

FEDERAL ELECTION COMMISSION

1101 STEEL BAY  
WASHINGTON, DC 20543

REPORT OF THE AUDIT DIVISION  
ON THE  
DEMOCRATIC SENATORIAL CAMPAIGN COMMITTEE

I. Background

A. Overview

This report is based upon an audit of the Democratic Senatorial Campaign 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, 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 Office of the Secretary of the U.S. Senate on April 7, 1972. The Committee maintains its headquarters in Washington, D.C.

The audit covered the period from January 1, 1975 through March 31, 1977, the final coverage date of the latest report filed by the Committee at the time of the audit. The Committee reported a beginning cash balance at January 1, 1975, of \$25,412.50, total receipts for the period of \$910,067.74, total expenditures for the period of \$927,101.27, and a closing cash balance at March 31, 1977 of \$8,378.97.

This audit report is based on documents and working papers 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.



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## B. Key Personnel

The principal officers of the Committee during the period of the audit were the Honorable Ernest F. Hollings, Chairman through October 9, 1975; the Honorable J. Bennett Johnston, Chairman from October 10, 1975 through April 20, 1977; the Honorable Mendell H. Ford, Chairman from April 21, 1977 to the present; and Frank H. Hoffmann, Treasurer through January 18, 1976; Charles W. McBride, Treasurer from January 19, 1976 through September 29, 1977 and William S. Wester, Treasurer from September 30, 1977 through the present.

## 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.

## 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 Democratic Senatorial Campaign 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 course of the audit.

### A. Reporting of Receipts And Expenditures

Section 434(b)(1) through (4), (8), (9), and (11) of Title 2, United States Code, requires a political committee to include in its reports the identification of each person from whom it has received contributions or to whom it has made expenditures, which in the aggregate exceed \$100, during the calendar year together with the date, amount, and total sum of all contributions and expenditures within the calendar year.

Our review of the Committee's bank records revealed a checking account with National Savings and Trust of Washington, D.C. entitled PHOTO FUND. The account was created to defray expenses incurred by incumbent Democratic Senate Members for photographic services provided by the Senate Recording Studio and was reimbursed by those members. The account reflected the following activity: Beginning cash balance at January 1, 1975 of \$4,000.72, receipts from January 1, 1975 through April 11, 1977 of \$21,508.73, expenditures for this period of \$17,897.10, and ending cash balance at April 11, 1977 of \$7,692.29. It has been determined that the receipts and disbursements from this account have never been reported due to a misunderstanding of reporting requirements by the Committee.

Recommendation

The Committee filed an amended report on February 1, 1978 disclosing the activity of the Photo Fund and has advised that they will continue to disclose such activity in their disclosure reports. Therefore, we recommend that no further action on this matter is necessary.

B. Identification Of Occupation And/Or Principal Place Of Business Of Guarantors

Section 434(b)(5) of Title 2, United States Code, requires a committee to disclose the full names and mailing addresses (occupations and the principal places of business, if any) of the lenders, endorsers, and guarantors, if any, of each loan to or from any person within the calendar year in an aggregate amount of value in excess of \$100.00.

During the course of the audit, it was determined that the Committee did not report the occupation and principal place of business of 14 guarantors of two (2) loans, each exceeding \$100.00 and totalling \$107,000.00.

Recommendation

On February 6, 1978, the Committee filed an amendment to their reports, disclosing the requested information. Therefore, we recommend that no further action on this matter is necessary.

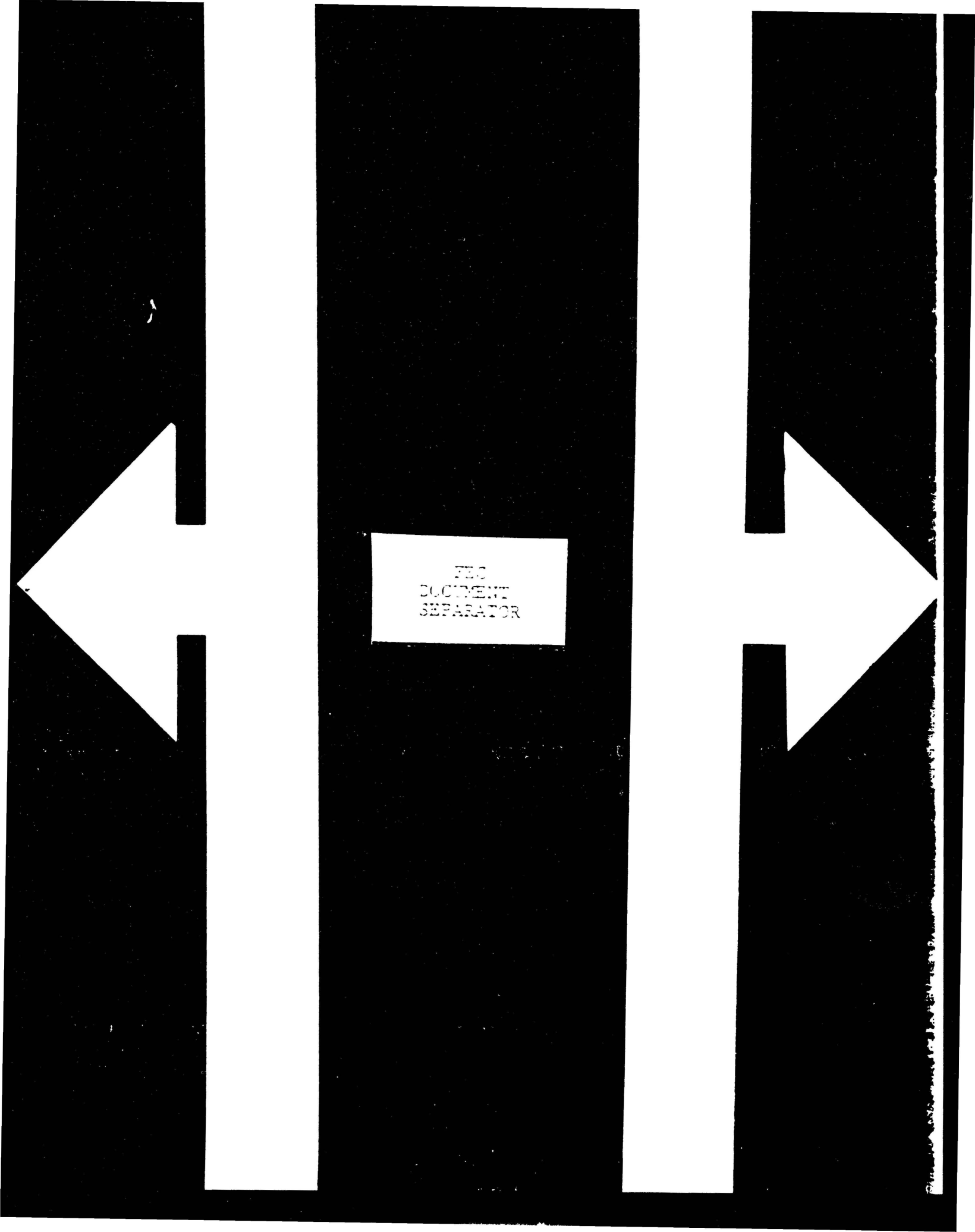
C. Other Matters

Presented below are other matters discussed with the Committee during the audit for which the Audit staff feels no further action is warranted.

(1) It was determined that the Committee disclosed eight (8) contributors (6.72% of total contributors disclosed) whose contributions aggregated in excess of \$100.00 without reporting the occupation and/or principal place of business for each.

(2) It was determined that the Committee did not report the intended recipient of one (1) earmarked contribution of \$1,000 that was directed through the Committee.

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