




FEDERAL ELECTION COMMISSION  
Washington, DC 20463

February 27, 2004

MEMORANDUM

TO: ROBERT W. BIERSACK  
PRESS OFFICER  
PRESS OFFICE

FROM: JOSEPH F. STOLTZ   
ASSISTANT STAFF DIRECTOR  
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF THE AUDIT REPORT ON  
TALENT FOR SENATE, INC.

Attached please find a copy of the audit report and related documents on Talent for Senate, Inc., which was approved by the Commission on February 18, 2004.

The report may be released to the public on February 27, 2004.

Attachment as stated

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



# Report of the Audit Division on Talent For Senate, Inc.

August 2, 2001 – December 31, 2002

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## Why the Audit Was Done

Federal law permits the Commission to conduct audits and field investigations of any political committee that is required to file reports under the Federal Election Campaign Act (the Act). The Commission generally conducts such audits when a committee appears not to have met the threshold requirements for substantial compliance with the Act.<sup>1</sup> The audit determines whether the committee complied with the limitations, prohibitions and disclosure requirements of the Act.

## Future Action

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The Commission may initiate an enforcement action, at a later time, with respect to any of the matters discussed in this report.

<sup>1</sup> 2 U.S.C. §438(b).

## About the Committee (p. 2)

Talent For Senate, Inc. is the principal campaign committee for James Talent, Republican candidate for the U.S. Senate from the state of Missouri, and is headquartered in Clayton, Missouri. For more information, see the chart on the Campaign Organization, p.2.

## Financial Activity (p. 2)

- Receipts
  - From Individuals \$6,058,534
  - From Political Party Committees 171,800
  - From Other Political Committees 1,790,510
  - Transfers From Other Authorized Committees 581,702
  - Offsets to Operating Expenditures 12,508
  - Other Receipts 13,729
  - **Total Receipts \$8,628,783**
  
- Disbursements
  - **Total Operating & Other Disbursements \$8,124,630**

## Finding and Recommendation (p. 3)

- Misstatement of Financial Activity

# **Report of the Audit Division on Talent For Senate, Inc.**

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August 2, 2001 – December 31, 2002



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# **Part I**

## **Background**

### **Authority for Audit**

This report is based on an audit of Talent For Senate, Inc. (“TFS”), undertaken by the Audit Division of the Federal Election Commission (the Commission) in accordance with the Federal Election Campaign Act of 1971, as amended (the Act). The Audit Division conducted the audit pursuant to 2 U.S.C. §438(b), which permits the Commission to conduct audits and field investigations of any political committee that is required to file a report under 2 U.S.C. §434. Prior to conducting any audit under this subsection, the Commission must 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. 2 U.S.C. §438(b).

### **Scope of Audit**

Following Commission approved procedures, the Audit staff evaluated various risk factors and as a result, this audit examined:

1. The receipt of excessive contributions and loans.
2. The receipt of contributions from prohibited sources.
3. The disclosure of contributions received.
4. The consistency between reported figures and bank records.
5. The completeness of receipt records.
6. Other committee operations necessary to the review.

### **Changes to the Law**

On March 27, 2002, President Bush signed into law the Bipartisan Campaign Reform Act of 2002 (BCRA). The BCRA contains many substantial and technical changes to the federal campaign finance law. Most of the changes became effective November 6, 2002. Except for November 7, 2002 through December 31, 2002, the period covered by this audit pre-dates these changes. Therefore, the statutory and regulatory requirements cited in this report are primarily those that were in effect prior to November 7, 2002.

## Part II

### Overview of Campaign

#### Campaign Organization

<b>Important Dates</b>	<b>Talent For Senate, Inc.</b>
• Date of Registration	August 2, 2001
• Audit Coverage	August 2, 2001 – December 31, 2002
<b>Headquarters</b>	St. Louis, Missouri
<b>Bank Information</b>	
• Bank Depositories	1
• Bank Accounts	1 checking and 1 brokerage account
<b>Treasurers</b>	
• Treasurer When Audit Was Conducted	Garrett Lott
• Treasurer During Period Covered by Audit	Garrett Lott
<b>Management Information</b>	
• Attended FEC Campaign Finance Seminar	No
• Used Commonly Available Campaign Management Software Package	Yes
• Who Handled Accounting, Recordkeeping Tasks and Other Day-to-Day Operations	Paid Consultant

#### Overview of Financial Activity (Audited Amounts)

<b>Cash on hand @ August 2, 2001</b>	<b>\$0</b>
<b>Receipts</b>	
○ From Individuals	\$6,058,534
○ From Political Party Committees	171,800
○ From Other Political Committees	1,790,510
○ Transfers From Other Authorized Committees	581,702
○ Offsets to Operating Expenditures	12,508
○ Other Receipts	13,729
○ <b>Total Receipts</b>	<b>\$8,628,783</b>
<b>Disbursements</b>	
○ Operating & Other Disbursements	\$8,124,630
○ <b>Total Disbursements</b>	<b>\$8,124,630</b>
<b>Cash on hand @ December 31, 2002</b>	<b>\$504,153</b>

## **Part III**

### **Summary**

#### **Finding and Recommendation**

##### **Misstatement of Financial Activity**

A comparison of TFS's reported figures to its bank records revealed that the ending cash-on-hand balance had been misstated for calendar year 2002. In response to the interim audit report, TFS amended its 2002 Year-end disclosure report to correct the misstatement noted above. (For more detail, see p. 4)

## Part IV

# Finding and Recommendation

### Misstatement of Financial Activity

#### Summary

A comparison of TFS's reported figures to its bank records revealed that the ending cash-on-hand balance had been misstated for calendar year 2002. In response to the interim audit report, TFS amended its 2002 Year-end disclosure report to correct the misstatement noted above.

#### Legal Standard

**Contents of Reports.** Each report must disclose:

- The amount of cash on hand at the beginning and end of the reporting period;
  - The total amount of receipts for the reporting period and for the calendar year; and
  - The total amount of disbursements for the reporting period and for the calendar year.
- 2 U.S.C. §434(b)(1), (2) and (4).

#### Facts and Analysis

A comparison of TFS's reported figures to its bank records revealed that the ending cash-on-hand balance for calendar year 2002 had been overstated by about \$93,000. This overstatement resulted from overreporting receipts by approximately \$49,000 and underreporting disbursements by \$44,000.

At the exit conference, the Audit staff presented this matter to TFS representatives who stated that they were aware of the overstatement of receipts but could not explain the disbursement difference. The Treasurer explained that some duplication had occurred in the receipts data when transmitted to the software vendor for disclosure of reported activity. The Treasurer further indicated that amended reports would be filed.

#### Interim Audit Report Recommendation and Committee Response

In response to the recommendation in the interim audit report, TFS amended its 2002 Year-End disclosure report to correct the misstatement noted above.