



FEDERAL ELECTION COMMISSION
WASHINGTON DC 20463

MJ000281

September 17, 1991

MEMORANDUM

TO: FRED EILAND
CHIEF, PRESS OFFICE

FROM: ROBERT J. COSTA *RC*
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT
ON THE TAYLOR FOR CONGRESS COMMITTEE

Attached please find a copy of the Final Audit Report on The Taylor for Congress Committee which was approved by the Commission on September 11, 1991.

Informational copies of the report have been received by all parties involved and the report may be released to the public.

Attachment as stated

cc: Office of General Counsel
✓ Office of Public Disclosure
Reports Analysis Division
FEC Library

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

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REPORT OF THE AUDIT DIVISION
ON THE
TAYLOR FOR CONGRESS COMMITTEE

I. Background

A. Overview

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This report is based on an audit of the Taylor for Congress Committee ("the Committee"), undertaken by the Audit Division of the Federal Election Commission in accordance 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 section, the Commission shall perform an internal review of reports filed 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 registered with the U.S. House of Representatives on July 11, 1988, and maintains its headquarters in Knoxville, Tennessee. The audit covered the period July 11, 1988 through December 31, 1988. The Committee reported a cash balance on July 8, 1988 of \$-0-, total receipts of \$395,553.90, total expenditures of \$380,874.70 and a cash balance on December 31, 1988 of \$13,098.37.1/

The period covered by the audit included four elections. In addition to the primary election held on August 4, 1988, a special primary election was held on August 25, 1988 and a special general election was held concurrently with the general election on November 8, 1988. The special elections were held to fill the remainder of the term of Representative John J. Duncan who died on June 21, 1988.

This audit report is based on documents and workpapers which support each of its factual statements. They form part of the record upon which the Commission based its decisions on the

1/ The reported totals do not foot.

matters in the report and were available to Commissioners and appropriate staff for review.

B. Key Personnel

During the period covered by the audit, the Treasurer of the Committee was James W. Parris.

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. Audit Findings and Recommendations

A. Misstatement of Financial Activity

Sections 434(b)(2) and (4) of Title 2 of the United States Code state that each report shall disclose, for the reporting period and calendar year, the total amount of all receipts and disbursements.

The Audit staff performed a reconciliation of reported financial activity to bank activity for the calendar year 1988. The Committee overstated receipts by \$1,418.42, understated disbursements by \$10,572.44, and overstated the cash balance at December 31, 1988 by \$7,573.19.^{2/}

The overstatement of receipts resulted from the following errors/omissions: contributions totalling \$13,945 were not reported, the total for unitemized contributions was overstated by \$4,901, contributions reportedly totalling \$8,500 could not be associated with any deposit or contributor records made available, and miscellaneous credit adjustments totalling \$874.42.

The understatement of disbursements resulted from the following errors/omissions: disbursements totalling \$23,914.09 were not reported (see Finding II.B.), disbursements totalling \$18,873.36 were reported twice, the total of disbursements for which the wrong amount was reported equalled \$5,376.79, and miscellaneous math errors totalling \$154.92.

At the Exit Conference, the Audit staff provided a Committee representative with photocopies of the necessary

^{2/} Totals do not foot due to incorrect reporting of cash balance (see footnote, page 1).

adjustments. A Committee representative indicated the Committee's willingness to file amended reports to correct the public record.

The interim audit report recommended that the Committee file amended reports to correct the misstatement and provide an explanation as to why the \$8,500 in reported contributions described above could not be associated with a deposit or contribution records.

In response to the interim report, the Committee filed a comprehensive amendment for the audit period correcting the misstatement. Regarding the 12 contributions totalling \$8,500, the candidate stated that the reported contributions were pledged to the campaign however the actual contributions were either never delivered or were delivered considerably after the time promised. The comprehensive amendment also corrected the reporting of the \$8,500 in contributions.

Recommendation #1

The Audit staff recommends no further action on this matter.

B. Itemization of Disbursements

Sections 434(b)(4)(A) and (5)(A) of Title 2 of the United States Code state that each report shall disclose expenditures made to meet candidate or committee operating expenses; and the name and address of each person to whom an expenditure in an aggregate amount or value in excess of \$200 within the calendar year is made by the reporting committee to meet a candidate or committee operating expense, together with the date, amount, and purpose of each operating expenditure.

Sections 434(b)(4)(D) and (5)(D) of Title 2 of the United States Code state that each report shall disclose the repayment of loans made or guaranteed by the candidate, and the name and address of each person who receives a loan repayment from the reporting committee during the reporting period, together with the date and amount of such loan repayment.

In its review of disbursements, the Audit staff identified \$23,914.09 in unreported disbursements (see Finding I.A.). Included in this amount were 12 disbursements totalling \$11,617.83, and a \$10,000 loan repayment which are required to be itemized on the Committee's reports.

At the Exit Conference, the Audit staff provided the Committee with schedules detailing these disbursements. A Committee representative indicated the Committee's willingness to file amended reports to correct the public record.

In response to the interim audit report, the Committee included, in a comprehensive amendment, an amended Schedule B

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(Itemized Disbursements) which properly discloses the disbursements noted above.

Recommendation #2

The Audit staff recommends no further action with regard to this matter.

C. Itemization of Receipts

Section 434(b)(3)(A) of Title 2 of the United States Code states that each report shall disclose the identification of each person who makes a contribution to the reporting committee during the reporting period, whose contribution or contributions have an aggregate amount or value in excess of \$200 within the calendar year together with the date and amount of any such contribution.

The Audit staff, in its review of contributions received from individuals, found that of the \$13,945 in contributions not reported (see Finding II.A.), 25 contributions totalling \$12,570 required itemization.

The Audit staff also identified 28 contributions, totalling \$19,205, for which the Committee's reports contained incorrect contributor or contribution information.

At the Exit Conference, the Committee was provided with schedules detailing the above described irregularities. A Committee spokesperson indicated the Committee's willingness to file amended reports to correct the public record.

In response to the interim audit report, the Committee included, in a comprehensive amendment, an amended Schedule A (Itemized Receipts) which properly discloses the contributions noted above.

Recommendation #3

The Audit staff recommends no further action on this matter.

D. Other Matters

Other matters noted during the audit have been referred to the Commission's Office of General Counsel.

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