



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

June 18, 1980

MEMORANDUM

TO: FRED EILAND
PRESS OFFICE

THROUGH: BOB COSTA *RFC*

FROM: JUDITH HAWKINS *JH*

SUBJECT: PUBLIC ISSUANCE OF FINAL AUDIT
REPORT - AUSTIN FOR SENATE COMMITTEE

Attached please find a copy of the final audit report for the Austin For Senate Committee which was approved by the Commission on May 21, 1980.

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

Attachment as stated

cc: FEC Library
RAD
Public Record

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FEDERAL ELECTION COMMISSION

WASHINGTON DC 20463

REPORT OF THE AUDIT DIVISION ON THE AUSTIN FOR SENATE

I. Background

A. Overview

This report is based on an audit of Austin For Senate ("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 October 15, 1975, as the principal campaign Committee for the Honorable Richard H. Austin. The Committee maintained its headquarters in Detroit, Michigan.

The audit covered the period from October 1, 1975, through June 30, 1977, the final coverage date of the last report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance on October 1, 1975, of \$ -0-, total receipts for the period of \$239,665.92, total expenditures for the period of \$235,150.07 and a closing cash balance on June 30, 1977, of \$ -0-. 1/

1/ Difference \$4,515.85 - for the period 4/1/76 through 6/30/76 the Committee reported \$4,515.85 in unitemized receipts, however, the Committee also itemized this figure (\$4,515.85) on Schedule A, thereby, overstating the total receipts for the period by \$4,515.85.

II. Audit Findings and Recommendations

A. Prohibited Contribution

Section 441b(a) of Title 2 of the United States Code states, in part, that it is unlawful for any corporation whatever, to make a contribution or expenditure in connection with any election to any Congressional office, or for any candidate, political committee, or other person to knowingly accept or receive any such contribution.

Section 441a(f) of Title 2 of the United States Code states, in part, that no candidate, political committee, or officer of a political committee shall knowingly accept any such contribution in violation of the provisions of this section.

The Committee received nine (9) contributions, totaling \$622.50, from business entities. Subsequent confirmation with the Secretary of State's office in Michigan revealed that all of the entities were incorporated at the time the contributions were made.

Recommendation

Committee officials have submitted copies of the checks used to refund the nine (9) contributions, therefore, we recommend no further action on this matter.

B. Preservation of Receipts

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 the calendar year exceeds \$100.

In addition, Section 102.9(c) (4) of Title 11 of the Code of Federal Regulations states, in part, that instead of a receipted bill, the treasurer may keep the cancelled check showing payment of the bill; and the bill; invoice or other contemporaneous memorandum of the transaction supplied to the committee by the payee.

During the course of the audit, it was determined that 179 expenditures, totaling \$49,565.38, were not supported by receipted bills, invoices, or other contemporaneous memoranda. This represents 35% of the number and 23.1% of the dollar value of all itemized expenditures.

Committee officials submitted documentation supporting 40 expenditures, totaling \$16,929.00, and evidence of their efforts to obtain the documentation for 128 other expenditures totaling \$30,196.78. However, the Committee apparently failed to obtain or demonstrate its efforts to obtain the documentation for the remaining 11 expenditures totaling \$2,439.60.

Recommendation

Based on the above information we recommend no further action on this matter.

C. Matters Referred to the Office of General Counsel

Certain other matters noted during the audit were referred to the Commission's Office of General Counsel for consideration on August 24, 1979, and March 3, 1980.

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