



FEDERAL ELECTION COMMISSION

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

REPORT OF THE AUDIT DIVISION ON THE DIFAZIO '76 FOR CONGRESS COMMITTEE

I. Background

A. Overview

This report is based upon an audit of the DiFazio '76 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 August 5, 1976 as the principal campaign committee of Lucien P. DiFazio, Jr., candidate for election to the office of U. S. Representative from the 1st District of Connecticut. The Committee maintained its headquarters in Hartford, Connecticut.

The audit covered the period from July 10, 1976 through December 31, 1976, the closing date of the last disclosure report filed at the time of the audit. 1/ During this period, the Committee reported a beginning cash balance of \$-0-, total receipts of \$24,196.73, total expenditures of \$24,122.97, and a closing cash balance of \$73.76.

This audit report is based on documents and working papers supporting each of the 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 March 24, 1978, the Committee filed their January 31, 1978 report disclosing activity for 1977.



B. Key Personnel

The principal officers of the Committee during the audit period were Mr. Charles Alfano, Chairman, and Mr. John Celentano, 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 DiFazio '76 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. Contribution Received in Excess of \$1,000 Limitation

Section 441a(a)(1)(A) of Title 2 of the United States Code states that no person shall make contributions to any candidate and his authorized political committees with respect to any election for Federal office which, in the aggregate, exceed \$1,000.

Our audit disclosed that the Committee received a contribution of \$1,225.00 from a political organization on September 24, 1976. In a letter, dated October 8, 1976, the Committee advised the Clerk of the U.S. House of Representatives that it was unable to determine whether the political organization was permitted to contribute in excess of \$1,000.00. This political organization is not a registered multicandidate committee which would be permitted to contribute in excess of \$1,000 to a candidate for Federal office under the provisions of Section 441a(a)(2)(A) of the Act.

We recommended that the Committee refund \$225, representing the amount in excess of the \$1,000 contribution limitation, and provide the Commission with documentation of the refund. On March 6, 1978, the Committee filed its April 10, 1978 disclosure report showing the refund of \$225.

Recommendation

Since the Committee has reported the refund, and since the Committee has assured the Audit staff that appropriate documentation will be provided upon receipt from its bank, no further action is recommended.

B. Itemization of Expenditures Aggregating
in Excess of \$100 during the Calendar Year

Section 434(b)(9) of Title 2 of the United States Code requires in part, that each report disclose the identification of each person to whom expenditures have been made by such committee or on behalf of such committee or candidate within the calendar year in an aggregate amount or value in excess of \$100, along with the amount, date, and purpose of each such expenditure.

During the course of the audit, it was determined that expenditures less than \$100, but aggregating in excess of \$100 within the calendar year, were not disclosed as required, apparently as a result of a misinterpretation of the reporting requirements. This resulted in 33 of 108 itemizable expenditures (30.56%) totaling \$1,450.05 of a total of \$22,501.26 (6.44%) not being itemized on the Committee's disclosure reports.

Upon our suggestion, the Committee filed an amended report for 1976 disclosing the previously unitemized expenditures as required. This amendment was received on March 3, 1978.

Recommendation

Since the Committee has filed the requested amendment, no further action is recommended.

C. Retention of Supporting Documentation
for Expenditures

Section 432(d) of Title 2 of the United States Code requires the treasurer of a political committee to obtain and to keep a receipted bill, stating the particulars for every expenditure in excess of \$100 in amount, and for an expenditure in a lesser amount, if the aggregate amount of such expenditures to the same person exceeds \$100 during a calendar year. Furthermore, instead of a receipted bill, the treasurer may keep the cancelled check(s) showing payment(s) of the bill; and the bill, invoice or other contemporaneous memorandum of the transaction containing the same information as a receipted bill pursuant to Section 102.9(c)(4) of the Commission's Regulations published on August 25, 1976.

During the course of the audit, it was determined that the Committee did not retain supporting documentation for 14 of 108 itemizable expenditures (12.96%) totaling \$7,432.81 of a total of \$22,501.26 in itemizable expenditures (33.03%), although a cancelled check was available for every expenditure examined.

We recommended that the Committee obtain the necessary supporting documentation and submit it to the Audit Staff for review or present evidence of their efforts to do so.

Recommendation

Since the Committee has provided three (3) of the requested documents, and has made at least two (2) attempts at obtaining the remaining documentation, it is the opinion of the Audit staff that best efforts have been made. Therefore, no action is recommended in this matter.

D. Other Matters

As of January 31, 1978, the Candidate and the Committee had not filed a disclosure report for calendar year 1977. At the suggestion of the Audit staff, the required reports were filed by the Candidate on March 21, 1978, and by the Committee on March 24, 1978.

CONGRESSIONAL AUDIT REPORT

Candidate/Committee: Lucien DiFazio / DiFazio '76 for Congress Committee - 6/9/78

State: Connecticut

District: 1

Location: Hartford

Political Party Affiliation: Republican

Major Opponent(s): William Cotter (D)

Other Candidates Audited: Cotter - 4/5/78

Votes Cast: General Election - Cotter 128,479 DiFazio 94,108

Primary Election - None

Total Receipts for Period: \$24,196.73

Total Expenditures for Period: \$24,122.97

First Elected (if applicable): N/A

