reporting periods, rather than by calendar year and agreed to file the necessary amendments.

Recommendation

Since we received the Committee's amended schedules on September 24, 1977, disclosing the required information, we recommend no further action on this matter.

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B. Retention of Supporting Documentation for Expenditures

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

A review of Committee records showed that the Committee did not obtain a bill, invoice, or other contemporaneous memorandum in 50 instances, or 21% of the total expenditures requiring such support. These items totaled \$8,353.58, representing 10.1% of the dollar value of all expenditures requiring supporting documentation.

The treasurer was aware that supporting documentation was not obtained in some instances, and agreed to obtain these documents for our review.

Recommendation

Since we received the required documentation, supporting each of the expenditures, we recommend no further action on this matter.

C. Disclosure of Occupation and Principal Place of Business for Contributors

Section 434(b)(2) of Title 2 of the United States Code states, in part, that each report 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 within the calendar year in an aggregate amount or value in excess of \$100.

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During the course of the audit, it was determined that the Committee did not disclose the occupation or principal place of business for 32 contributors (39% of the number of reported contributors). The treasurer did not completely understand the disclosure requirements relating to contributor information, but has agreed to disclose the required information in an amended report.

Recommendation

Since we received the Committee's amended schedules on September 24, 1977, disclosing the required information, we recommend no further action on this matter.

D. Itemization of Transfers

Section 434(b)(4) of Title 2 of the United States Code requires, in part, that a committee 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.

A review of Committee receipt records revealed that five (5) \$100 transfers (10% of the total number and 1.7% of the dollar value of all transfers received) from political committees were improperly disclosed as unitemized contributions. The treasurer was unaware that this situation existed, but has agreed to itemize the transfers in an amended report.

Recommendation

Since we received the Committee's amended schedules on September 24, 1977, disclosing the required information, we recommend no further action on this matter.

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DOCUMENT
SEPARATOR