



FEDERAL ELECTION COMMISSION
WASHINGTON, DC 20463

AK005937

January 24, 1995

MEMORANDUM

TO: RONALD M. HARRIS
PRESS OFFICER
PRESS OFFICE

FROM: ROBERT J. COSTA *Rh for R.J.C. 1/24/95*
ASSISTANT STAFF DIRECTOR
AUDIT DIVISION

SUBJECT: PUBLIC ISSUANCE OF THE FINAL AUDIT REPORT ON
JIM BATES FOR CONGRESS

Attached please find a copy of the final audit report on Jim Bates for Congress which was approved by the Commission on January 10, 1995.

Informational copies of the report have been forwarded to 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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AK004494

A92-58

REPORT OF THE AUDIT DIVISION
ON
JIM BATES FOR CONGRESS

I. Background

A. Overview

This report is based on an audit of Jim Bates for Congress (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 Clerk of the House of Representatives on October 26, 1981, and maintains its headquarters in San Diego, California.

The audit covered the period January 1, 1989, through December 31, 1990. The Committee reported an opening cash balance of \$80; total receipts of \$772,967; total disbursements of \$744,467; and a closing cash balance on December 31, 1990 of \$28,580.*

This report is based on documents and workpapers 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.

*/ These totals are misstated, see Finding II.A. All amounts are rounded to the nearest dollar.

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B. Key Personnel

During the period covered by the audit, the Treasurer was Timothy Fields. The current Treasurer is Sandra Kennedy.

C. Scope

The audit included such tests as verification of total reported receipts, disbursements and individual transactions; review of required supporting documentation; analysis of debts and obligations; and such other audit procedures as deemed necessary under the circumstances, except that our review of disbursements was limited because the Committee failed to maintain cancelled checks for 1989.

II. Audit Findings and Recommendations**A. Misstatement of Financial Activity**

Sections 434(b)(1), (2) and (4) of Title 2 of the United States Code state, in part, that each report shall disclose the amount of cash on hand at the beginning of each reporting period, the total amount of all receipts, and the total amount of all disbursements for the period and calendar year.

The Audit staff reconciled the Committee's reported activity to its bank activity for the period January 1, 1989 through December 31, 1990. The reconciliation revealed the following misstatements relative to calendar year 1990.

1. Beginning Balance

The Committee reported a beginning cash balance at January 1, 1990 of \$38,957 which was overstated by \$665 as a result of two 1989 disbursements, totaling \$840, which the Committee did not consider in arriving at the beginning cash balance. The remaining \$175 difference was unexplained. The correct beginning balance was \$38,292.

2. Receipts

The total amount of receipts was understated by a net amount of \$15,365. The misstatement resulted from the Committee's failure to report receipts totaling \$10,113 and miscellaneous reporting problems totaling \$5,252. The correct total for receipts was \$632,008.

3. Disbursements

The total amount of disbursements was understated by a net amount of \$47,464. The misstatement resulted from the Committee's failure to report disbursements totaling \$50,098 and miscellaneous reporting problems totaling -\$2,634. The correct total for disbursements was \$674,483.

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4. Ending Balance

The reported ending cash balance at December 31, 1990 was overstated by \$32,764, resulting from the misstatements detailed above. The correct ending balance was -\$4,184.*/

Committee officials stated that they would file the appropriate amendments to correct the misstatements. Copies of schedules detailing the explained differences were provided to the Committee at the exit conference.

The interim audit report recommended that the Committee file a comprehensive amendment for calendar year 1990 to correct the irregularities described above.

On June 14, 1993, the Committee filed an amended report which materially corrected the misstatement.

Recommendation #1

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

B. Other Matters

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

*/ The ending balance as reflected on the bank statement was \$388. Checks outstanding as of December 31, 1990, as calculated by the Audit staff, totaled \$4,571, resulting in the negative cash balance.

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