



FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

A83-34

REPORT OF THE AUDIT DIVISION  
ON THE  
COMMITTEE FOR CONGRESSMAN R. V. DELLUMS

I. Background

A. Overview

This report is based on an audit of the Committee For Congressman R. V. Dellums ("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(b) of Title 2 of the United States Code which states, in part, that the Commission may conduct audits and field investigations of any political committee required to file a report under section 434 of this title. Prior to conducting any audit under this subsection, the Commission shall perform an internal review of reports by selected committees to determine if the reports filed by a particular committee meet the threshold requirements for substantial compliance with the Act.

The Committee originally registered with the Clerk of the United States House of Representatives on April 17, 1972 as a committee supporting Congressman Ronald V. Dellums, Democratic candidate for the office of United States Representative from the 7th Congressional District of California. An amended Statement of Organization was filed on May 22, 1982 noting that the Committee is the principal campaign committee designated by Congressman R. V. Dellums, Democratic candidate for the 8th Congressional District of California. The Committee maintains its headquarters in Berkeley, California.

The audit covered the period January 1, 1981, through December 31, 1982. The Committee reported a cash on hand balance at January 1, 1981 of \$14,553.63; total receipts for the period of \$951,611.69; total disbursements for the period of \$913,133.31; and a cash on hand balance at December 31, 1982 of \$35,000.96. <sup>1/</sup>

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<sup>1/</sup> The Committee's reported cash on hand on December 31, 1982 was misstated due to various reporting errors noted in Finding II.A.1.

This report is based on documents and work 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 Treasurer of the Committee during the period of audit was Mr. William Thomas.

C. Scope

The audit included such tests as verification of total reported receipts and disbursements; review of required supporting documentation; and analysis of Committee debts and obligations; and such other audit procedures as deemed necessary under the circumstances.

II. Audit Findings and Recommendations

A. Misstatement of Financial Activity

1. Incorrect Report Totals

Sections 434(b)(1)(2) and (4) of Title 2, United States Code require that a committee report the amount of cash on hand at the beginning of each reporting period, and the total sum of all receipts and disbursements for the reporting period and the calendar year.

The Audit staff performed a reconciliation of Committee bank accounts compared to reports filed for the years 1981 and 1982 and noted the misstatements shown below:

a) Cash on hand on January 1, 1981 was overstated by \$1,048.53;

b) Total receipts were overstated by \$130,692.82. The Committee reported \$142,697.71 in transfers between various Committee accounts ("inter-account transfers")<sup>2/</sup> as unitemized receipts. Also reported in unitemized receipts were contributions in the form of checks received from individuals who had insufficient funds in their accounts ("NSF checks") totaling \$5,228.00. The Committee did not make any adjustment to its reports for the NSF items. The value of these errors was partially offset because the Committee underreported itemized

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<sup>2/</sup> Inter-account transfers made between various Committee bank accounts are not reportable transactions.

receipts totaling \$15,093.92 on the 1982 pre-general and post-general reports and failed to report deposits of \$1,856.50 and \$911.16 in September 1982 and November 1982 respectively. Other minor discrepancies were apparently the result of computational errors made during the preparation of the Committee's disclosure reports.

c) Total disbursements were overstated by \$114,713.85. Part of the overstatement was the result of the inclusion of inter-account transfers, totaling \$83,719.71, as operating expenditures. In addition, the Committee filed amendments to their 1982 pre-primary and post-primary reports disclosing an additional \$64,865.58 in unexplained unitemized expenditures. No records were found to support these additional expenditures. The value of the above errors was partially offset because the Committee failed to report 12 expenditures made on October 26, 1982 totaling \$17,150.21. Also, an expenditure totaling \$52,376.60 made on March 22, 1982 was reported as \$42,570.70 causing an understatement of \$9,805.90. Finally, the Audit staff noted numerous reporting errors including a failure to report bank charges, incorrect reporting of voided checks, computational errors, and unreported unitemized expenditures which account for the balance of the discrepancy.

d) The various errors noted above almost offset one another as ending cash was understated by only \$1,003.55.

## 2. Itemization of Expenditures

Section 434(b)(5)(A) of Title 2, United States Code requires that a political committee itemize the name and address of each person to whom an expenditure in excess of \$200 is made together with the date and amount and purpose of such operating expenditure.

The unreported expenditures noted in A.1.c) include 16 expenditures totaling \$23,464.05 which required itemization.

Committee officials stated that they would file comprehensive amendments for 1981 and 1982 to correct the misstatements of financial activity and itemization errors relating to expenditures. Committee officials said that they were in the process of preparing report amendments when notified an audit was scheduled, and delayed filing amendments until the audit fieldwork was completed.

The Audit staff recommended that the Committee file comprehensive amendments for calendar years 1981 and 1982 to correct the cash on hand, receipts, and expenditure

misstatements. In addition, the Audit staff recommended that the Committee include itemization of the 16 expenditures totaling \$23,464.05 in the comprehensive amendment for calendar year 1982.

On July 18, 1983 the Committee filed comprehensive amendments for calendar years 1981 and 1982 which disclosed corrected totals for cash on hand, receipts, and expenditures. In addition, the Committee itemized the 16 expenditures noted above.

### Recommendation

The Audit staff recommends no further action.

#### B. Itemization of Receipts

Section 434(b)(3)(A) of Title 2, United States Code requires a political committee to report the identification of each person who makes a contribution to the committee aggregating in excess of \$200 per calendar year together with the date and amount of such contribution. Section 431(13) of Title 2, United States Code, defines identification to mean in the case of an individual, the name, mailing address, occupation, and the name of his or her employer.

Committee receipt records consisted of batches with contributor cards from direct mail contributors and check copies for contributors who attended dinners, events, etc. or made contributions without a direct mail solicitation. Except for contributions received through direct mail solicitation after May 7, 1982, the Audit staff could not verify that the contribution records represented contributions deposited into Committee bank accounts. However, the Audit staff was able to perform limited testing on the receipt records available. It was noted that of 38 contributions, each in excess of \$200.00, only 17 or 45% were itemized on the Committee's reports.

With respect to contributions less than \$200.00 but aggregating in excess of \$200.00 per individual for a given calendar year, no testing was performed because the Committee was still in the process of having all individual receipt records consolidated into a contributor listing by their computer service. Therefore, a listing was not available at the time of the audit fieldwork. Committee officials stated that amended schedules 'A' for individual contributions would be filed and that the contributor listing of all individual contributions would be available for review by the Audit staff.

In the interim audit report the Audit staff recommended that the Committee file a comprehensive amendment for 1981 and 1982 itemizing all contributors whose contributions aggregate in

excess of \$200.00. In addition, the Audit staff recommended that the Committee make its contributor listing available for our review.

On July 18, 1983 the Committee filed comprehensive amendments for calendar years 1981 and 1982 that included amended schedules 'A' which adequately disclosed contributors whose contributions aggregated in excess of \$200.00.

On July 26, 1983 the Committee provided a computerized listing which according to the Committee contained all individual contributions received during 1981 and 1982. However, the total of the listing was approximately \$182,000 greater than the reconciled total of contributions received. In a letter dated August 19, 1983, the Audit staff requested that the Committee explain the reason for this discrepancy. By letters received September 19 and October 11, 1983, the Committee responded that the discrepancy was the result of including contributions received prior to 1981, double counting of some contributions, and input errors. Using source codes and revisions provided by the Committee, the Audit staff was able to adjust the printout to include only 1981 and 1982 contributions received. Testing was performed on the adjusted printout and no material problems in complying with the disclosure, recordkeeping, or limitation provisions of the Act were noted.

#### Recommendation

The Audit staff recommends no further action in this matter.

#### C. Itemization of Contributions from Political Committees

Section 434(b)(3)(B) of Title 2 of the United States Code states that each report under this section shall disclose the identification of each political committee which makes a contribution to the reporting committee during the reporting period, together with the date and amount of any such contribution.

During pre-audit review it was noted that various political committees had disclosed making 109 contributions totaling \$46,510.00 to the Committee during the period covered by the audit. However, 64 or 58.71% of these contributions totaling \$23,410.00 were not itemized on the Committee's reports. The Committee maintained photocopies of checks for 46 of the contributions totaling \$18,800.00, however no records of receipt were maintained for the remaining 18 contributions totaling \$4,610.00.

Since the Committee did not maintain photocopies of checks or other receipt records for contributions received from

political committees for the entire period covered by the audit, the Audit staff was unable to verify from Committee records the exact amount received from political committees. Committee officials stated however, that they would contact the 18 committees which reported making contributions to the Committee to determine whether the contributions had actually been made. In addition, they agreed to file amended reports itemizing all of the contributions received from political committees.

The Audit staff recommended that the Committee verify the total amount of contributions received from political committees and file comprehensive amendments for 1981 and 1982 itemizing these contributions.

On July 18, 1983 the Committee filed comprehensive amendments for 1981 and 1982 itemizing 63 previously unitemized contributions from political committees.

Recommendation

The Audit staff recommends no further action.

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