



FEDERAL ELECTION COMMISSION

WASHINGTON, DC 20463

November 7, 1979

MEMORANDUM

TO: FRED EILAND
PRESS OFFICE

THROUGH: BOB COSTA *RC*

FROM: JUDY HAWKINS *JH*

SUBJECT: PUBLIC ISSUANCE OF AUDIT REPORT -
DEMOCRATIC PARTY OF WISCONSIN - FEDERAL ACCOUNT

Attached please find a copy of the final audit report of the Democratic Party of Wisconsin - Federal Account which was approved by the Commission on October 17, 1979.

Informational copies of this 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

1325 K STREET NW.
WASHINGTON, D.C. 20463

REPORT OF THE AUDIT DIVISION ON THE DEMOCRATIC PARTY OF WISCONSIN- FEDERAL ACCOUNT

1. Background

A. Overview

This report is based on an audit of the Democratic Party of Wisconsin-Federal Account ("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 Comptroller General of the United States on May 30, 1974, as the State committee representing the Democratic Party in Wisconsin. ^{1/} The Committee maintains its headquarters in Madison, Wisconsin.

^{1/} The Committee originally registered as the Democratic Party of Wisconsin and filed reports disclosing both its Federal and non-Federal activity. On April 20, 1978, the Committee segregated its accounts and began reporting only Federal activity. Subsequently the Committee changed its name to the Democratic Party of Wisconsin-Federal Account.



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The audit covered the period January 1, 1976 through October 23, 1978, the final coverage date of the latest report filed by the Committee at the time of the audit. During that period, the Committee reported a beginning cash balance of (\$7,631.17), total receipts of \$491,656.58, total expenditures of \$484,645.17 and a closing cash balance on October 23, 1978 of \$1,389.08. 2/

This audit report is based on documents and working papers which support 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 principal officers of the Committee during the period covered by the audit were Herbert H. Kohl, Chairman for the period January 1, 1976 through November 14, 1977, Michael N. Bleicher, Chairman for the period November 15, 1977 through October 23, 1978, John E. Malloy, Treasurer for the period January 1, 1976 through January 17, 1976, Snellen Albrecht, Treasurer for the period January 18, 1976 through March 12, 1976, Ben Southwick, Treasurer for the period March 13, 1976 through June 9, 1978, and Carmen Porco, Treasurer for the period June 10, 1978 through October 23, 1978.

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.

2/ The discrepancy in the reported figures is due to mathematical errors.

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II. Auditor's Statement and Description of Findings

It is the opinion of the Audit staff, based upon examination of reports and statements filed and the records presented, that, except for the deficiencies noted below, the reports and statements of the Democratic Party of Wisconsin-Federal Account fairly present the financial activities of the Committee for the period covered by the audit. Further, except as noted below, no material problems in complying with the Federal Election Campaign Act were discovered during the course of the audit.

A. Retention of Supporting Documentation
for Expenditures

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 in excess of \$100, and for expenditures in a lesser amount, if the aggregate amount of such expenditures to the same person during a calendar year exceeds \$100.

Section 102.9(c)(4) of Title 11 of the Code of Federal Regulations states, in part, that when a receipted bill is not available, the treasurer may keep the cancelled check 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 the Committee did not retain the bill, invoice or other contemporaneous memorandum for our inspection in 164 instances totaling \$29,335.76 (12.64% of the total number and 7.81% of the total dollar amount of expenditures requiring supporting documentation) where the expenditures had been in excess of \$100 or in the aggregate exceeded \$100.

Pursuant to a recommendation by the Audit staff, the Committee obtained documentation for 61 of the previously inadequately supported expenditures totaling \$15,649.70 and forwarded them for our review. In addition, the Committee submitted a copy of the initial letter requesting documentation, copies of the follow-up letters sent to those payees from whom no responses were received and a list of the payees of 45 expenditures for

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which the Committee was unable to obtain current addresses. These expenditures, totaling \$2,970.56, were, for the most part, made to individuals who were college students at the time they were employed by the Committee.

In total, the Committee submitted documentation or demonstrated their efforts to obtain documentation for 72.56% of the total number and 89.87% of the total dollar value of those expenditures lacking supporting documentation.

Recommendation

The Audit staff is of the opinion that the Committee has made its best efforts to obtain the missing documentation, and therefore recommends that no further action be taken on this matter.

B. Itemization of Expenditures

Section 434(b)(9) of Title 2 of the United States Code states that each report shall disclose the identification of each person to whom expenditures have been made by such committee or on behalf of such committee or candidate within the calendar year in an aggregate amount or value in excess of \$100, the amount, date, and purpose of each such expenditure.

During the review of expenditures, it was determined that the Committee did not itemize 138 expenditures totaling \$7,456.32 (10.64% of the total number and 1.99% of the total dollar amount of expenditures requiring itemization).

Pursuant to a recommendation by the Audit staff, the Committee filed amendments to its disclosure reports on September 24, 1979, itemizing all of the expenditures requiring itemization.

Recommendation

Since the Committee has filed amendments to its disclosure reports itemizing these expenditures, it is the recommendation of the Audit staff that no further action be taken on this matter.

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C. Disclosure of Transfers from Political Committees

Section 434(b)(4) of Title 2 of the United States Code states, in part, that each report shall disclose the name and address of each political committee from which the reporting committee received any transfer of funds, together with the amounts and dates of all transfers.

The review of contributions revealed that the Committee did not itemize 271 transfers totaling \$28,849.36 (21.04% of the total number and 16.11% of the total dollar amount of transfers requiring itemization).

Pursuant to a recommendation by the Audit staff, the Committee filed amendments to its disclosure reports on September 24, 1979 itemizing all of the transfers-in, with the exception of two (2) transfers-in, totaling \$200.00, which were inadvertently omitted.

Recommendation

Since the Committee has filed amendments to its disclosure reports itemizing all but two (2) of the transfers-in, it is the recommendation of the Audit staff that no further action be taken on this matter.

D. Disclosure of Fundraising Proceeds

Section 434(b)(6) of Title 2 of the United States Code states, in part, that each report shall disclose the total amount of proceeds from the sale of tickets to each dinner, luncheon, rally, and other fundraising event and mass collections made at such events.

During the review of contributions, it was determined that the Committee did not adequately disclose the total proceeds from a fundraising event held by the Committee. The Committee collected proceeds totaling \$28,107.95, \$27,737.95 of which was not disclosed on a schedule of sales and collections (Schedule D). Of these proceeds, those contributions which exceeded or aggregated in excess of \$100 were itemized on the appropriate receipt schedules and those contributions less than \$100 were included in unitemized receipt totals on the summary pages.

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At the recommendation of the Audit staff, the Committee filed a schedule of sales and collections (FEC Schedule D) on September 24, 1979, disclosing the \$27,737.95 collected from the fundraising event.

Recommendation

Since the Committee has filed a schedule of sales and collections, it is the recommendation of the Audit staff that no further action be taken on this matter.

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