



FEDERAL ELECTION COMMISSION

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

REPORT OF THE AUDIT DIVISION ON THE GINGRICH CAMPAIGN FUND

I. Background

A. Overview

This report is based on an audit of the Gingrich Campaign Fund ("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 January 10, 1974, in support of Mr. Newton I. Gingrich, 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 24, 1976. The Committee maintains its headquarters in Carrollton, 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 (\$31), total receipts for the period of \$157,927.32, total expenditures for the period of \$157,830.41 and a closing cash balance on September 30, 1977 of \$67.24. 1/

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.

1/ Insignificant difference \$1.33, Committee incorrectly carried forward their cash on hand figure.



B. Key Personnel

The principal officers of the Committee during the period of the audit were Mrs. Jan Whaley, Chairperson from January 1, 1975 through April 25, 1976; Mr. Gary G. Crook, Chairman from April 26, 1976 through September 30, 1977; Mrs. Jan Whaley, Co-Chairperson from April 26, 1976 through September 30, 1977; and Mr. Roger Miles, Treasurer from January 1, 1975 through December 31, 1975; Mr. L. H. Carter, Treasurer from January 1, 1976 through September 30, 1977.

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 Gingrich Campaign Fund 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. 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 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.

Section 102.9(c)(4) of the Commission's Regulations states that if 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 of the transaction.

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During the course of the audit, it was determined that the Committee did not obtain and keep the bill, invoice or other contemporaneous memorandum for 74 expenditures, totaling \$34,717.73. These figures represent 13.5% of the number and 24.6% of the total dollar value of expenditures requiring supporting documentation.

The treasurer stated that he would make an effort to obtain these documents and forward them for our review.

Recommendation

The Committee obtained 52 of the 74 necessary documents, and made them available to the Audit staff for review. In addition, the Committee officials presented evidence of their efforts to obtain the documentation for the remaining 22 items. It is our opinion that the Committee has demonstrated its best efforts to obtain and submit the required documentation, pursuant to Section 102.9(e) of the Commission's Regulations, therefore, we recommend no further action on this matter.

B. Changes to Statement of Organization

Section 433(c) of Title 2 of the United States Code states, that any change in information previously submitted in a statement of organization shall be reported to the Commission within a 10-day period following the change.

From our review of the Committee records and through discussions with the treasurer, we determined that the Committee's statement of organization had not been updated to disclose either the current or previous treasurer of the Committee. The treasurer indicated that he was not aware that this situation existed.

Recommendation

Since the Committee has filed the necessary amendment on March 31, 1978, disclosing the required information, we recommend no further action on this matter.

C. Reporting of Total Receipts and Expenditures

Section 434(b)(8) and (11) of Title 2 of the United States Code states, in part, that each report shall disclose the total sum of all receipts and expenditures by or for such committee or candidate during the reporting period.

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Our review of the Committee's records indicated that the Committee itemized a loan repayment of \$1,000, as a negative receipt on Schedule A, Line 18b, and also itemized a refund of \$533 as a negative expenditure on Schedule B, line 20a. The loan repayment was made by check drawn on, and the refund was deposited in, the Committee's depository. The reporting of these transactions did not affect ending cash, but understated both reported receipts and expenditures by \$1,533.

The treasurer stated that he was not aware that this reporting practice would affect receipts and expenditures in this manner.

Recommendation

Since the Committee has filed an amended report on March 31, 1978, properly disclosing these transactions, we recommend no further action on this matter.

D. Reporting of Debts and Obligations

Section 434(b)(12) of Title 2 of the United States Code states, in part, that each report shall disclose the amount and nature of debts and obligations owed by or to the committee, in such form as the Commission may prescribe.

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.

1) During the course of the audit, it was determined that the Committee reported 54 debts on its Schedule C, however, in 26 instances the Committee did not disclose the final payment of each debt on this schedule. The treasurer stated he was not aware of this oversight.

2) It was also determined that the Committee reported a transfer to an affiliated committee, but erroneously reported this transaction as a debt owed to the Committee on Schedule C, line 26. The treasurer stated that this transaction was a transfer and not a loan to the affiliated committee.

Recommendation

Since the Committee has filed the required amendments to Schedule C disclosing the necessary transactions and deleting the erroneously reported debt, we recommend no further action on these matters.

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E. In-Kind Contributions Not Properly Disclosed

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 to or for such committee within a calendar year in an aggregate amount or value in excess of \$100, together with the amount and date of such contributions.

Section 104.3(a) of the Commission's Regulations states, in part, that each in-kind contribution shall be valued at the usual and normal charge on the date received and reported if in excess of \$100 on the appropriate schedule of receipts and expenditures, identified as to its nature and listed as an in-kind contribution.

A review of Committee records revealed that eight (8) in-kind contributions, totalling \$1,851.00, were reported on the appropriate schedules of receipts and expenditures but not identified as "in-kind". These figures represent 32% of the number and 34.6% of the dollar value of all itemized in-kind contributions. The treasurer stated he was not aware of this oversight.

Recommendation

Since the Committee has filed an amended report on March 31, 1978, properly identifying these transactions, we recommend no further action on this matter.

F. Cash Expenditure in Excess of Limitation

Section 437b(a)(1) and (b) of Title 2 of the United States Code states, in part, that a principal campaign committee shall maintain a checking account at a depository designated by the candidate, and that except for petty cash expenditures, no expenditure may be made by such committee except by check drawn on such account. A political committee may maintain a petty cash fund out of which it may make expenditures not in excess of \$100 to any person in connection with a single purchase or transaction. In addition, Section 102.10 of the Commission's Regulations states, in part, a check made payable to cash shall not be made in excess of \$100 except to replenish a petty cash fund.

Our review of the Committee's records indicated that a payment of \$1,338 was reported as being made to the Republican Party of Georgia for a filing fee. This payment was in cash, as evidenced by the Committee's cancelled check payable to cash.

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The treasurer informed the staff that the payment was made in cash as public protest of the required amount due.

Recommendation

Since this transaction was fully documented, and the Committee was advised of the respective requirement of the Act and has agreed to abide by it in the future, we recommend no action on this matter.

G. Other Matter

Presented below is a matter noted during the course of the audit for which the Audit staff feels no action is warranted. The Committee has been advised of this discrepancy and informed of the respective requirement of the Act.

The Committee reported six (6) transfers, totalling \$435, as unitemized receipts.

CONGRESSIONAL AUDIT REPORT

Candidate/Committee: Newt Gingrich

State: Georgia

District: 6

Location: Atlanta Suburbs

Political Party Affiliation: Republican

Major Opponent(s): John Flynt (D)

Other Candidates Audited: Flynt

Votes Cast: General Election - Flynt 77,532 Gingrich 72,400

Primary Election - None

Total Receipts for Period: \$157,927.32

Total Expenditures for Period: \$157,830.41

First Elected (if applicable): N/A

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