



**FEDERAL ELECTION COMMISSION**  
WASHINGTON, D.C. 20541

**October 3, 1979**

**MEMORANDUM**

**TO: FRED ETLAND  
PRESS OFFICE**

**THROUGH: BOB COSTA *RC***

**FROM: JUDY HAWKINS**

**SUBJECT: PUBLIC ISSUANCE OF AUDIT REPORT -  
TEXAS DEMOCRATIC GOV. COMMITTEE**

Attached please find a copy of the final audit report of the Texas Democratic GOV. Committee which was approved by the Commission on September 21, 1979.

All 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: REC Library  
*CRAD*  
Public Record



## FEDERAL ELECTION COMMISSION

125 K STREET, N.W.  
WASHINGTON, D.C. 20543

### REPORT OF THE AUDIT DIVISION ON THE TEXAS DEMOCRATIC GOTV COMMITTEE

#### I. Background

##### A. Overview

This report is based on an audit of the Texas Democratic GOTV Committee ("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 18, 1976 as a state committee of the Democratic Party of Texas. The Committee maintained its headquarters in Austin, Texas.

The audit covered the period October 7, 1976, the Committee's inception date, through March 31, 1977, the final coverage date of the termination report filed by the Committee. During the period audited the Committee reported a beginning cash balance of \$ -0-, total receipts of \$139,225.25, total expenditures of \$139,225.25, and an ending cash balance of \$ -0-.

This audit report is based on documents and working papers supporting each of the 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 audited were Mr. R.C. Slagle III, Chairman, and Mr. Dwayne Holman, Treasurer.

**C. Scope**

The audit included such tests as verification of total reported receipts, 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. Auditor's Statement and Description of Findings**

It is the opinion of the Audit staff, based upon examination of the reports and statements filed and the records presented, that, except for the deficiencies noted below, the reports and statements of the Texas Democratic GOTV Committee 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 audit.

**A. 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 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 a calendar year exceeds \$100.

In addition, Section 102.9(c)(4) of Title 11 of the Code of Federal Regulations states that when a receipted bill is not available, 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.

Our review of the Committee's expenditure records disclosed the following:

(1) One hundred eighty-four operating expenditures, each in an aggregate amount or value in excess of \$100, totaling \$55,553.12 were not supported by receipted bills, invoices, or other contemporaneous memoranda. These unsupported expenditures represent 95.34% of the total number and 97.52% of the total dollar value of operating expenditures requiring supporting documentation.

Based on the Audit staff's recommendation the Committee submitted on October 18, 1978, supporting documentation for 87% or 161 operating expenditures totaling \$34,354.16 and evidence of their efforts to obtain documentation for 12% or 22 expenditures totaling \$19,498.96. This represents a total of 183 or 99% of the 184 operating expenditures originally unincorporated.

(2) Thirty-six transfers totaling \$35,919.66 were made to 20 unregistered organizations to enable them to conduct get-out-the-vote activities. The Committee did not obtain and keep receipted bills, invoices, or other contemporaneous memoranda supporting the expenditures made from the transferred funds.

Based on the Audit staff's recommendation, the Committee submitted on August 2 and 16, 1979 supporting documentation for 58% or 21 transfers to eight (8) unregistered organizations totaling \$26,319.66 and evidence of their efforts to obtain documentation for 42% or 15 transfers to 12 unregistered organizations totaling \$9,600.

#### Recommendation

Based on the efforts outlined above, the Audit staff recommends no further action on this matter.

#### B. Other Matters

The following is a matter noted during the audit for which we recommend no further action:

The Texas Democratic Voter Registration Committee made transfers totaling \$3,280.00 to two (2) county committees on behalf of the Texas Democratic GOTV Committee ("the Committee"). The Committee subsequently reimbursed the Voter Registration Committee for the amounts of the transfers. The Committee disclosed the two (2) transfers to the two (2) county committees in its disclosure reports; but did not report the reimbursement to the Voter Registration Committee. The Voter Registration Committee neither reported the two (2) transfers to the county committees nor the subsequent reimbursement received from the Committee.

According to a Committee official, the Committee asked the Voter Registration Committee to make the transfers on its behalf because it did not have sufficient funds at the time. We advised the Committee that all such transfers/reimbursements in the future should be reported.

